

DRAFT RED HERRING PROSPECTUS*Dated [] (to be dated after filing with the Registrar of Companies)**Please read Section 60B of the Companies Act, 1956**(The Draft Red Herring Prospectus will be updated upon RoC filing and become Prospectus on the date of filing with the RoC)***100% Book Building Issue****SHRI RAMRUPAI BALAJI STEELS LIMITED**

(Incorporated in India on May 06, 2002 as Shri Ramrupai Balaji Steels Private Limited under the Companies Act, 1956 with Registration No. 21-94606 with Registrar of Companies, West Bengal. The Company subsequently became a public company under the name of Shri Ramrupai Balaji Steels Limited with effect from 26th, Nov 2002)

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Public Issue of 2,00,00,000 Equity Shares of Face Value Rs. 10 each at a price of Rs. [•] for cash aggregating Rs. [•] Lacs (hereinafter referred to as the "Issue"). The Issue would constitute 30.31% of the post issue paid up capital of the Company. The face value of the Equity Shares is Rs. 10 and the Issue Price is [•] times the face value at the minimum of the price band and [•] times the face value at the maximum of the price band.

The Issue is being made through a 100% Book Building Process wherein not more than 50% of the Net Offer to the Public (subject to mandatorily minimum 10%) shall be allocated on a discretionary basis to Qualified Institutional Buyers, not less than 25% of the Net Offer to the Public would be allocated to Non-Institutional Investors and not less than 25% of the Net Offer to the Public would be allocated to Retail Investors on a proportionate basis, subject to valid bids being received from them at or above the Issue Price.

PRICE BAND: Rs. [•] TO Rs. [•] PER EQUITY SHARE OF FACE VALUE OF RS. 10**RISK IN RELATION TO THE FIRST ISSUE**

This being the first issue of the Equity Shares of Shri Ramrupai Balaji Steels Limited, there has been no formal market for the Equity shares of the company. The face value of the shares is Rs.10/ and the issue price is [•] times of the face value. The issue price (as determined by the company in consultation with the Book Running Lead Managers, on the basis of assessment of market demand of the equity shares by way of book building) should not be taken to be indicative of the market price of the equity shares after the equity shares are listed. No assurance can be given regarding an active and/or sustained trading in the equity shares of the company nor regarding the price at which the equity shares will be traded after listing.

GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and investors should not invest any funds in this issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. For taking an investment decision, investors must rely on their own examination of the issuer and the offer including the risks involved. The equity shares have not been recommended or approved by Securities and Exchange Board of India (SEBI) nor does SEBI guarantee the accuracy or adequacy of this document. **Specific attention of the investors is specifically invited to the Statement of Risk Factors beginning on page no (x) of this Draft Red Herring Prospectus.**

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity Shares issued through this Draft Red Herring Prospectus are proposed to be listed on The National Stock Exchange of India Limited (NSE) (The Designated Stock Exchange) and The Stock Exchange, Mumbai (BSE). We have received in-principle approvals from these Stock Exchanges for the listing of our Equity Shares pursuant to letters dated [] and [], respectively.

BOOK RUNNING LEAD MANAGERS (BRLMs)**REGISTRAR TO THE ISSUE**


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ISSUE PROGRAMME**BID/ISSUE OPENS :****BID/ISSUE CLOSING ON**

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DEFINITIONS AND ABBREVIATIONS

Conventional Terms

Term	Description
"Shri Ramrupai Balaji Steels Limited " or the "Issuer" or the "Company", "we", "us", "our" and "SRBSL"	Unless the context otherwise requires, refers to, Shri Ramrupai Balaji Steels Limited, a public limited company incorporated under the Companies Act and having its registered office at 5, Bentinck Street, 1st Floor, Kolkata-700 001 together with its subsidiaries.
You	Unless the context otherwise requires, refers to, investors.

Issue Related Terms

Term	Description
Allotment	Issue or transfer, as the context requires, of Equity Shares pursuant to the Offer to the successful Bidders as the context requires.
Allottee	The successful Bidder to whom the Equity Shares are being/have been issued or transferred.
ARSL	Refers to, Anand Rathi Securities Private Limited, a private limited company incorporated under the provisions of the Companies Act and with its registered office at J.K. Somani Building, 3rd Floor, British Hotel Lane, Bombay Samachar Marg, Fort, Mumbai - 400 023.
Articles/Articles of Association	The Articles of Association of Shri Ramrupai Balaji Steels Limited.
Auditors	The statutory auditors of the Company, viz. M/s Rashmi & Co. Chartered Accountants.
Bankers to the Offer	[•]
Bid	An offer made during the Bidding Period by a prospective investor to subscribe to Equity Shares at a price within the Price Band, including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Offer. In case of retail investors bidding at cut-off, bid amount shall be the number of shares bid at cut-off multiplied by the cap at price band.
Bid Closing Date / Issue Closing Date	Offer Closing Date, the date after which the members of the Syndicate will not accept any Bids for the Offer, which shall be notified in a widely circulated English national newspaper, Hindi national newspaper and Bengali newspaper
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe to Equity Shares and which will be considered as the application for allotment/transfer of the Equity Shares.
Bid Opening Date / Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for the Offer, which shall be the date notified in a widely circulated English national newspaper, Hindi national newspaper and Bengali newspaper
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Draft Red Herring Prospectus.

Term	Description
Bidding Period / Issue	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids.
Board of Directors/Board	The Board of Directors of Shri Ramrupai Balaji Steels Limited or a committee thereof.
Book Building Process	Book building route as provided in Chapter XI of the DIP Guidelines, in terms of which this Offer is made.
BRLMs	Book Running Lead Managers to the Offer, in this case being MIL and ARSL
BSE	The Stock Exchange, Mumbai
CAN/ Confirmation of Allotment Note	Means the note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares in the Book Building Process.
Cap Price	The high end of the Price Band, above which the Offer Price will not be finalized and above which no Bids will be accepted.
Captive Power Project/CPP Project	Shall mean that part of the project pertaining to the setting up of the CPP.
Companies Act / the Act	The Companies Act, 1956, as amended from time to time.
Cut-off Price	Any price within the Price Band. A Bid submitted at the Cut-off Price by a Retail Individual Bidder is a valid Bid at all price levels within the Price Band.
Depositories Act	The Depositories Act, 1996, as amended.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot and/or transfer Equity Shares to successful Bidders.
Designated Stock Exchange	National Stock Exchange of India Limited.
Directors	Directors of Shri Ramrupai Balaji Steels Limited from time to time, unless otherwise specified.
Draft Red Herring Prospectus	Means this Draft Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, submitted to SEBI, which does not have complete particulars on the price at which the Equity Shares are issued and size of the Issue. It carries the same Obligations as are applicable in case of a Prospectus and will be filed with RoC at least three days before the opening of the Issue. It will become a Prospectus after filing with Registrar of Companies after the pricing and allocation.
Equity Shares	Equity shares of the Company of Rs.. 10/- each unless otherwise specified in the context thereof.
Escrow Account	Account opened with an Escrow Collection Bank and in whose favour the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement entered into amongst the Company, the Registrar, the Escrow Collection Bank(s), the Syndicate Members and the BRLMs for collection of the Bid Amounts and refunds (if any) of the amounts collected to the Bidders.

Term	Description
Escrow Collection Bank(s)	The banks at which the Escrow Account will be opened.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form.
Fiscal or FY or Financial Year	Twelve months ending March 31 of a particular year.
Floor Price	The lower end of the Price Band below which the Offer Price will not be finalized and below which no Bids will be accepted.
Fresh Issue or Primary Issue	The issue of [] Equity Shares at the Offer Price by the Company pursuant to this Draft Red Herring Prospectus.
Indian GAAP	Generally accepted accounting principles in India.
Issue Price	The price at which Allotment of Equity Shares will be made in this Offer, as determined by Shri Ramrupai Balaji Steels Limited, in consultation with the BRLMs, on the Pricing Date.
Issue/Offer	Initial Public Issue of 2,00,00,000 Equity Shares of Rs.10 each of our Company at the issue price.
Margin Amount	The amount paid by the Bidder at the time of submission of his / her Bid, which may range between 0% to 100% of the Bid Amount.
Members of the Syndicate	The BRLMs and the Syndicate Members.
Memorandum/MoA/ Memorandum of Association	The Memorandum of Association of Shri Ramrupai Balaji Steels Limited.
MIL	Microsec India Limited, a public limited company incorporated under the provisions of the Companies Act and with its registered office at Azimgunj House, 2 nd Floor, 7, Camac Street, Kolkata-700 017.
MS Billets/Ingots	These are various forms of Mild Steel products depending on factors such as size, shape and weight.
Net Offer	The Offer of Equity Shares
Non Resident	A person who is not a NRI, FII or a person resident in India
Non-Institutional Bidders.	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders.
Non-Institutional Portion.	The portion of the Net Offer being a minimum of Equity Shares available for allocation to Non-Institutional Bidders.
NSE	National Stock Exchange of India Limited.
OCB / Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. OCBs are not allowed to invest in this Offer.
Pay-in Date	The last date specified in the CAN sent to Bidders.

Term	Description
Pay-in-Period	This term means (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid Opening Date and extending until the Bid Closing Date, and (ii) with respect to Bidders whose Margin Amount is less than 100% of the Bid Amount the period commencing on the Bid Opening Date and extending until the closure of Pay-in Date.
Pig Iron Project	Shall mean that part of the Project relating to the manufacture of Pig iron.
Price Band	Being the price band of a minimum price (Floor Price) of Rs. [●] and the maximum price (Cap Price) of Rs. [●] (both inclusive), including revisions thereof.
Pricing Date	The date on which Shri Ramrupai Balaji Steels Limited, in consultation with the BRLMs, finalise the Offer Price.
Promoter	Shall mean jointly Shri Sanjiv Jajodia, Shri Rajiv Jajodia, Shri Aditya Jajodia, M/s Hari Management Limited and M/s Enfield Suppliers Limited.
Prospectus	The prospectus to be filed with the RoC containing, inter-alia, the Offer Price that is determined at the end of the Book Building Process, the size of the Offer and certain other information.
Public Account	Issue Account opened with the Bankers to the Offer to receive monies from the Escrow Account of Shri Ramrupai Balaji Steels Limited on the Designated Date.
QIB Portion	The portion of the Net Offer being 9500000 Equity Shares available for allocation to QIBs.
Qualified Institutional Buyers or QIBs	Public financial institutions as defined in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2500 lacs, pension funds with minimum corpus of Rs. 2500 lacs, and multilateral and bilateral development financial institutions.
Red Herring Prospectus	Means the Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Offer. The Red Herring Prospectus will be filed with the RoC at least three days before the opening of the Offer and will become a Prospectus after filing with Registrar of Companies after the pricing and allocation.
Registrar of Companies or RoC	Registrar of Companies at Kolkata, West Bengal.
Registrar or Registrar to the Offer	Intime Spectrum Registry Limited, a company incorporated under the Companies Act, having its registered office at C-13, Pannalal Silk Mills Compound L B S Marg, Bhandup (West), Mumbai - 400 078.
Retail Individual Bidders.	Individual Bidders (including HUFs and NRIs) who apply or bid for securities of or for a value of not more than Rs. 50,000 in any of the bidding options in the Offer.

Term	Description
Retail Portion	The portion of the Net Offer being a minimum of 47,50,000 Equity Shares available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s).
Rolling Mill Project	Shall mean that part of the project relating to setting up of rolling mill.
Rotary Kiln	Rotary kilns are used to heat solids to the point where a required chemical reaction(s) takes place. The rotary kiln is basically a rotating inclined cylinder
Sponge Iron Project	Shall mean that part of the Project relating to the manufacture of sponge iron.
Stock Exchanges	NSE and BSE
Syndicate Agreement	The agreement to be entered into among Shri Ramrupai Balaji Steels Limited, the BRLMs and the Syndicate Members, in relation to the collection of Bids in the offer
Syndicate Members	[•]
TRS or Transaction Registration Slip	The slip or document issued by the Syndicate Members to the Bidder as proof of registration of the Bid.
Underwriters	The BRLMs and the Syndicate Members.
Underwriting Agreement.	The agreement dated [•] entered into among the BRLMs, the Syndicate Members, and Shri Ramrupai Balaji Steels Limited, on or after the Pricing Date.

Abbreviation of General Terms

Term	Description
1 Metric Ton	1000 kilograms
1 unit of power	1 kilo watt hour/1000 watt hour
ADDAA	Asansol Durgapur Development Authority
AFBC	Atmospheric Fluidised bed combustion
AGM	Annual General Meeting of the shareholders.
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
BFG	Blast Furnace gas
CAGR	Compounded Annual Growth Rate.
CDM	Clean Development Mechanism
CDSL	Central Depository Services (India) Limited.
CPP	Captive Power Plant
CRIS INFAC	CRISIL Research and Information Services Ltd
Cum	Cubic Meter
DG	Diesel Generator
DIP Guidelines	SEBI (Disclosure & Investor Protection) Guidelines, 2000, as amended
DM	Demineralised Water
DPL	Durgapur Projects Ltd.
DRI	Direct reduced Iron
EAF	Electric Arc Furnaces

Term	Description
ECS	Electronic Clearing System
EEFC	Export Earner's Foreign Currency account
EGM	Extraordinary general meeting of the shareholders
EPS	Earnings per Equity Share
ESP	Electrostatic Precipitator
FAQs	Frequently asked questions
FBC	Fluidized Bed Combustion
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the Regulations framed there under.
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995), registered with SEBI under applicable laws in India.
FIPB	Foreign Investment Promotion Board
FY	Financial Year
GIR	General Index Register
GoI	The Government of India
HNI	High Net-worth Individual
HP	High pressure
HT	High Tension
HUF	Hindu Undivided Family
I.T. Act	The Income Tax Act, 1961, as amended.
ID	Induced Draft
IISI	International Iron & Steel Institute
IPO	Initial Public Offering
IREDA	Indian Renewable Energy Development Agency Limited
JPC	Joint Planning Commission
KL	Kilo Liters
Ksc	Kilogram per square centimeter
kV	Kilo Volt
KW	Kilo Watt
LAVT	Lightning Arrestor & Voltage Transformer
LS	Lump sum
MBF	Mini blast furnace
MCC	Motor Control Centre
MIL	Microsec India Limited
MMPL	M/s. Makaram Machines (P) Ltd
MS	Mild Steel
MT	Metric Tons
MTPA	Metric Ton Per Annum
MVA	Mega Volt Ampere
MW	Mega Watt (1000 kilo watts)

Term	Description
NAV	Net Asset Value
NGR	Neutral Grounding Resistor
NHAI	National Highway Authority of India
NRE Account	Non-Resident External Account.
NRI	Non-Resident Indian, as defined under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended.
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
OMDC	The Orrisa Minerals Development Company Limited.
P/E	Price earning ratio
PAN	Permanent Account Number
PCC	Power Control Centre
PLC	Programmable Logic Controller
PPA	Power Purchase Agreement
PRDS	Pressure Reducing Desuperheating station
R&D	Research and Development.
RBI	The Reserve Bank of India.
RONW	Return on Net Worth
Rs.	Indian National Rupee
SAIL	Steel Authority of India Ltd
SCRA	Securities Contracts (Regulation) Act, 1956 as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended.
SEB	State Electricity Board
SEBI	Securities and Exchange Board of India.
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended.
SI	Sponge Iron
SMS	Steel Melting Shop
TMT	Thermo Mechanically Treated
TPA	Tonnes Per Annum
TPD	Tons per day
TPH	Ton per hour
WBFC	West Bengal Financial Corporation
WBIDC	West Bengal Industrial Development Corporation
WHRB	Waste heat Recovery boilers
WHRSG	Waste Heat Recovery Steam Generating Boiler
XLPE	Cross linked Poly Ethylene

Glossary of Technical and Industry Terms

Term	Description
Cooling tower	A piece of equipment, which is used to cool water, which has been heated in an air conditioning or other systems. The cooling is done by letting the warm waterfall through the air or by spraying it through air. Cooling water is recirculated over and over, and water treatments are added in the cooling tower.
Electrostatic Precipitator	An air pollution control device used to remove particulates from an air stream by establishing an electric charge on the particles, which then are attracted to an oppositely charged collector. Used especially in coal plants and refused –fired electric generation facilities
EOT cranes	Electricity Overhead Travelling (EOT) crane used for the movement of heavy objects within building
Hoppers	Conical shaped device for loading material into kiln/furnace
HRSG boiler	Heat Recovery Steam Generating Boiler, used to generate steam from recycled heat.
Kiln	A refractory lined cylindrical Vessel for Chemical reaction with heat exchange
MIS	Management Information System
Slag	Vitreous materials containing impurities from the ore and forming on the surface of molten metals
Tramp element	Tramp element are non metallic elements considered undesirable in most steel furnace melts like plastic, rubber, glass etc. found mixed in the metallic scrap
Vibratory feeder with screen	Material feeding system which vibrates while feeding to screen for size wise segregation

CERTAIN CONVENTIONS

In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word "Lakh" or "Lac" means "one hundred thousand" and the word "million" means "ten lacs" or "ten lakhs" and the word "Crore" means "ten million". In this Draft Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding-off.

All references to "India" contained in this Draft Red Herring Prospectus are to the Republic of India. For additional definitions used in this Draft Red Herring Prospectus, see the section "Definitions and Abbreviations" on page i of this Draft Red Herring Prospectus. In the section entitled "Main Provisions of Articles of Association of Shri Ramrupai Balaji Steels Limited", defined terms have the meaning given to such terms in the Articles of Association of the Company.

FORWARD-LOOKING STATEMENTS; MARKET DATA

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

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

For further discussion of factors that could cause our actual results to differ, see the section entitled "Risk Factors" beginning on page (x) of the Draft Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company nor the members of the Syndicate, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the BRLMs will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

Market/Industry data used throughout the Draft Red Herring Prospectus was obtained from the Company and various reports of CRIS INFAC, site of Ministry of Steel, etc. The information contained in those publications has been obtained from sources believed to be reliable, but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe market data used in the Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, data provided by the Company, while believed by us to be reliable, have not been verified by any independent sources.

The following Banks have appraised the various modules of the proposed integrated Steel plant and have sanctioned term loans to the company.

Details of Project	Appraising Bank/ FI	Amount Sanctioned (Rs in Lacs)	Appraisal note Dated
Re-Rolling Units	UCO Bank	600	12-May-03
Sponge Iron Plant	WBFC	1000	9-Aug-03
	Indian Overseas Bank	800	11-May-04
	Central Bank of India	600	5-Aug-03
Mini Blast Furnace	WBIDC	1200	22-Jan-03
Steel Melting Shop	United Bank of India	900	7-Jan-04
	Andhra Bank	900	22-May-04
Captive Power Plant	Indian Overseas Bank	4000	11-May-04
	IREDA	3384	27-Oct-04
Coal Washery Plant	Central Bank of India	400	9-Jun-04

Data/ information provided in the report of the aforesaid Banks has been used in this document.

All references to "Rupees" or "Rs." are to Indian Rupees, the official currency of the Republic of India. For additional definitions, please see "Definitions and Abbreviations" on page no.(i).

RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider the risks described below before you make an investment decision. Risks have been quantified, wherever possible. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline and you may lose all or part of your investment.

RISK FACTORS:

1. Risk arising out of outstanding litigation against the Company

Summons have been issued against us and our group companies by the Excise Department against which the Company has deposited the amount required to be submitted. Any final judgement awarding material damages against us could have an impact on our future financial performance. A list of the current pending litigation against us is provided in the section "Outstanding Litigation & Defaults" on page 87 of this Draft Red Herring Prospectus.

Management Perception

The summons issued against us by the central excise department were in the course of normal enquiry/search & seizure operations during the FY 2004-05. We have already deposited the amount which was required to be submitted as per the demand notice served to us by the department concerned and propose to settle the outstanding matter through the Settlement Commission.

2. Size of the Project

The company has embarked upon a Rs. 276 crore project, which is fairly large in comparison to its current size of operations. Although the promoters have an experience in the Steel industry, their competence in handling a project of this magnitude remains to be demonstrated. An equity investor is therefore faced with an uncertainty of performance by the management.

Management Perception

Our promoters have over two decades of experience in the steel industry. The group has been managing substantial steel manufacturing capacities of sponge iron and Steel Ingots in its Group Companies. The promoters are therefore confident of managing an expansion of this magnitude. We have already implemented the Phase I of the project comprising of Mini Blast Furnace, Sponge Iron, and Re-Rolling Mill, which constitutes almost 30.51% of the total project cost. The work for the phase II comprising of the Steel Melting Shop, Coal Washery and the 40 MW Captive Power Plant has already commenced. It is pertinent to note that we are in the process of setting up a 12 MW captive power plant in Jai Balaji Sponge Limited (our group company), which is in advance stage of completion. The experience of setting up a captive power plant by the group will ensure smooth implementation in our company also. We have also appointed senior and experienced professionals who have the experience of setting up similar facilities in the past.

Moreover, the promoters view the present optimistic scenario in the Steel sector as an opportunity to enlarge the scale of the operations of the group.

3. Risk associated with availability and price fluctuation of raw material and finished product

i. Prices of Raw Material and Finished product:

In the recent past, there have been wide fluctuations in the prices of critical raw materials such as iron ore, coal, coke, etc both at domestic and international levels. Such fluctuations in prices of raw material and our inability to negotiate at optimum market rates may affect our profitability. Similarly, the prices of finished products have also shown price variations, which may impact our profitability.

Management Perception

The risk on account of price fluctuation in raw material is reduced to a significant extent by passing incremental raw material cost to the prices of finished products thereby insulating our Company from fluctuation in raw material prices. Profitability will depend upon the extent upto which we are able to pass on the burden of rise in the price of raw material to our consumers.

ii. Supply Chain Management

We will be sourcing our critical raw materials viz. iron ore, coal etc. from mines in Orissa and Jharkhand for our plant at Durgapur which involves logistic issues, economic decision making in ensuring optimum inventory. Any delay in supply of raw material to our plant may affect our plant's operations in Durgapur, which in turn may hamper our Company's efforts in fulfilling its obligation for supply of sponge iron for further processing to manufacture TMT Bars. Further, any rise in the transportation cost may in turn lead to a rise in our cost of production. In case we are not able to pass on the burden of such additional cost to the buyer of our product, our profit margins may be affected. Non-availability of raw material along with logistic issues may force our Company to hold sizeable amount of working capital, which might affect the liquidity position of our Company.

Management Perception

We are planning to maintain a minimum inventory of 1.50 months for iron ore and coal, which we feel would be quite adequate in meeting the working capacity of plant in case of logistic delays arising in ordinary course of business or unforeseen contingencies, thereby insulating our profitability and operations.

Our finished product would mainly be TMT bars and steel billets, sales of which are normally made at the prevailing market rates which considers the impact of increase in cost if any. We would also make adequate efforts to enter into long term supply contracts with price revision clause in order to circumvent this problem.

iii. Non-availability of raw material and other resources

Steel industry being a raw material intensive industry, we are constantly exposed to possible unpredictability in the supply of raw materials, particularly iron-ore, coke and coal. Disruption in the supply of any of the above raw material may lead to hampering of the production process flow. Uncertainty over availability of raw materials and other resources such as water, skilled manpower etc. may also affect our operations and in turn the profitability of our Company.

Management Perception

Sources of high-grade coal are available locally in Ranigunj. Iron-ore is available from the nearby areas of Barbil in the Keonjhar district of Orissa. The proposed site is developed and has the necessary infrastructure such as proximity to the railhead, telecommunication facilities and electric sub station located close by. The company has already been granted the permission from the railway traffic control to set up its own railway siding which will help the company to manage the overall logistics better, resulting in substantial cost savings. Durgapur is a developed town with good education and social infrastructure and hence skilled and/ or semi-skilled manpower will be recruited locally and is not expected to pose a problem. Engineers and supervisors would be recruited as per requirement of phases, and if required, such engineers and supervisors will be sent to the existing plants of the Group for training. Factory premises are located in an area that facilitates transport of raw materials i.e. Coal and Iron-ore.

We have already entered into a long term understanding with Maa Tarini Minerals (Private) Limited (which has its mines in the Keonjhar district of Orissa), OMDC a government of India undertaking, for the supply of iron ore and Mahanadi Coal

Fields Limited for the coal linkages. Thus the company has an assured supply of raw material.

4. Time and Cost overrun

The Phase I of the Project for setting up of the Pig Iron, Sponge Iron and Rolling Mill facilities have already been implemented and the commercial production has begun. Bankers who have appraised our Project have also made certain assumptions on the time frame by which Phase II of the Project will be completed. Also, the sanctioning of the term loans for Phase II is contingent on the satisfaction of certain conditions such as raising of funds through IPO etc. In case there is a delay in complying with any of the conditions mentioned in the sanction letter, the disbursement of funds may be delayed and in turn may adversely impact our future profitability.

Management Perception

There has been time over run for setting up the facilities under phase I mainly due to various logistics bottlenecks and delay in equipment supply. However we have been able to set up the entire facilities without any significant cost over run in spite of the increase in finished steel prices which has resulted in increase of the cost of equipments.

Phase II comprises of setting up of the steel billets plant, coal washery plant and the captive power plant, which is crucial for production of steel billets at competitive rates. The funds for the phase II has been completely tied up and we are in the process of ordering all the long delivery items, the quotations for which has already been called for. As our group has already set up the plants in the same sphere in Jai Balaji Sponge Limited one of our group companies, we are confident to implement the phase II successfully within a reasonable period of time.

For current stage of completion of the project, please refer to the para on 'Implementation Schedule' on page 23.

5. Further equity offerings

We may require further infusion of funds to satisfy our capital needs and future growth plans, which we may not be able to procure. Any future equity offerings by us may lead to dilution of equity and may affect the market price of our Equity Shares.

Management Perception

The entire capital requirement for the Phase I and Phase II of the proposed project are fully tied up. In the near future there are no plans to issue further equity. In case we decide to raise additional funds through the issuance of equity, the same would be done for further value creation for the shareholders of the company and after taking adequate consent from them.

6. Delay in IPO will impact the Company

The cost of project is funded partly from the IPO. Any delay / failure of the IPO will impact the company.

Management Perception

The management is aware of the fact and will make alternate funding arrangements through an equitable mix of secured/unsecured loans and contribution from the promoters, should there be any eventuality such as delay or failure of IPO

7. Conditional availability of Government Incentive

The government incentive available under the West Bengal Incentive Scheme 2000 for the Mega Project is subject to the fulfillment of certain conditions, which include, inter alia, that:, the investment must be forthcoming within December 2004 and if the total investment does not exceed Rs.25 crore and commercial production does not commence

within December 2004, then the unit will not be entitled to Industrial Promotion Assistance and will be treated as an ordinary unit as per West Bengal Incentive Scheme, 2000.

Management Perception:

The Company has already invested an amount of around Rs. 88.10 crores till 30th November 2004 and the commercial production of the Phase I comprising of sponge iron plant, (4 kilns), one Mini Blast Furnace and the rolling Mill have already started. Hence we have already met the investment and project implementation requirements for availing the benefits under the West Bengal Incentive Scheme 2000 for the Mega Project.

8. Non-receipt of Government and other regulatory approvals may affect the completion of the proposed project that forms part of the Objects of the Issue.

We are yet to receive certain approvals or licenses required in the ordinary course of our business, and the failure to obtain these in a timely manner or at all may adversely affect our operations. The details of such approvals are as follows:

Approvals applied for and not yet received

The company has made an application dated November 18, 2003 addressed to The Chief Inspector of Factories, West Bengal city center Durgapur, Dist Burdwan for new factory Registration under Factories Act.1948.

Approvals to be applied for

- Comprehensive clearance of the Ministry of Environment and Forests following Consideration of the Environment Impact Assessment and Environment Management Plan from the Ministry of Environment and Forests as the Company proposes to manufacture "Primary metallurgical" products like iron, steel and ferro alloys and set up a captive power plant.
- Registration Certificate required under the Contract Labour (Regulation) Act, 1970 by the office of the Assistant Labour Officer, West Bengal.
- Import Export Code required to be issued by the Office of the Regional Director General of Foreign Trade, Kolkata, in the name of the Company.
- "No Objection Certificate" to be issued by West Bengal Pollution Control Board ('WBPCB') for CPP for generating 40 MW power. (approval for generating 10 MW already received)

Management Perception:

We require these approvals, licenses, registrations and permissions for operating our business, some of which we have either made or are in the process of making an application for obtaining the approval. For more information, see "Government Approvals" on page no. 83 of this Draft Red Herring Prospectus. If we fail to obtain any or all of these approvals or licenses thereof, in a timely manner, or at all, our business may be adversely affected. These approvals are of routine nature and we are confident to obtain them in due course of time.

9. Orders yet to be placed for capital goods relating to project

We are yet to place orders for some of the plant and machinery relating to project. Any delay in placing the order for procurement of the same will inadvertently delay the completion schedule of project and may defer the commercial production of products.

(Rs in lacs)	
Project and cost of Plant and Machinery	Amount
Power Plant	13,200
Steel Melting Shop	1,892
Coal Washery	478
Total	15,570

Management Perception:

We have already floated enquiries for all the main equipments and the quotations from various parties will soon be received. Since our group company has already set up similar facilities, we will have an advantage to identify and select the right supplier at competitive rates. We propose to order for all the long delivery items in the next six to eight weeks time.

10. Difficulty in identifying peer group segment / companies:

We will operate in the sponge iron, pig iron, steel billets and rolling mills segment. The power generated from the Captive Power Plant will be primarily used for our Steel Billets Project. Though there are companies operating in one or more segment as mentioned below, there is no company operating in all the three segments simultaneously with combination of captive power plant.

Segment Peer Group Company

Segment	Peer Group Company
Sponge Iron	Bihar Sponge Iron Ltd., Tata Sponge Iron Ltd., Jindal Steel and Power Ltd., Monnet Ispat Ltd., Sunflag Iron and Steel Ltd.
Pig Iron	Tata Mettaliiks Ltd, KIC Mettaliics Ltd, Jaiswal Neco Ltd, Neelachal Ispat Ltd, Satvahana Ispat Ltd.

Hence, in view of the fact that we have yet not commenced operation as also absence of any company operating in all the three segments does not allow us to do our benchmarking vis-à-vis peer group company.

Management Perception:

We visualize that our competency in operating in all the segments as an integrated entity under the same roof including sponge iron, pig iron, steel billets and rolling mills along with a captive power plant with a coal washery will enhance our standing in the industry and achieve cost competency for our company in comparison to our competition.

11. Shares issued by SRBSL in the last one year

Date of allotment	Person to whom Allotted	No of Shares	Issue Price	Category
07-Apr-04	Others	2,750,000	10	Others
07-Apr-04	Hari management Limited	10,085,000	10	Promoter
26-Apr-04	Others	1,930,000	10	Others
20-Sep-04	Aditya Jajodia	248,800	10	Promoter
20-Sep-04	Others	1,250,000	10	Others
20-Sep-04	Jain Vanijya Udyog Ltd	273,000	10	Promoter Group
28-Dec-04	Sanjiv Jajodia	1,210,000	10	Promoter
28-Dec-04	Rajiv Jajodia	1,050,000	10	Promoter
28-Dec-04	Gaurav Jajodia	300,000	10	Promoter Group
28-Dec-04	Aditya Jajodia	1,200,000	10	Promoter
28-Dec-04	Aashish Jajodia	300,000	10	Promoter Group
28-Dec-04	Others	248,600	10	Others
28-Dec-04	K.D Jajodia Steels Pvt Ltd	163,800	10	Promoter Group
	Total	21,009,200		

12. Change in technology

Our future success will depend in part on our ability to respond to technological advances taking place in the steel industry. The development and implementation of such technology entails significant technical & business risk. We cannot ensure you that we will successfully implement new technology effectively or adapt our processing system to emerging industry standards. If we are unable for technical, financial, legal and/or other reasons to adapt in timely manner to the changing market conditions, our business, financial performance and the trading price of our equity shares could be adversely affected.

Management Perception

Our promoters are committed to implant the best technology for manufacturing steel all the time. We will keep ourselves abreast with the changing world of technology and will update our operations accordingly on a continuous basis.

13. Critical risk factors/weakness/ threats as per the Appraisal Reports of the Lending Banks

a) Re-rolling Mill

i. UCO Bank

Threats

- International development (Price situation/Global trend/specific sectors etc.) has a bearing on the price of steel in the international market that also have a bearing in the local market.
- The rivalries among existing firm in pig iron segment are Tata Metallica, BSP, SAIL and Kajaria iron & steel co. etc and in Re-rolled products major rivalry are TISCO, Concast Ispat, Shyam Steel etc. but the company has an edge over its competitor due to the following reasons.
 - Integrated approach.
 - Better quality with latest technology.
 - Optimum installed capacity
 - Gap between demand and supply is very big. Only 2.5% of the present shortage is going to be met by the proposed unit.

b) Sponge Iron

Indian Overseas Bank

Weaknesses/Risk factors.

- Profitability depends on sale of end products MS Billet etc.
- Equity to be raised through IPO that depends on market.

c) Steel Melting Shop

i. Andhra Bank Appraisal Note

Threats

- The company is in the commodity market, which suffers from vagaries of trade cycle.
- The steel market is increasingly being globalised and has to face competition from abroad.
- Since, the raw material will be extracted through mining process; the company will face difficulties in procurement during rainy season.

ii. United Bank Of India Appraisal Report

Threats

The company may have to face threats from the foreign players who are posing serious threat to the indigenous players.

d) Captive Power Plant

Indian Renewable Energy Development Agency Limited.

IREDA'S loan assistance for the above project is Rs. 3384 lacs, which is 70% of the cost of waste Heat Recovery boilers and FBC boilers.

Risks

- **Project Completion Risk**

The Company has the resources to complete the project on time. Setting up the project will improve the profitability of the company and the risk is very low.

- **Operating Risk**

The project runs along with the main operations of the company and since trained manpower is available or can easily be recruited locally, this risk is very low.

- **Regulatory Risk**

As per current regulatory environment government is promoting captive generation of power. West Bengal State government has existing policy for selling power to group companies, which is likely to be continued in the future also. With the government-promoting infrastructure and housing projects, adverse regulations to steel industry, which forms the backbone for these projects, are not probable. Hence, no regulatory risk is foreseen.

- **Technology Risk**

The technical process and equipment are proven and the risk is minimal.

- **Fuel Supply/Raw Material Risk**

The fuel/raw materials for the project are by products of the existing operations and external procurement is involved only for the locally available 'D' grade coal. The project is located in the Durgapur area, which has abundant coal deposits, and hence fuel supply risk is low.

- **Off-take Risk**

This risk is minimum considering the current demand for power.

- **Price Risk**

The cost of power generated by the project is much lesser than the cost the company currently pays for it. Currently the company is entitled to pay Rs. 2.60/kwh if it purchases the power from the SEB. However, the average cost of generation of power by the project is Rs.1.66/kwh. The cost of power from the state Government is likely to escalate further owing to the increasing gap in the demand-supply status and hence risk due to decrease in price of commercially available power is not foreseen.

- **Collection Risk**

The power generated by the project will be used for captive purposes. Risk related to company's overall performance is perceived as medium.

- **Revenue Diversion Risk**

Earmarking of cash credit account with working capital banker for main business of the company to the extent of dues of IREDA towards installments of principal and interest for one quarter, throughout the loan period has been stipulated as an additional security.

- **Loan Diversion Risk**

IREDas loan and the companys contribution will be routed through the no lien account and it will be ensured that the moneys will be used for the project only

- **Marketing Risk**

The power generated is used for captive purposes. Risk related to company's overall performance is perceived as medium.

- **Sectoral Risk**

Since using energy efficient equipment increase the bottom line and performance of the company and there are no adverse regulations affecting the sector, this risk is minimum.

- **Industry risk**

The industry is likely to enjoy a continuous growth since the growth of the economy as a whole is dependent to a large extent on this industry and also due to major infrastructure and housing projects being taken up.

- **Others**

- The entire promoters contribution has to be raised through IPO. The Borrower has confirmed that they have appointed Microsec India Limited as their Merchant Banker.
- The Company needs to arrange balance finance from others Fis/banks on favorable terms.
- In case of any shut down of the steel plant, the company will have to sell the electricity to the grid/third parties for which the modalities like signing of PPA with the SEB/ third parties will need to be ensured.

14. The success of the Company depends on its management team and the loss of team members may adversely affect its business.

The Company is dependent on its management team, consisting of experienced and technically qualified professionals. If one or more members of the management team are unable or unwilling to continue in their present positions because of various factors, the company would try to replace such persons by other competent persons.

15. The Company is dependent on its promoters and any inability on their part to contribute to the business may affect its performance.

The Company is dependent on the experience and the continued efforts of its promoters who are first generation entrepreneurs and have been associated with the company since inception. The promoters have been involved with critical functions like development of new products, marketing, and other operations of the Company.

The Company also has a qualified team of marketing executives, finance professionals and other professionals who are involved in the day-to-day operations of the Company. This reduces the company's dependence on the promoters to manage the operations of the Company.

16. In a business marked by high working capital components due to the need of high quantity of raw material, inefficient fiscal control could affect profitability.

The Company is strengthening its fiscal control through the following initiatives: a progression towards value-addition, cost reduction, a tight control on receivables, a stronger negotiation with banks leading to a reduced cost of funds and a comfortable loan repayment schedule.

17. Failure to effectively manage labour or failure to ensure availability of sufficient labour could affect the business operations of the Company.

The Company has been handling labour and related issues efficiently and this has contributed to the smooth functioning of the operations. The Company is conscious about the need for introducing more automation in the operations. Labour intensive operations call for good monitoring and maintenance of relations.

18. The contingent liabilities of the Company as on September 30, 2004 as certified by the auditors for which no provision has been made by the Company are as follows:

(Rs in lacs)

Particulars	Amount
Guarantees and counter guarantees given	93.10

Crystallization of the above liability may require the Company to honour the demands, if any, which may adversely impact the Company's liquidity and thereby have material adverse impact on the financial resources and network.

19. Restrictive covenants in our agreements may impact the rights of the shareholders of the Company.

There are restrictive covenants in agreements the Company has entered into with certain banks and financial institutions for short term loans and long term borrowings relating to the right to declare dividend, buy-back any of its shares from its shareholders, issue bonus shares or share splits and other capital restructuring, that are subject to the consent of the said banks / financial institutions and to such extent would affect the rights of the shareholders of the Company.

20. Keen Competition amongst Mini steel Plants

With a 2.25 lac tonne capacity (for billets and rods) SRBSL is a mini steel plant. This constitutes 14% of the steel making capacity in West Bengal. Capacity is being added at a feverish pace, both by integrated manufacturers as well as smaller ones. In West Bengal alone over 10 mini steel plants are in various stages of implementation. On the other hand integrated players also plan to raise capacities. With keener competition from both integrated and small players SRBSL size and its focus on the regional market may impede its growth objectives.

Management Perception

We are setting up an integrated steel plant, whereby we will produce TMT bars from iron ore through the sponge iron, pig iron, induction furnace route. We are also setting up a captive power plant which will ensure unhindered power supply at a much lower cost for steel melting facilities. The combination of these facilities will ensure that we produce our final product at the minimum cost possible which will always allow us to compete with any player in the market. We also have the necessary infrastructure to expand our capacity to 1 million tonnes. We have already acquired 125 acres of land and we are negotiating to acquire further adjoining land for such future expansion.

21. The shares of the Group Company Chandi Steel Industries Limited are thinly traded.

The shares of Chandi Steel Industries Limited are listed on the Calcutta Stock Exchange Association Limited and there is no trading in its shares.

Management Perception

The Calcutta Stock Exchange Association Limited is not a nation wide stock exchange, which has adversely affected the liquidity in the stocks of the companies listed here. With the recent launch of Indonext and in case CSE participates in this exchange, it is expected that the liquidity in the aforesaid scrip would increase.

22. Promise Vs Performance of Chandi Steel Industries Limited

Chandi Steel Industries Limited one of our group companies had approached the capital markets with public issue of equity shares in 2003 amounting to Rs. 550 lacs. There has been substantial delay in the implementation of the object of the Issue.

Management Perception

The company had plans to expand its re-rolling mill capacity by 33,200 tonnes at its existing plant at Howrah. The power cost in this area has gone up substantially and has made the setting of such facility completely unviable. In the Howrah municipality area West Bengal Incentive Scheme is also not applicable making the project more unviable. The company is now looking at an alternative location to set up such facilities, pending which funds have been utilized for working capital.

23. Search and Seizure operation by the Income Tax Authorities

The Income Tax Authority has carried out a search and seizure operation under section 132(1) of the Income Tax Act, 1961 on 17th January 2005 at the offices and factory premises of the Company and its group companies, including the residence of our few directors and have seized some of the assets of the Company.

Management Perception

The Company including its group companies and the Directors have already filed applications under section 132B of the Income Tax Act, 1961 for the release of the Bank accounts and other assets and is in the process of making further application for release of its other assets seized in course of the said operation. The investigation by the Income Tax Authority is in progress and the Company / group companies and/or the Directors have not received any demand notice till date.

24. In the absence of any monitoring by an independent agency, the deployment of funds is entirely at our discretion. However, we are subject to reporting requirements to Banks who have sanctioned loan for the project.

EXTERNAL RISKS BEYOND THE CONTROL OF THE COMPANY:

1. Changes in Government Policies and political situation in India

Since 1991, the Government of India has pursued policies of economic liberalization, including relaxing restrictions on the private sector. We cannot assure you that these liberalization policies will continue in future. Protest against liberalization could slowdown the pace of economic development. The rate of economic liberalization could change, specific laws and policies could change, and foreign investment, currency exchange rates and other matters affecting investing in our securities could change as well.

The current Indian Government is coalition of several parties along with outside support from other partners. The withdrawal of one or several parties or withdrawal of outside support could result in political instability, which may have adverse affect on the capital market and investor confidence.

Any adverse change in Government policies relating to the steel industry in general and stainless steel, sponge iron, ferro alloys, Iron ore in particular may have an impact on the profitability of the industry. Such changes are not limited to but may be in respect of:

- a) Sales Tax
- b) Customs Duty
- c) Import/ Export restriction
- d) Excise Duty

2. Risk Caused By Competition

The market for steel industry is highly competitive. The Company expects that competition will continue to intensify. The Company faces competition basically from Indian & Chinese companies.

Management Perception

The company has an edge over its competitors as its products are mainly targeted to the domestic consumption. Country's quotas would not appear to have an impact because the group is targeting the huge local demand and views export as an opportunity. China unlike India does not have the advantage of locally available iron ore and therefore its exports vis-à-vis India's are not likely to be competitive in the global market

3. After this Offer, the price of company's equity shares may be highly volatile, or an active trading market for its equity shares may not develop.

The prices of company's equity shares on the Indian stock exchanges may fluctuate after this Offer as a result of several factors, including:

- Volatility in the Indian and global securities market;
- Company's results of operations and performance, in terms of market share;
- Performance of its competitors in the Indian steel industry and the perception in the market about investments in the steel sector;
- Changes in the estimates of its performance or recommendations by financial analysts;
- Significant developments in India's economic liberalization and deregulation policies; and
- Significant developments in India's fiscal and environmental regulations.

There has been no public market for company's equity shares and the prices of its equity shares may fluctuate after this Offer. There can be no assurance that an active trading market for company's equity shares will develop or be sustained after this Offer or that the Offer Price or the price at which its equity shares are initially traded will correspond to the prices at which its equity shares will trade in the market subsequent to this offering.

4. Political, economic and social developments in India could adversely affect company's business.

Since 1991, the Government of India has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. The new Government that has been formed as a result of the 2004 general elections in India consists of a coalition of political parties. The new Government may change Economic policies followed by previous Governments. The rate of economic liberalization in India could change, as could specific laws and policies affecting Steel companies, foreign investment, currency exchange rates and other matters affecting an investment in the company's Equity Shares. Further, the withdrawal of support from one or more of the Coalition parties from the current Government could result in political instability. Significant changes in India's Economic liberalization and deregulation policies could disrupt business and economic conditions in India and affect Company's business adversely.

5. Change in Regulations

Changes in regulatory environment relating to manufacturing and marketing Sponge Iron, Billet Casting, captive Power Plant and TMT Bars in and outside the country will significantly impact the business of the company.

Management Perception:

The company keeps itself abreast of the various developments in the regulatory environment and gears itself to comply with the dynamics. The Company shall be able to adapt to any change in the regulatory environment.

6. Regulation of Exports and Imports

Any change in regulations, domestic or international, having an impact on the steel market in general, will affect the industry as a whole. Such changes may be in the nature of introduction of quota, tariff barrier, subsidies etc.

Management perception

Our business is primarily indigenous in nature and as such very little impact is envisaged in lieu of the above.

7. Risks arising from changes in taxation policies

Statutory taxes and other levies may affect our margin in the event of our inability to factor such expense in our trading margin. Any increase taxes and/ or levies, or the imposition of new taxes and/ or levies in the future, may have a material adverse impact on our business, results of operations and financial condition.

8. Risk Envisaged by Management

Terrorist attacks and other acts of violence or war involving India and other countries where the company sells its products could affect the company's business.

Management Perception:

The consequences of any potential armed conflict are unpredictable and are Force Majeure in nature and the Company may not be able to foresee events that could have a materially adverse effect on its business, financial condition or results of operations. However, the company would take up appropriate risk management strategies.

9. The Company is subject to risk arising from exchange rate fluctuations.

The exchange rate between the Rupee and other currencies is variable and may continue to fluctuate in the future. Fluctuations in the exchange rates may affect the Company to the extent of such loans taken in foreign currency and cost of imported raw material being bought from overseas vendors for the Company's products.

Any adverse fluctuations with respect to the exchange rate of any foreign currency for Indian Rupees may affect the Company's profitability, since a part of its raw material will be purchased in foreign currency.

10. The Company is subject to risk rising from changes in interest rates and banking policy

The Company is dependent on various banks and financial institutions for arranging the Company's working capital requirements, term loans, etc. Accordingly, any change in the extant banking policy or increase in interest rates may have an adverse impact on the Company's profitability.

11. Failure to comply with environmental laws, rules and regulations may adversely affect our business or operations
12. Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business and could materially effect our future financial performance, and the trading price of our equity shares.
13. Any disruption in supply of power, basic infrastructural facilities, telecom lines could adversely effect the business and production process of the company or subject it to excess cost.

NOTES:

- i. Present Issue of 2,00,00,000 equity shares of Rs. 10/- each for cash at a premium of Rs. [●] Per share aggregating Rs. [●]lacs. Net Offer to Public is 1,90,00,000 equity shares of Rs. 10/- each for cash at a premium of Rs.[●] Per share aggregating Rs. [●]lacs. The Project has Rs.[●] Lacs as equity participation from the QIBs and Rs. 16,814 lacs as Term Loan from Consortium of Banks.
- ii. The Net worth of the company as on 31st March 2004 and 30th September 2004 is approximately Rs 4124.24 Lacs and Rs. 5115.62 Lacs respectively.
- iii. The Book Value per equity share of face value of Rs. 10/ each as on 31st March, 2004 and 30th September 2004 is approximately Rs.16.50 and 12.32 respectively.
- iv. The average cost of acquisition of our Equity Shares by our Promoters and Promoter Group, is Rs 10/- each
- v. The company has allotted further 44,72,400 equity shares to the promoter group at the rate of Rs.10 per share after 30th September 2004.
- vi. Investors are advised to refer to the paragraph on "Basis for Issue Price" on page 90 before making an investment in the issue.
- vii. Investors may note that in case of over subscription, the allotment shall be on proportionate basis and for details; reference may be made to the Para "Basis of Allotment" given on page 25 of the Draft red Herring Prospectus.
- viii. The investors are advised to refer the Paragraph on promoter's background and past financial performance of the company before making an investment in the proposed issue.
- ix. There are no relationships with statutory auditors to the company other than auditing and certification of financial statements.
- x. Investors may note that allotment and trading in shares of the company shall be done only in dematerialised form.
- xi. The contingent liability not provided for by the company as on 30.09.2004 is as lodged.
- xii. All information shall be made available by the BRLMs and the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.
- xiii. Investors are free to contact the BRLMs for any clarification or information, who will be obliged to attend the same.
- xiv. We were incorporated as a Private Limited Company on May 06, 2002. On November 26, 2002, we got converted into Public Limited Company and consequently the name of the company was changed from Shri Ramrupai Balaji Steels Private Limited to Shri Ramrupai Balaji Steels Limited. For further details please refer to the Chapter on Our History.

xv. Related party transactions till September 30, 2004 are as follows:

As per Accounting Standard (AS-18)

- a) List of related parties over which control of the company exists – None
- b) Name of the related Parties with whom the transaction were carried out with the Company.

Name of the Related Parties	Relationship
Jai Balaji Sponge Iron Limited	Associate
Jai Salasar Balaji Industries Pvt Ltd	Associate
Chandi Steel Industries Limited	Associate
Balaji Ispat Udyog	Associate
Enfield Suppliers Pvt Ltd	Associate
Jajodia Estates Pvt Ltd	Associate
Mr. Sanjiv Jajodia	KMP
Mr. Aditya Jajodia	KMP
Mr. Rajiv Jajodia	KMP
Mrs. Kanchan Jajodia	Relative of KMP
Mrs. Shashi Devi Jajodia	Relative of KMP
Mrs. Sangeeta Jajodia	Relative of KMP

* KMP means Key Managerial Personnel

Transactions with related parties are as follows:

Rs in Lacs

	Transactions During the year	for the half year ending 30.09.04	for the year ending 31.03.04
		Amount	Amount
1	Purchases during the year		
	Jai Balaji Sponge Ltd.	2,363.37	755.42
	Jai Salasar Balaji Industries(P)Ltd.	58.46	190.11
	Enfield Suppliers Pvt Ltd	99.89	-
	Total	2,521.72	945.52
2	Sales During the year		
	Jai Balaji Sponge Ltd.	1,380.68	338.19
	Jai Salasar Balaji Industries(P)Ltd.	33.14	8.26
	Balaji Ispat Udyog	123.20	-
	Total	1,537.02	346.46
3	Advance Payable Received(Net)		
	Balaji Ispat Udyog	464.88	-
	Chandi steel Industries Ltd	321.00	11.00
	Total	785.88	11.00
4	Remuneration During the year		
	Aditya Jajodia		

	Sangeeta Jajodia		1.20
	Kanchan Jajodia		1.20
	Sashi Devi Jajodia		1.20
		-	3.60
5	Rent Paid		
	Jajodia Estates Pvt Ltd	0.16	
6	Advance Paid recoverable		
	Balaji Ispat Udyog		25.70

(B)	Closing Balance	As on 30.09.04	As on 31.03.04
1	Amount payable by the company		
	Jai Balaji Sponge Ltd.	1,868.37	588.48
	Jai Salasar Balaji Industries Pvt.Ltd.	142.16	37.84
	Chandi Steel Industries Ltd.	336.00	-
	Balaji Ispat Udyog	247.11	-
		2,593.65	626.32
2	Advances Payable		
	Balaji Ispat Udyog	247.11	-
	Chandi Steel Industries Ltd.	336.00	15.00
		583.11	15.00
3	Advance Recoverable		
	Balaji Ispat Udyog	-	217.77
	Enfield Suppliers Pvt Ltd	0.25	-
		0.25	217.77
4	Remuneration payable		
	Kanchan/Sangita/Reena jajodia	-	0.90

SUMMARY

You should read the following summary with the Risk Factors included from page numbers (X) to (xxiv) and the more detailed information about us and our financial statements included in the Draft Red Herring Prospectus.

We were incorporated in India on May 06, 2002 as Shri Ramrupai Balaji Steels Private Limited under the Companies Act, 1956 with Registration No. 21-94606 with Registrar of Companies, West Bengal. We subsequently became a public company under the name of Shri Ramrupai Balaji Steels Limited with effect from 26th, November 2002.

Steel Overview

The New Industrial policy has opened up the iron and steel sector for private investment by (a) removing it from the list of industries reserved for public sector and (b) exempting it from compulsory licensing. Imports of foreign technology as well as foreign direct investment are freely permitted up to certain limits under an automatic route.

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

At present, total (crude) steel making capacity is over 34 million tonnes and India, the 8th largest producer of steel in the world, has to its credit, the capability to produce a variety of grades and that too, of international quality standards.

Business Overview

- We belong to the Jai Balaji Group who is a key player in steel, having the largest sponge iron capacity in West Bengal. The group has an installed capacity of 345,000 tonnes for sponge iron and about 460,000 tonnes for semis and rolled products.
- We are strategically located in West Bengal, which, with its neighbouring states (Orissa, Jharkand and Chattisgarh) has rich reserves of raw materials (coal and iron ore).
- We are setting up a vertically integrated steel plant in Durgapur, West Bengal. We have already commissioned facilities to manufacture sponge iron and pig iron, and also a rolling mill. We are now setting up facilities to manufacture MS billets, 40 MW captive power plant and a coal washery plant.
- We sell our TMT bars under the brand name "Balaji Shakti," which is well accepted in the market.
- Our Promoters Sanjiv, Aditya and Rajiv Jajodia have considerable experience in steel.
- We are eligible for fiscal incentives from West Bengal: a 75% exemption from sales tax for 15 years; exemption of the Land Registration Fee; and a 50% reimbursement of PF and ESI. We will also benefit from the seven-year exemption from electricity duty and taxes.
- On the installation of the captive power plant, substantial savings in cost will arise. Power costs will slide – from Rs.2.60 a unit to about Rs.1 over four years. Moreover, fiscal incentives in the form of income tax benefits u/s 80-IA of the Income Tax Act due to the captive power plant would help lower overall costs.
- Term loans amounting to Rs.18109 Lacs (as against requirement of Rs.16814 Lacs) and regular working capital facilities of Rs. 2036.50 Lacs have already been sanctioned.
- We are essentially into semis, TMT and wire rods, used extensively in the housing and infrastructure sectors. India is in the midst of a construction boom in housing and infrastructure, which augurs well for the company.

THE ISSUE

Equity Shares offered:

Total Equity Shares	2,00,00,000 Equity Shares
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Of which:

Reserved for Permanent Employees of the Company	10,00,000 Equity Shares
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Net Offer to the Public	1,90,00,000 Equity Shares
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Qualified Institutional Buyers portion	Not more than 95,00,000 Equity Shares (allocation on a discretionary basis)
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Non-Institutional portion	Minimum of 47,50,000 Equity Shares (allocation on a proportionate basis)
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Retail portion	Minimum of 47,50,000 Equity Shares (allocation on a proportionate basis)
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Under subscription if any in the reservation category shall be added back to the net offer to the public portion. Under-subscription, if any, in the Non- institutional portion and Retail Portion shall be allowed to be met with spillover from the other categories, at the sole discretion of the Company and BRLMs. In case of Under-subscription in the Qualified Institutional Buyers portion (i.e. subscription less than 10% mandatory of the net offer to the public), the same shall not be available to other categories and full subscription monies shall be refunded.

In case of under-subscription in the employee reservation category the unsubscribed portion shall be added back to the categories of Non-Institutional Bidders and Retail Individual Bidders in the ratio 50:50.

Equity Shares outstanding prior to the Issue	4,60,00,000 Equity Shares
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Equity Shares outstanding after the Issue	6,60,00,000 Equity Shares
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Use of proceeds	The net proceeds of the issue will be used by us for part financing our proposed Project.
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For further details of the Object of the issue, refer to page no.23.

Corporate Information

We were incorporated as Shri Ramrupai Balaji Steels Private Limited on May 06, 2002, under the Companies Act, 1956. The Company subsequently became a public company under the name of Shri Ramrupai Balaji Steels Limited with effect from 26th November 2002.

Registered & Corporate Office: 5,Bentinck Street, 1st Floor, Kolkata-700 001, India.

Tel.: +91-33-22488173/22489808, Fax: +91-33- 22430021

E-mail – jbalaji@vsnl.net

Website: www.jaibalajigroup.com

SHRI RAMRUPAI BALAJI STEELS LIMITED

(Incorporated as Shri Ramrupai Balaji Steels Private Limited on May 06, 2002, under the Companies Act, 1956. The Company subsequently became a public company under the name of Shri Ramrupai Balaji Steels Limited with effect from 26th Nov 2002)

Registered Office: 5, Bentinck Street, 1st Floor, Kolkata-700 001, India.

Tel.: (033) 2248-8173/2248-9808, Fax: (033) 2243-0021 e-mail: jbalaji@vsnl.net

Website: www.jaibalajigroup.com

GENERAL INFORMATION

Authority for the present issue

The present issue has been authorized by a special resolution adopted pursuant to Section 81 (1A) of the Companies Act, at the Annual General Meeting of our shareholders held on 30th September 2004.

Prohibition by SEBI

We, our Directors, our Subsidiaries, our Promoters, other companies /entities promoted by our Promoters, and companies/entities with which our Directors are associated with as directors or promoters, have not been prohibited from accessing the capital markets under any order or direction passed by SEBI. None of our Directors or the persons in control of our Promoter companies have been prohibited from accessing the capital markets or restrained from buying/selling/dealing in securities under any order or direction passed by SEBI.

Eligibility for the Issue

Since, Shri Ramrupai Balaji Steels Limited being incorporated on 6th May 2002 does not meet the track record criteria as specified in Clause 2.2.1 of the SEBI Guidelines, Hence our company is coming out with an issue under Clause 2.2.2, which is stated as hereunder:

(a)(i) The issue is made through the book-building process, with at least 50% of the issue size being allotted to the Qualified Institutional Buyers (QIBs), failing which the full subscription monies shall be refunded.

OR

(a)(ii) The "project" has at least 15% participation by Financial Institutions/Scheduled Commercial Banks, of which at least 10% comes from the appraiser(s). In addition to this, at least 10% of the issue size shall be allotted to QIBs, failing which the full subscription monies shall be refunded

AND

(b)(i) The minimum post-issue face value capital of the company shall be Rs. 1000 Lacs

OR

(b)(ii) There shall be a compulsory market making for at least 2 years from the date of listing of the shares subject to the followings:

- Market makers undertake to offer buy and sell quotes for a minimum depth of 300 shares;
- Market makers undertake to ensure that the bid-ask spread (difference between quotations for Sale and purchase) for their quotes shall not at any time exceed 10%;
- The inventory of the market makers on each of such stock exchanges, as on the date of allotment of securities, shall be at least 5% of the proposed issue of the company)

We are eligible for the Issue as we satisfy (a)(ii) of the said Clause 2.2.2 as the Project has more than 15% participation from Scheduled Commercial Banks, of which the appraisers have undertaken to participate for more than 10% and the company shall ensure more than 10% allotment in the public issue to QIBs, failing which the entire subscription monies shall be refunded.

The present paid up Capital of our Company is Rs.4600 lacs and we satisfy clause b(i) of clause 2.2.2.

The Company also undertakes that the number of prospective allottees in the Issue shall be at least 1000 failing which the entire subscription amount will be refunded.

Project participation by way of term Loans by Scheduled Commercial Banks/Financial Institution:

(Rs. in Lacs)				
Name of Sanctioning Banks	Appraising Bank	Amount Sanctioned	As a % of Total Cost	Date of Sanction
Re-Rolling Units				
Bank of India	No	325.00	17.40%	26-Apr-03
UCO Bank	Yes	600.00	32.12%	3-Jun-03
Sub Total		925.00	49.52%	
Cost of Project		1867.79		
<i>Participation of Financial Institution/ Scheduled Commercial Banks</i>			49.52%	
<i>Participation by Appraiser/s</i>			32.12%	
Sponge Iron Units				
West Bengal Financial Corporation	Yes	1000.00	24.54%	20-Aug-03
Indian Overseas Bank	Yes	800.00	19.63%	28-May-04
Central Bank of India	Yes	600.00	14.72%	26-Sep-03
Sub Total		2400.00	58.90%	
Cost of Project		4074.98		
<i>Participation of Financial Institution/ Scheduled Commercial Banks</i>			58.90%	
<i>Participation by Appraiser/s</i>			58.90%	
Mini Blast Furnace				
West Bengal Industrial Development Corporation	Yes	1200.00	47.85%	19-May-03
Sub Total		1200.00	47.85%	
Cost of Project		2507.97		
<i>Participation of Financial Institution/ Scheduled Commercial Banks</i>			47.85%	
<i>Participation by Appraiser/s</i>			47.85%	
Billet Caster				
United Bank of India	Yes	900.00	28.39%	15-Jan-04
Andhra Bank	Yes	900.00	28.39%	22-May-04
Sub Total		1800.00	56.79%	

Cost of Project		3169.78		
<i>Participation of Financial Institution/ Scheduled Commercial Banks</i>			56.79%	
<i>Participation by Appraiser/s</i>			56.79%	
Captive Power Plant				
Indian Overseas Bank	Yes	4000.00	26.02%	28-May-04
Indian Renewable Energy Development Agency Limited	Yes	3384.00	22.01%	25-Aug-04
State Bank of India	Yes	4000.00	26.02%	26-Oct-04
Sub Total		11384.00	74.05%	
Cost of Project		15374.00		
<i>Participation of Financial Institution/ Scheduled Commercial Banks</i>			74.05%	
<i>Participation by Appraiser/s</i>			74.05%	
Coal Washery Plant				
Central Bank of India	Yes	400.00	56.96%	9-Jun-04
Sub Total		400.00	56.96%	
Cost of Project		702.26		
<i>Participation of Financial Institution/ Scheduled Commercial Banks</i>			56.96%	
<i>Participation by Appraiser/s</i>			56.96%	
Grand Total		18109.00		
<i>Overall Participation of Financial Institution/ Scheduled Commercial Banks</i>			65.38%	
<i>Overall Participation by Appraiser/s</i>			64.21%	

Apart from the above the Company has been sanctioned Working capital Limits and other facilities as follows

(Rs. in Lacs)

Name of Bank	Purpose	Nature of Facility	Amount	Date of Sanction
UCO Bank	Re-Rolling Mill	Cash Credit	270.00	03-Jun-04
UCO Bank	MBF	Cash Credit	234.00	03-Jun-04
Bank of India	MBF	Cash Credit	230.00	26-Apr-03
Bank of India	Re-Rolling Mill	Cash Credit	270.00	26-Apr-03
Indian Overseas Bank	Sponge Iron	Cash Credit	525.00	28-May-04
Central Bank of India	Sponge Iron	Cash Credit	175.00	26-Sep-03
United Bank of India	Steel Melting Shop	Cash Credit	100.00	15-Jan-04
Bank of India	MBF	LC/ Bank Guarantee	175.00	26-Apr-03
UCO Bank	MBF	Bank Guarantee	50.00	03-Jun-04
State Bank of India	Re-Rolling Mill	Cash Credit	7.50	26-Oct-04

Our Company fulfils the criteria as stated in clause 2.2.2 (a) (ii) of SEBI (DIP) Guidelines 2000 as amended as in each of the projects individually the participation from the Scheduled Banks/ financial Institutions is above the required limits of 15% and for each project individually and overall the appraisers have participated in excess of 10% of the project cost as required.

In case, of bank approvals received for funding of the Captive Power Plant the approvals have been received in excess of the approvals sought for. The Company shall only utilise funds worth Rs. 10088.90 from the Banks.

b. The company has reserved Rs.[•] lacs being 10% of Rs.[•] lacs (Issue Size) for equity participation from QIBs.

As per clause 2.2.2B of SEBI (DIP) Regulations:

(ii) "Project" means the object for which the monies proposed to be raised to cover the objects of the issue.

(v) As per Section 2.2.2B(v) of SEBI (Disclosure and Investors' Protection) Guidelines, inserted vide SEBI/CFD/DIL/DIP/ Circular No. 11 dated August 14, 2003, 'Qualified Institutional Buyer' shall mean:

- a. Public financial institution as defined in section 4A of the Companies Act, 1956;
- b. Scheduled Commercial banks;
- c. Mutual funds;
- d. Foreign Institutional Investor registered with SEBI;
- e. Multilateral and Bilateral development financial institutions;
- f. Venture Capital funds registered with SEBI;
- g. Foreign Venture Capital investors registered with SEBI;
- h. State Industrial Development Corporations;
- i. Insurance Companies registered with the Insurance Regulatory and Development Authority (IRDA);
- j. Provident Funds with minimum corpus of Rs. 25 Crores;
- k. Pension Funds with minimum corpus of Rs. 25 Crores;

Based on the above data the Lead Manager has certified vide its certificate dated 6th January, 2005 that the Company is fulfilling the criteria of eligibility norms for public issue by unlisted company as specified in the Guideline 2.2.2 of SEBI (DIP) Guidelines, 2000.

DISCLAIMER CLAUSE

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING 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 DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, MICROSEC INDIA LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES 2000, 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 IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK BUILDING LEAD MANAGER MICROSEC INDIA LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 28TH JANUARY, 2005 IN ACCORDANCE

WITH SEBI (MERCHANT BANKERS) REGULATIONS 1992 WHICH READS AS FOLLOWS :

- 1. "WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.**

WE CONFIRM THAT:

THE DRAFT RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPER RELEVANT TO THE ISSUE;

ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.

- 3. WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATIONS ARE VALID.**
- 4. WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE WORTH OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS."**

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE ROC IN TERMS OF SECTION 60B OF THE COMPANIES ACT. ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF REGISTRATION OF THE PROSPECTUS WITH THE ROC IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.

THE FILING OF DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER (S) ANY IRREGULARITIES OR LAPSES IN DRAFT RED HERRING PROSPECTUS."

Caveat

The Company and the BRLMs accept no responsibility for statements made otherwise than in the Draft Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Underwriting Agreement to be entered into among the Underwriters and us and the Memorandum of Understanding between us and the BRLM dated 13th January, 2005.

All information shall be made available by the BRLM and our Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research, presentations to prospective clients, or sales reports or at bidding centers etc.

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, HUFs, Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorised to invest in shares, Indian Mutual Funds registered with SEBI, Indian Financial Institutions, Commercial Banks, regional rural banks, Co-Operative Banks (subject to RBI permission), Trusts registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorised under their constitution to hold and invest in shares) and to NRIs, FIIs and Foreign Venture Capital Funds Registered with SEBI. This Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Kolkata 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 Draft Red Herring Prospectus has been filed with SEBI for observations and SEBI has given its observations and the Red Herring Prospectus has been filed with RoC as per the provisions of the Companies Act. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

DISCLAIMER STATEMENT FOR THE STOCK EXCHANGE ASSOCIATIONS:

DISCLAIMER CLAUSE OF THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE)- The Designated Stock Exchange

As required, a copy of this Draft Red Herring Prospectus has been submitted to the NSE. NSE has given vide its letter dated _____, permission to the company to use the Exchange's name in this Draft Red Herring Prospectus as one of the stock exchanges on which the company's securities are proposed to be listed subject to the Company fulfilling the various criteria for listing including the one related to paid up capital (i.e. the paid up capital shall not be less than 10 crores and market capitalization shall not be less than Rs. 25 crores at the time of listing). The Exchange has scrutinized this Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the company's securities will be listed or continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of the company, its promoter, its management or any scheme or project of the company.

Every person who desires to apply for or otherwise acquire any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

DISCLAIMER CLAUSE OF THE STOCK EXCHANGE, MUMBAI (BSE) -

As required, a copy of this Draft Red Herring Prospectus has been submitted to the BSE. BSE has given its no objection to the Company vide letter no ===== to use the name of the Exchange in this Draft Red Herring Prospectus as one of the Stock Exchanges on which the company's securities are proposed to be listed. The Exchange has scrutinized this Draft Red Herring Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the company. The exchange does not in any manner

- i. warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus;
- ii. nor does it warrant that this company's securities will be listed or continue to be listed on BSE;

- iii. nor does it take any responsibility for the financial or other soundness of this Company, Promoters, Management of any Scheme or Project of this Company.

And it should not be, for any reason be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of this company may do pursuant to independent enquiry, investigation and analysis and shall not have any claim against BSE, 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 in the Draft Red Herring Prospectus or any other reason whatsoever.

FILING

A copy of the Draft Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to ROC, West Bengal located at Kolkata and a copy of the Draft Red Herring Prospectus has been filed with SEBI (Head Office) Mittal Court, 'B' Wing, 1st Floor, 224 Nariman Point, Mumbai- 400 021.

LISTING

Initial listing applications have been made to The National Stock Exchange of India Limited (NSE) (Designated Stock Exchange) and The Stock Exchange, Mumbai (BSE) for permission to list the equity shares and for an official quotation of the equity shares of the Company.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges mentioned above, we shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within eight days after the date on which we become liable to repay it (i.e. from the date of refusal or within 70 days from the date of Issue Closing Date, whichever is earlier), then the company and every director of the company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

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

IMPERSONATION

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

"Any person who-

- a) makes in a fictitious name an application to a company for acquiring, or subscribing of any Equity Shares therein, or
- b) otherwise induces a company to allot, or register any transfer of Equity 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 net offer to public including devolvement of the underwriters, if any, within 60 days from the Bid/Issue Closing Date or if subscription by the QIBs is less than 10% of the net offer to the public, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after the Company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of the Companies Act, 1956. If there is any delay in refund of amount collected, the Company and the Directors shall be jointly and severally liable to refund the amount due with interest @ 15% p.a. as per Section 73 of the Companies Act, 1956.

If the number of allottees in the proposed Issue is less than 1,000, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 15 days after the Company becomes liable to pay the amount, the Company shall pay interest at the rate of 15% per annum for the delayed period.

WITHDRAWAL OF THE ISSUE

We, in consultation with the BRLM, reserve the right not to proceed with the issue any time after the Bid / Issue Closing Date, without assigning any reason thereof.

LETTERS OF ALLOTMENT OR REFUND ORDERS

We shall dispatch allotment advice, refund orders and give credit to the Beneficiary Account with Depository Participants and submit the allotment and listing documents to the Stock Exchanges within two working days of finalisation of the basis of allotment. We shall ensure dispatch of refund orders, if any, of value up to Rs.1,500 by "Under Certificate of Posting", and shall dispatch refund orders above Rs.1,500, if any, by registered post or speed post at the sole or first bidder's sole risk.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, we further undertake that:

- Allotment of Equity Shares shall be made only in dematerialised form, within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders shall be completed within 15 days from the Bid/Issue Closing Date; and
- We shall pay interest at 15% per annum (for any delay beyond the 15 day time period as mentioned above) if allotment has not been made, refund orders have not been dispatched and/or demat credits have not been made to investors within the 15 day time prescribed above.

We will provide adequate funds required for dispatch of refund orders or allocation advice to the Registrar to the Issue.

Refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by us, as a refund banker and payable at par at places where bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the bidders.

ISSUE PROGRAMME

Bidding Period/Issue Period

BID/ISSUE OPENS ON	
BID/ISSUE CLOSES ON	

Bids and any revision in bids shall be accepted only between 10 a.m. and 3 p.m. (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form except that on the Bid Closing Date, the Bids shall be accepted only between 10 a.m. and 1 PM (Indian Standard Time) and uploaded till such time as permitted by the BSE and NSE on the Issue Closing Date. In case of revision in the Price Band, the Issue Period will be extended for three additional days after revision of Price Band subject to a maximum Issue Period of 13 days. The revision in the price band and the revised Bid/Issue period, if applicable, will be duly disseminated by notification to the BSE and NSE by issuing a press release and also by indicating the change on the website of the BRLM and at the terminals of the Members of the Syndicate.

BOOK RUNNING LEAD MANAGERS (BRLMS)



Microsec India Limited

Azimgunj House, 2nd Floor

7, Camac Street,

Kolkata-700 017

Ph: +91-33-22829330

Fax: + 91-33- 22829335

E-Mail: balaji@microsec.co.in



Anand Rathi Securities Private Limited

J.K. Somani Building, 3rd Floor,

British Hotel Lane

Bombay Samachar Marg

Fort, Mumbai-400 023.

Tel: +91-22-56377000

Fax: +91-22-56377070

Email: balaji@rathi.com

(Hereinafter jointly referred to as the BRLMs)

Statement of Inter-Se Allocation of Responsibilities

The responsibilities and co-ordination for various activities in this Issue to be carried out by the BRLMs are as under:

Particulars		Responsibility	Coordinator
1	Capital structuring with the relative components and formalities such as type of instruments etc.	MIL/ARS	MIL
2	Due diligence of our Company's operations/ management/ business plans/ legal etc. Drafting and design of the Draft Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLM shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalization of Prospectus and RoC filing of the same.	MIL	MIL
3	Drafting and approval of all publicity material other than statutory advertisement as mentioned in (2) above including corporate advertisement, brochure, roadshow presentations, FAQs, corporate films etc.	MIL/ARS	ARS
4	Appointment of other intermediaries viz. Registrar, Printers, Advertising Agency and Bankers to the Issue.	MIL/ARS	MIL
5	Institutional Marketing of the Issue, which will cover, <i>inter alia</i> , Finalize the list and division of investors for one to one meetings; and Finalize roadshow schedule and investor meeting schedules	MIL/ARS	ARS
6	Non-Institutional and Retail Marketing of the Issue, which will cover, <i>inter alia</i> , Formulating marketing strategies, preparation of publicity budget; Finalise Media & PR strategy; Finalise centres for holding conferences for brokers etc.; Finalise collection centres; and Follow-up on distribution of publicity and issue material including form, prospectus and deciding on the quantum of the Issue material.	MIL/ARS	ARS
7	Deciding pricing and institutional allocation in consultation with the Company	MIL/ARS	ARS
8	The post bidding activities including management of escrow accounts, coordinate non-institutional	ARS	ARS

Particulars	Responsibility	Coordinator
allocation, intimation of allocation and dispatch of refunds to Bidders etc. The post issue activities will involve essential follow up steps, which include the finalisation of listing of instruments and dispatch of certificates and demat delivery of shares, with the various agencies connected with the work such as the Registrar to the Issue and Bankers to the Issue and the bank handling refund business. The merchant banker shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company.		

SYNDICATE MEMBERS

(will be completed before RoC filing)

REGISTERED AND CORPORATE OFFICE

Shri Ramrupai Balaji Steels Limited

5, Bentinck Street, 1st Floor,
Kolkata - 700001
Ph: +91-33-22488173
Ph: +91-33-22489808
Fax: +91-33-22430021
E-Mail: jbalaji@vsnl.net

COMPANY SECRETARY CUM COMPLIANCE OFFICER

Mr. Ram Narayan Prajapati, Secretary & GM (Finance & Accounts)

Shri Ramrupai Balaji Steels Limited
5, Bentinck Street, 1st Floor,
Kolkata - 700001
Ph: +91-33-22488173
Ph: +91-33-22489808
Fax: +91-33-22430021
E-Mail: jbalaji@vsnl.net

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

REGISTRAR TO THE ISSUE

Intime Spectrum Registry Limited

C-13, Pannalal Silk Mills Compound L B S Marg,
Bhandup (West)
Mumbai 400 078
Tel: +91-22-5555 5454
Fax: +91-22-5555 5353
E-Mail : sramrupai@intimespectrum.com

LEGAL ADVISORS TO THE ISSUE

Khaitan & Company

Emerald House
1B, Old Post Office Street
Kolkata – 700 001
Tel: +91-33-2248 7000
Fax: +91-33-2220 7857
E-Mail : pl@khaitanco.com

AUDITORS:**Rashmi & Co.**

213, Todi Chambers,

2, Lal Bazar Street,

Kolkata – 700 001

Ph: 22205193,21140096/97

Fax : +91-33-22202329

E-mail: rashmico@satyam.net.in

ESCROW COLLECTION BANKERS:

[]

BANKERS TO THE ISSUE

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BANKERS TO THE COMPANY:**Indian Overseas Bank**

Jawaharlal Nehru Road Branch

“Kailash Building”

35/1, Jawaharlal Nehru Road,

Kolkata – 700 071

Ph : +91-33-22176454

Bank of India

Kolkata Corporate Banking Branch

5 B.T.M Sarani (Brabourne Road)

Kolkata – 700 001

Ph: +91-33-22202528

UCO Bank

India Exchange Place Branch

2,India Exchange Place,

Ground Floor,

Kolkata – 700 001

Ph: +91-33-22203383

Central Bank of India

Camac Street Branch

10, Camac Street,

Kolkata – 700 017

Ph: +91-33-22829282

United Bank of India

Old Court House Street Branch

16, Hemanta Basu Sarani,

Kolkata – 700 001

Ph: +91-33-22487536

Andhra Bank.

Ballygunj Branch

Kolkata- 700019

Ph: +91-33-24642687

State Bank of India

AMT-IV Commercial Branch,

24,Park Street,

Kolkata – 700 016

Ph: +91-33-22294335

Assistance from State Financial Institutions:**West Bengal Industrial Development Corporation Ltd.**

5, Council house Street,
Kolkata – 700 001
Ph: +91-33-22105361

West Bengal Financial Corporation

12A, Netaji Subhas Road,
3rd & 4th Floor
Kolkata – 700 001
Ph : +91-33-22200055

CREDIT RATING

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

TRUSTEES

As the Issue is of Equity Shares, the appointment of trustees is not required.

BOOK BUILDING PROCESS

Book Building refers to the process of collection of bids from investors on the basis of the Draft Red Herring Prospectus including the Price Band. The Issue Price is fixed after the Bid Closing Date. The principal parties involved in the Book Building Process are:

1. The Company
2. Book Running Lead Managers, in this case being MIL & ARSL.
3. Syndicate Members, who are intermediaries registered with SEBI, and eligible to act as underwriters. Syndicate Members are appointed by the BRLM/ Issuer. In this case being _____.
4. Registrar to the Issue being Intime Spectrum Registry Ltd.

SEBI, through its guidelines, has permitted an Issue of securities to the public through 100% Book Building Process, wherein: (i) not more than 50% of the net offer to the public shall be allocated on a discretionary basis to QIBs (ii) not less than 25% of the net offer to the public shall be available for allocation on a proportionate basis to the Retail Individual bidders i.e. Individual Bidders (including HUFs and NRIs) whose maximum Bid amount is not more than Rs. 50,000/- and (iii) not less than 25% of the net offer to the public shall be available for allocation on a proportionate basis to Non-Institutional Bidders, subject to valid Bids being received at or above the Issue Price. The Issue Price will be ascertained after the Bid Closing Date.

In addition to the above, in terms of clause 2.2.2 of SEBI (DIP) Guidelines, 2000, at least 10% of net offer to the public (i.e. 19,00,000 shares) shall be mandatorily allotted to QIBs failing which the full subscription monies shall be refunded.

Illustration of Book Building and Price Discovery Process (Investors should note that the following is solely for the purpose of illustration and is not specific to the Issue)

Bidders can bid at any price within the price band. (For instance, assuming a price band of Rs.40 to Rs.48 per share, issue size of 6,000 equity shares and receipt of nine bids from bidders details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the bidding centres during the bidding period). The illustrative book as shown below shows the demand for the shares of our Company at various prices and is collated on the basis of bids from various investors.

Number of equity shares	Bid Price	Cumulative equity shares	Subscription
500	48	500	8.33%
700	47	1200	20.00%
1000	46	2200	36.67%
400	45	2600	43.33%

500	44	3100	51.67%
200	43	3300	55.00%
2800	42	6100	101.67%
800	41	6900	115.00%
1200	40	8100	135.00%

The price discovery is a function of demand at various prices. The highest price at which we are able to issue the desired quantum of shares is the price at which the book cuts off i.e. Rs. 42 in the above example. We, in consultation with the BRLMs will finalise the issue price at or below such cut off price i.e. at or below Rs. 42. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Our Company shall comply with guidelines issued by SEBI for this Issue. In this regard, our Company has appointed Microsec India Limited and Anand Rathi Securities Pvt. Ltd. (herein after referred to as BRLMs) to the Issue to procure subscription to the Issue.

The process of book building, under SEBI DIP guidelines, is relatively new and the investors are advised to make their own judgment about investment through this process of book building prior to making a Bid in the Issue.

Steps to be taken for bidding:

1. Check eligibility for bidding (please refer to the section "Issue Procedure- Who Can Bid" on page 127 of this Draft Red Herring Prospectus);
2. Ensure that the bidder has a Demat account; and
3. Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid-cum-Application Form.

UNDERWRITING AGREEMENT

The present issue is being made under clause 2.2.2 of SEBI (DIP) Guidelines. In terms of the SEBI (DIP) Guidelines, 10% of the issue shall be mandatorily allotted to QIBs, failing which, the entire subscription monies shall be refunded. In view of the above, underwriting shall be only for the balance 90% of the net offer to the public. After the determination of the Issue Price and allocation of our Equity shares but prior to filing of the Prospectus with ROC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through the Issue. It is proposed that, pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with ROC)

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in Lacs)
		[•]
		[•]
		[•]
		[•]

The above-mentioned amount is indicative underwriting and this would be finalized after pricing and actual allocation. The above underwriting agreement is dated [•]

In the opinion of the Board of Directors of our Company (based on a certificate given to them by BRLM and the Syndicate Members), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act. The above Underwriting Agreement has been accepted by the Board of Directors of our

Company at their meeting held on [•], 2005 and our Company has issued letters of acceptance to the Underwriters.

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM and the Syndicate members shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default, the respective underwriter in addition to other obligations to be defined in the Underwriting Agreement, will also be required to procure / subscribe to the extent of the defaulted amount. Allocation to QIBs is discretionary as per the terms of the Draft Red Herring Prospectus and may not be proportionate in any way and the patterns of allocation to the QIBs could be different for the various Underwriters.

CAPITAL STRUCTURE

SHARE CAPITAL as of 31st December 2004

(Rs.in lacs)

Particulars		Nominal Value	Aggregate Value
A.	AUTHORISED CAPITAL		
	7,50,00,000 Equity shares of Rs 10/- each	7500.00	
B.	ISSUED, SUBSCRIBED AND PAID UP CAPITAL		
	4,60,00,000 Equity Shares of Rs 10/- each *	4600.00	4600.00
C.	PRESENT ISSUE		
	2,00,00,000 Equity Shares of Rs 10/- each	2000.00	[•]
D.	OUT OF WHICH		
1	RESERVATION FOR EMPLOYEES		
	10,00,000 Equity Shares of Rs 10/- each	100.00	[•]
2	NET OFFER TO THE PUBLIC		
	1,90,00,000 Equity Shares of Rs 10/- each	1900.00	[•]
E.	PAID UP SHARE CAPITAL AFTER OFFER		
	6,60,00,000 Equity Shares of Rs 10/- each	6600.00	[•]
F.	SHARE PREMIUM ACCOUNT		
	Before the Issue		-
	After the Issue		[•]

Notes forming part of the Capital Structure

1. Details of the increase in authorised capital.

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

SI No.	Particulars of Increase	Date of Meeting in which the resolution was passed
1.	Rs. 25 lacs	Incorporation
2.	From Rs. 25 lacs to Rs.2000 lacs	15-Feb-03
3.	From Rs. 2000 lacs to Rs.4000 lacs	28-Aug-03
4.	From Rs. 4000 lacs to Rs.6000 lacs	24-June-04
5.	From Rs. 6000 lacs to Rs.7500 lacs	30-Sept-04

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

Date of Allotment	Number of equity shares	Face Value (Rs)	Issue Price (Rs)	Consi-deration (cash, bonus, other than Cash)	Value (Rs)	Date on which fully paid up	Remarks
6-May-02	10000	10	10	Cash	100,000	6-May-02	Allotment to initial share holders
7-Oct-02	60000	10	10	Cash	600,000	7-Oct-02	Further Allotment
20-Feb-03	2935800	10	10	Cash	29,358,000	20-Feb-03	Further Allotment
18-Jul-03	8580000	10	10	Cash	85,800,000	18-Jul-03	Further Allotment
6-Sep-03	13405000	10	10	Cash	134,050,000	6-Sep-03	Further Allotment
7-Apr-04	12835000	10	10	Cash	128,350,000	7-Apr-04	Further Allotment
26-Apr-04	1930000	10	10	Cash	19,300,000	26-Apr-04	Further Allotment
20-Sep-04	1771800	10	10	Cash	17,718,000	20-Sep-04	Further Allotment
28-Dec-04	4472400	10	10	Cash	44,724,000	28-Dec-04	Further Allotment
Total	46000000				460,000,000		

3. Promoter Contribution and Lock In

Sl No	Date of Allotment / Purchase	Date when made fully paid up	Consideration	No. of Shares	Face Value	Issue Price	% of Post Issue Capital	Lock in Period
1	6-May-02	6-May-02	Cash	10000	10	10	0.15%	1 Year
2	7-Oct-02	7-Oct-02	Cash	60000	10	10	0.09%	1 Year
3	20-Feb-03	20-Feb-03	Cash	1810800	10	10	2.74%	1 Year
4	18-Jul-03	18-Jul-03	Cash	8580000	10	10	13.00%	1 Year
5	6-Sep-03	6-Sep-03	Cash	6666400	10	10	10.10%	3 Years*
6	6-Sep-03	6-Sep-03	Cash	5137600	10	10	7.78%	1 Year*
7	7-Apr-04	7-Apr-04	Cash	10085000	10	10	15.28%	1 Year
8	20-Sep-04	20-Sep-04	Cash	248800	10	10	0.38%	1 Year
9	11-Oct-04	11-Oct-04	Cash	5035000	10	10	7.63%	3 Years
10	28-Dec-04	28-Dec-04	Cash	3460000	10	10	5.24%	1 Year
11	30-Dec-04	30-Dec-04	Cash	1498600	10	10	2.27%	3 Years
	Total			42592200			64.53%	

Note: All ineligible shares as per Clause 4.6 of SEBI DIP Guidelines have been locked in for 1 year and shares eligible for contribution of 20% shares to be brought in by the promoters shall be locked in for 3 years.

* Out of the 13405000 shares allotted on 6-Sept-03, 11804000 shares were allotted to the promoters. 6666400 shares has been locked in for 3 years and balance 5137600 shares have been locked in for 1 year on a proportionately basis as in table below.

The lock in period shall commence from the date of allotment of shares in the public issue.

Note: In case the final allotment of shares exceeds 2,00,00,000 shares on account of rounding off to the nearest integer as decided at the time of allotment, the number of shares to be locked in for 3 years shall be calculated on the increased allotted share capital.

Promoters' Contribution and lock-in period in respect of promoters whose name figures in the prospectus as promoters in the paragraph on "Promoters and their background":

A. Details of aggregate shareholding of the promoters:

SI	Date of Allotment/Purchase	Consideration	No. of Shares	Face Value	Issue Price	% of Post issue Capital	Lock in Period
1	Sanjiv Jajodia						
	06-May-02	Cash	5000	10	10	0.01%	1 Year
	07-Oct-02	Cash	20000	10	10	0.03%	1 Year
	20-Feb-03	Cash	993800	10	10	1.51%	1 Year
	06-Sep-03	Cash	220256	10	10	0.33%	3 Years
	06-Sep-03	Cash	169744	10	10	0.26%	1 Year
	28-Dec-04	Cash	1210000	10	10	1.83%	1 Year
	Sub Total		2618800			3.97%	
2	Rajiv Jajodia						
	6-May-02	Cash	5000	10	10	0.01%	1 Year
	07-Oct-02	Cash	20000	10	10	0.03%	1 Year
	20-Feb-03	Cash	707300	10	10	1.07%	1 Year
	06-Sep-03	Cash	242845	10	10	0.37%	3 Years
	06-Sep-03	Cash	187155	10	10	0.28%	1 Year
	28-Dec-04	Cash	1050000	10	10	1.59%	1 Year
	Sub Total		2212300			3.35%	
3	Aditya Jajodia						
	07-Oct-02	Cash	20000	10	10	0.03%	1 Year
	20-Feb-03	Cash	109700	10	10	0.17%	1 Year
	06-Sep-03	Cash	245105	10	10	0.37%	3 Years
	06-Sep-03	Cash	188895	10	10	0.29%	1 Year
	20-Sep-04	Cash	248800	10	10	0.38%	1 Year
	28-Dec-04	Cash	1200000	10	10	1.82%	1 Year
	11-Oct-04	Transfer	355000	10	10	0.54%	3 Years
	Sub Total		2367500			3.59%	
4	Enfield Suppliers Limited						
	18-Jul-03	Cash	8580000	10	10	13.00%	1 Year
	06-Sep-03	Cash	564758	10	10	0.86%	3 Years
	06-Sep-03	Cash	435242	10	10	0.66%	1 Year
	11-Oct-04	Transfer	4680000	10	10	7.09%	3 Years
	Sub Total		14260000			21.61%	

5	Hari Management Limited						
	06-Sep-03	Cash	5393436	10	10	8.17%	3 Years
	06-Sep-03	Cash	4156564	10	10	6.30%	1 Year
	07-Apr-04	Cash	10085000	10	10	15.28%	1 Year
	30-Dec-04	Transfer	1498600	10	10	2.27%	3 Years
	Sub Total		21133600			32.02%	
	Total (A)		42592200			64.53%	

B. The details of the aggregate shareholding of the Promoter Group

	Date of Allotment/Purchase	Consideration	No. Of Shares	Face Value	Issue Price	% Of Post issue Capital	Lock in Period
1. Aashish Jajodia							
	20-Feb-03	Cash	144600	10	10	0.22%	1 Year
	06-Sep-03	Cash	117000	10	10	0.18%	1 Year
	28-Dec-04	Cash	300000	10	10	0.45%	1 Year
	11-Oct-04	Transfer	350000	10	10	0.53%	1 Year
	Sub Total		911600			1.38%	
2. Devendra Prasad Jajodia							
	06-Sep-03	Cash	780000	10	10	1.18%	1 Year
	Sub Total		780000			1.18%	
3. Gaurav Jajodia							
	06-Sep-03	Cash	23000	10	10	0.03%	1 Year
	28-Dec-04	Cash	300000	10	10	0.45%	1 Year
	Sub Total		323000			0.49%	
4. Jain Vanijya Udyog Limited							
	20-Sep-04	Cash	273000	10	10	0.41%	1 Year
	Sub Total		273000			0.41%	
5. K.D. Jajodia Steel Industries Pvt Ltd							
	28-Dec-04	Cash	163800	10	10	0.25%	1 Year
	Sub Total		163800			0.25%	
6. Kanchan Jajodia							
	20-Feb-03	Cash	43150	10	10	0.07%	1 Year
	06-Sep-03	Cash	90000	10	10	0.14%	1 Year
	Sub Total		133150			0.20%	
7. Reena Jajodia							
	20-Feb-03	Cash	220000	10	10	0.33%	1 Year
	06-Sep-03	Cash	238000	10	10	0.36%	1 Year
	Sub Total		458000			0.69%	
8. Sangeeta Jajodia							
	06-Sep-03	Cash	70000	10	10	0.11%	1 Year
	Sub Total		70000			0.11%	

9. Seema Jajodia							
06-Sep-03	Cash	70000	10	10	0.11%	1 Year	
Sub Total		70000			0.11%		
10. Shashi Jajodia							
20-Feb-03	Cash	12250	10	10	0.02%	1 Year	
06-Sep-03	Cash	213000	10	10	0.32%	1 Year	
Sub Total		225250			0.34%		
Total (B)		3407800			5.16%		
Grand Total (A+B)		46000000			69.69%		

Total number of shares required to be locked in for 3 years is calculated as follows:

1,32,00,000 Equity shares brought in by the promoters being 20% of the post issue equity share capital of 6,60,00,000 equity shares have been locked in for a period of 3 years.

* The lock in period shall commence from the date of allotment of shares in the public issue.

** In case the number of shares allotted in the public issue is more than 2,00,00,000, shares due to rounding off to the nearest integer, the number of shares to be locked in for three years shall be increased to make 20% of the post issued capital.

Shares held by the person other than the promoters, prior to Initial Public Offering, which are subject to lock in as per extant SEBI (DIP) Guidelines, may be transferred to any other person holding shares which are locked in, 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.

Shares held by promoter(s) which are locked in as per the relevant provisions of Chapter IV of the SEBI (DIP) Guidelines, 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.

4. The following Directors of Promoters where promoter is a Company hold shares in the company as follows.

Details of the holding of Directors of the Promoting Companies in the Issuer Company

Enfield Suppliers Limited	
Director	No. Of Shares
Mr. Sanjiv Jajodia	2618800
Mr. Aditya Jajodia	2367500
Mr. Gaurav Jajodia	323000
Hari Management Limited	
Director	No. Of Shares
Mr. Sanjiv Jajodia	2618800
Mr. Aditya Jajodia	2367500
Mr. Gaurav Jajodia	323000

5. The following Equity Shares have been purchased or sold by our promoter or any director of promoter where promoter is a company during a period of six months preceding the date on which the draft red herring prospectus is filed with the Board.

Name of Shareholder	Date of Purchase	No of Shares	Price paid per Share
Hari Management Limited	30-Dec-04	1498600	10/-
Enfield Suppliers Limited	11-Oct-04	4680000	10/-
Aditya Jajodia	11-Oct-04	355000	10/-
Aashish Jajodia	11-Oct-04	350000	10/-

6. The promoters' contribution has been brought-in is not less than the specified minimum lot of Rs. 25,000/- per application from each individual and Rs. 1,00,000/- from companies.

7. Equity Shares held by top 10 ten shareholders

- a) Our top ten shareholders and the Equity shares held by them on the date of filing the Draft Red Herring Prospectus with Board are as follows:

SI No	Name of Shareholder	No of shares	% holding
1	Hari Management Limited	21133600	45.94%
2	Enfield Suppliers Limited	14260000	31.00%
3	Sanjiv Jajodia	2618800	5.69%
4	Aditya Jajodia	2367500	5.15%
5	Rajiv Jajodia	2212300	4.81%
6	Ashish Jajodia	911600	1.98%
7	D.P Jajodia	780000	1.70%
8	Reena Jajodia	458000	1.00%
9	Gaurav Jajodia	323000	0.70%
10	Jain Vanijya Udyog Ltd	273000	0.59%

- b) Our top ten shareholders and Shares held by them ten days prior to the date of filing the Draft Red Herring Prospectus with Board are as follows:

SI No	Name of Shareholder	No of shares	% holding
1	Hari Management Limited	21133600	45.94%
2	Enfield Suppliers Limited	14260000	31.00%
3	Sanjiv Jajodia	2618800	5.69%
4	Aditya Jajodia	2367500	5.15%
5	Rajiv Jajodia	2212300	4.81%
6	Ashish Jajodia	911600	1.98%
7	D.P Jajodia	780000	1.70%
8	Reena Jajodia	458000	1.00%
9	Gaurav Jajodia	323000	0.70%
10	Jain Vanijya Udyog Ltd	273000	0.59%

- c) Our top ten shareholders and Shares held by them two years prior to the date of filing the Draft Red Herring Prospectus with Board are as follows:

SI No	Name	No of Shares	% Holding
1	Sanjiv Jajodia	5000	0.01%
2	Rajiv Jajodia	5000	0.01%

8. Shareholding Pattern

The Pre-issue and Post-issue share holding pattern of the Promoters and Promoter group is as under:

Particulars	Pre-Issue		Post-Issue	
	No. Of shares @ Rs. 10/- each	% Holding	No. Of shares @ Rs. 10/- each	% Holding
A Promoters	42592200	92.59%	42592200	64.53%
B Immediate Relatives of the Promoters	3134800	6.81%	3134800	4.75%
C Companies in which 10% or more of the share capital is held by the promoter/ an immediate relative of the promoter/ a firm or HUF in which the promoter or any one or more of his immediate relatives is a member	273000	0.59%	273000	0.41%
D Companies in which the Company mentioned in [c] holds 10% or more of the share capital	-	-	-	-
Total	46000000	100.00%	66000000	69.70%

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

The Pre-issue and Post-issue share holding pattern of our Company is as under:

Category	Pre-Issue		Post-Issue	
	No. Of shares @ Rs. 10/- each	% Holding	No. Of shares @ Rs. 10/- each	% Holding
Promoters	42592200	92.59%	42592200	64.53%
Promoter Group	3407800	7.41%	3407800	5.16%
Employees of the Company	-	-	1000000	1.52%
QIBs	-	-	9500000	14.40%
Public	-	-	9500000	14.39%
Total	46000000	100.00%	66000000	100.00%

Note:

9. Buy Back and standby arrangements

Neither the Company, its promoters, its Directors, nor the BRLMs have entered into any buy-back and/or standby arrangements for purchase of our Equity Shares from any person.

10. We have not raised any bridge loan against the proceeds of this issue.

11. A Bidder cannot make a bid for more than the number of Equity Shares offered in this offer, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.

12. There would be no further issue of capital in any manner whether by way of issue of bonus shares, preferential allotment, rights issue, or public issue or otherwise during the period

commencing from the submission of offer document to the Board on behalf of the Company for this public issue, till the securities offered to in the said document have been listed or the application moneys refunded on account of non-listing or under-subscription, etc

13. The company presently does not have any intention or proposal to alter its capital structure for a period of six months from the date of opening of the issue, by way of split/consolidation of the denomination of Equity Shares or further Issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except that the company may issue options to its employee pursuant to any employee stock option plan, or if the company goes for acquisitions and joint ventures we may consider raising additional capital to fund such activity or use share as currency for acquisition and/or participation in such joint venture.
14. We have not issued any Equity shares out of revaluation reserves or for consideration other than cash
15. At any given point of time, there shall be only one denomination for the Equity Shares of the Company and the Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
16. We have fifteen members as on the date of filing of the Red Herring Prospectus with SEBI.
17. There are no transactions in the securities of the Company during preceding 6 months which were financed directly or indirectly by the promoters, their relations, their group Companies or associates or by the above entities directly or indirectly to other persons.
18. The shareholders of the Company do not hold any warrant, option or convertible loan or any debentures, which would entitle them to acquire further shares of the Company.
19. Written consent for lock-in has been obtained from the persons whose shares form part of promoters' contribution and form part of lock in.
20. The equity shares to be held by the Promoters, their relatives & associates under the lock-in period shall not be sold / hypothecated / transferred during the lock-in period. However, inter se transfers between the promoters themselves as such would be permitted, provided that the requirement of lock-in period guidelines continues to apply, to the extent initially prescribed.
21. An applicant in the net public category cannot make an application for a number of securities, which exceeds the net offer to the Public.
22. In case of reserved categories, a single applicant in the reserved category can make an application for a number of securities, which exceeds the reservation.
23. The unsubscribed portion in any reserved category may be added to any other reserved category interchangeably. The unsubscribed portion does not include minimum reserved for the QIB category as per the requirements of Clause 2.2.2 of DIP Guidelines.
24. Under subscription if any in the reservation category shall be added back to the net offer to the public portion. Under-subscription, if any, in the Non- institutional portion and Retail Portion shall be allowed to be met with spillover from the other categories, at the sole discretion of the Company and BRLMs. In case of Under-subscription in the Qualified Institutional Buyers portion (i.e. subscription less than 10% mandatory of the net offer to the public), the same shall not be available to other categories and full subscription monies shall be refunded.
25. In case of under-subscription in the employee reservation category the unsubscribed portion shall be added back to the categories of Non-Institutional Bidders and Retail Individual Bidders in the ratio 50:50.
26. There are restrictive covenants under the terms and conditions of this loan agreement executed with the consortium of banks. Some of these restrictive covenants require the prior permission of the said banks for the following:
 - a. Effect any change in the company's capital structure
 - b. Formulate any scheme of amalgamation/ reconstruction
 - c. Implement any scheme of expansion/ acquire fixed assets
 - d. Enter into borrowing arrangements with any bank, financial institution, company or otherwise accept deposits.
 - e. To obtain bank's prior approval before declaring dividends.
 - f. To make any drastic change in the management set up. Further, the bank has a right to appoint a nominee director on our Board of Directors.

OBJECTS OF THE ISSUE

The net proceeds of this Issue after deduction of Underwriting and Management fees, Selling fees and all other Issue related expenses payable by us is estimated at Rs [•] lacs. We intend to utilize the entire net proceeds of this Issue towards part funding of our proposed Integrated Steel Plant at Durgapur, West Bengal. In case of surplus if any, the same shall be utilised for general corporate purpose.

The Main Objects of the issue are:

- To part finance the Integrated Steel Plant consisting of the following modules:**

PHASE I	PHASE II
• Mini Blast furnace.	• 40MW Captive Power Plant.
• TMT Bars and wire Rod Mill.	• Steel Melting Shop with Billet caster
• Sponge Iron Plant.	• Coal Washery Plant.

- To meet the public issue related expenses.**

- To utilise funds for general corporate purpose**

The main object clause along with the other object clauses of our MoA enable us to undertake the activities for which the funds are being raised in the present issue.

Integrated Steel Plant

We are setting up an integrated Steel Plant at Vill-Banskopa P. O. Rajbandh, Durgapur District Burdwan, to cater to a growing steel market at an estimated cost of Rs. 27696.30 lacs. The various modules of the project their individual capacities and its current status is given below:

Rs. in Lacs

Module	Particulars	Capacity	Status	Project Cost
Phase I				
1.	Two Mini Blast Furnaces	80,500-MTPA of pig Iron	1 st MBF already commissioned and the 2 nd is under implementation	2,508
2.	TMT Bars & Wire Rod Mill	80,000- MTPA of Bars & Rods	Already Commissioned	1,868
3.	Sponge Iron Plant	120,000- MTPA of sponge iron	Already Commissioned	4,075
			Sub Total (A)	8,451
Phase II				
4.	40 MW Power Plant	40000 KW p.a	Under Implementation	15,374
5.	Steel Melting Shop	176,418-MTPA	Under Implementation	3,170
6.	Coal Washery Plant	200,000 – MTPA	Under Implementation	702
			Sub Total (B)	19,246
			Total Project Cost	27,696

As the Phase I of the project have already been implemented the proceeds of the Issue shall be utilized to fund the implementation of Phase II of the proposed integrated steel plant.

FUNDING REQUIREMENT AND MEANS OF FINANCING

Appraisal

Federal Bank, Indian Overseas Bank, West Bengal Industrial Development Corporation (WBIDC), West Bengal Finance Corporation (WBFC), UCO Bank, BOI, CBI, UBI, IREDA, State Bank of India and Andhra Bank have appraised the various modules of the project separately and sanctioned loans to the Company.

The break up of the Project cost under the various heads has been estimated as under: (As per the Appraisal reports)

Sl. No.	Particulars	Rs. In Lacs			
		Phase –I			
		Sponge Iron	Pig Iron	Re-Rolling Mill	Total
1	Land	65	100	45	210
2	Site Development	54	84	34	172
3	Building & Civil Construction	301	414	188	903
4	Plant & Machinery	1,691	854	887	3,432
5	Utilities Services & Misc Fixed Assets	1,118	631	265	2,014
6	Technical Consultancy Fee	20	20	10	50
7	Pre operative Expenses	226	130	91	447
8	Contingencies	171	95	67	333
	Capital Cost	3,645	2,329	1,586	7,560
9	Margin For Working Capital	430	179	282	891
	Project cost of Phase I (A)	4,075	2,508	1,868	8,451

Sl. No.	Particulars	Phase –II			
		M.S.Billet	Power Plant	Coal Washery Plant	Total
1	Land	17	30	4	51
2	Site Development	61	-	19	80
3	Building & Civil Construction	608	335	135	1,078
4	Plant & Machinery	1,337	12,527	368	14,232
5	Utilities Services & Misc Fixed Assets	555	673	110	1,337
6	Technical Consultancy Fee	100	75	10	185
7	Pre operative Expenses	286	1,005	26	1,318
8	Contingencies	130	678	31	839
	Capital Cost	3,093	15,324	702	19,119
9	Margin For Working Capital	76	50	-	126
	Project cost of Phase II (B)	3,170	15,374	702	19,246
	Public Issue Expenses (C)				500
	GRAND TOTAL (A+B+C)				28,196

MAJOR COST HEADS

Land & Site Development

The Project is being set-up at Durgapur which has one of the largest steel plants in India, the Durgapur Steel Plant. The site has been chosen keeping in view the proximity to source of major raw materials like iron ore, coal from West Bengal and its neighbouring states (Orissa, Jharkand and Chattisgarh). These four states possess 81% of the 246 billion tonnes of India's coal reserves. West Bengal alone has 11% of the coal reserves in the country. With a net domestic product (factor cost) of Rs.1,538 billion (FY2003), West Bengal is the country's third-largest economy. The company has been allotted land in Mouza: Gopinathpur, Thana; Durgapur, Burdwan for setting up of the proposed project by the Asansol Durgapur Development Authority on a long term lease of 60 years by three indenture of lease. By indenture of lease dated 7 August 2003 the company acquired 10.14 acres of land for a consideration of Rs.30.42 lacs by a lease deed dated 29 September 2003 the company acquired 18.31 acres land for Rs.54.93 lacs, and on 7 November 2003 the company acquired 20.83 acres land for Rs.62.49 lacs. In total the Company has acquired 49.28 acres of land for a consideration of Rs. 147.84 lacs. All these agreements were entered into between Governor of West Bengal and Shri Ramrupai Balaji Steels Ltd. The Asansol Durgapur Development Authority is a governmental organization and the land is free from all encumbrances and has a clear title. The company has taken the land from the Government agency and no specific approvals are required to be taken from any other authority pertaining to the land. The land acquired is free from any encumbrance and we have a clear title for the same.

Building & Civil Construction

The buildings and other civil work comprise of kiln, hoppers for coal & iron ore, concrete chimney, conveyor gantries, crusher house, administrative, time office, laboratory, workshop, stores & spares room, weigh bridge room, control room, DG Set / compressors room, bins for storage etc. Total cost of buildings and other civil work is estimated at Rs. 1981 Lacs, as per the estimates given by the various consultants.

Plant & Machinery

a) Mini Blast Furnace

Plant and Machinery consists of two blast furnaces of 45m³ useful volume each to produce 80,500 TPA of hot metal of steel making grade. The plant and machinery including the Blast furnace will be the cast house, stoves, gas cleaning plant, pig casting machine, main blower etc. The cost of plant for the Mini Blast Furnace is estimated at Rs.854 lacs as per the estimation given by the technical consultant, quotations from the suppliers.

b) Sponge Iron Plant

The main plant & machinery for Sponge Iron Project would consist of two rotary kilns having capacity aggregating to 1,20,000 MTPA, with all the inlet/outlet systems. The rotary kiln, chimney etc., would be constructed on site with refractory material and other construction materials like bricks, steel, cement etc. Four numbers of rotary kilns having capacity of 100 TPD (Tons per Day) each would be installed. Some of the utility services would be common for both the plants. The cost of plant for the Sponge Iron Project is estimated at Rs.1691 lacs as per the estimation given by the technical consultant, quotations from the suppliers.

c) Rolling Mill Plant

The major plant comprises of heating furnace, conveyor for transfer of billets to rolling mills and to cooling bed, billet pusher system, rolling mills with stand etc. The cost of Rolling Mill Plant is estimated at Rs.886 Lacs. The cost estimation of rolling mill is as per the quotations/estimates given by the technical consultant.

d) Steel Melting Shop with billet caster

The major plant comprises of 3 induction furnace of 15 tons capacity each, 1 ladle furnace of 25-30 heat size tonnes capacity, 1 two strand billet caster will be installed in the continuous casting shop. The cost of the plant and machinery for the Steel melting shop is estimated at Rs.1337 Lacs. The cost estimation of rolling mill is as per the quotations/estimates given by the technical consultant.

e) Captive Power Plant

The major plant comprises of 4 Nos. of HRSG Boilers for supply of 10 TPH each along with all associated equipment like feed water system, steam line, heat recovery unit, auxiliaries (feed water pumps, ID fan, valves & fittings), LT MCC with switches, relays fuses, deaerator cum storage tank, dosing system, dust collection system, field instrumentation and control system etc.

Two Turbo Generator (TG) having capacity to generate 20 MW power each would be installed. The STG would comprise of steam turbine, oil supply system, surface condenser, steam jet air ejector, gland steam condenser, lube oil coolers, generator & its auxiliaries, generator air coolers, instrumentation and LP heater with deaerator. The total cost of plant and machinery for the power plant is estimated at Rs. 13200 lacs.

f) Coal Washery

The manufacturing facilities comprise of 50 TPH coal crusher and 30' X 5' barrel washer for cleaning of coal. This is supported by complimentary services and utilities for water, electric power, storage facilities, conveyer system and ancillary facilities. The total cost of plant and machinery for the power plant is estimated at Rs. 368 lacs.

Technical Services

The technical services include know-how and basic engineering, design, engineering and drawing, procurement assistance and inspections, project monitoring, etc. We have appointed the following technical consultants for our various projects and the total cost for availing the technical services is Rs 235 Lacs and the break up of the same are given below:

Rs. In lacs

Particulars	Name of the Consultant	Total cost
Rolling Mill Plant	Makaram Machines (P) Ltd., Ghaziabad	10
Sponge Iron Plant	Popuri Engineering and Consultancy, Hyderabad	20
Pig Iron Plant	Arjee Consultancy Services, Durg	20
M.S.Billet	Engineering & Metallurgical Consultants, Nagpur	100
Coal Washery Plant	Conveyor & Ropeway Services Pvt. Ltd, Kolkata	10
Captive Power plant	Avante Garde Engineers and Consultants Pvt Ltd, Chennai	75
	Total	235

Miscellaneous Fixed Assets

Miscellaneous Fixed assets include the cost of DG Sets, fire fighting system, weigh bridge, workshop tools & equipment, material handling system, effluent treatment plant, water treatment plant, EOT cranes & hoists, air conditioner & ventilation system, workshop and laboratory equipment etc. The total cost estimated by the technical consultant under this head is Rs. 3352 Lacs whose break-up of the same is given below:

Rs. in lacs

Particulars	Amount
Mini Blast Furnace Plant	631.00
Rolling mill plant	265.00
Sponge Iron Plant	1,118.00
Steel Melting Shop	555.00
Captive Power Plant	673.00
Coal washery plant	110.00
Total	3,352.00

Contingency

The Project cost has been estimated by the technical consultants, who have substantial experience in implementation of Project. The cost estimate is based on the budgetary quotations for the majority of the capital equipments and no major change in the cost is expected. Considering these factors, provision for contingency has been estimated conservatively at 5% on all main costs aggregating Rs. 1172 Lacs break up of which as follows:

(Rs. in lacs)	
Particulars	Amount
Mini Blast Furnace Plant	94.98
Rolling mill plant	66.96
Sponge Iron Plant	170.6
Steel Melting Shop	129.98
Captive Power Plant	678.25
Coal washery plant	31.12
Total	1,171.89

Preliminary & Preoperative Expenditure

A preoperative expenditure of Rs. 1870 Lacs has been estimated and the break-up of the same is as enclosed.

(Rs.in lacs)	
Particulars	Amount
Mini Blast Furnace Plant	149.8
Rolling mill plant	101.38
Sponge Iron Plant	225.7
Steel Melting Shop	286.09
Captive Power Plant	1080.21
Coal washery plant	26.21
Total	1,869.39

Margin Money for Working Capital

The working capital margin requirements of the Project is estimated at Rs. 1015 Lacs, based on the calculations for the first full year of operations for the Project. The break-up for each of the projects is given below:

(Rs in Lacs)	
Particulars	Amount
Mini Blast Furnace Plant	176.17
Rolling mill plant	281.64
Sponge Iron Plant	430.28
Steel Melting Shop	76.49
Captive Power Plant	50
Coal washery plant	0
Total	1,014.58

Means of Finance

The Project is proposed to be funded from Promoter's Contribution, public issue of equity shares, term loans from Banks, Financial Institutions and internal accruals. The proposed means of the finance for the Project is as under:

(Rs in Lacs)			
Particulars	Phase I	Phase II	Total
Equity and accruals			
Public Issue	-	[.]	[.]
Promoters Contribution	3,925	674	4,600
Internal Accruals	-	[.]	[.]
Sub Total (Equity)	3,925	[.]	[.]
Debt (Banks/ Financial Institution)	4,525	12,288	16,813
Total project Cost	8,450	19,745	28,196

Equity

The total equity requirement for the Project is projected at Rs.13917 lacs. This is proposed to be funded as follows:

Promoters Contribution

The promoters along with their group has already brought in about Rs. 4600 Lacs as on 31st December, 2004 through subscription to 4,60,00,000 equity shares of Face Value of Rs. 10 each at Rs. 10 each. For details of the contribution by promoter group and others please refer to the note 3 to Capital Structure on page 16.

Public Issue

The company proposes to use net proceeds of the issue for funding its proposed Project and for meeting its working capital requirement. In case of surplus, the same shall be utilised for general corporate purpose.

Interim use of proceeds

Pending use of the proceeds for the above mentioned project, we intend to invest the proceeds from the fresh issue in high quality interest bearing liquid instruments including deposits with banks for the necessary duration. These investments would be authorised by our Board or a duly authorised committee thereof.

Working capital and Term Loan

As per means of finance, the rupee term loans requirement was estimated at Rs. 16,813 Lacs, (for Phase-I Rs.4,525 Lacs and Phase-II Rs.12,288 Lacs) from Banks & Financial Institutions to part finance the Project. As against the same, the Company has received sanction of term loans amounting to Rs.18,109 Lacs from a group of Banks and Financial Institutions. Working capital requirement for the Project will be for procurement of raw material like iron ore, coke, non-coking coal, dolomite, and other current assets to meet recurring expenses. Total working capital requirement for the proposed Project for the first following year of operations is estimated at Rs. 2209 Lacs and the Company has already received sanction for the same from a group of Bankers.

The details of the term loan and working capital loans sanctioned are as follows:

The entire debt component of the proposed project has been already tied up and the details of the various term loans sanctioned and disbursed by the Banks/FIs to us upto 30th September 2004 are as follows:

I) Term loan sanctioned by banks and financial institutions

Rs. In Lacs			
1. Re-Rolling Mill			
Name of Bank	Amount Sanctioned	Date of Sanction	Amount Disbursed
Bank of India	325	26-Apr-03	325
UCO Bank	600	03-Jun-03	600
Sub Total	925		925

2. Sponge Iron Plant			
West Bengal Financial Corporation	1000	20-Aug-03	1000
Indian Overseas Bank	800	28-May-04	800
Central Bank of India	600	26-Sep-03	600
Sub Total	2400		2400
3. Mini Blast Furnace			
West Bengal Industrial Development Corporation	1200	19-May-03	1170
Sub Total	1200		1170
4. Steel Melting Shop			
United Bank of India	900	15-Jan-04	Nil
Andhra Bank	900	22-May-04	Nil
Sub Total	1800		Nil
5. Captive Power Plant			
Indian Overseas Bank	4000	28-May-04	Nil
Indian Renewable Energy Development Agency Limited	3384	25-Aug-04	Nil
State Bank of India	4000	26-Oct-04	Nil
Sub Total	11384*		Nil
6. Coal Washery Plant			
Central Bank of India	400	09-Jun-04	Nil
Sub Total	400		Nil
Grand Total (1+2+3+4+5+6)	18109		4495

* The total requirement of debt for this part of the project is Rs. 10,088 lacs where as the bank has sanctioned a higher amount. The company will however only avail the debt it has shown as its requirement.

II) Working Capital Loans Sanctioned by the Banks

The total fund base and non fund base limits sanctioned to us and their outstanding position as on 30th September 2004 is given below:

Rs in Lacs

1. Rolling Mill Plant			
Name of Bank	Amount Sanctioned	Date of Sanction	Balance as on 30.09.2004
UCO Bank	270.00	03-Jun-04	270.00
Bank of India	270.00	26-Apr-03	270.00
Sub Total	540.00		540.00
2. Mini Blast Furnace Plant			
Bank of India (Cash credit)	230.00	26-Apr-03	230.00
Bank of India (Non fund base)	175.00	26-Apr-03	143.40
UCO Bank (cash credit)	234.00	03-Jun-04	234.00
UCO Bank (non fund base)	150.00	03-Jun-04	149.99
Sub Total	789.00		757.39
3. Sponge Iron Plant			
Indian Overseas Bank	525.00	28-May-04	525.00
Indian Overseas Bank (Non fund base)	80.00	28-May-04	80.00

Central bank of India	175.00	26-Sep-03	175.00
Sub Total	700.00		700.00
4. Steel Melting Shop			
United bank of India	100.00	15-Jan-04	Nil
Sub Total	100.00		100.00
Grand Total (1+2+3+4)	2,209.00	-	2,177.39

UNDERTAKING BY THE ISSUER COMPANY

We hereby confirm that firm arrangements of finance through verifiable means towards 75% of the stated Means of Finance, excluding the amount to be raised through the proposed public issue have been made.

APPRAISAL

Various banks have appraised the different modules of the proposed integrated steel plant, and have given their appraisal reports and their consent for their name being included in the draft red herring prospectus for this offering and for their name being included as appraising agencies and for their appraisal report being used in this document.

The appraisal report given by the various banks in regard to the above issue is listed as under:

Name of the Bank/ Financial Institution	Module Funded	Amount of Term Loan Sanctioned	Date of Appraisal Note
UCO Bank	Rolling Mill Plant	600	12-May-03
Central Bank of India	Sponge Iron Plant.	600	05-Aug-03
Andhra Bank	Steel Melting Shop	900	3-June -04
United bank of India	Steel Melting Shop	900	15-Jan-04
WBIDC	Pig Iron plant	1200	22-Jan-03
IOB	Captive Power Plant	4000	12-May-04
IREDA	Captive Power Plant	3384	27-Oct- 04
Central Bank of India	Coal Washery Plant	400	09-June-04

The salient points and the areas of strength and weaknesses as mentioned in the Appraisal reports have been reproduced below:

I) UCO Bank (Rolling Mill)

Areas of Strengths and threats.

Strength

1. The new economic policies being pursued by the Government of India have opened up new opportunities for the expansion of the steel industry. The progress of steel industry has a critical influence on the pace of India's development.
2. Promoters have got long experience in the industry and the quality of management personnel is satisfactory.
3. The existing group companies are profit making as on 31.3.2002. The total turnover of the three group companies is around Rs.5638 lacs as on 31.3.2002.
4. To promote private players in industry government has decided that there will be no capacity expansion in SAIL. There is a demand and supply gap in the industry. As per the JPC report annual estimated demand for of pig iron as on June' 2002 was around 3900000 MT and the production was just 36% of the demand. The threat of new entrant is practically very low.

Threats

1. International development (Price situation/Global trend/specific sectors etc.) has a bearing on the price of steel in the international market that also have a bearing in the local market.

2. The rivalries among existing firm in pig iron segment are Tata Metallica, BSP, SAIL and Kajaria iron & steel co. etc and in Re-rolled products major rivalry are TISCO, Concast Ispat, Shyam Steel etc. but the company has an edge over its competitor due to the following reasons.
 - a) Integrated approach.
 - b) Better quality with latest technology.
 - c) Optimum installed capacity
 - d) Gap between demand and supply is very big. Only 2.5% of the present shortage is going to be meet by the proposed unit.
 - e) No imminent threat of any substitute product.

II) Andhra Bank (Steel Melting Shop)

Andhra Bank have sanctioned term loan worth Rs 900 lacs vide their letter 22-05-04.

Areas of strengths and weaknesses

Strengths

1. Steel is used by all sectors of the economy and is called mother of all industries
2. The main raw material i.e. iron-ore and coal are available in abundance from local mines.
3. Promoters have long experience in steel industry.
4. The plant will be commissioned near to raw material availability. Therefore its raw material cost per MT of steel production will be lower.

Weaknesses

1. The company is in the commodity market, which suffers from vagaries of trade cycle.
2. The steel market is increasingly being globalized and has to face competition from abroad.
3. Since, the raw material will be extracted through mining process, the company will face difficulties in procurement during rainy season.

III) United Bank Of India (Steel Melting Shop)

United Bank of India has granted a term loan of Rs.900 lacs and a working capital limit of Rs.100 lacs vide their letter dated 07.01.2004.

Areas of strengths and weaknesses.

Strengths.

- 1) The promoters of the group has been engaged in the business of steel for more than 15 years and is already engaged in the business of manufacturing steel related products.
- 2) As per market estimates the demand for steel bars on both national and international front is on rise and the current project of the company shall meet the increase in demand for the product.
- 3) As per the new policies of the government decision has been made that encouragement should be given to the private entrepreneurs for joining such core sector to meet the country's growing demand.

Weaknesses.

The company can have to face treats from the foreign players who are posing serious threat to the indigenous players.

IV) West Bengal Industrial Development Corporation (Pig Iron)

The organisation has appraised the pig iron manufacturing unit of the project which envisages for the setting up of two blast furnaces with the working volume of 45 cubic metres each to the pig iron manufacturing plant. The cost of the project as appraised in the report is Rs.2500 lacs. The company has appraised the project by taking into account various factors such as the final product involved, the technical specifications required, the operating parameters of the blast furnaces and various other detailed analysis as to the operation of the plant and the procurement and the utilisation of the raw materials. The organisation has before providing the

credit facilities also taken into consideration the market for the steel in the region and thereafter calculated the profits at which the project could run.

V) Indian renewable energy development agency limited. (Capital Power Plant)

It may be noted that the Company has not yet signed the loan agreement with IREDA. Only after signing the loan agreement with IREDA, IREDA can be considered as term lender for the company.

It may be noted that IREDA has not appraised the whole project and IREDAs appraisal is limited to the Energy Efficiency equipment of the power project i.e. FBC Boilers and Waste Heat Recovery boilers.

IREDAs loan assistance for the above project is Rs. 3384 lacs, which is 70% of the cost of waste Heat Recovery boilers and FBC boilers.

Project Completion Risk

The Company has the resources to complete the project on time. Setting up the project will improve the profitability of the company and the risk is very low.

Operating Risk

The project runs along with the main operations of the company and since trained manpower is available or can easily be recruited locally, this risk is very low.

Regulatory Risk

As per current regulatory environment government is promoting captive generation of power. West Bengal State government has existing policy for selling power to group companies which is likely to be continued in the future also. With the government promoting infrastructure and housing projects, adverse regulations to steel industry, which forms the backbone for these projects, are not probable. Hence, no regulatory risk is foreseen.

Technology Risk

The technical process and equipment are proven and the risk is minimal.

Fuel Supply/Raw Material Risk

The fuel/raw materials for the project are by products of the existing operations and external procurement is involved only for the locally available 'D' grade coal. The project is located in the Durgapur area which has abundant coal deposits and hence fuel supply risk is low.

Off-take Risk

This risk is minimum considering the current demand for power.

Price Risk

The cost of power generated by the project is much lesser than the cost the company currently pays for it. Currently the company is entitled to pay Rs. 2.60/kwh if it purchases the power from the SEB. However, the average cost of generation of power by the project is Rs.1.66/kwh. The cost of power from the state Government is likely to escalate further owing to the increasing gap in the demand-supply status and hence risk due to decrease in price of commercially available power is not foreseen.

Collection Risk

The power generated by the project will be used for captive purposes. Risk related to company's overall performance is perceived as medium.

Revenue Diversion Risk

Earmarking of cash credit account with working capital banker for main business of the company to the extent of dues of IREDA towards installments of principal and interest for one quarter, throughout the loan period has been stipulated as an additional security.

Loan Diversion Risk

IREDAs loan and the companys contribution will be routed through the no lien account and it will be ensured that the moneys will be used for the project only

Marketing Risk

The power generated is used for captive purposes. Risk related to company's overall performance is perceived as medium.

Sectoral Risk

Since using energy efficient equipment increase the bottom line and performance of the company and there are no adverse regulations affecting the sector, this risk is minimum.

Industry risk

The industry is likely to enjoy a continuous growth since the growth of the economy as a whole is dependent to a large extent on this industry and also due to major infrastructure and housing projects being taken up.

Others

- i. The entire promoters contribution has to be raised through IPO. The Borrower has confirmed that they have appointed M/S Microsec India Limited, Kolkata as a Merchant Banker for the IPO. The borrower has also informed that the draft prospectus is under preparation and will be filed with SEBI for approval after the complete financial closure of the funds requirement for the Power project as per the existing rules of SEBI.
- ii. The Company needs to arrange balance finance from others Financial Institutions /banks on favorable terms.
- iii. In case of any shut down of the steel plant, the company will have to sell the electricity to the grid/third parties for which the modalities like signing of PPA with the SEB/ third parties will need to be ensured.

VI) Central Bank Of India (Sponge Iron)

The bank has appraised the sponge iron unit of the project and has granted the credit facilities to the company. The various areas of strength /weakness of the project as appraised by the bank are as follows.

Area of strengths:

Sponge iron is a major raw materials for making Steel Ingots and with the new economic policies pursued by the Government of India steel production is likely to increase in the coming years and as a result private entrepreneurs are likely to benefit a lot.

Various studies conducted by the reputed agencies report that out of the total requirements of 1855000 M/T in the state of West Bengal, there is a short fall of 905000M/T in the state of West Bengal, which is met by imports from other states. However due to substantial freight cost involved in the imports the sponge iron units of West Bengal would be in advantageous position.

- More ever the policies pursued by the Government of India are also favourable and hence the demand prospect for the project in the country is encouraging.
- There is a huge demand supply gap for sponge iron in the country as a result the promoters shall enjoy special privilege as they already have a good marketing network through out the country and a huge experience in the field of steel.

The promoters have already made considerable efforts in the case of marketing and selling which is evident from the previous track record and financials results of their group companies.

Cost incurred

The auditors M/S Rashmi & Co. have vide their certificate dated 13th of January 2005 certified the cost incurred by the company upto 15th day of December 2004 as follows :

(Rs in Lacs)

Particulars	Rolling Mill	Sponge Iron	MBF	SMS	CPP	Coal Washery	Common / H O	TOTAL
Land & Site Development	95.78	182.24	207.61	63.72	25.00	8.77	85.00	668.12
Factory Building	261.57	367.81	421.26	48.03				1,098.67
Plant & Machinery	949.58	1,924.98	1,090.65					3,965.21
Miscellaneous Fixed Assets	352.84	1,554.36	707.75					2,614.95
Furniture & Fixture		30.93	33.48				44.62	109.03
Pollution Control Equipment		0.60						0.60
Work in Progress	21.64	215.37	68.02	-		16.39		321.42
Pre-Operative Expenses							32.94	32.94
	1,681.41	4,276.29	2,528.77	111.75	25.00	25.16	162.56	8,810.94

The above expenditure has been met out of the following sources:

Sources of Fund	Amount
Promoters' Contribution	4,263.94
Term loan from various Banks and Fis	4,495.00
Equipment Finance Loan	52.00
Total	8,810.94

Implementation Schedule

The Phase I of the Project has already been implemented. The dates of such implementation are as follows:

1. Sponge Iron Plant

We have set up 4 kilns of 100 tonnes per day capacity, the date of commercial production of the same are as mentioned below:

Particulars	Capacity of Kiln	Date of commencement of Commercial Production
Kiln I	30000 TPA	08-Mar-04
Kiln II	30000 TPA	10-Aug-04
Kiln III	30000 TPA	21-Sept-04
Kiln IV	30000 TPA	27-Dec-04

2. Re-Rolling Unit

We have set up a state of art steel rolling mill to produce TMT bars with the contemporary thermax technology.

Particulars	Capacity of production of TMT bars & Rods	Date of commencement of Commercial Production
Rolling Mill	80000 TPA	08-Dec-03

3. Mini Blast Furnace

We have set up two MBF of 40,250 metric tonnes per annum capacity. One of the MBF is already operational and the second one will be soon be in operation by the end of FY 04-05.

Particulars	Capacity of production of Pig iron	Date of commencement of Commercial Production
MBF – 1	40250 MTPA	03-Nov-03
MBF – 2	40250 MTPA	To commence in Mar 05

The commissioning schedule of the Phase II of the Project is as follows:

We envisage that we shall be able to commission the modules in the Phase II of the project as follows:

Particulars	Capacity of production	Expected date of Commissioning
Steel Melting Shop with billet caster	1,80,000 MTPA of hot metal for billet casting	July 2005
Coal Washery Plant	2,00,000 MTPA of coal washing	August 2005
Captive Power Plant	40 MW	August 2006

BUSINESS

OVERVIEW

We are a part of the Jai Balaji Group who is a key player in steel, having the largest sponge iron capacity in West Bengal. The group entered steel manufacturing in 1991 by acquiring the Chandi Steel Private Limited, which primarily manufactured rolled products. With an installed capacity of 345,000 tonnes for sponge iron and about 460,000 tonnes for semis and rolled products, Jai Balaji is now a significant mid-sized steel group in eastern India. It has recently forayed in Orissa to manufacture sponge iron.

Mr. Sanjiv Jajodia, Mr. Aditya Jajodia and Mr. Rajeev Jajodia have promoted us. They have considerable experience in steel. Chairman cum Managing Director Aditya Jajodia has been in the steel industry for 12 years and has significant expertise in project management and strategy. He looks after the group's financial workings and strategic aspects and has spearheaded the group's entire expansion plans. Mr Rajiv Jajodia, our whole time director is spearheading the implementation of the projects.

Current State of Secondary Steel Industry

It is being visualized that the secondary steel industry has been facing endemic problems for a long time. The major problems can be summarized as follows:

1. Uncertain and inadequate supply with high and fluctuating price of melting scrap – the main feed stock.
2. Inordinate increase in the prices of the raw material viz. iron ore and coal and intermediary products like sponge iron and pig iron.
3. Uncertain, interrupted and inadequate supply of power.
4. High tariff rate of power

Integrated Steel Plant

Owing to the above, we are setting up an integrated steel plant for manufacturing Sponge iron, Pig iron, Steel Billets, TMT bars at Durgapur, West Bengal. We are also setting up a 40 MW power captive power plant based on waste heat gases of sponge iron plant and mini blast furnace and washery rejects from our in house coal washery plant.

The Project is being set up at the Village–Banskopa P. O. Rajbandh, Durgapur District Burdwan, West Bengal that enjoys tax benefits available for the mega project under the special package of incentives for sales tax and excise duty declared under the West Bengal Incentive Scheme 2000 subject to certain conditions.

The Project comprises of two phases as detailed in the Object of the Issue. The proposed manufacturing process of the various products is detailed as under:

Manufacturing Process

1. Sponge Iron

There are two well-established processes for producing sponge iron:

- ✓ Reformed Natural Gas Process
- ✓ Coal Based Rotary Kiln Process

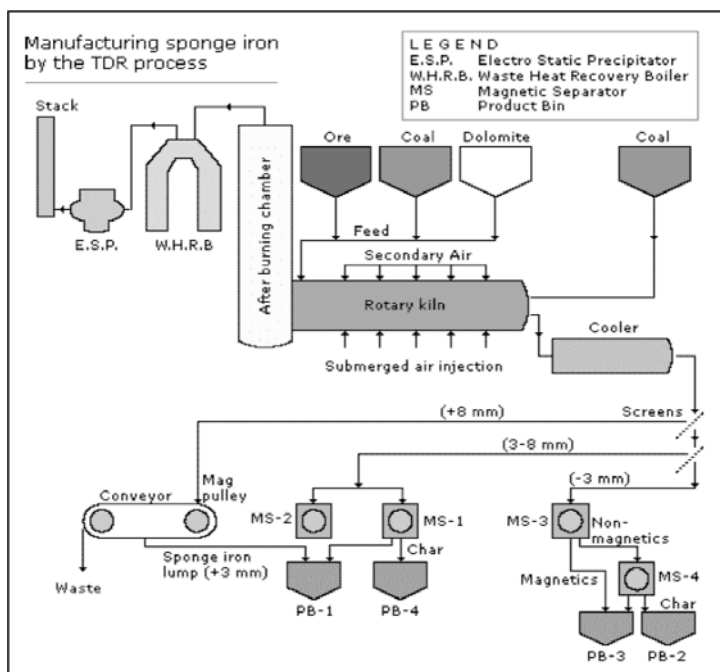
The Reformed Natural Gas Process is not being considered for this project because of the following reason;

- ✓ The availability of natural gas is limited and erratic.
- ✓ The raw material charge has to in the form of iron ore pallets, which are expensive.
- ✓ The landed price of natural gas is very high.

Direct reduced iron process is based on a rotary kiln.

The overall process is simple in character and uses equipment of simple and well-proven design. The materials handling system utilizes incoming raw materials (lump ore, coal and lime stone or dolomite) from road land rail and conveys the material to stockpiles. Typically the materials are recovered from the stockpiles by front-end loaders, which then deposit the material on to conveyors. The ore is screened to remove fines and a portion of the coal is crushed to the size suitable for pneumatic injection. Once processing is complete, the materials are delivered to the product handling building for separation of the residual the char, ash and the spent time stone waste product, and for classification of the DRI into size fractions. The DRI is then processed so that it will contain a minimum amount of non-iron bearing material, while product losses with the waste streams are kept as low as possible. The separation trains uses a combination of magnetic and air actuation to achieve an overall target iron yield of more than 95%.

The Cost of Coal based Rotary Kiln Process is more commercially viable and is currently in use in the majority of the Sponge Iron Plants in India. The process is well understood and the technology well grounded and available almost as a home growth technology now. This process has essentially been designed to carry out reduction using solid reluctant. A long, Slightly



Inclined, slowly rotating kiln is employed to carry out the reduction. The charge is fed the higher level and it travels under gravity, aided by retailing motion through several heating zones. The reduced charges comes out from the other end of the kiln and passes through a continuous cooling cooler without coming in contact with atmospheric air. The reduced and cooled product is screened and the oversized are subjected to magnetic separation to obtain clean and sized sponge iron while the non-magnetic oversized as well as the undersized are recalculated through the charge. In a country like India, which does not possess adequate natural gas and abundant non-cooking coal bed, the rotary kiln process is the obvious choice for producing

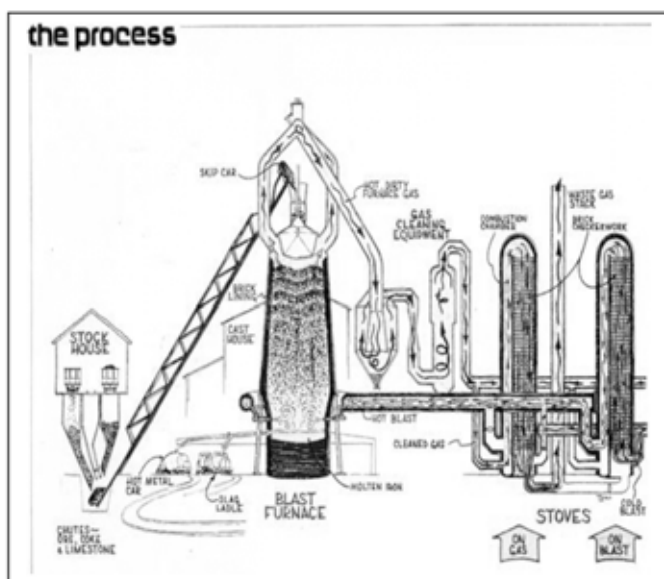
sponge iron from their own grade iron ores. The waste gas produced by the kiln process is extracted from the end of the Kiln. This gas is at a high temperature and also contains some remaining volatiles. These are burnt to remove the carbon monoxide and hydrocarbons, which further increases the temperature of the gas. Typically, this gas is cooled in an afterburning chamber with water sprays.

2. Pig iron

The Company has installed 2 Mini Blast Furnaces of 45 cubic meters for manufacturing pig iron. Blast furnace is a time-tested process of producing pig iron

Manufacturing Process

Hot Metal Manufacturing Process



The purpose of a blast furnace is to chemically reduce and physically convert iron oxides into liquid iron called "hot metal". The blast furnace is a huge, steel stack lined with refractory brick, where iron ore, coke and limestone are dumped into the top, and preheated air is blown into the bottom. The raw materials require 6 to 8 hours to descend to the bottom of the furnace where they become the final product of liquid slag and liquid iron. These liquid products are drained from the furnace at regular intervals. The hot air that was blown into the bottom of the furnace ascends to the top in 6 to 8 seconds after going through

numerous chemical reactions. Once a blast furnace is started it will continuously **run for four to ten years** with only short stops to perform planned maintenance.

Iron oxides can come to the blast furnace plant in the form of raw ore, pellets or sinter. The raw ore is removed from the earth and sized into pieces that range from 0.5 to 1.5 inches. This ore is either Hematite (Fe_2O_3) or Magnetite (Fe_3O_4) and the iron content ranges from 50% to 70%. This iron rich ore can be charged directly into a blast furnace without any further processing. Iron ore that contains lower iron content must be processed or beneficiated to increase its iron content. Pellets are produced from this lower iron content ore. This ore is crushed and ground into a powder so the waste material called gangue can be removed. The remaining iron-rich powder is rolled into balls and fired in a furnace to produce strong, marble-sized pellets that contain 60% to 65% iron. Sinter is produced from fine raw ore, small coke, sand-sized limestone and numerous other steel plant waste materials that contain some iron. These fine materials are proportioned to obtain a desired product chemistry then mixed together. This raw material mix is then placed on a sintering strand, which is similar to a steel conveyor belt, where it is ignited by gas fired furnace and fused by the heat from the coke fines into larger size pieces that are from 0.5 to 2.0 inches. The iron ore, pellets and sinter then become the liquid iron produced in the blast furnace with any of their remaining impurities going to the liquid slag.

In summary, the blast furnace is a counter-current reactor where solids descend and gases ascend. In this reactor there are numerous chemical and physical reactions that produce the desired final product, which is hot metal. Typical hot metal chemistry follows:

3. Steel Billets

The proposed project envisages manufacture of M. S. Billet through Melting of sponge iron along with hot metal available from MBF.

Selection of Process Route

A. Medium Frequency Induction Furnace

Medium Frequency Induction Furnace will be 15 MT capacity with 6000KW Power Pack. Plant will have 3 Nos. Induction Furnaces and these will utilize.

Hot Metal from MBF	30%
Continuous Feeding of DRI	70%
Melting & Tapping from IF	75-80 Mts.

It is considered that Two Induction Furnace Heats will be combined and Heat Size of 30/32 MT will be cast on Continuous Casting Machine.

B. Ladle Refining furnace (LF)

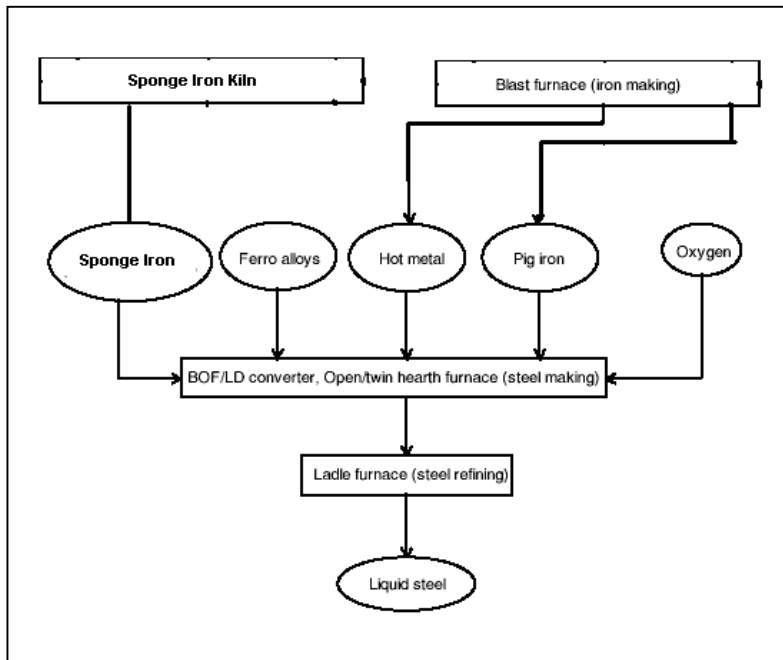
Liquid Metal of 30MT will be taken to Ladle Refining Station before casting for secondary refining and raising of temperature to 1620 degree centigrade for proper casting on continuous casting machine. Total treatment time on Ladle Refining furnace will be 20 Mts-45 fits depending upon the grade of steel and quality requirements of customer.

C. Continuous Casting Machine

From the considered casting cycle time, the number of strands required to cast 100mm sq. and 160 mm sq. billets is worked out to be two. Based on the above, one 2-strand billet-casting machine suitable for casting 100mm sq. and 160 mm sq. billets has been selected. Space provision will be made in the shop for installation of a second billet caster in future.

D. Heat Cycle Time:

1. Induction Furnace	60 Mnts.
2. Continuous Casting Machine	20-45 Mts
3. Ladle Refining furnace (LF)	600 Kg/Min. on 2 Stands i.e.50 Mts Maximum



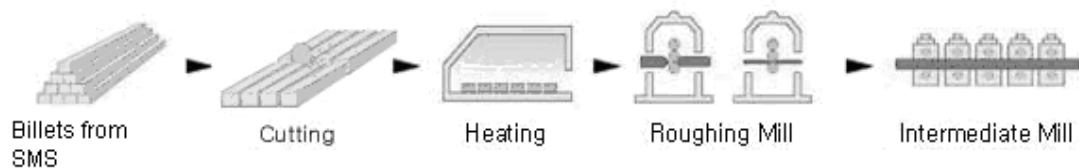
The induction melting technology and Arc furnace technology in the Global Steel Scenario has brought a significant change in technological and revolution where it has been proved that the steel produced out of sponge iron mixed with cast iron and M.S.Melting Scrap/Pig iron coupled with electric induction furnace, medium frequency, constant power track and arc furnace route has become formidable process and can offer better economics at a relatively smaller scale operations.

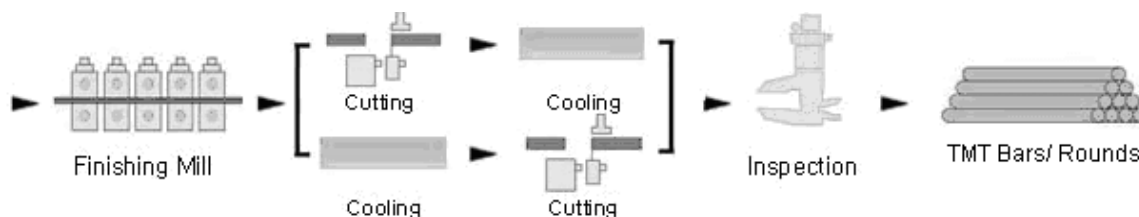
4. TMT Bars/ rounds/ (Rolling Mill)

Manufacturing Process

The rolling mill project is for the manufacture of TMT Bars & Wire Rods. The rolled products are mainly used by the construction industry.

The manufacturing process of the rolling mills products can be depicted as follows.





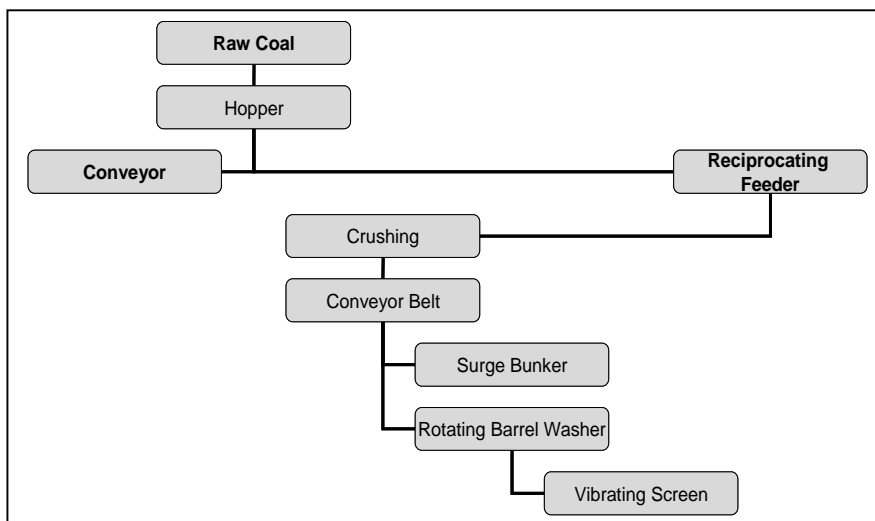
The process involves converting the shape stock, viz. Ingots , billets to the desired finished section in the hot condition by way of passing the material between a pair of grooved rolls and providing suitable drafts at various stages. The whole operation is conducted at a particular temperature range and within a limited time span. The stages of rolling operation are comprised of heating of feed stock to roll able temperature, rolling the feeding stock in different mill stands, cropping the hot bar during the process of rolling between stand as applicable and subsequently finishing in form of hot rolled deformed bar in straight length. The hot bar coming out of the last pass is then conveyed through TMT line and collecting in a cool bed after shearing. The bars at almost ambient temperature are sheared to commercial length stored and kept ready for dispatch.

In TMT process hot bars are subjected to quenching by means of an intense cooling installation (cooling installation specially designed spray system). This step hardens the surface layer to marten site while the core structure remains austenite. When the bar is free of water chamber heat flows from core to surface and surface gets tempered to structure called martensite. In the cooling bed due to atmosphere cooling, the hardened zone is tempered by temperature homogenisation in the cross section and the austenite core is transferred to ductile- ferrite-pearlite core.

5. Coal Washery Plant

The coal washery will wash the raw coal of lower grade to reduce its ash content, which will than be used in the sponge iron plant. The usage of washed coal will enhance the efficiency of the sponge iron plant and produce sponge iron with higher fe content and less residues.

Coal Washery Process flow



Raw coal (-) 200 mm size received at the plant to be fed to hopper at a regular rate. Through a reciprocating feeder and a conveyor the coal will be fed to a Roller Crusher for crushing to (-) 50 mm sizes. Crushed coal will be discharged into a Belt conveyor and discharged into surge Bunker, wherefrom a Belt

conveyor shall reclaim through a Reciprocating feeder and feed the barrel at the rated capacity.

The feed coal along with the media will pass down the Launder to the Rotating Barrel washer. The sinks or rejects will move up the barrel and discharge on a dewatering screen for dewatering and conveying by a conveyor for storage.

The floats of the barrel will travel with the media towards the other end of the barrel, pass through a conical screen attached to it for separating (-)16 mm fractions and (=) 16mm discharged into a Ring Granulator for crushing down to (-)16 mm sizes. Crushed products along with the product from the conical screen shall be collected, rewashed, dewatered and discharged.

Effluents which will be bled out from the plant shall be collected in a set of slurry ponds for recovery of water. There will be two no. of ponds. When Pond No.1 will be completely filled with fines slurry shall be diverted to Pond No.2 and the settled fines in Pond No.1 shall be reclaimed to make it empty and thereby ready to intake during the next cycle. The process thus will be repeated.

A Water Pump located near the fresh water tank, and discharged into the slurry tanks as required shall pump the make up water for the plants in.

6. Captive Power Plant

Captive power plant of 40 kW power generating capacity with the following facilities:

The total power generating capability will depend upon availability, composition and temperature of the waste gas from the DRI kiln, excess gas from the MBF and the washery rejects from the Coal Washery.

a. Steam Generation using Flue Gases Heat:

The Flue Gases (waste heat) coming out of the four rotary kilns of sponge iron plants would be diverted to a Waste Heat Recovery Steam Generating Boiler (HRSG) by installing stop gate at chimney inlet. The flue gases temperature would be dropped from around 1000°C to 175°C in the WHRSG and the heat recovered would be made available to the STG. To take care of pressure drop in the WHRSG, induced draft fans are provided at the outlet of WHRSG. The steam generated from one 100 TPD Sponge iron plant would be 10.3 tonnes/Hr (TPH) at 67 Ksc (Kg. Per square centimetre) pressure at 485°C temperature.

The steam generated as above from 4 nos. of WHRSG boilers would be fed to 20 MW STG for generating power.

The washery rejects and middling will also be charged to boiler to produce power. Any shortfalls in the feedstock will be met by using D grade coal.

Technical know-how

The technical services include know-how and basic engineering, design, engineering and drawing, procurement assistance and inspections, project monitoring, etc. We have appointed **Popuri Engineering and Consultancy** from Hyderabad for supply of technology for the Sponge iron project. **Arjee Consultancy Services**, Durg will provide technical consultancy for the Pig iron project. **Engineering & Metallurgical Consultants, Nagpur** to provide detailed engineering for the commissioning and installation of the steel billet plant. **Makaram Machines (P) Ltd.**, Ghaziabad to provide detailed engineering for setting up Rolling Mill Units to produce bars & rods. **Conveyor & Ropeway Services Pvt. Ltd.**, Kolkata for Coal Washery Plant and **Avante Garde Engineers and Consultants Pvt Ltd, Chennai** for setting up the captive power plant.

Advantages of sponge iron and pig iron in steel making along with a captive power plant

1) Sponge Iron

Technical Advantage

The traditional raw material for Induction Furnaces (IF) as well as Electric Arc Furnaces (EAF) is ferrous scrap because of its availability in general and since it does not require any specific manufacturing process. With the limited availability of indigenous scrap, India needs to import large amount of shredded scrap. However, imported scrap is basically shredded automobiles and other household appliances, which contains high percentage of tramp elements. These tramp elements cannot be removed in the steel making process. For production of ordinary TOR steel, the presence of tramp element is not a major problem. But, as mini steel plants are shifting towards production of alloy steel, wire rods & flat products, high percentage of tramp elements in scrap are not acceptable. Thus for quality reasons, almost all steel plants are using sponge iron for better quality products.

Sponge Iron or Directly Reduced Iron (DRI) is the main source of Ferrous Radical in steel and is used as a primary raw material in Induction Furnace and Electric Arc Furnace for manufacture of steel. The product derived from the process is a solid material in a geometric shape with slight honeycomb structure with small pores because of which the product has acquired the name Sponge Iron. The product contains metallic Carbon (84%) and total iron of 92% along with oxides of Iron, Carbide and small impurities.

Following factors determine the quality and price of Sponge Iron.

- Percentage of Metallic Iron, which is the quantum of iron present either freely or in combination with carbon. The percentage is a major pointer of quality and price of Sponge Iron.
- Percentage of unreduced Iron Oxide should be as low as possible.
- Presence of carbon is considered as an impurity in Steel but in Sponge Iron it is considered to be beneficial as it helps recovery of iron from unreduced iron oxide without necessitating external use of carbon in the making of Steel
- Sponge Iron is manufactured by solid-state reduction and therefore most of the impurities present in the one trend to remain as a part of the finished product. Lower the amount of Gangue the better it is.
- Degree of metallisation is an important index of efficiency of Sponge Iron Plants and is measured by finding the ratio of mass of metallic Iron to mass of total Iron. Process efficiency is directly proportional to degree of metallisation.
- Presence of Sulphur and Phosphorus is undesirable in Sponge Iron.

Major Uses

In making of Steel through the secondary process of Electric Arc and Induction Furnace wherein Sponge Iron is used as primary charge material. *Note:* Sponge Iron is presently being preferred to conventional steel scrap as a primary charge in making of steel because of (i) uncertain availability of good quality scrap, (ii) dependence on import for supply, (iii) higher landed prices and (iv) inconsistent chemical properties.

Sponge Iron is also used for production of cast iron in copulas and as coolant in Blast Oxygen Furnaces.

Advantage of Sponge Iron over Steel Scrap in Steel Making:

- ✓ Consistent chemical composition
- ✓ Ready indigenous availability
- ✓ Lower price
- ✓ Uniform size & bulk density
- ✓ Lower refining time
- ✓ Lower cost of production

II) Pig Iron

Grades of Pig Iron

There are three principal categories of pig iron serving three distinct purposes. The first is basic or steel making pig iron, the subject of this paper, which as its name implies is pig iron for the production of steel. The other two types are used in foundries; the first hematite is used in the production of gray iron Castings and the second nodular or SG pig iron for the production of spheroid graphite castings. The major difference between pig iron destined for steel making and those grades produced for the foundries lies in the silicon content. Steel making pig iron has a silicon content between 0.5-1.0% whereas pig iron for the foundries has a silicon content from 2.5-4.0%.

Advantages of Pig Iron

The comparative advantage of pig iron producers was - and remains - that the quality of scrap becomes so poor, due to galvanizing and the microelements in steel, that pig iron will become the leading raw material for steel production in EAFs. Pig iron has become increasingly important to the EAF producers over the last decade and it has shown that it can fulfill an important, some might argue a critical, role in the raw material mix bringing both technical and economic advantages.

Economic Advantages Of Pig Iron

Various attempts have been made to establish the value in use difference between scrap and pig iron. A calculation done by International Pig Iron Secretariat some years ago came up with a figure of \$12.35 per metric tonne for the minimum additional value of pig iron over scrap. If liquid pig iron can be used then the figure rises to somewhere between \$25 and \$34 per tonne because of the saving in melting costs. As discussed above, this is a rarity with merchant pig iron.

Technical Advantages Of Pig Iron

The foremost reason for using liquid hot metal iron ore in an EAF charge is to utilize, conserve the heat and thereby reduce the power consumption. Besides this, it also provides clean iron units to counteract increasingly dirty scrap. Clean pig iron helps dilute residual elements such as copper and tin, which arise as tramp elements in scrap.

Substitute of Scrap

Arc furnace practice increasingly relies on large quantities of loose, fragmentised or shredded scrap known as "Frag." The advantage of shredded scrap is that it can be charged to an electric arc furnace in the first basket and rapidly melts in a hot heel of molten material deliberately retained from the previous heat. Oxy-fuel melting is also highly effective on loose charge material. So frag is an ideal feedstock for fast arc furnace operation, helped by large quantities of oxygen with consequent gains in melt shop productivity and energy savings brought by frequent melting.

Savings in Electric Charges

There are other advantages from using clean pig iron of known analysis. The charging of liquid iron in EAF substantially lowers electrical energy consumption.

Increase in Productivity

Pig iron brings other elements that are advantageous and not present in scrap such as carbon, silicon and manganese. Both carbon and silicon provide energy. Modern arc furnaces use large quantities of oxygen to assist melting and in these circumstances carbon and silicon are highly exothermic and impart heat to the bath. The energy content of the silicon is particularly high and depends on the silicon level in the pig. Evidently, energy requirements depend on the precise chemistry of the pig iron used. But cold pig iron has the potential to be "energy neutral" as the exothermic reaction of the carbon and silicon content offset the electrical energy required for heating and melting the pig iron charge.

III) Captive Power Plant

Advantage of the Power Plant

- The waste heat gases emitted out of the sponge iron plant and MBF will be utilized for generating power, thereby removing the need for installation of pollution control equipments.
- The company will be generating power from Non-conventional resources and hence will be eligible for carbon credits under the Clean Development Mechanism (CDM). This will also result into substantial economic benefits to the company in the long term.
- The WHRB based power plant is comparatively less capital intensive than other conventional methods due to small size of the plant.
- Utilization of waste heat and waste fuel means conserving the limited conventional natural fuel resources.
- The technology is time tested and has already been successfully tried by other sponge iron manufacturers like Tata Sponge, Monnet Ispat in the country.
- The CPP will not only provide power to DRI plant, MBF & Electric Arc Furnace (EAF) but also ensure minimum dependence on DPL Grid Power supply system.
- CPP will achieve energy efficiency through recovery of waste heat of Kiln exhaust and also reduces the thermal pollution to atmosphere to a large extent.
- At present the cost of purchase power from DPL is Rs.2.60 per unit and it is expected to increase in the coming years. The in house power generation will result into substantial

savings to the company and will also make it very competitive in terms of total cost of production of steel.

- With the Electricity Act now being passed, the company has the option to sell its surplus power if any to the Grid.

INPUTS FOR PRODUCTION

Raw Materials

1. Raw Material for Sponge Iron

Main raw materials required for producing sponge iron are iron ore, coal and dolomite. The consumption norms of Raw Materials are given in the table below:

Item	Standard requirement per ton of Production	Annual Requirement
Raw Materials Used		
Iron ore	1.60	192,000
Coal	1.20	144,000
Dolomite	0.04	4,920
Sub Total	2.84	340,920
Consumables		
Light Diesel Oil	3.00	360,000
Other Miscellaneous Items	1.00	120,000
Sub Total	4.00	480,000

i. Iron Ore

Iron Ore is a mineral, which, when heated in the presence of a reducing agent, yield metallic iron (Fe). In general, iron ore consists of iron oxides, the primary forms of which are magnetite (Fe_3O_4) and hematite (Fe_2O_3). The iron content of these ores varies widely; however, most deposits need to have an average grade of more than 60 percent Fe for mining to be commercially viable.

Iron Ore with optimum tumbler strength of 80% minimum in the size from 5 to 18 mm is required. The ore should be highly reducible and have a low tendency for sticking and disintegration during heating and reduction and good reducibility of the ore allowing the kiln operation at a relatively lower temperature thereby reducing the instances of ring formation and improving the availability of the kiln with better output rate. Ore transport and port costs accounts for 50% of the total costs of iron ore. Hence operationally, sponge iron manufacturing units are located in places near iron ore mines.

We are strategically located in West Bengal, which, with its neighbouring states (Orissa, Jharkand and Chattisgarh) has rich reserves of raw materials (coal and iron ore). We already have a long term understanding of 25 years for supply of sponge iron grade of iron ore with Tarini Minerals Pvt. Limited, Rourkela. The mines of this company are in Deojhar situated in Keonjhar district of Orissa. The mines have a mineable reserves of about 40 million tonnes.

We also have a memorandum of understanding with OMDC for the supply of iron ore for a period of one year on a renewable basis.

ii. Non Coking Coal

Non-coking coal will be used as reductant in the sponge iron plant. Non-coking coal with low ash and moisture contents, and moderately high volatile matter is generally used for sponge iron production. The nearest coalfield to the plant site situated at Ranigunj in West Bengal.

The Ranigunj coalfield is situated at a distance of about 200 km northwest of Kolkata and covers about 1,550 sq km of area. The major portion of the field lies in Burdwan district, West Bengal and a small portion in Dhanbad district, Jharkhand. There are a number of coking and non-coking coal seams in the Ranigunj coalfield. Non-coking coal seams with variable characteristics occur in the central and eastern part of Ranigunj field, mainly east of Asansol.

However keeping in view the quality requirements, availability and location of the proposed plant, coal from Talcher-Sambalpur area is also considered as the possible sources of non-coking coal for the sponge iron unit.

Moreover we are also setting up a coal washery plant which will wash the lower grade coal to reduce the ash content.

We have already in place coal linkages with Coal India Limited through one of its subsidiary Mahanadi Coalfield Limited

iii. Limestone/ Dolomite

The limestone and dolomite non-captive quarries are located in Birmitrapur, Sundergarh district of Orissa. Substantial reserves of high-grade limestone and dolomite occur in this deposit and the quarry regularly supplies limestone a number of steel plants located in eastern India. We will also source our requirement from these areas.

2. Raw material for pig iron

The major raw materials required for blast furnace are BF-grade iron ore, metallurgical coke, limestone, dolomite and quartzite. Both Iron ore and Coke will undergo some losses during handling and screening i.e. approx 2.00%. Considering all such losses, the estimated gross requirements of raw materials to be procured annually are presented in Table below:

		Requirement per tonne of pig iron	Gross annual Procurement (tones)
Raw materials	Source	(Net & dry) tonnes	
Iron ore	Orissa	1.50	120,750
Metallurgical Coke	Imported / Jharkhand	0.68	54,740
Limestone	Orissa/ Jharkhand	0.13	10,063
Dolomite	Orissa/ Jharkhand	0.10	8,050
manganese Ore	Orissa	0.03	2,013
Quartzite	Chaibasa	0.04	3,220

As already mentioned in the sponge iron section, the long term supply arrangements for iron ore is already in place. The coke shall be imported from China through the haldia port and will also be procured from various coke oven plants in the dhanbad district of Jharkhad, which is only 60 kms from Durgapur.

3. Raw Material for Steel Melting Shop

The company proposes to produce 1,80,000 TPA of hot metal to produce steel billets. The project is in the nature of backward integration. The raw material requirement of the steel melt shop will be met from the Mini Blast Furnace and the DRI plant. The proportion and quantity of raw material per metric ton of finished goods is presented below in the table.

Particulars	Proportion	Annual consumption (MT)
Hot Metal	35%	68,161
Sponge Iron	65%	1,26,585

The other raw material/ consumables that are required in the steel melting shop are mentioned below and are available locally:

Pet Coke
Lime
Dolomite
Scrap
Oxygen (In Nm3 per annum)
Refractories
Electrodes
Calcined Lime
Ferro Manganese
Ferro Silicon
Argon (Nm3)
Other Ferro alloys

4. Raw Materials for Rolling Mill

The major raw material required is SS / MS Billets. The same will be manufactured in house from the steel melting shop by melting sponge iron and pig iron and other raw material components such as scrap, ferro alloys.

5. Raw Material for Coal Washery

The raw coal of F/g grade is available in abundance from various coal mines under central coal field, Ranigunj and IB Valley area of Mahanadi Coalfields Limited.

6. Raw Material for the power plant

The heat energy available in the hot gases of sponge iron kilns can be recovered by using waste heat boilers. The waste heat recovery boilers having the capacity of 10 TPH, each will use the waste gas from the 4 kilns for steam generation. The Sponge iron plants require a better quality non-coking coal, which is produced by washing the available coal. This produces the washery rejects which could also be used for generating power through fluidised bed boilers. 2 FBC boiler having capacity of 70 TPH each would be utilised for power generation. The company would also utilise blast furnace gas available from the two Mini blast furnaces. The water requirement of CPP will be met from ADDA. The total power requirements of sponge iron plant, induction furnace, and steel rolling mill is estimated at 36445 KW. The total power requirement for the CPP including the transformer losses will be 3555 KW.

Manpower

Total manpower requirement for the Project is estimated as 442 whose break-up is as given below.

Project	Sponge Iron	Rolling Mill	Pig iron	Captive Power	Billet	Coal Washer y	Total
Managerial	12	5	5	5	2	4	33
Supervisor	6	8	18	6	12	2	52
Semi-Skilled & skilled	6	30	51	26	31	8	152
Un-Skilled	3	10	35	21	73	6	148
Clerical, Stores etc	-	14	16	3	17	7	57
Total	27	67	125	61	135	27	442

The company proposes to recruit the manpower in a phased manner depending on the progress made in implementation of the Project. Recruitment of skilled/semiskilled manpower would be made locally and is not expected to pose any problem since there are similar plants operating in the state. Engineers and supervisors would also be recruited depending upon the requirement in the phases.

Power

The power requirement for Sponge Iron Project is estimated at 1515 KWH (corresponding with capacity utilization of 70% to 90%), which is proposed to be, generated in-house using waste heat from rotary kiln of Sponge Iron. However, power-plant would be installed in the second phase. Company would procure a DG Set of 1200 KVA approximately 7.5 million units p.a.) and balance requirement from Durgapur Projects Limited during this period. After start up of own power plant, DG Set shall be used as standby. The power requirement for Rolling Mill is estimated at 7.95 million units p.a. (corresponding with capacity utilization of 65% to 70%), which is proposed to be, generated in-house using waste heat from rotary kiln of Sponge Iron. The overall cost of power generated through waste heat generation and fluidized bed combustion boiler route would be at around Rs. 1.90 to 2.49 per unit. The implementation of the Project has been planned in the second phase only due to this reason. The total requirement of power thus would be in the range of 194 to 225 million units p.a. It is estimated that around 40 MW connected power (approximately equivalent to 200 to 225 million units of power depending upon capacity utilization of 80% to 90% assuming 12% auxiliary consumption and 90% efficiency) would be sufficient to meet the requirements of the entire integrated steel plant.

Water

The total water requirement for the Project is estimated as:

Sr.No.	Project	Requirement.
1	Sponge Iron	60 Kilo Litres per Day
2	Rolling Mills	40 CuM per day
3	Pig Iron	720 CuM per day
4	Captive Power Plant	4700 CuM per day
5	Steel Melting Shop	1440 CuM per day

Adequate capacity reservoirs (1,000 cum) for the storage of make up water requirement, service water, fire fighting, domestic consumption, would be constructed. Water softening plants, re-circulating systems consisting of a pump house with sedimentation tank, supply pumps, draft cooling towers etc. would be provided. For the purpose of procurement of water, it is proposed to dig bore wells of suitable size and number .emergency power requirement for running the plant uninterrupted.

Compressed Air

Compressed Air will be required to operate pneumatic devices and other cleaning purposes. The requirement of compressed air is estimated at 17 N Cum/Hr. for the purpose 3 compressors of adequate capacity would be installed.

Plant and Machinery

We have already implemented the **Phase I** of the project and all the plant and Machinery related to the Sponge Iron Plant, Pig Iron Plant (MBF) and Rolling Mill Plant have already been procured and installed.

The details of the plant and Machinery and their current status for the **Phase II** of the project is given below:

I) Steel Melting Shop

The details of the plant and machinery and other fixed assets required for the SMS plant are given below. The quotations for all these machineries have already been called for and the negotiations for final pricing are on and orders will be placed in the next 4 to 6 weeks time.

a) Plant and Machinery

(Rs. in lacs)

SL No	Equipment	Qty (Nos/ Lot)	Cost Based on supplier	Total cost
1	6000 KW , 15000kg medium frequency induction melting furnace comprising of a) Three number furnace crucibles of 15000 kg capacity	3	Meghatherm Elect. Pvt Ltd/GA Daniel/ABB	499.75
2	i) 30/10 ton (liquid material handling) EOT cranes	2	MI/Zeemag/ federal Enterprise	82.01
	ii) 15/5 Ton *21 Mtr, EOT Crane 19 metre height of lift	2	-do-	45.88
	iii) 15/5 ton *21 Mtr EOT Crane 10 metre height of lift	2	-do-	33.32
3	Circular lifting magnet	2	Electro Zavod	25.83
4	Cooling Tower	4	Southern Cooling Towers Pvt Ltd/ Paharpur Cooling Towers Pvt Ltd	18.67
5	Concast Machine -6 mtr XII , 2 strand	1	Concast India Ltd	179.40
6	Concast cooling System, Hydraulic Pump/ Moulds	1	-do-	24.13
7	10 Ton capacity span Crane for Billet Handling	2	MI/ Zeemag/ federal Enterprise	31.29
8	Rect. Lifting Magnet for Billet	2	ISC Processors Pvt Ltd, Kolkata/ Electro Zavod	11.75
9	Ladle refining Furnace 18 to 30 tonne capacity with 5000 KVA transformer, water cooled roof and ladle car with auxiliary systems	1	G.A.Danielli	128.14
10	Magnet Crane for scrap bay-10 tonne capacity	2	ISC Processors Pvt Ltd, Kolkata/ Electro Zavod	32.04
11	Automatic feeding system of Sponge Iron	3	Sandeep Enterprises / fabrication at site	183.25
12	20 tonne ladle with slide gate hanger	6	-do-	46.13
13	Charging bins, tools etc.	1 set	-do-	25.63
14	Refractories for ladle & LRF	1 set	Fortex India/ Tata Refractory Ltd	32.04
15	Temperature recorder system	3 set	Engineering & mechanical Consultant	8.97
16	Hot metal transfer trolleys for MBF to SMS with canopies , burners, auxiliaries	2	-do-	76.88
	Total Cost			1485.11

b) **Miscellaneous Fixed Assets**

(Rs. In lacs)

SL No	Equipment	Qty (Nos/Lot)	Name of Supplier	Total cost
1	1000 KVA , 11 KV/415 V, Auxiliary Transformer , double copper wound , oil immersed	1	Multicables Pvt Ltd	7.69
2	Laboratory Equipment	1 Set	Sigma Instruments, Kolkata	6.41
3	Pollution control equipments -44 KW/4 pole TEFC motor and manual star delta starter-Ducting chimney, Swivelling hood etc. - Civil foundation - Mechanical erection , electrical cabling	4 Set	Sandeep Enterprises, / Hydraulic Systems	217.84
4	D.G.Set- 320 KVA	2	Jacksons Ltd/ Greaves Ltd	26.99
5	Plate Heat Exchange	2	GEA Ecoflex India, Mumbai	2.77
6	Water Distributions System including pumps, Softening & D.M Plant	3		46.54
7	Air Compressor- 200 CFM		Atlas Copco (I) Ltd, Pune	6.41
8	LT Panel, Switch gear , cabling, electrification including indoor substation, HT Sub station & HT Power line		Automatic Control corporation, & Electroteknica Switchgears & poonam Ent/ Impex Mach. Western Consolidated V.S. Industries / Siemens L&T	211.44
9	Furniture & Office equipments		Local Purchase	2.50
10	Fire Fighting equipments	1 Set	Local Purchase	1.93
11	Charging Skips, Tendis, Spoons , ladle etc	2 Set	Sandeep Enterprises	35.88
12	Moulds	2 Set	Engg. & Mechanical Consultants, Nagpur	51.26
13	Tools, gas Cutting, Welding Sets		Local Purchase	6.35
14	22 Channel spectrometer complete with cut off 7 polishing machine having oxygen and nitrogen channel and laboratory equipments	1	Reputed Make	19.93
15	Detailed Engineering fees		Engg. & Mechanical Consultants, Nagpur	11.00
	Total Cost			654.92

II) Captive Power Plant

The details of the plant and machinery and other fixed assets required for the power plant are given below. The quotations for all these machineries have already been called for and orders will be placed shortly.

(Rs. in Lacs)

Sl.No.	Description	Unit	Quantity	Amount
1	10 TPH 67 KSC(a) 485 Degrees Centigrade WHSRB's common deareator for all boilers instrumentation and control pumps including inlet gas ducting, insulation, structures & supports (Existing ESP, ID fan & chimney for the kiln 1,2,3,4, will be utilized	LS	4	1,760.00
2	70 TPH, 67KSC(a) , 485 Degrees Centigrade AFBC boiler including ESP, Instrumentation and control ,Fans, Pumps & provision for BFG firing etc.	LS	2	2,650.00
3	20MW bleed cum condensing Turbogenerator Unit including HP Heater, controls and instrumentation, alternator, control and Relay panels, LAVT ,NGT, etc.	LS	2	4,100.00
4	11000 Cu.m/hr Cooling Tower (4 cells) with fans, decks, ladders, drives, panel, etc.	LS		150.00
5	Fuel handling system including belt conveyors, tipper, dust supression system, etc for the AFBC boiler	LS		600.00
6	Ash handling system for the AFBC boiler & WHRSG	LS		300.00
7	High pressure steam piping and valves & Supports including PRDS.	LS		275.00
8	Aux.Steam piping, cooling waterpiping, compressed air piping, BFG piping, valves, pipe supports, pipe racks and other miscellaneous piping	LS		325.00
9	Dumping system with PRDS, piping, valves, insulation ,etc.	LS		140.00
10	Water Treatment plant	LS		85.00
11	Tankages for DM Water, Miscellaneous structural for the pipe rack.	LS		20.00
12	Air conditioning and ventillation system for the power house building, MCCbuilding	LS		90.00
13	Air compressor and compressed air system	LS		30.00
14	Fire Protection System	LS		50.00
15	DCS based instrumentation system for the plant including miscellaneous BOP instrumentation.	LS		235.00
16	Cooling water pumps and other Misc.Pumps	LS		75.00
17	60T / 5T EOT crane for the Turbine hall	LS		50.00
18	Laboratory Equipment.	LS		20.00
	TOTAL FOR MECHANICAL WORKS			10,955.00
B	ELECTRICAL WORKS			
1	Generator and all generator accessories including relay metering and control panels, AVR, sunchronising panel, NGR & LAVT.	LS		
2	33kV switchgear (VCB)	LS	1	90.00
3	2.5 MVA Distribution Transformer (33kV / 0.433kV) for captive power plant and for kilns	LS	4	42.50
4	25 MVA Generator transformer (11kV / 33kV)	LS	2	240.00
5	5 MVA Distribution transformer for Ferro Alloy plants (33kV / 433V)	LS	1	25.00

6	8 MVA Furnace transformer for the induction furnaces (33kV / 900V)	LS	3	120.00
7	3 MVA Distribution transformer for the existing 11 kV kiads (33kV / 11kV)	LS	2	30.00
8	LT Bus Ducts 415V, 2500A	LS		12.00
9	HT XLPE cables including Termination kits	LS		150.00
10	LT Cables, Control cables etc	LS		200.00
11	LT Panels (MCC, PCC including LT contract for the installation of all the items like lighting, cabling, etc)	LS		215.00
12	Lighting and Miscellaneous electricals	LS		65.00
13	Earthing and Lightning Protection	LS		20.00
14	VFD drive system	LS		215.00
15	Battery, Battery charger and UPS system	LS		35.00
16	Plant Communication System	LS		15.00
	TOTAL FOR ELECTRICAL EQUIPMENTS			1,474.50

The above cost is based on the estimates given by the technical consultants M/S Avante Garde Engineers and Consultants Pvt Ltd. The orders will be placed based on the availability of the machinery and delivery schedule required by the Company.

III) Coal Washery

The details of the plant and machinery and other fixed assets required for the Coal Washery Plant are given below. The quotations for all these machineries have already been called for and the negotiations for final pricing are on and orders will be placed in the next 4 to 6 weeks time.

a) Plant and Machinery

Rs in Lacs

SI.No.	Particulars	Quantity	Rs. In Lacs	Suppliers Name
1	Roll Crusher 50Te Capacity along with Driver but excluding Motor	1.00	8.20	Conveyor & Ropeway Service Pvt.Ltd.
2	Feed Launder	1.00	0.90	Do
3	5x30 Barrel Washer with Conical screen	1.00	28.35	Do
4	Barrel Drive unit except electrical	1.00	13.88	Do
5	Barrel Drive Chasis	1 set	0.97	Do
6	Launder Feed Tank	1.00	0.97	Do
7	Launder Feeds PUMP 4x3 size complete with drive system except motor	1 set	2.65	Do
8	1ST stage Cyclone Feed Tank	1.00	0.97	Do
9	1st Stage Cyclone feed pump 4x3 size complete with drive system except Motor	2 sets	5.31	Do
10	1st stage cyclone 380 Dia	2 sets	7.24	Do
11	2nd stage Cyclone Feed Tank	1.00	0.97	Do
12	2nd stage cyclone feed pump,4x3 size complete with drive system except motor	1 set	2.65	Do
13	2nd stage cyclone 380 dia	1 set	3.62	Do
14	Static Sieve Bend 6.5 ft size along with Wedge Wire Panel	1.00	3.02	Do
15	Barrel support structure & cyclone support structure	lot	17.49	Do

16	Thrust Roller Assembly including Support Structure	2sets	1.93	Do
			99.11	
17	10Te Hopper	1.00	7.24	Hitec Equipments
18	Reciprocating Feeder for uncrushed Raw Coal	1.00	3.26	Sandeep Enterprises
19	Conveyor to convey Raw Coal to crusher 800 B/W	1 set	25.33	Sandeep Enterprises
20	Barrel Feed Conveyor 600 B/W	1 set	14.11	Local
21	Raw Coal Bunker 50 Te	1.00	13.57	Sandeep Enterprises
22	Reciprocating FEEDER For barrel Feeding	1.00	3.26	Hitec Equipments
23	Washery Feeding Conveyor 600B/W	1 set	19.45	Sandeep Enterprises
24	Clean Product Conveyor 600 N/W	1set	19.11	Sandeep Enterprises
25	Reject Product Conveyor 500 B/W	1set	19.11	Sandeep Enterprises
26	Cleans Coal Hopper 15 Te	1.00	5.79	Sandeep Enterprises
27	Reject Hoper 15Te Capacity	1.00	5.79	Sandeep Enterprises
28	Ring Granulator with Drive	1.00	8.69	Hitec Equipments
29	Vibrating Screen For dewatering of Kilns.	2.00	10.01	Hitec Equipments
30	Vibrating Screen on Reject Section	1.00	10.23	Hitec Equipments
31	Recycle Water Pump	1.00	1.09	Sandeep Enterprises
32	Fresh Water Pump	1.00	0.72	Local
33	Launer Feed Chute	1.00	0.72	Local
34	Structures to support the equipment like crusher, screen, recycled water pump, fresh water pump	lot	48.14	
35	Pipes & Valves	lot	2.90	Sandeep Enterprises
37	Various Chutes for Washery & CHP	lot	2.71	Local
38	Platforms Staircase, etc	lot	3.33	Local
	Pollution Control Equipment	1Set	24.13	
			248.69	
	Installation & Transportation charges.		20.00	
	Total Cost		367.81	

b) **Miscellaneous Fixed Assets**

SL.	Particulars	Qty	Suppliers Name	Rs in Lacs
1	Motor MCC,Electricals & Control	Lot	Kusum Trade Impex	79.20
2	Earthing Capacity	Lot	Automatic Control Corporation.	3.80
3	Weight Bridge-30MT Capacity			5.00
4	Office Equipment			1.50
5	Furniture & Fixture			0.50
6	D.G.Sets-200KVA			20.00
		Total		109.82

Details of Collaboration, performance guarantee of assistance in marketing

Information as per para no.6.7.8 of the new SEBI(DIP)Guidelines2000 for the Performance Guarantee.

We have only entered into technical assistance contracts with the technical consultants. We have not entered into any technical collaboration agreement or performance guarantee and are not taking any assistance in marketing the products from the consultants or machine suppliers.

We have entered into performance guarantee contracts with the machine suppliers in the normal course of business.

Proposed Capacity Utilisation

i. Sponge iron

The capacity utilization of sponge iron plant is as follows:

Year	2004-05 (Estimated)	2005-06 (Projected)	2006-07 (Projected)	2007-08 (Projected)
Installed Capacity (TPA)	120000	120000	120000	120000
Capacity Utilisation in %	30%	80%	90%	90%
Production (TPA)	36000	96000	108000	108000

ii. Pig Iron

The installed capacity and proposed capacity utilization of pig iron plants is as follows:

(In Metric Ton)

Year	2004-05 (Estimated)	2005-06 (Projected)	2006-07 (Projected)	2007-08 (Projected)
Installed Capacity (TPA)	80500	80500	80500	80500
Capacity Utilisation in %	15%	70%	80%	80%
Production (TPA)	12075	56350	64400	64400

iii. Rolling Mill

The plant will run on double shift of 8 hours per day and 300 hundred days during the year. The following are the products, which are manufactured by the company.

Particulars	TMT BARS				WIRE RODS	
Installed Capacity. (TPA)	8mm	10mm	12mm	16mm	5.5mm	6mm
	48000 MT				32000 MT	

Production capacity of the 8mm dia bars is taken for the basic calculation of the installed capacity since this is the small size of the bar s produced on cooling beds as long products.

Wire rods do not require to pass through the cooling systems and it can be produced at the same speed by adjusting the speed, as 8mm TMT bar is produced.

Capacity utilization		PRODUCTION
Year	%	(MT)
2004-2005 (Estimated)	50%	40000
2005-2006 (Projected)	80%	64000
2006-2007 Onwards	90%	72000

iv. Steel Melting Shop

The installed capacity and proposed capacity utilization of steel melting shop is as follows:

(In Metric Ton)

Year	2004-05 (Estimated)	2005-06 (Projected)	2006-07 (Projected)	2007-08 (Projected)
Installed Capacity (TPA)	Nil	176418	176418	176418
Capacity Utilisation in %	Nil	40%	70%	80%
Production (TPA)	Nil	105851	123493	141134

v. Coal Washery Plant

The installed capacity and proposed capacity utilization of Coal Washery plants is as follows:

(In Metric Ton)

Year	2004-05 (Estimated)	2005-06 (Projected)	2006-07 (Projected)	2007-08 (Projected)
Installed Capacity (TPA)	Nil	360000	360000	360000
Capacity Utilisation in %	Nil	50%	70%	80%
Production (TPA)	Nil	108000	151200	172800

Assumption

The capacity utilisation is based on our internal assessment of the market demand of the steel products.

Marketing and Selling Arrangement

The Jai Balaji Group is an active player in the mid size steel segment in Eastern India for over a decade. The company is already selling sponge iron and steel billets to various consumers in Eastern India and parts of northern India.

We are envisaging selling around 80,000 tonnes of steel billets and 80,000 tonnes of TMT Bars per annum. The rolling mill sector in eastern India and the north Indian and north eastern states is quite prevalent. There are more than 100 large and mid size rolling mills in this region and the group has built a very strong reputation over a period of time and as such we don't foresee any problem in selling the billets produced by the company.

In case of TMT bars, we have already branded the product in the name of “**Balaji Shakti**” and the product has received very good response from the market. In view of the booming real estate and infrastructure scene in eastern India in particular, we foresee no problem in selling our branded construction steel products.

Locational advantage

Site selection for setting up of Integrated Steel Plant is governed by: (i) Proximity to sources of iron ore which is the main raw material, (ii) proximity to sources of Coke or coal, (iii) reasonable proximity to end users and (iv) availability of necessary infrastructure like Railway, Roadways, Power, Manpower and Water.

- The proposed plant is located near Durgapur at Banskopa, PO Rajbandh, District: Burdwan, West Bengal. The site is 1.5 kms away from the GT Road. The site is about 180 kms from Kolkata, about 40 kms from Asansol, and 3 kms from Durgapur railway Station. This site is close to the existing steel plant of Ultratech Cement Ltd. and Durgapur Steel Plant and many other mini steel plants.
- The proposed site is 280 km away from the supply region (Barbil, Keonjhar, Birmittapur in Orissa) of basic raw materials i.e. Iron Ore and Dolomite, 120 Kms away from the Haldia Port from where the Coke shall be imported and 40 Kms away from Raniganj, West Bengal

from where the good quality of non-coking coal with low ash and moisture contents shall be procured. Besides this Quartzite are easily available from nearby state of Jharkhand.

- The site is well connected with Rail and Road. The nearest main Railway station is Durgapur station on the Kolkata- Delhi main line.
- The nearest international Airport is located at Kolkata (Netaji International Airport). All other infrastructure facilities like housing; market, education, communication etc are well developed at Durgapur.
- Proposed location will have the power connection from Durgapur Projects Limited. However in order to rule out any possibility of interruption of production due to power failure the company has proposed installation of DG Sets.
- Water will be supplied by ADDA and can be tapped within 6 kms of plant location or any mutually agreed point.
- Availability of Skilled labour will not pose any problem as various engineering institutes are located in Kolkata and near by town. In fact Durgapur has its own Regional Engineering College.
- Existing manufacturing units of Jai Balaji Group are located within a radius of 50 Kms from the proposed plant, which again offers a reasonable locational advantage.

The nearest towns are Durgapur and Asansol where all necessary civil amenities (e.g. educational institution, college, school, hospital etc) are available. The total population of Durgapur is about 5 lakhs.

West Bengal Capital investment subsidy Scheme 2000

Under The West Bengal Incentive Scheme, 2000 introduced by the Government of West Bengal we are eligible for getting the following incentives and benefits. The same has been confirmed by WBIDC vide the eligibility certificated no. INC 2000EC-136B dated 1st August 2003.

- **State Capital Investment Subsidy**

The Company shall be eligible for a state capital investment subsidy at the rate of 15% of the fixed capital investment made subject to a limit of 150 lakhs.

- **Industrial Promotion Assistant:**

The company shall be eligible for Industrial Promotion Assistance up to 75% of the sales tax paid in the pervious year for a maximum of 15 years, subject to a cap of 100% of the fixed capital investment if the commercial production commences within Dec 2004, excluding the tax paid (if any) on the purchase of raw materials. Where the investment would be in phases the above assistance would be available after crossing the limits of 25 crores (after the commencement of commercial production and up to Dec 2004) as per the declaration of the company unless otherwise indicated.

- **Waiver of Electricity Duty:**

The company shall also be eligible for waiver of electricity duty on the electricity consumed by the approved project for its production/operational activity for a period of 5 years commencing from the start of the commercial production of the company.

- **Employment Generation Subsidy:**

The company shall also be eligible for employment generation subsidy in the form of reimbursement to the extent of 50% of the expenditure incurred for the approved project by the company for paying its contribution towards Employee State Insurance, Employees Provident Fund for a period of 5 years.

- **Remission of Stamp duty and Registration Fee:**

The company shall also be eligible for exemption of 50% of the stamp duty and registration fee, which is to be paid while registering the documents relating to the purchase /acquisition of land where the buildings of the approved project are proposed to be set up within the state, and the company shall also be eligible for 50% exemption on stamp duty on the purchase of land up to 35 acres for the pig iron & TMT bar project.

INDUSTRY OVERVIEW

Introduction

One of the most useful and versatile material, steel is considered to be the backbone of human civilization. As the steel industry has tremendous forward and backward linkages in terms of material flow and income and employment generation, the growth of an economy is closely related to the quantity of steel used by it.

Steel has been one of the oldest industrial sectors in India. It has also been the first to get liberalized and partially controls lifted from it in 1991. There have been massive capacity additions by all steel majors and several new groups made forays into primary and secondary steel market in the first phase of liberalization in early 90s. The major costs of the industry are the costs of iron ore, limestone, coal and power. While the country is rich in iron ore and limestone, its quality of coal is poor and power costs are high. The industry enjoys inherent advantages in terms of availability of raw material and cheap labour.

Finished steel is produced in the form of flat and non-flat products and is normally available from integrated steel plants or secondary producers covering mini steel plants and re-rollers. Bars and rounds along with structural heavy rounds belong to the category of long products of steel and generally produced from billet/ingot in rod mill/structural mill. These products play very significant role in the development of both the industrial and constructional sector of the country.

Global Scenario

- In 2004 World Crude Steel output at 1.05 billion metric tons was 8.7% more than the previous year. (*Source: World Steel Dynamics*)
- China remained the world's largest Crude Steel producer in 2003 also (220.12 million metric tons) followed by Japan (110.51 million metric tons) and USA (91.36 million metric tons). India occupied the 8th position (31.78 million metric tons). (*Source: IISI*)
- Asia accounts for about 40% of global demand, which is expected to reach 50% in the next few years as demand growth is projected to be more in this region.

The following significant developments have been witnessed recently in the global steel scenario:

- Spate of mergers and acquisitions all over the world in the steel industry involving cross border acquisitions and mergers.
- China has emerged as the most vibrant market for steel production and consumption.
- Crisis of excess capacity and prevalence of market distorting practices in the global steel market has induced protectionist measures from a number of steel trading countries.
- IISI has projected an increase by 6.2% or 53 million metric tonnes in 2004 in the global consumption of finished steel products. IISI has split the growth into two separate areas, China and the Rest of the World (ROW). Steel consumption in China has been estimated to increase by 13.1% or 31 mmt in 2004.

Indian Scenario

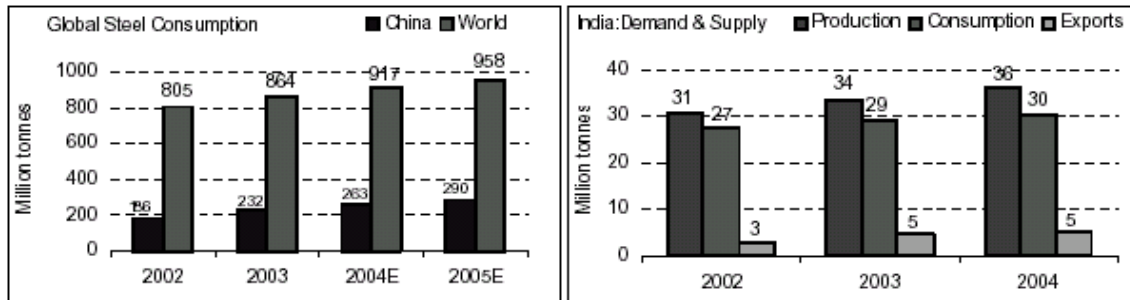
The steel industry witnessed a remarkable turnaround, buoyed by a spurt in the international prices. The domestic industry capitalized on this buoyancy, with a sharp surge in exports, particularly to China. **In the domestic market, user industries like automobiles, housing and infrastructure sector and the consumer durable sectors continue to report strong growth.** In 2003-04, production of finished carbon steel and Pig Iron was 36.957 million tonnes and 3.764 Million Tonnes respectively. In 2003-04, the main and secondary producers produced 43% and 57% of finished steels. (*Source: Crisinfac Reports*)

As per the estimates of Tenth Five-Year Plan (2003 to 2007), the construction sector (**housing and commercial, infrastructure, and industrial**) is set to grow at around 12%. It is estimated that the domestic demand for steel will remain buoyant at around 8-10% during 2004-05 and 2005-06, promising good fortunes for the players. Indian steel producers performed well during the fiscal 2003 and 2004, despite the global industry being faced with one of the most challenging operating and business environments in the last decade. With improved pricing and worldwide demand growth of steel products, most of the Indian steel

manufacturers reaped the benefits of increased exports, reporting substantial improvement in profitability and overall financial position.

Global and domestic steel demand: remains firm

A 5.3% CAGR in global steel consumption is expected until 2005 (2003-05). Growth in China, which accounts for nearly 30% of global steel consumption, is expected to slow down – from over 20% in 2003 to 13% in 2004. Steel consumption in India grew 5% whereas exports surged 16% in FY2004. Steel production grew 7.4% in FY2004. Between April and September 2004, domestic consumption grew 6%.



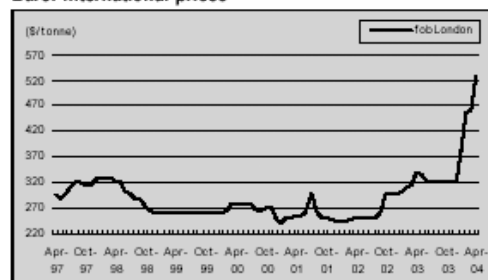
International steel prices remain firm and are ruling at nine-year high in November 2004. In H1 FY2005, prices of TMT Bars, internationally, have shot up approx. 20%, YoY from Rs.20500/Mt to Rs. 24500/Mt. Prices of Billets; on the contrary have shot up 18% approx. YoY from \$300/MT to \$350. The high growth in international prices in Q2 FY2005 was due to the low base effect. We believe that prices are likely to remain stable in the short term.

Billets: International prices



Note: Prices are monthly averages.
Source: Metal Bulletin

Bars: International prices



Note: Prices are monthly averages.
Source: Metal Bulletin

Overview on Infrastructure developments in India

Infrastructure

Good infrastructure is a must for any country to help its economy grow. This is more important for the developing countries like India. However, the state of infrastructure in India continues to be abysmal, and is a major obstacle in its economic competitiveness. The pace of infrastructure development is sluggish and tardy and the level of private and public investment in infrastructure is unacceptably low.

Infrastructure development has begun to pick up over the past two years, driven by government initiatives as well as private participation. Innovative schemes of financing and low rates of interest have made it easier and cheaper to fund large projects. The assessment of projects in key infrastructure sectors like roads, ports, railways and power plants, indicates prospective investments of Rs. 6,19,600 cr over the next five years.

The construction sector, which accounts for nearly 50% of the total investment in any sub-segment of infrastructure, would be the biggest beneficiary of the surge in infrastructure investment over the next 3-4 years. It is estimated that the construction potential from the total investment in infrastructure over the FY2004-FY2008 will be at Rs.4,09,400 cr, a 30% increase over the period FY2000-FY2004. (Source: Crisinfac Reports)

The growth in construction sector will in turn lead to an upsurge in the demand of construction steel in a major way and will benefit all the steel producing companies substantially.

Roads

Financed by a cess of Re. 1 per litre of diesel and petrol - which was raised to Rs 1.50 in the Union Budget 2003-04 - road-building projects have been major successes. The Golden Quadrilateral project spans 5,846 kilometres, and envisages strengthening and four-laning of highways connecting Delhi, Mumbai, Chennai and Kolkata. According to data released by the Government of India, over 1,400 kilometres (or 24%) have been already four-laned; all contracts have been awarded for the remainder, and the projects are being implemented.

India's road coverage is excellent on paper. On a broad level, India's road network can be divided into national highways, state highways and rural roads. Table 1 gives the current status of these roads:

Table 1: Indian Road Network

	Length (In kms.)	Percent
National Highways	58,112	1.8
State Highways	137,119	4.1
Major District Roads	470,000	14.2
Rural Roads	26,50,000	79.9
Total length	33,15,231	100.0

Source: NHAI

The geographic coverage of India's highway network, almost 0.66 km of highway per sq. km of total road area compares well with the United States of America (0.65 km.) and is four times superior to China (0.16 km). However the quality of roads is poor. China's highway network comprises 15,000 kms. Of 4-6 lane expressways that were constructed very swiftly over the last 10 years. In contrast, only about 3000 kms of India's highways is 4 lanes; the rest is 2-lane or less. Further, expressways do not link major economic centers. About a quarter of the highways is surfaced with bitumen or concrete and only a fifth is surfaced with water-bound macadam. The rest are unpaved. The condition of the roads is not laudable either. The World Bank in 2002 classified 25% of the national highways, as being of "poor quality", and more than 50% of state highways was labelled as "poor" or "very poor". Of the 6,61,000 Indian villages, 40% was not connected by all-weather roads to market centers and major road networks. The resultant toll on the economy is huge. The Rakesh Mohan Committee Report on Infrastructure (1996) estimate losses of the range of US \$6-6.5 billion annually due to poorly developed roads. 25% highways are congested. The average speed of trucks and buses in India is almost half of the average international speed.

Having recognised the same the Government of India has taken full-fledged measures in development of Indian Roads.

Golden Quadrilateral and North-South East-West Corridor

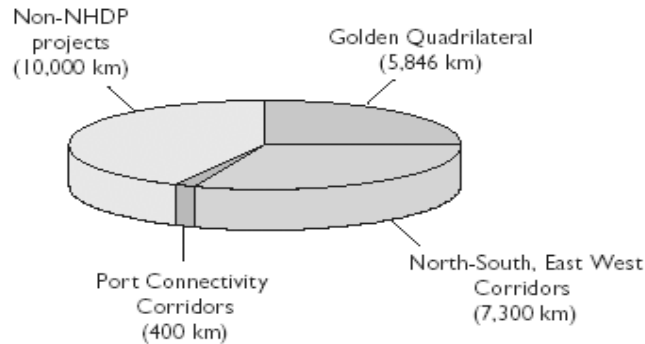
The National Highway Development Project (NHDP) has two major projects to develop highways: Golden Quadrilateral (GQ), and the North-South East-West (NSEW) Corridor. The 5,846km-long GQ will connect the country's four main metros (Mumbai, Delhi, Chennai and Calcutta), and is expected to be completed by 2006. The 7,300km-long NSEW corridor will connect Srinagar to Kanyakumari, and Silchar to Porbandhar, and is to be completed by 2009. These two projects will constitute a 13,146km network of four and six-laned highways that will provide road connectivity to major ports.

Power

India has a total installed power-generation capacity of 105,000 MW. The growth in generation capacity has lagged behind demand for power, so the country has a significant deficit. The government's programme "**Power for all by 2012**" aims to close this gap. The recently passed Electricity Act is a landmark reform for the sector, as it allows private-sector participation in transmission and distribution (T&D), and delicenss the generation of power. Another major reform is the tripartite agreement (TPA) between SEBs, the central government, and the RBI, for one-time settlement of SEBs' dues to central utilities.

With these reforms, the power sector is poised for fresh investments of an estimated Rs1,71,700 cr over the next 6-7 years. Of this, about Rs.92,600 cr would flow to the order books of construction companies, which in turn will benefit the construction steel companies.

Exhibit 20: 24,286kms of road projects under execution



Source: NHAI

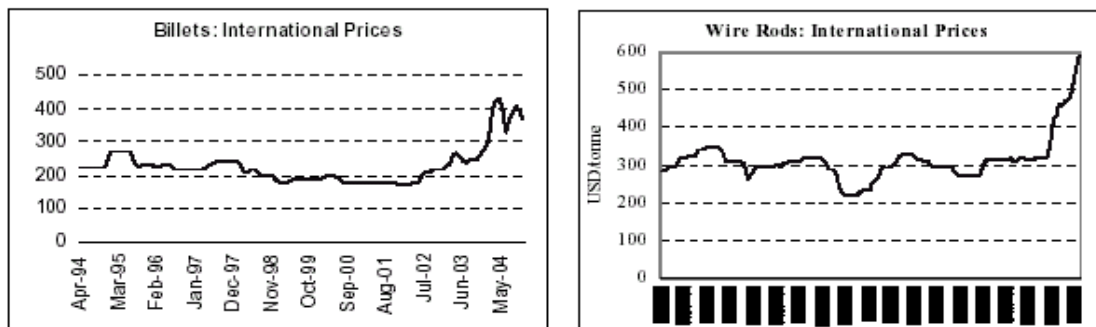
INDUSTRY STRUCTURE

(a) Long products: an overview

Long steel products, comprising bars, rods, structural and rails, are primarily used in sectors such as construction, housing, infrastructure and railways. Longs constitute 45% of steel production in India.

Over the last five years (FY2000-04), a 4% CAGR has been seen in demand for long products. Consumption in FY2004 has grown relatively faster – at about 5%. Prices of long products have remained firm – in line with the overall rise in steel prices.

International prices of wire rods during H1 FY2005 have risen 47%, whereas those of billets have climbed 50%.



Bars and Rod Production in the country

Various studies conducted by reputed agencies with regard to long products in the Eastern region show that there is substantial gap between demand and supply and this would increase as constructional activities gather pace in the next few years.

Considering past and present trend of consumption of steel and country's future industrial and economic planning the demand of finished steel as projected by working Group of Iron & Steel for 8th five year plan and the task force constituted by Government of India is 42.0 million tons for 2006-07 and 57.0 million tons for 2011-12. Out of this the demand for bars and rods for 2011-12 is 15.23 million tons and 21.13 million tons respectively. Subsequent to above projection working group on Iron & Steel for 9th Five Year Plan has projected the demand for 2005-06 at 48.8 million tons.

While estimating the demand for bars/rounds during this period it has been assumed that percentage contribution of demand of this product out of total steel demand as projected by Working Group for 8th Five Year Plan shall be similar for the 9th Five Year Plan also.

Thus the demand for bars and rods is projected for the 2005-06 is 17.7 million tons. It has been estimated against the demand there will be a shortfall of 9.9 million tons. If however an average 5% growth of production per year is considered from 2001-02 by way of expansion/better utilization of existing units the shortfall of bars/ rounds would be 8.2 million tons in 2005-06.

With the increase in constructional activities in various sectors like irrigation, dam, power plants, housing etc. the demand for rolled deformed bar in the form of TMT bar and cold twisted deformed bars are increasingly rapidly. There are about 60 re-rolling mills excluding Scrap Re-Rollers in the State of West Bengal of which 40 mills are running at present with their aggregate annual production of 4.8 lakhs tons.

A comparative study of demand – past and future of Long Products and steel structural in India is given below.

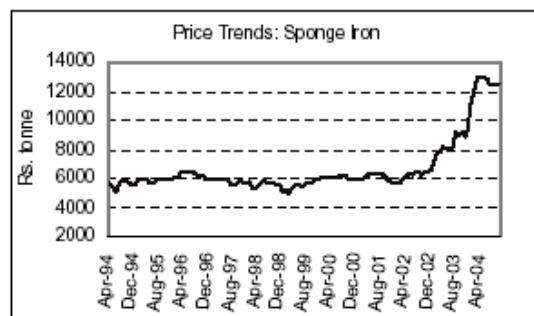
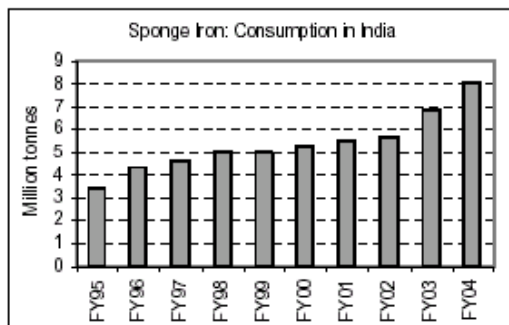
Year	Steel Structural (Million tons)	Bars, Rods, Steel Wires (Million tons)
1999-2000	2.92	8.55
2000-2001	3.10	8.95
2001-2002	3.30	9.40
2002-2003	3.52	9.87
2003-2004	3.75	10.36
2004-2005	4.00	10.88
2005-2006	4.25	11.42
2006-2007	4.50	12.00
2011-2012	6.00	15.00

(b) Sponge iron: an overview

In the steel-making process by the electric arc furnace (EAF) method, sponge iron is an intermediate product. Demand, supply and prices of sponge iron are closely linked with the dynamics of the steel industry.

Consumption: 10% CAGR (FY1999 to 2004)

India is the largest producer of sponge iron in the world, followed by Venezuela. Over the last five years, production has had a CAGR of 9%. During the same period, consumption grew at a CAGR of over 10%. However, the growth in demand in FY04 grew by 17% to over eight million tonnes.



Sponge iron prices: continue to be firm

The rise in steel prices has paved the way for the rise in prices of steel intermediaries. With high steel prices in domestic and international markets, sponge iron prices too have risen substantially – on an average by 43% in FY2004. The average increase for the period April to September 2004 was 51% over the corresponding period of the previous year at Rs.12,700 a tonne.

(c) Pig Iron Industry- An Overview

Pig Iron is one of the basic raw materials required by the foundry and casting industry for manufacture of various types of castings for the engineering sector. Pig Iron is also widely used as feedstock in Induction furnace with Sponge Iron for making steel.

Pig iron consumption

Pig iron consumption to grow at a healthy pace. CRIS INFAC expects pig iron consumption to grow moderately at 6-7 % during 2004-05 to 2008-09, riding on the back of the expected high growth in the automobiles and construction sectors. These sectors are likely to grow at 8-10.

Outlook for steel: remains positive

Unlike in 2003, the recovery in the global economy in 2004 has been relatively broad-based, with the US and Japan (recovering) in Q1 2004 growing at about 5% and 5.6%, respectively. China is expected to grow at 9% in 2004 and India at over 6% in FY2005. After having risen at 7% in 2003, a 5% CAGR in the global steel industry is expected till 2005. China's growth is expected to slow down to 13% in calendar year 2004. This slower growth is expected to ease the shortages in key raw materials such as iron ore etc. It is expected that lower demand for iron ore will further ease the prices of key inputs. We expect steel prices to remain stable on the back of stable raw material prices and slower growth in supply.

Demand for steel in India is expected to grow at 6-7%, driven by growth in housing, infrastructure, consumer durables and automobiles.

The outlook on the Indian sector is primarily driven by the outlook on the global steel sector. However, considering the GDP growth estimated during the current and next year, it is expected that the Indian steel sector will fare better than its counterparts in other countries. This is based on the assumption that the end-user segments will grow significantly given the special thrust on the construction industry and infrastructure sector. Demand growth is estimated to be in line with GDP growth of 7% during the current and next year with growth in the second half of the year expected to come from increased domestic demand.

Protectionist measures by China and USA are expected to benefit India in the short term, given its status as a "developing nation;" demand growth from China and additional domestic demand is expected to provide additional impetus in the long term. Indian steel companies are, today, better positioned to manage their financial risk than they have been at any time during the last decade. A lower interest rate regime is expected to provide additional cushion.

IMPLICATION OF BUDGET 2004-05:

Budget (2004-05) has made certain provisions, which can have impact on SRBSL and industry as a whole.

- Reduction in custom duty from 15% to 10% on all primary, semi-finished & finished forms of iron and steel like ingots, billets, sponge iron, hot & cold rolled bars/rods/coils of non-alloy steel.
- The excise duty on steel products has been increased from 8 per cent to 12 per cent. The government has also indicated its intention of keeping steel prices in check. This will restrict player flexibility in terms of raising prices. The increase in excise duty will be beneficial for SRBSL to the extent of increase on account of reimbursement of excise duty, which may be available to the company for 5 years.
- In the long term, initiatives on the rural housing and water management front will have a favorable impact on demand.
- The imposition of an education cess of 2 per cent will result in a marginally higher landed cost. The education cess paid on domestic sales (on excise duties) is likely to be passed on to customers.

(Source: CRISIL Report on Budget 2004-05)

OUR HISTORY

Incorporation and Initial Progress

Incorporation:

We were incorporated on 6th day of May 2002 under the Companies Act as a private Limited Company and as such did not require any certificate for the commencement of business. Pursuant to the conversion of the company from a private limited Company to a Public Limited Company on the 26th day of November 2002 our name was changed from Shri Ramrupai Balaji Steels Private Limited to Shri Ramrupai Balaji Steels Limited.

Main Objects of The Company:

Our main objects of the company as set forth in the Memorandum of the Company are as follows:

- To set up mini steel plants, integrated steel plants, composite steel plants, hot rolling steel mills, cold rolling steel mills, bloom and billets mills, steel furnaces, concasts rolling mills, induction furnace, for the manufacturing, producing, converting, extracting, treating and processing all types grades and sizes of steels, stainless steel, sponge iron, pig iron, high speed steels, die steels, electric steels, case hardening steel or any other kind of steels present and future and any product by product and act as an agent, broker, stockists, trader, buyer, seller, importer, exporter, job worker or otherwise.
- To carry on in India or elsewhere the business of manufacturing, producing, processing, melting, converting and to act as agent, broker, buyer, seller, trader, importer, exporter or otherwise to deal in ferro alloys of all grades and forms such as silico calcium, silico chrome, ferro tungsten etc.
- To carry on in India or elsewhere the business of prospecting, exploring, operating and working on mines, quarries for coal, iron ore and other minerals and for this purpose survey, discover and to acquire by purchase, lease, license from Govt, semi government, local authorities, private bodies and other persons rights, powers privileges for obtaining mines quarries deposits etc for the accomplishment of the above objectives.
- To carry on In India or elsewhere the business to generate, receive produce transmit, distribute supply or otherwise to deal in electric power by establishing thermal power plant, hydraulic power plant, atomic power plant, wind power plant, solar power plant, gas based power plant where the gases generated from waste, husk, biomass etc or other power plants based on any source of energy as may be developed or invented in future and for this purpose acquire concessions, facilities or licenses from electricity board, government, semi government, local and other authorities and bodies.

Changes in the Memorandum of Association:

Since our incorporation following changes have taken place in our Memorandum of Association:

Date of Amendment	Amendment
25-Nov-02	Change in the name of the company pursuant to the change in the status of the company from Private Limited to Public Limited Company. The certificate for the change of name was issued on November 26, 2002.
15-Feb-03	Increase in the authorised share capital of the company from Rs. 25 lacs to Rs. 2000 lacs.
28-Aug-03	Increase in the authorised share capital of the company from Rs. 2000 lacs to Rs. 4000 lacs.
24-June-04	Increase in the authorised share capital of the company from Rs. 4000 lacs to Rs. 6000 lacs.
30-Sept-04	Increase in the authorised share capital of the company from Rs. 6000 lacs to Rs. 7500 lacs.

The details of the capital raised are given in the section Capital Structure on page 15 of the Draft Red Herring Prospectus.

SELECTED FINANCIAL DATA

The following financial data have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and restated as described in the Auditor's Report of Rashmi & Co, Chartered Accountant dated December 10, 2004 in the section entitled "Financial Statements" on page 93 of the Draft Red Herring Prospectus. You should read this financial data in conjunction with our financial statements (as restated) for period ended March 31, 2004 and September 30, 2004 including the notes thereto and the reports thereon, which appear elsewhere in the Prospectus, and "Management's Discussion and analysis of financial condition and results of operations".

The accompanying significant accounting policies and notes are integral part of this statement.

ANNEXURE-I: SUMMARY STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

(Rs in Lacs)

	Particulars	As at	As at	As at
		30.09.2004	31.03.2004	31.03.2003
A	Fixed Assets:			
	Gross Block	8,456.58	6,749.69	4.80
	Less: Depreciation	201.75	55.17	0.06
	Net Block	8,254.83	6,694.52	4.74
	Less: Revaluation Reserve	-	-	-
	Net Block after adjustment for Revaluation Reserve	8,254.83	6,694.52	4.74
	Capital work-in progress	200.87	635.96	629.66
	Total Fixed Assets (A)	8,455.70	7,330.48	634.40
B	Investments (B)	0.24	0.24	-
C	Current Assets, loans and Advances:			
	Inventories	2,559.39	1,631.48	-
	Sundry Debtors	7,573.18	3,415.59	-
	Cash & Bank Balances	318.13	323.62	8.21
	Loans and Advances	1,815.20	2,054.16	360.82
	Other current assets			
	Total (C)	12,265.90	7,424.85	369.03
D	Liabilities and Provisions:			
	Secured Loans	6,047.13	5,651.94	-
	Unsecured Loans	327.50	260.15	-
	Current Liabilities and Provisions	8,752.04	4,512.58	560.18
	Deferred Tax Liability	479.55	206.66	0.35
	Total (D)	15,606.22	10,631.33	560.53
E	Net worth (A+B+C-D)	5,115.62	4,124.24	442.90
F	Represented by			
	1. Share Capital (A)	4,152.76	2,499.08	300.58
	2. Reserves	970.93	326.01	(0.54)
	Less Revaluation Reserve	-	-	-
	Reserves (Net of Revaluation Reserves) (B)	970.93	326.01	(0.54)
	Share Application	-	1,308.38	154.40
	Miscellaneous Expenditure (C)	8.07	9.23	11.54
	Net worth (A+B-C)	5,115.62	4,124.24	442.90

ANNEXURE-II : SUMMARY STATEMENT OF PROFIT & LOSSES AS RESTATED

(Rs in lacs)

PARTICULARS			
For the period	Six month ended 30.09.2004	Year ended 31.03.2004	Year ended 31.03.2003
Income			
Sales			
Sales Manufacturing	4,326.50	780.33	
Sales Trading	5,597.57	3,050.27	
Sub Total	9,924.07	3,830.60	0.28
Other Income	7.75	4.51	0.02
Increase (Decrease) in Inventories	(264.90)	534.29	-
TOTAL	9,666.92	4,369.40	0.30
Expenditure			
Purchases	4,481.55	2,291.17	0.24
Raw Materials Consumed	3,152.48	981.73	-
Manufacturing Expenses	341.92	224.86	-
Administration Expenses	44.96	55.42	0.19
Other Expenses	1.16	2.31	
Payment to and Prov for Employees & Directors	52.39	22.72	-
TOTAL EXPENDITURE	8,074.46	3,578.21	0.43
Net profit before Interest, Depreciation, Tax and Extraordinary items.	1,592.46	791.19	(0.13)
Interest	411.71	158.84	-
Depreciation	146.58	55.11	0.06
Net Profit before tax and Extraordinary Items	1,034.17	577.24	(0.19)
Provision for Taxation	116.36	44.38	-
Provision for Deferred Tax	272.89	206.31	0.35
Extraordinary items (net of tax)			
Net Profit after Extraordinary Items as per audited balance sheet (A)	644.92	326.55	(0.54)
Adjustment on account of change in accounting policy (B)	-	-	-
Adjusted Profit & Loss (A-B)	644.92	326.55	(0.54)
Previous Year P&L	326.01	(0.54)	
Issue of Bonus Shares	-	-	-
Balance Carried To Balance Sheet	970.93	326.01	(0.54)

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

You should read the following discussion of our financial condition and results of operations together with our audited financial statements for the period ended March 31, 2004 and Sept 30, 2004, including the notes thereto and the reports thereon, which appear elsewhere in the Draft Red Herring Prospectus. These financial statements are prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and restated as described in the Auditor's Report of M/s. Rashmi & Company, Chartered Accountant in the section with the title "Financial Statements".

The following discussion is based on our audited financial statements (as restated) for the year ended March 31, 2004 and interim period ended September 30, 2004, which have been prepared in accordance with Indian GAAP, the Companies Act and the SEBI Guidelines and on information available from other sources. Our fiscal year ends on March 31 of each year.

i. Group Overview:

The Jai Balaji Group is one of the major groups in the steel segment in Eastern India. The business operation of the group has increased in progression by setting up different projects in the steel sector in the state of West Bengal and Orissa. The group has a total chain of value added products including Sponge iron, Pig Iron, Reinforcement Bars, Mild Steel & Alloy Rounds & Flats. The group has an experience of more than a decade in the steel manufacturing and has earned its name in the market for quality production of various steel products. Sri Sanjiv Jajodia, Sri Rajiv Jajodia and Sri Aditya Jajodia are the promoters of the group. The Gross turnover of the Group was about Rs. 190.00 Crores during the financial Year 2003-04 and has already crossed Rs. 248.54 Crores in the half year ending 30th September 2004.

ii. Our Company

We were incorporated on May 06, 2002 as a private limited company under the Companies Act, 1956 and subsequently converted into a Public Limited Company on November 26, 2002. Our proposed operation are a step towards forward integration for our group company, Jai Balaji Sponge Limited existing operations. We are setting up an integrated steel plant in Vill-Banskopa, P O Rajbandh- 712312, Durgapur in Burdwan District to manufacture sponge iron, pig iron, steel billets and TMT bars. We will be also setting up a 40MW captive power plant. The entire production of sponge iron and pig iron will be consumed in-house to produce steel billets which will than be rolled to produce TMT bars. As we have already commenced production of pig iron and sponge iron but our steel melting facility has not yet begun, we are selling the produce to outside customers. Once the in-house melting facilities are in place, we would not need to sell any sponge iron and pig iron to outsiders.

We have already acquired and possess 125 acres of land which has been allotted from Asansol Durgapur Development Authority (ADDA).

iii. The Process route

The process route selected for the manufacture of steel via the Sponge iron - Pig iron-induction Furnace –Continuous casting –TMT Bars and wire rods with major power supplied through captive source would ensure cost effective production of steel.

iv. Proposed Installed Capacities:

The Project is proposed to be implemented in two phases. The proposed installed capacities for various products are as follows:

SL.No.	Product	Phase I	Phase II
1.	Pig Iron	80,500 MTPA	
2.	Sponge Iron	1,20,000 MTPA	
3.	Rolling Mills	80,000 MTPA	
4.	Steel Billets Plant		1,76,418 MTPA
5.	Coal Washery		3,00,000 MTPA
6.	Captive Power Plant.		40 MW

v. Liquidity and Capital Resources

Liquidity

Liquidity is requirement for timely implementation of the Project, in turn to avoid any cost over run. In the past to meet our liquidity requirements, we have primarily relied upon borrowings and fresh issue of capital.

Cash Flow

The table below summaries the cash flow for the period ended March 31, 2004 and six months ended September 30, 2004.

(Rs in lacs)

Particulars	Six months ended September 30 th 2004	Financial Year Ended March 31 st 2004
Cash Flow from Operating Activities	862.43	(2043.40)
Cash Flow from Investing Activities	(1264.05)	(6746.92)
Cash Flow from Financing Activities	396.13	9105.73
Net Cash Increase/(Decrease) in Cash & Cash Equivalents	(5.49)	315.41

vi. Fresh Issue of Shares

During the six months ended September 30, 2004, 16,536,800 shares of the face value of Rs. 10 each were issued at par to the following persons:

Date of allotment	Person to whom Allotted	No of Shares	Issue Price	Category
07-Apr-04	Others	2,750,000	10	Others
07-Apr-04	Hari management Limited	10,085,000	10	Promoter
26-Apr-04	Others	1,930,000	10	Others
20-Sep-04	Aditya Jajodia	248,800	10	Promoter
20-Sep-04	Others	1,250,000	10	Others
20-Sep-04	Jain Vanijya Udyog Ltd	273,000	10	Promoter Group
	Total	16,536,800		

Subsequent to September 30, 2004, further 4,472,400 equity shares of the face value of Rs. 10 each were issued at par. The details of the same are as follows:

Date of allotment	Person to whom Allotted	No of Shares	Issue Price	Category
28-Dec-04	Sanjiv Jajodia	1,210,000	10	Promoter
28-Dec-04	Rajiv Jajodia	1,050,000	10	Promoter
28-Dec-04	Gaurav Jajodia	300,000	10	Promoter Group
28-Dec-04	Aditya Jajodia	1,200,000	10	Promoter
28-Dec-04	Aashish Jajodia	300,000	10	Promoter Group
28-Dec-04	Others	248,600	10	Others
28-Dec-04	K.D Jajodia Steels Pvt. Ltd.	163,800	10	Promoter Group
	Total	4,472,400		

Information required as per Clause 6.8 of SEBI Guidelines.

1. Unusual or infrequent events or transactions

There have been no events, to the best of our knowledge, other than as described in the Draft Red Herring Prospectus in section "Financial Statements", which may be called "unusual" or "infrequent".

2. Significant economic changes that materially affected or are likely to affect income from continuing operation

With an overall upsurge in the Indian economy, the demand of iron and steel is at an all time high. This increase has resulted into demand of iron and steel products and the company is suitably placed to benefit out of this situation as the demand for the products is from the construction and infrastructure industry.

The increase initiative of the government in the infrastructure development has also lead to high requirement of steel products.

3. Known trends or Uncertainties

Uncertainty exist over the availability and price of our raw materials namely Iron Ore, Coal etc, and finished product viz. sponge iron, pig iron, steel billets and TMT bars etc. The risk on account of the above price fluctuation is reduced to a significant extent considering the fact that a rise in the price of basic raw material will be passed on in the form of increased price of the finished product. Other than as described elsewhere in the Draft Red Herring Prospectus, to our knowledge, there are no known trends and uncertainties that have or had or are expected to have a material adverse impact on revenue or income of the company from continuing operations.

4. Future relationship between costs and income

Other than as described elsewhere in this Draft Red Herring Prospectus, to our knowledge, there are no known factors, which will affect the future relationship between the costs and income, or which will have a material impact on the operations and finances of the Company.

5. Total turnover of each major industry segment in which the Company operates

Sales in value terms to the major segments of the industry made and traded by the company for six months ended September 30, 2004.

SL No	Major Segments	Rs. in Lacs	% age
1	Sponge Iron	645.51	6.37%
2	Pig Iron	876.89	8.65%
3	Steel Bars/Rods	8,483.08	83.70%
4	Scrap & Slag	129.30	1.28%
	Total	10,134.78	100.00%

6. New Products or business segments.

We will operate in following business segment – Sponge Iron, Pig Iron, MS.Billet, TMT Bars & Wire Rods. We are also in the process of setting up a 40MW captive power plant at the site for captive consumption. The company has already launched its TMT bar under the brand name of "**Balaji Shakti**" which has received a very encouraging response from the consumers. We are committed to focus on further brand awareness and quality improvement of our product in the times to come.

By setting up a captive power plant which will produce power through non conventional resources we will also qualify for CDM (Clean Development Mechanism) benefits. CDM is a mechanism by which Industrialised Nations can achieve part of their reduction obligations through projects that reduce or fix/sequester carbon in Developing Countries.

7. Seasonality of business

Our business is not seasonal.

8. Dependence on single or few suppliers/customers

Currently there are many suppliers of iron ore and coal in India and dependence on few suppliers is not likely to occur. Moreover the company has already entered into long term understanding for supply of iron ore with Tarini Minerals Pvt Ltd in Orissa and OMDC. It has also got linkages for coal with Mahanadi Coal fields Limited.

The company sells its product i.e TMT bars and steel billets to various dealers and rolling mills in eastern and northern India and dependence on single or few customers is non-existent

9. Competitive Conditions:

The company is suitably placed to have a competitive edge over its competitors due to the following reasons:

- Integrated Steel Plant with captive power generation out of waste heat & gas. Environment friendly, as the pollutants are judiciously utilised to generate power.
- Assured supply of iron ore through long term supply arrangements
- Substantial in-house Capacity for sponge iron production and pig iron
- Captive power generation for steel melting
- State of art rolling mill facilities
- Brand recognition of the TMT bar under the brand name of "Balaji Shakti"
- Market reputation of the promoters

The company has already applied for coal blocks and iron ore blocks in the state of Jharkhand for meeting its raw material requirements.

The fragmented structure of the sector possesses a good opportunity for a medium/large industry houses to distinguish itself from the lot and create a position of strength by having a diversified product mix and a varied product penetration along with the necessary infrastructure for quality production.

10. Significant developments that may affect our future results of operations:

Save as stated elsewhere in the Draft Red Herring Prospectus, to our knowledge, no circumstances have arisen since the date of the last financial statement as disclosed in the Draft Red Herring Prospectus which materially and adversely affect or is likely to affect the trading or profitability of our Company, or the value of our assets, or our ability to pay our liability within the next twelve months.

The Directors confirm that there have been no events or circumstances since the date of the last financial statements, which materially and adversely affect or likely to affect the profitability of the company or the value of its assets or its ability to pay its liabilities within the next twelve months.

OUR MANAGEMENT

Our present Board of Directors comprises of the following Members:

Sr. No.	Name, Designation, Father's Name, address, Occupation and Term	Age (Years)	Other Directorships
1.	Mr. Aditya Jajodia Chairman and Managing Director S/o Late R Prasad Jajodia 5, Bentinck Street Kolkata – 700 001 Business Term : For 5 years beginning 30 th Sept 2004. Not to retire by rotation.	(34 yrs)	1. Jai Balaji Sponge Limited 2. Chandi Steel Ind. Ltd. 3. Enfield Suppliers Limited. 4. Jai Balaji Jyoti Steels Ltd. 5. Shri Sarvasarai Balaji Steel Ltd. 6. Shri Sumangalaya Balaji Steel Ltd 7. Jai Salasar Balaji Industries Pvt Ltd.
2.	Mr. Sanjiv Jajodia Non Executive Director S/o Late Kesar Deo Jajodia 5, Bentinck Street Kolkata – 700 001 Business Term : Liable to retire by rotation	(40 yrs)	1. Jai Balaji Sponge Limited 2. Chandi Steel Ind. Ltd. 3. Enfield Suppliers Ltd. 4. Hari Management Ltd. 5. K.D. Jajodia Steel Ind. Pvt. Ltd. 6. Shri Sarvasarai Balaji Steel Ltd.
3.	Mr. Rajiv Jajodia Whole time Director S/o Late Kesar Deo Jajodia 5, Bentinck Street Kolkata – 700 001 Business Term : For 5 years beginning 22 nd December 2004. Not to retire by rotation.	(39 yrs)	1. Jai Balaji Sponge Limited 2. Chandi Steel Ind. Ltd. 3. Enfield Suppliers Ltd. 4. Jai Balaji Jyoti Steels Ltd. 5. Shri Marutaye Balaji Steels Ltd. 6. Jai Salasar Balaji Industries Pvt. Ltd 7. K.D.Jajodia Steel Industries Pvt. Ltd 8. Shri Sarvasarai Balaji Steel Ltd. 9. Shri Sumangalaya Balaji Steel Ltd.
4.	Mr. Ashim Kumar Mukherjee Independent Director S/o Late Rabindra Nath Mukherjee 58/66, Prince Anwar Saha Road, Kolkata – 700 045 Consultant Term : Till the next Annual General Meeting	[61 yrs]	None
5.	Mr. Angshuman Ghatak Independent Director Late Manuja Nath Ghatak Flat G, Manuja Towers, 32, Hazra Road, Kolkata – 700 029 Consultant Term : Till the next Annual General Meeting	[74 yrs]	T. M. Consultants Network Pvt Ltd.
6.	Mr. Kashi Nath Jalan Independent Director Late C.L Jalan 6/1/1, Queens Park Kolkata-700019 Business Term : Till the next Annual General Meeting	[63 yrs]	1. Calcutta Leather Complex Ltd. 2. M. L. Dalmiya & Co. Ltd. 3. Derby Exports Limited 4. Eurasian Exim Ltd 5. Trindent Holdings Ltd. 6. Derby Global Finance Ltd. 7. Swaika Vanaspati Foods Pvt Ltd 8. K.R Investments Pvt Ltd 9. Derby International Ltd. 10. Derby Exim Pvt Ltd

Brief Profile of the Directors

Please refer to the section on Our Promoters for brief profile of Shri Aditya Jajodia, Sanjiv Jajodia and Rajiv Jajodia.

Mr. Ashim Kumar Mukherjee

Mr. Mukherjee is an expert in the field of mining of ferrous metals. He has an experience in the industry of over four decades. He possesses a Bachelor of Engineering degree in Mining from the University of Calcutta and has also been awarded with a First Class Mine Manager's Certificate of Competency to manage a Metalliferous Mine (Restricted) in the year 1979. He has worked in various capacities and areas in mining of ferrous metals and retired as Chairman –Cum –Managing Director of Bird Group of Companies under the Ministry of Steel, Government of India. He is a member of Mining Engineers Association of India and is also an active member of Society of Geo-Science & Allied Technology, Bhubaneswar.

Mr. Angshuman Ghatak

Mr. Ghatak is a technocrat. He has closely worked with companies like Damodar Valley Corporation, West Bengal State Electricity Board etc. He is a Bachelor of Engineering [Mechanical] from Roorke University and also a fellow member of Institute of Engineers of India, Member American Society of Mechanical Engineers, Member Association Of Consulting Engineers and some other professional bodies. Presently he is working as consultant partner in T.M.Consultant Network Pvt. Ltd, Kolkata.

Mr. Kashi Nath Jalan

Mr. Jalan is a Chartered Accountant with an experience of 30 years in the Industry. He is a Fellow member of the ICAI, Fellow member of FBIM [UK] and the past president of Institute of Internal Auditors of India. For the past 5 years he is in the business of export dealing in finished leather shoe uppers, tea, jute and cosmetics.

Shareholding of our Directors

The shareholding of our directors on the date of the issue of the Draft Red Herring Prospectus is as follows.

Sr. No.	Director	No. of Shares.	Date acquired.
1	Mr. Aditya Jajodia.	20000 109700 434000 248800 355000 1200000	7 th Oct,2002 20 th Feb,2003 6 th Sept,2003 20 th Sept 2004 11 th Oct 2004 28 th Dec 2004
2	Mr. Sanjiv Jajodia	5000 20000 993800 390000 1210000	6 th May,2002 7 th Oct,2002 20 th Feb,2003 6 th Sept,2003 28 th Dec 2004
3	Mr. Rajiv Jajodia	5000 20000 707300 430000 1050000	6 th May,2002 7 th Oct,2002 20 th Feb,2003 6 th Sept,2003 28 th Dec 2004
4	Mr.Angshuman Ghatak	Nil	
5	Mr.Kashi Nath Jalan	Nil	
6	Mr. Ashim Kumar Mukherjee	Nil	

Term of Office of Directors

Our company has two directors Mr. Aditya Jajodia Chairman and Managing Director and Mr. Rajiv Jajodia, Whole Time Director who have been appointed for a term of 5 years and are not liable to retire by rotation. Details of service contracts and remunerations are disclosed in the section entitled "Remuneration & Terms of appointment of Managing Director" on page no. 147.

Changes in the Board of Directors during the last three years

Changes in our Board of Directors in the last three years are as follows:

Name	Date of Appointment	Reason
Mr.Sanjiv Jajodia	3 rd May 2002	Appointment
Mr.Rajiv Jajodia	3 rd May 2002	Appointment
Mr.Aditya Jajodia	7 th Oct 2002	Appointment
Mr.Aditya Jajodia	30 th Sept 2004	Appointed as Chairman and Managing Director
Mr. Angshuman Ghatak	1 st Nov 2004	Appointment as Additional Director
Mr.Kashi Nath Jalan	1 st Nov 2004	Appointment as Additional Director
Mr.Ashim Kumar Mukherjee	1 st Nov 2004	Appointment as Additional Director
Mr.Rajiv Jajodia	22 nd Dec 2004	Appointed as Whole Time Director

Corporate Governance

The directions issued by the SEBI vide SEBI/CFD/DIL/CG/1/2004/12/10 dated 29th October 2004 under Clause 49 of the Listing Agreement in respect of Corporate Governance will be applicable to us immediately upon seeking in principle approval from the Stock Exchanges for listing of our Equity Shares on the various stock exchanges. We have already undertaken steps in this direction to ensure compliance with the requirements pertaining to Corporate Governance as would be applicable to us on filing of the Draft Red Herring Prospectus. In this regard, we have broad based our Board of Directors and also set up the necessary Committees as per the requirements of the directions such as shareholding/ investor grievance committee, audit committee and remuneration committee.

Audit Committee

Vide Board resolution dated 1st November 2004 an audit committee in compliance with Section 292A of the Companies Act and clause 49 of the Listing Agreement has been formed. The Audit Committee has been constituted with the following directors :

1. Shri Kashi Nath Jalan – Independent Director-Chairman
2. Shri Angshuman Ghatak - Independent Director-Member
3. Shri Sanjiv Jajodia- Non Executive Director- Member

The Audit Committee shall have full access to information contained in the records of the Company and external professional advice, if necessary.

The scope of Audit Committee shall be:

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

The Audit Committee also has powers as provided in Clause 49A of the Listing Agreement. The Company Secretary of the Company shall be the Secretary to the Audit Committee.

Chairman of the Audit Committee shall attend the annual general meetings of the Company to provide any clarifications on matters relating to audit as may be required by the members of the Company.

Remuneration Committee

Remuneration Committee has been formulated vide Board resolution dated 1st November, 2004 consisting of the following directors viz.

1. Shri Angshuman Ghatak- Independent Director-Chairman
2. Shri Kashi Nath Jalan- Independent Director-Member
3. Shri Ashim Kumar Mukherjee -Independent Director-Member

Remuneration Committee shall have the powers of recommending the remuneration package of all Directors as per the requirements of the directions pertaining to Corporate Governance.

Remuneration Committee shall meet periodically as and when required to decide the remuneration package and related matters.

Shareholders Grievance Committee

Shareholders' Grievance Committee has been formulated vide Board resolution dated 1st November, 2004 consisting of the following directors viz.

1. Shri Ashim Kumar Mukherjee - Independent Director-Chairman
2. Shri Kashi Nath Jalan - Independent Director-Member
3. Shri Rajiv Jajodia – Whole Time Director- Member

Shareholders' Grievance Committee shall have the power to make decisions relating to redressal of Shareholders' grievances, which includes the duty:

- To dispose off the Shareholders' complaints, within 7 days from the date of receipt, in connection with non-receipt of shares, non-receipt of dividends, non-receipt of Annual Reports and general inquiry about the status of the Shares.
- To communicate to the concerned Stock Exchange and related parties replying to status of the respective complaints.
- Communication to the SEBI explaining satisfactory withdrawal of Shareholders' complaints.
- Any other matter related to Shareholders' grievances / complaints.
- Shareholders' Grievance Committee shall review the minutes of the meeting of the delegated authority who shall meet fortnightly for the redressal of Shareholders' grievances.

Key Managerial Personnel

Details of our key managerial personnel are as follows:

Name	Age	Qualification	Designation/ functional Responsibility	Total Experience (Yrs)	Date of joining	Previous Employment
Mr. Aditya Jajodia	34	B.Com (Hons)	Chairman Cum Managing Director	12 yrs	7 th Oct 02	Promoter of Jai Balaji Group
Mr. Rajiv Jajodia	39	B.Com	Whole Time Director	17 yrs	6 th May 02	Promoter of Jai Balaji Group
Mr. Anil Kumar Gulati	49	B.E (Mechanical) P G Diploma in Marketing & Sales	Director (Project)	28 yrs	15 th Dec 04.	DLF Power Ltd.
Mr. Ram Narayan Prajapati	52	B.Com,FCA, FCS,LLB	Secretary & General Manager, (Finance & Accounts)	25 yrs	June 04.	Associated Pigments Ltd.
Mr. Niranjan Gourisaria	45	B.Com	General Manager	25 yrs	Oct 04.	Steel related Business.

Mr.Ashok Chaudhary	43	B.Com	Manager Finance.	21 yrs	Feb 04.	Jai Balaji Sponge Ltd.
Mr. Anup Kumar Agarwal	34	B.Com	Manager (Sales & Raw Materials)	13 yrs	Oct 04.	Jai Balaji Sponge Limited
Mr.Nikhelesh Singh	33	Diploma in Mechanical Engineering	In charge Mechanical Sponge	10 yrs	Oct 04.	Shyam Sel Ltd.,Raipur Alloys & Steels Ltd.
Mohammad Yusuf	33	Diploma in Production Management. (B.Sc.)	In charge Sponge	11 yrs	Oct 04.	Sree Mettallick Ltd.,Barbil,Jindal Strips Raigarh
Mr. Susanta Kumar Baidya	31	Diploma in Met (Engineering)	Operations Incharge MBF.	9yrs6 mon.	Oct 04.	KIC Metalick.
Mr. Tapas Kr. Sarkar	45	Diploma In Mechanical Engineering, B.Sc., AMIE	Operations Incharge MBF.	20 yrs	Oct 04.	BTS & HSCL
Mr. Rajesh Agarwal	35	B.Com, CA Inter	Operations Incharge Rolling Mill	15 yrs	Oct 04.	Jai Balaji Sponge Limited
Mr. Arun Thatoi	36	AMIE Electrical	Electrical Foreman.	10 yrs	Oct 04	Nilachal Ispat Nigam Ltd.

All the above employees, Key Managerial Personnel are our permanent employees.

Shareholding of our Key Managerial Personnel

The shareholding of our Key Managerial Personnel as on date of this Draft Red Herring Prospectus is as follows:

Name	Shareholding
Mr. Aditya Jajodia Chairman Cum Managing Director.	2367500 Shares
Mr. Rajiv Jajodia Whole Time Director	2212300 Shares

Interest of the Directors

Please refer to the para on 'Interest of Promoters and Directors' under 'Statutory and Other Information' on page 149.

Family relation with Key Managerial Personnel (KMP)

No family relation exist between the promoters and KMP except:

Mr. Aditya Jajodia who is both promoter and also KMP.

Mr. Rajiv Jajodia who is both promoter and also KMP.

OUR PROMOTERS

PROMOTERS AND THEIR BACKGROUND.

1. Mr. Sanjiv Jajodia, Director.

Mr. Sanjiv Jajodia son of Late Kesar Deo Jajodia aged 40 years is a commerce graduate. He is engaged in steel business for the past 19 years. He is looking after administration and legal aspects of the company.

2. Mr. Rajiv Jajodia, Whole Time Director.

Mr. Rajiv Jajodia son of Late Kesar Doe Jajodia aged 39 years is a commerce graduate. He is engaged in steel business for the past 19 years. He was the first to set up a sponge iron plant in West Bengal and the project was completed in a record time of five months. He is one of the directors in Chandi Steel Industries Limited, which is one of the biggest rolling mills in Eastern region.

3. Mr. Aditya Jajodia, Chairman and Managing Director.

Mr. Aditya Jajodia son of Late Rajendra Prasad Jajodia aged 34 years is a commerce graduate. Mr. Jajodia is a dynamic young entrepreneur and is engaged in steel business for the past 12 years. He is looking after the financial and strategic aspects of the group and is the spearhead of the entire expansion plans of the Group. He is also chairman of Jai Balaji Sponge Limited.

Name of the Promoter	Mr. Sanjiv Jajodia	Mr. Rajiv Jajodia	Mr. Aditya Jajodia
Photo of the promoters			
Driving Licence No.	WB-01-120261	-	WB-01-122171
Passport Details	A0481128	A8331259	A0491992
Pan No.	ACHPJ8297P	ACHPJ8296N	ACYPJ5228P
Voter Id No	WB/21/144/285262	WB/21/144/285384	WB/21/144/285370
Name of Bank and Branch	The Federal Bank Ltd. Ballygunge Branch	The Federal Bank Ltd. Ballygunge Branch	The Federal Bank Ltd. Ballygunge Branch
Bank Account No.	Savings 4317	Savings 4036	Savings 4035

We confirm that the permanent account number, Bank account number of, Mr Sanjiv Jajodia, Mr. Rajiv Jajodia and Mr. Aditya Jajodia have been submitted to the NSE and BSE at the filing of this document with them.

4. Enfield Suppliers Limited

The company was incorporated on 12th Dec 1994 having its registered office at 25D, Harish Mukherjee Road, 1E, First Floor, Kolkata- 700 025 as Enfield Suppliers Pvt Limited. The Company converted itself into a Public Limited Company with effect from 27 March 2002. The Company changed its registered office to 5, Bentinck Street, 1st floor, Kolkata – 700 001 with effect from 8th April 2003. The company is currently engaged in investment in securities and providing of loans.

The company has applied to the Reserve Bank of India to be registered as a Non Banking Financial Company vide its application dated 8th July 1997. It is still awaiting its' NBFC registration number.

Date of Incorporation	12 th Dec 1994
Registration No	21-66507

NBFC Registration No	Applied For
Nature of Business	Trading in securities
PAN No.	AAACE5617N
Banker	Indusind Bank
Bank Account No.	0015-606274-050

The present directors of the company are:

Name of Director	Date of Appointment
Mr. Sanjiv Jajodia	8 th April 2003
Mr. Aditya Jajodia	8 th April 2003
Mr. Gaurav Jajodia	8 th April 2003

5. Hari Management Limited

The company was incorporated on 10th April 2003 with its registered office at 25D, Harish Mukherjee Road, 1E, First Floor, Kolkata- 700 025. The Company changed its registered office to 5, Bentick Street, 1st floor, Kolkata – 700 001 with effect from 15th September 2004. The company is currently engaged in Consultancy services and promotion of companies.

Date of Incorporation	10 th April 2003
Registration No	21-096043
Nature of Business	Consultancy
PAN No.	AABCH3030R
Banker	ABN Amro Bank Ltd.
Bank Account No.	848160

The present directors of the company are:

Name of Director	Date of Appointment
Mr. Sanjiv Jajodia	15 th Sept 2004
Mr. Devendra Prasad Jajodia	27 th March 2004
Mr. Aashish Jajodia	27 th March 2004

OUR GROUP COMPANIES AND AFFILIATES

The following are the other companies promoted by the Jai Balaji Group:

1. JAI BALAJI SPONGE LIMITED

Background of the Company

The company was incorporated on 1st July 1999 as Jai Balaji Sponge Pvt. Ltd having its registered office at 5, Bentinck Street, Calcutta – 700001, West Bengal. It has a sponge iron manufacturing unit of a capacity of 1,05,000 MT tonnes per annum at Mangalpur Industrial Estate Ranigunj Dist Burdwan West Bengal. The company has also set up an MS Ingot manufacturing unit having an installed capacity of 78,720 MTPA with four furnaces of a capacity of 6 tons each at Durgapur and Burdwan in West Bengal. The company is currently in the process of setting up a captive power plant with a capacity of 12 MW at its plant in Ranigunj the company is also in the process of setting up coal washery plant of 360,000 MTPA and Ferro alloy plant of 30,118 MTPA.

Board of Directors

The following are the Board of Directors of Jai Balaji Sponge Ltd as of January 1st, 2005.

Name	Designation
Mr. Sanjiv Jajodia	Whole time Director
Mr. Aditya Jajodia	Non-Executive Chairman
Mr. Rajiv Jajodia	Director
Mr. Mahesh Keyal	Independent Director
Mr. D.R.Patnaik	Independent Director
Mr. Ashok Kumar	Independent Director

The financial highlights for the last 3 years are given below

(Rs. In Lacs)

Year Ended March 31	2002 (Audited)	2003 (Audited)	2004 (Audited)
Total Income	2810.06	8345.39	12422.87
Profit after tax (PAT)	302.50	323.08	701.98
Share Capital ⁽¹⁾	1012.03	1457.48	2509.55
Reserves (excluding revaluation reserve)	393.77	592.09	1009.21
Miscellaneous Expenses	6.07	8.06	61.65
Earnings per share (EPS) (in Rs.)	2.99	2.22	2.79
Net Asset Value (NAV) per share (in Rs.)	7.00	14.01	13.75

Source: Audited Financial Statements

Notes:

1. Face value of each equity share is Rs. 10
2. For the calculation of Earnings Per Share and Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered.

Share Quotation

Highest and lowest price of equity as quoted on NSE in the last six months

Month	Highest (Rs.)	Lowest (Rs.)
July 2004	18.40	13.00
August 2004	18.40	13.50
September 2004	26.45	16.05
October 2004	24.90	21.50
November 2004	27.50	21.55
December 2004	37.60	24.60

Source www.nseindia.com

Last issue by Jai Balaji Sponge Ltd.

In October 2003, Jai Balaji Sponge Ltd made a public issue of 1,00,00,000 Equity Shares of Rs.10 each for cash at par aggregating Rs. 1000 Lacs. The details of which are as follows:

Name of the company	Jai Balaji Sponge Ltd.
Year of Issue	2003
Type of Issue	Public issue of Equity Shares
Amount of Issue	1000 Lacs
Date of closure of Issue	31 st October 2003
Date of completion of delivery of share certificates	1 st December 2003
Date of completion of the project	April 2004
Rate of dividend paid	10% for 2003-04

Statement regarding cost and progress of implementation schedule

a) The Funds requirement

Particulars	Amount (Rs. in lacs)
Installation of Pollution Control Equipments	581.00
To augment long term working capital resources	731.91
Issue and listing expenses	50.00
Total	1362.91

b) Utilisation of issue proceeds

Issue Proceeds	1000.00
Installation of Pollution Control Equipment	581.00
To augment long term working capital resources	369.00
Issue and listing expenses	50.00

Implementation Schedule

The company has seven 50 tpd sponge iron kilns (including the one, which is being installed currently) and would be required to set up three-sets of twin ESP's in the following order:

Twin Kilns Set	Schedule for implementation
Kiln 1,2 and 7	October 2003
Kiln 3 and 4	December 2003
Kiln 5 and 6	March 2004

The installation of all the three ESPs were completed by Jai Balaji Sponge Limited in the month of April 2004. There was a delay of 1 month in implementation of the machinery from the date as projected in the prospectus.

2. CHANDI STEEL INDUSTRIES LTD.

Background of the Company

Chandi Steel Industries Ltd was incorporated on 9th September 1978. The Company has a re-rolling Mill in the state of West Bengal for the production of rounds, square and flats. The company is listed at the Calcutta Stock Exchange Association Ltd.

Board of Directors

The following are the Board of Directors of Chandi Steel Industries Ltd as of January 1st, 2005.

Name	Designation
Mr. Rajiv Jajodia	Whole Time Director
Mr. Aditya Jajodia	Director
Mr. Sanjiv Jajodia	Director
Mr. Vijay Jhunhunwala	Independent Director
Mr. Ashok Kumar Jaiswal	Independent Director
Mr. Raj Mohan Choubey	Independent Director

The financial highlights for the last 3 years are given below.

(Rs. in lacs)

Year Ended March 31	2002 (Audited)	2003 (Audited)	2004 (Audited)
Total Income	647.05	659.05	957.48
Profit after tax (PAT)	0.98	1.20	1.28
Share Capital ⁽¹⁾	504.00	504.00	1053.61
Reserves (excluding revaluation reserve)	99.58	87.96	89.22
Miscellaneous Expenditure	0.48	0.63	10.63
Earnings per share (EPS) (in Rs.) ⁽²⁾	0.02	0.02	0.01
Net Asset Value (NAV) per share (in Rs.)	11.96	11.75	10.74

Source: Audited Financial Statements

Notes:

1. Face value of each equity share is Rs. 10
2. For the calculation of Earnings Per Share and Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered.

Share Quotation

Highest and lowest price in the last six months

There has been no trading in the equity shares of the Company on The Calcutta Stock Exchange Association Limited in the last six months. A portion of the shares of the company had been issued in physical form as the issue size was below Rs.10 crores and many shareholders have not applied for de-materialisation as yet.

Last issue by Chandi Steel Industries Ltd.

In November 2003, the company made a public issue of 55,00,000 Equity Shares of Rs.10 each for cash at par aggregating Rs.550 lacs. The details of which are as follows:

Name of the Company	Chandi Steel Industries Ltd.
Year of Issue	2003
Type of Issue	Public Issue of Equity Shares
Amount of Issue	550 lacs
Date of closure of Issue	12 th November 2003
Date of completion of delivery of share certificates	8 th December 2003
Date of completion of the project	Not yet implemented

Statement regarding cost and progress of implementation schedule

Funds requirement and utilization of issue proceeds

Particulars	Amount (Rs. in lacs)
Issue Proceeds	550.00
Cost of the project	525.00
Issue and listing Expenses	25.00

The company has a rolling mill having installed capacity of 10800 M.T. per year for the production of M.S. Alloy and Stainless Steel round, square and flats. The company had proposed expand its re-rolling mill by increasing installed capacity from 10800 M.T. to 44000 M.T. per year. The Project cost was estimated at Rs.525.36 lacs

Break up of Project Cost

Particulars (re-rolling division)	Amount (Rs. in lacs)
Land and Building	0.00
Factory Building	0.00
Plant and Machinery	272.12
Misc.Fixed Assets	85.16
Preliminary Exp	0.75
Contingencies	7.15
Margin Money for working capital	160.17
Total	525.35

The project as stated in the prospectus was contemplated to be implemented by April 2004. However, the management of the Company has decided against implementation of the project in the existing premises as expanding the re-rolling facilities in the Howrah area where the existing facilities are located were found to be unviable due to a sudden upsurge in the power cost. The re-rolling mills have relocated themselves to Durgapur and adjoining areas owing to this problem and all new units in West Bengal are coming up in this belt. The management is also in the process of identifying suitable location in the same belt to set up the facilities.

3. JAI SALASAR BALAJI INDUSTRIES PVT. LTD.

Background of the Company

The Company was incorporated on 04.08.95 having its registered office at 5, Bentinck Street, Kolkata-700001. It has a MS Ingot Manufacturing unit at Mangalpur Industrial Complex, Ranigunj, and Dist: Burdwan, West Bengal. The installed capacity of the unit is 16,600 TPA. The M.S. Ingots manufactured out of this unit is consumed by other group company namely M/s. Chandi Steel Industries Limited for production of end products such as rounds, angles and channels etc.

Board of Directors

The following is a list of members of the board of directors of Jai Salasar Balaji Industries Pvt. Ltd as of March 31, 2004

Name	Designation
Mr. D.P.Jajodia	Director
Mr. Aditya Jajodia	Director
Mr. Rajiv Jajodia	Director
Mr. Aashish Jajodia	Director

Financial Highlights

The financial highlights for 3 years are given below.

(Rs. in lacs)

Year Ended March 31	2002 (Audited)	2003 (Audited)	2004 (Audited)
Total Income	2181.24	3201.50	2268.60
Profit after tax (PAT)	13.75	8.33	11.77
Share Capital ⁽¹⁾	237.26	237.26	237.26
Reserves (excluding revaluation reserve)	59.73	29.09	40.48
Misc.Exp	0.32	0.73	0.50
Earnings per share (EPS) (in Rs.) ⁽²⁾	0.58	0.35	0.49
Net Asset Value (NAV) per share (in Rs.)	12.50	11.20	11.70

Source: Audited Financial Statements

Notes

1. Face value of each equity share is Rs.10
2. For the calculation of Earnings Per Share and Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered.

4. JAI BALAJI JYOTI STEELS LIMITED

Background of the Company

The company was incorporated on 21st April 2003 as M/s Jyote Iron and Steel Limited (later on changed as M/s Jai Balaji Jyoti Steels Limited) having its registered office at A/6, Commercial Estate, Civil Township, Rourkela- 769004, West Bengal. It has been incorporated basically for the purpose of carrying business of manufacturing, Trading, producing, crushing, acquiring, importing, exporting, buying selling treating etc, all kinds and classes of pig iron, sponge iron and steels of all kinds of ferrous and non ferrous metals and alloys, billets, pre-reduced billets, ingots etc.

Board of Directors

The following is a list of members of the board of directors of Jai Balaji Jyoti Steels Ltd as of December 31, 2004.

Name	Designation
Sri Aditya Jajodia	Director
Sri Navjyoti Patnaik	Director
Sri Alam Singh Rupra.	Director
Sri Rajiv Jajodia	Director

The financial highlights for the one year of operation since incorporation

(Rs. in lacs)

Year Ended March 31	2004 (Audited)
Total Income	20.90
Profit after tax (PAT)	0.00
Share Capital ⁽¹⁾	560.50
Reserves (excluding revaluation reserve)	20.91
Misc. Exp	0.00
Earnings per share (EPS) (in Rs.)	0.00
Net Asset Value (NAV) per share (in Rs.) ⁽²⁾	103.74

Source: Audited Financial Statements

Notes

(1) Face value of each equity share is Rs.100. Share Capital Includes Share Application Money pending allotment of Rs. 555.50 Lacs

(2) For the calculation of Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered.

The company has not made any public/right issue of its Equity Shares.

5. K.D.JAJODIA STEEL INDUSTRIES PVT. LTD.

Background of the Company

The Company was incorporated on 6th of November 1987 having its registered office at 3, Bentinck Street, Kolkata-700001. It has been incorporated for the purpose of producing steel and steel alloy ingots, steel and alloy steel etc. The company in the present financial year has been earning commission from the various transactions entered into by it in the steel industry.

Board of Directors

The following is a list of members of the board of directors of Jai Salasar Balaji Industries Pvt. Ltd as of March 31, 2004

Name	Designation
Mr. D.P.Jajodia	Director
Mr. Sanjiv Jajodia	Director
Mr. Rajiv Jajodia	Director

The financial highlights for last 3 years are given below.

(Rs. in lacs)			
Year Ended March 31	2002 (Audited)	2003 (Audited)	2004 (Audited)
Total Income	0.00	1.00	1.20
Profit after tax (PAT)	(0.17)	0.37	0.11
Share Capital ⁽¹⁾	149.30	149.30	189.30
Reserves (excluding revaluation reserve)	0.00	0.00	0.00
Miscellaneous Expenses	0.49	0.42	0.35
Earnings per share (EPS) (in Rs.) ⁽²⁾	(0.114)	0.25	0.05
Net Asset Value (NAV) per share (in Rs.)	99.00	100.00	100.00

Source: Audited Financial Statements

Notes

1. Face value of each equity share is Rs. 100.
2. For the calculation of Earnings Per Share and Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered.

A Synopsis of the Group Manufacturing Capacities is as follows.

The Jai Balaji Group Company	Location	Capacity ('000 tones per annum)					
		Sponge Iron	Pig Iron	Ingots	Rolling	Power (MW)	Coal Washery
Shri Ramrupai Balaji Steels Limited.	Durgapur	120.00	80.50	176.40	80.00	40.00	200.00
Jai Balaji Sponge Ltd.	Ranigunj and Durgapur	105.00		79.20		20.00	200.00
Jai Salasar Balaji Industries Ltd.	Ranigunj			16.60			
Chandi Steel Industries Ltd.	Howrah				108.00		
Jai Balaji Jyoti Steels Limited.	Sundergarh (Orissa)	120.00					300.00
Total		345.00	80.50	272.20	188.00	60.00	700.00

With an installed capacity of 345,000 tones for sponge iron and about 460,000 for semis and rolled products, the Jai Balaji Group is significant mid sized steel group in eastern India.

GOVERNMENT APPROVALS

In view of the approvals listed below, we can undertake this issue and the current and proposed business activities and no further material approvals other than those mentioned below are required from any government or any other authority to continue our activities.

Approvals Received

1. SIA Acknowledgement No. 2579/SIA/IMO/2002, dated October 10, 2002, of Company's entrepreneurial memorandum, for the manufacture of certain items Categorized under the National Industrial Classification ("NIC") broad description along with their proposed capacity was received in the name of Shri Ramrupai Balaji Steels Pvt. Ltd. On subsequent application being made the above has been amended to be in the name of Shri Ramrupai Balaji Steels Ltd. vide letter dated January 23, 2003 .The details are as follow:

NIC Item Code	Proposed item of Manufacture	NIC broad Description	Proposed Capacity
3304	Pig Iron	Manufacture of Pig iron other than in the Integrated Steel Plants	300000 MT
3322	All Ferro alloys product-ferro alloys silico manganese, ferro silicon, ferro manganese ferro chrome	Manufacture of Ferro alloy other than through alumino-thermic process and other than in integrated steel plants	25000 MT
3302	Stainless steel flats, Round bars	Manufacture of iron and steel in primary/semi finished forms in mini steel plants	75000 MT
3302	Steel ingots, Billets, Bloom, Slabs	Manufacture of iron and steel in primary/semi finished forms in mini steel plants	200000 MT
3311	Steel Bars, Steel Rods, Steel Sections	Manufacture of hot rolled semi-finished iron and steel products in re-rolling mills	250000 MT
3303	Sponge iron	Manufacture of direct reduced iron and other spongy ferrous products in primary forms other than in the Integrated steel plants	200000 MT

2. SIA Acknowledgment No. 1050/SIA/IMO/2003, dated April 22, 2003, of Company's entrepreneurial memorandum for the manufacture of steel ingots, Billets, Blooms, Slabs (mini steel plant) falling under the NIC broad description manufacture of iron and steel in primary/semi finished forms with a proposed capacity of 300000 MT.
3. SIA Acknowledgement No. 1028/SIA/IMO/2003, dated April 21, 2003 of Company's entrepreneurial memorandum for the generation of electric energy (captive power plant) falling under the NIC broad description generation of electric energy produced in gas-based thermal power plants with a proposed capacity of 30 MW.
4. SIA Acknowledgement No. 3570/SIA/IMO/2004, dated September 21, 2004 of Company's entrepreneurial memorandum for the generation of electric energy (captive power plant) falling under the NIC broad description generation of electric energy produced in gas-based thermal power plants with a proposed capacity of 50 MW.

5. SIA Acknowledgement No. 3646/SIA/IMO/2003, dated December 16, 2003 of Company's entrepreneurial memorandum for the production of coal washery (coal washery plant) falling under the NIC broad description mining and agglomeration of coal with a proposed capacity of 1000000 MT.
6. Registration Certificate No. LB/1802 dated Jan 06, 2003 issued by the Deputy commissioner, commercial taxes, Chowringhee circle to the Company under rule 8 of the West Bengal Sales Tax Rules, 1995, the registration is effective from Dec 17, 2002.
7. Central Excise Registration Certificate bearing No. AAGCS9364QXM001 issued on Feb 14, 2003 by the Assistant Commissioner of Central Excise, Durgapur II Division for in the name of the Company for manufacturing of excisable goods at adjacent to Epip, L & T cement plant, Banskopa, Bidhan Nagar, Bardhaman, West Bengal, 713212 under Rule 9 of the Central Excise Rules, 2002.
8. No Objection Certificate bearing No. 2668-2N -356/2002 dated March 19, 2003 issued by the West Bengal Pollution Control Board ("WBPCB") under the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Environment (Protection) Act, 1986 for manufacturing the following items with the specific production capacity:

Items	Production Capacity
Pig iron	3000 MT/Month
Wire rod/Tar steel TMT bar	6500 MT/Month
By product-Grannulated slag	200 MT/Month
Mill scale	50 MT/Month

9. No Objection Certificate bearing Memo No. 3905-2N-456/2002 dated February 20, 2004 issued by the West Bengal Pollution Control Board ("WBPCB") from environmental point of view for manufacturing the following items with the specific production capacity:

Items	Manufacturing Capacity
Sponge Iron	12000 Ton/Month
By product – Coal Char	3600 Ton/Month
Captive power plant	10 MW power generating capacity.

This NOC is valid upto 31.03.2005 for setting up the Sponge Iron Unit and Captive Power Plant.

10. Certificate of Trade licence bearing Assessee No.11-046-03-0003-4 issued by the Municipal Commissioner, The Kolkata Municipal Corporation in the name of Shri Ramrupai Balaji Steels Ltd. The nature of trade being Company (A/C)(Office).
11. Letter dated May 28, 2004 issued by the Office of the Regional Provident Fund Commissioner to the Company confirming that the provisions of the Employees Provident Fund & Miscellaneous Provisions Act, 1952 and the schemes provided there under namely EPF Scheme, Family Pension Scheme and Deposit Linked Insurance Scheme, are applicable to the Company including the head office, branch offices and departments wherever situated in India. The code number allotted to the Company is WB/41862-A and the registration is effective from February 2, 2004.
12. Letter dated July 28, 2004 issued by the Regional office Employees State Insurance corporation confirming registration of employees (provisionally) under the E.S.I Act and payment of contribution in respect of employees of covered establishment situated in other region but offices situated in West Bengal. The office letter no is C/Ins.VI/41-32321-52A. The date of coverage of the concern under E.S.I Act is February 2, 2004.
13. Certificate of Registration bearing No.DI/2000/350(B)/350(1)/2000 under West Bengal Incentive Scheme, 2000 dated May 7, 2003 issued by Directorate of Industries Government of West Bengal for manufacture of following items with specific production capacity for Mega Project.

Item of manufacture	Annual capacity
Pig Iron	300000 Tonnes
Steel Bars, Steels sections Steel Rods	250000 Tonnes
Sponge Iron	200000 Tonnes

14. Eligibility certificate under West Bengal Incentive Scheme, 2000 bearing No. INC(2000)EC-136(B) dated August 1, 2003 issued by the West Bengal Industrial Development Corporation Ltd. and effective from July 26, 2003 for company's new project in P.O. Rajbandh, Durgapur, District Burdwan, for the manufacture of the items with annual capacity for each item mentioned below:

Item of manufacture	Annual Capacity of final product
Pig Iron	80500 tonne based on 3 shift/day operation & 350 day operation in a year
Re-rolled Thermo Mechanically Treated Steel Bar, Rods & sections	80000 tonne based on 2 shift/day operation & 300 day operation in a year

15. Certificate No.1889/JS/DC dated June 17th, 2003 issued by the Joint secretary, Govt. of West Bengal to managing director of WBIDC for approving various incentives under WBIS'2000 except interest subsidy to Shri Ramrupai Balaji Steels Pvt. Ltd for the purpose of setting up of sponge Iron Plant, Rolling mill, Induction furnace, Blast furnace with captive power plant
16. Certificate No.1214/JS/DC dated March 22, 2004 issued by the Joint secretary, Govt. of West Bengal to managing director of WBIDC for approving various incentives under WBIS'2000 except interest subsidy to Shri Ramrupai Balaji Steels Ltd for the expansion of the existing project for the purpose of manufacturing sponge Iron, pig iron, Rolled products, Steel billets and ingots and for setting up of Coal Washery and sintering plant.
17. Letter from Damodar Valley Corporation for supply of 40MVA power at 33KV to the proposed integrated steel plant
18. Rail Transport Clearance bearing No.2004/TT-1/10/SR BALAJI/ER/34 dated October 25, 2004 issued by Government of India, Ministry of Railways for integrated steel plant at Durgapur, E.Railway for movement of following volume of inward and outward traffic: -

Movement	Commodity	Qty.	Source/Destination
Inward	Coal	8.25 LTPA	SECL/MCL/ECL/CCL
	Coke	1.95 LTPA	Haldia/Paradeep
	Iron ore	6 LTPA	Barbil
	Manganese ore	0.36 LTPA	Barbil
	Chrome ore	0.24 LTPA	Jaipur
Outward	Pig iron	1.5 LTPA	Mandi Govindgarh, Batala, GZB, Dhandhari Kalan and other NR destinations
	Sponge iron	2.0 LTPA	
	Ferro Alloys	0.6 LTPA	

It will be valid with the condition that the customer will submit status report annually about the project till commissioning of the Project.

19. Approval bearing F.NO.23021/70/2003 CPD dated February 19, 2004 issued by Government of India, Ministry of Coal to accord coal linkage for sponge Iron Plant of 2*100 tpd (2*30000 tpa) capacity (1st & 2nd Kilns) of the company as under: -

Coal Quantity	96000 tpa (F Grade non coking coal)
Commencement date	As negotiated between the developer & Coal Company.
Source of Coal Supply	MCL

20. Approval bearing F.NO.23021/70/2003 CPD dated June 11, 2004 issued by Government of India, Ministry of Coal to accord coal linkage for sponge Iron Plant of 2*100 tpd (2*30000 tpa) capacity (3rd & 4th Kilns) of the company as under: -

Coal Quantity	96000 tpa (F Grade non coking coal)(Additional)
Commencement date	As negotiated between the developer & Coal Company.
Source of Coal Supply	MCL

21. Consent to operate under sections 25 and 26 of the Water (Prevention and Control of Pollution) Act, 1974 and under section 21 of the Air (Prevention and Control of Pollution) Act, 1981 from the WBPCB bearing Memo No. 1798-180/WPB/SEE (ko)-GEN/2004 dated October 4, 2004 for a period up to February 28, 2005 to operate the industrial unit and to discharge liquid effluent and to emit gaseous effluent from the premises of industrial unit. This Consent is valid for four number rotary kilns each having capacity 100 MTPD.

Approvals applied for and not yet received

The company has made an application dated Nov 18th 2003 addressed to The Chief Inspector of factories, West Bengal City Center Durgapur, Dist Burdwan for new factory Registration under Factories Act.1948.

Approvals to be applied for

The company will apply for such approvals as may be required and/or applicable to it from time to time, including the following:

- Comprehensive clearance of the Ministry of Environment and Forests following Consideration of the Environment Impact Assessment and Environment Management Plan from the Ministry of Environment and Forests as the Company proposes to manufacture "Primary metallurgical" products like iron, steel and ferro alloys and set up a captive power plant.
- Registration Certificate required under the Contract Labour (Regulation) Act, 1970 by the office of the Assistant Labour Officer, West Bengal.
- Import Export Code required to be issued by the Office of the Regional Director General of Foreign Trade, Kolkata, in the name of the Company.

OUTSTANDING LITIGATIONS

Except as described below there are no outstanding litigations, suits, criminal or civil prosecution, proceedings, or tax liabilities against us, our directors our promoters or companies /firms promoted by our promoters that would have a material adverse effect on our business and there are no defaults, non-payment or over dues of statutory dues, institutional/bank dues and dues payable to the holders of any debentures, bonds and fixed deposits and arrears of preference shares that would have a material adverse effect on our business other than unclaimed liabilities by us or our directors ,our promoters or companies promoted by our promoters .Further we, our directors ,our promoters or companies promoted by our promoters have not been declared willful defaulter by RBI, have not been debarred from dealing in securities and/or assessing the capital markets by SEBI and no disciplinary action has been taken against them by the SEBI or any other stock exchanges.

The list provided below indicates the current position of the legal matters related to the company/group companies outstanding before the various courts/juridical authorities. No case has been filed against the Company and the Group companies except summons issued in the course of normal enquiry/ search & seizure as under:

	Court /Department	Reference	Background	Current Status
A	AGAINST THE COMPANY			
	Commisioner of Central Excise, Anti Evasion Unit, Bolepur	Summon Dated 16-12-04 under Section 14 of The Central Excise Act, 1944	To explain documents and challans for the goods found in the search operation.	The company has deposited Rs.3.30 lacs on the 18th December 2004 and proposes to settle the case before the Settlement Commisioner, Bolepur in due course
B	AGAINST THE GROUP COMPANIES			
1	Jai Balaji Sponge Limited (Durgapur Unit)			
	Commisioner of Central Excise, Anti Evasion Unit, Bolepur	Summon Dated 16-12-04 under Section 14of The Central Excise Act, 1944	Search and seizure of the goods at the Lenin Sarani Unit, Durgapur	The company has deposited Rs.3,32,639/- lacs vide letter dated 20/12/2004 and proposes to settle the case before the Settlement Commisioner, Bolepur in due course
2	Jai Balaji Sponge Limited (Ranigunj Unit)			
	Commisioner of Central Excise, Anti Evasion Unit, Bolepur	Summon Dated 16-12-04 under Section 14of The Central Excise Act, 1944	Search and seizure of the goods at the Ranigunj Unit, Ranigunj.	The company has deposited Rs.79, 606/- vide letter dated 20/12/2004 and proposes to settle the case before the Settlement Commisioner, Bolepur in due course
3	Jai Salasar Balaji Industries Pvt. Ltd.			
	Commisioner of Central Excise, Anti Evasion Unit,Bolepur	Summon Dated 16-12-04 under Section 14of The Central Excise Act,1944	Search and seizure of the goods at the Mangalpur Industrial Complex, P.O.Baktarnagar, Dist.Burdwan.	The company has deposited Rs.4,32,686 vide letter dated 20/12/2004 and proposes to settle the case before the Settlement Commisioner, Bolepur in due course

Search and Seizure operation by Income Tax Authority

The Income Tax Authority has carried out a search and seizure operation under section 132(1) of the Income Tax Act, 1961 on 17th January 2005 at the offices and factory premises of the Company and its group companies, including the residence of our few directors and have seized some of the assets of the Company. The Company including its group companies and the Directors have already filed applications under section 132B of the Income Tax Act, 1961 for the release of the Bank accounts and other assets and is in the process of making further application for release of its other assets seized in course of the said operation. The investigation by the Income Tax Authority is in progress and the Company / group companies and/or the Directors have not received any demand notice till date.

Contingent Liability against Us

The contingent liabilities of the Company as on September 30, 2004 as certified by the auditors for which no provision has been made by the Company are as follows:

(Rs in lacs)

Particulars	Amount
Guarantees and counter guarantees given	93.10

Crystallization of the above liability may require the Company to honour the demands, if any, which may adversely impact the Company's liquidity and thereby have material adverse impact on the financial resources and networth.

Outstanding Litigation involving our Directors

There are no contingent liabilities, which require provisioning in the accounts, outstanding litigation, disputes, non-payment of statutory dues, overdues to banks/financial institutions or proceedings initiated for any economic/civil/criminal/any other offences against any of our Directors.

DIVIDEND POLICY

The Company in General Meeting may declare dividends to be paid to members according to their respective rights, but no dividends shall exceed the amount recommended by the Board, but the company in General Meeting may declare a smaller dividend. Dividends shall be paid out of profits only. We have declared no dividend till date. The dividend shall rank *pari-passu* in all respects with the existing issued capital of our Company.

BASIS OF ISSUE PRICE

We shall determine the Issue Price in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares issued by way of book building process.

You should read the following summary with the Risk Factors included from page number (x) to (xxiv) and the details about us and our financial statements included in the Draft Red Herring Prospectus. The trading price of our equity shares could decline due to these risks and you may lose all or part of your investments.

Qualitative factors

- **Promoters have considerable experience:** The Jai Balaji Group of West Bengal is a key manufacturer of steel. The promoters of Shri Ramrupai Balaji Steels Limited have over two decades of experience in the steel manufacturing business.
- **Vertically integration –** We are setting up a vertically integrated steel plant in Durgapur, West Bengal. We have already commissioned facilities to manufacture sponge iron and pig iron, and also a rolling mill. We are now setting up facilities to manufacture MS billets, Coal Washery and a 40 MW captive power plant. Recently, SRBS has been granted permission by the Indian Railways to set up a railway siding facility. This will allow it to manage its logistics efficiently, reduce wastage of raw materials and lower transportation cost. These facilities will lead to lower manufacturing costs and improved operating margins. [We are setting up a vertically integrated steel plant. Post expansion we would be amongst the top integrated plants on similar size or bigger in Eastern India]
- **Fiscal incentives -** We are eligible for fiscal incentives from West Bengal: a 75% exemption from sales tax for 15 years; exemption of the Land Registration Fee; and a 50% re-imbursement of PF and ESI. We will also benefit from the seven-year exemption from electricity duty and taxes.
- **Commercial Production Commenced -** The commercial production for all the basic source units viz. sponge iron, pig iron and rolling mill have already commenced production successfully.
- **Firm Loan Tie Ups –**The entire loan requirement for the proposed project amounting to Rs. 18109 lacs have already been sanctioned to the company.
- **Strategically located in a mineral-rich region -** Factory premises are located in an area that facilitates transport of raw materials i.e. Coal and Iron Ore. Sources of high-grade coal are present locally in Ranigunj. Iron ore is available from the nearby areas of Keonjhar District of Orissa. Skilled and unskilled labour is available in abundance as the plant is located in an industrial belt having numerous factories.
- **Domestic demand augurs well for the company –**We are essentially into semis, TMT and wire rods, used extensively in the housing and infrastructure sectors. India is in the midst of a construction boom in housing and infrastructure, which augurs well for the company.
- **Strong Brand Recognition -** SRBS sells its TMT bars under the brand name “Balaji Shakti,” which is well accepted in the market.

QUANTITATIVE FACTORS

Information presented in this section is derived from our restated financial statements (Equity shares of Rs 10/- each)

Financial Year	EPS (Rs)	Weight used
2002-03	-	-
2003-04	2.00	1
6 months ended 30/09/04 (annualised)	3.30	2
Weighted Average	2.87	

Notes

- The commercial production of the units of the project commenced production from the FY 03-04 and hence EPS for FY 02-03 has not been considered.
- The EPS has been computed on the basis of the adjusted profits and losses of the respective years drawn after considering the impact of accounting policy changes and material adjustments/prior period items pertaining to the earlier years.
- The denominator considered for the purpose of calculating EPS is the weighted average number of Equity Shares outstanding during the period.

Price Earning Ratio

Financial Year	EPS (Rs)
Based on September 30, 2004 (annualised) EPS of Rs 3.30	[•]
Based on year ended March 31, 2004 of EPS of Rs 2.00	[•]
* would be calculated after discovery of price through Book- building	

Industry P/E	
Highest	32.30
Lowest	2.80
Average	6.80

(*Source: Capital Market, [which industry reference] Volume XIX/22 Jan 03-16, 2005)

Average Return on Network

Financial Year	RONW (%)	Weight used
2003-04	7.92%	1
6 months ended 30/09/04 (Annualised)	25.21%	2
Weighted Average	19.45%	

Note:

- The commercial production of the units of the project commenced production from the FY 03-04 and hence RONW for FY 02-03 has not been considered.
- The average return on network has been computed on the basis of the adjusted profits and losses of the respective years drawn after considering the impact of accounting policy changes and material adjustments/regroupings pertaining to earlier years.

Minimum return required on post issue Net Worth to maintain pre issue EPS

Adjusted Network as on	
Issue Proceeds	[•]
Post issue Network	[•]
Pre Issue EPS (Annualised)	3.30
Post Issue EPS (Rs)	[•]
Minimum return required on post issue Net Worth to maintain pre issue EPS (%)	[•]

Net Asset value (NAV) per share	Rs.
As on September 30, 2004	12.32
After the issue based on September 30, 2004 profits	[•]

Note

Net Asset Value Per Share represents Shareholder's Equity as per restated financial statements less miscellaneous expenditure as divided by the number of shares outstanding at the end of the period.

1. Net Asset Value (NAV) per share and comparison with the Issue Price *

** would be compared after discovery of the Offer Price through Book Building.*

2. Comparison with Industry Peers

Particulars	Jai Balaji Sponge	JSPL	Monnet Ispat	Sunflag	TISCO
For the Year Ended	Mar 31, 04	Mar 31, 04	Mar 31, 04	Mar 31, 04	Mar 31, 04
EPS (Basic)	3.83	98.40	14.60	0.50	32.80
Book Value per share (Rs)	14.00	277.70	62.60	54.10	166.04
RONW	20.31	42.8%	38.10%	4.3%	45.40%
Share Price (Jan 10' 05) (Rs.)	35.00	923.00	165.00	15.00	358.00
P/E @	16	6.4	7	10.3	6.9

@ Based on closing prices on Mumbai Stock Exchange and EPS (Basic) for the year ended 31,2004 as adjusted

(*Source: Capital Market, Volume XIX/23 Jan 17-30, 2005)

The BRLM believes that the issue price of Rs. [•] is justified in view of the above qualitative and quantitative parameters. The investors may also want to peruse the risk factors and the financials of the company including important profitability and return ratios, as set out in the Auditors Report in the Draft Red Herring Prospectus to have a more informed view about the investment proposition

The offer price of Rs. [•] has been determined on the basis of the demand from investors through the Book- Building Process and is justified based on the above accounting ratios. The face value of the Equity Shares is Rs 10 and the Offer Price is [•] times of the face value.

FINANCIAL STATEMENT

Auditor's Report

To,

The Board of Directors
Shri Ramrupai Balaji Steels Limited
5, Bentinck Street, 1st Floor,
Kolkata- 700 001

Dear Sirs,

As required by Part II of Schedule II of the Companies Act, 1956, the Guidelines titled Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 (the 'Guidelines') issued by the Securities and Exchange Board of India (SEBI) in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992 and related clarifications and in accordance with the requests dated 18th October 2004 received from Shri Ramrupai Balaji Steels Limited (SRBSL/ the Company), we have examined the financial information contained in the statements annexed to this report which are proposed to be included in the prospectus of SRBSL in connection with the proposed issue of shares and report thereon as follows :

1. We have examined the "Statement of Profits & Losses" and "Statement of Assets and Liabilities" as on March 31, 2003, March 31, 2004 and September 30, 2004 enclosed as ANNEXURE I & II and confirm that:
 - The Profits & Losses and Assets and Liabilities of the company as at the above dates are as set out in Annexure I & II to this report after making such adjustment and regroupings as in our opinion are appropriate and more fully described in the notes appearing in Annexure I & II to this report.
 - The Significant Accounting Policies adopted by the Company are enclosed as ANNEXURE III.
 - The Notes to the 'Statement of Assets and Liabilities' are enclosed as ANNEXURE IV.
2. We have examined the 'Statement of Accounting Ratios' and 'Statement of Secured and Unsecured Loans' of the Company for the year ended March 31, 2004 and for the interim six months period ended September 30, 2004 enclosed as ANNEXURE V & VI respectively and confirm that the ratios have been correctly computed from the figures stated in the 'Statement of Assets and Liabilities' of the Company referred to in paragraph 1 above.
3. We have examined the accompanying 'Statement of Related Party Disclosure' for the year ended March 31, 2003, March 31, 2004 and for the interim six months period ended September 30, 2004 enclosed as ANNEXURE VII and confirm that the relationships and transactions between the Company and its related parties have been appropriately reported in accordance with 'AS – 18 Related Party Disclosures' issued by The Institute of Chartered Accountants of India.
4. We have examined the 'Capitalisation Statement' enclosed as ANNEXURE VIII and confirm that it correctly records the matters stated therein.
5. We have examined the 'Tax Shelter Statement' and 'Cash Flow Statement' enclosed as ANNEXURE IX & X as approved by the Board of Directors for the purpose of inclusion in the Offering Memorandum.

We further report that the information mentioned in the paragraphs 2 to 4 above has been correctly computed from the figures stated in the Adjusted Assets and Liabilities referred to in paragraph 1 above.

Yours faithfully,

For Rashmi & Co.
Chartered Accountants
A.K.Chhaperia
Partner
Membership No 70099
Date: 10.12.2004
Place: Kolkata

ANNEXURE-I
SUMMARY STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

(Rs in Lacs)

	Particulars	As at 30.09.2004	As at 31.03.2004	As at 31.03.2003
A	Fixed Assets:			
	Gross Block	8,456.58	6,749.69	4.80
	Less: Depreciation	201.75	55.17	0.06
	Net Block	8,254.83	6,694.52	4.74
	Less: Revaluation Reserve	-	-	-
	Net Block after adjustment for Revaluation Reserve	8,254.83	6,694.52	4.74
	Capital work-in progress	200.87	635.96	629.66
	Total Fixed Assets (A)	8,455.70	7,330.48	634.40
B	Investments (B)	0.24	0.24	-
C	Current Assets, loans and Advances:			
	Inventories	2,559.39	1,631.48	-
	Sundry Debtors	7,573.18	3,415.59	-
	Cash & Bank Balances	318.13	323.62	8.21
	Loans and Advances	1,815.20	2,054.16	360.82
	Other current assets			
	Total (C)	12,265.90	7,424.85	369.03
D	Liabilities and Provisions:			
	Secured Loans	6,047.13	5,651.94	-
	Unsecured Loans	327.50	260.15	-
	Current Liabilities and Provisions	8,752.04	4,512.58	560.18
	Deferred Tax Liability	479.55	206.66	0.35
	Total (D)	15,606.22	10,631.33	560.53
E	Net worth (A+B+C-D)	5,115.62	4,124.24	442.90
F	Represented by			
	1. Share Capital (A)	4,152.76	2,499.08	300.58
	2. Reserves	970.93	326.01	(0.54)
	Less Revaluation Reserve	-	-	-
	Reserves (Net of Revaluation Reserves) (B)	970.93	326.01	(0.54)
	Share Application	-	1,308.38	154.40
	Miscellaneous Expenditure (C)	8.07	9.23	11.54
	Net worth (A+B-C)	5,115.62	4,124.24	442.90

ANNEXURE-II
SUMMARY STATEMENT OF PROFIT & LOSSES AS RESTATED

(Rs in lacs)

PARTICULARS			
For the period	Six month ended 30.09.2004	Year ended 31.03.2004	Year ended 31.03.2003
Income			
Sales			
Sales Manufacturing	4,326.50	780.33	
Sales Trading	5,597.57	3,050.27	
Sub Total	9,924.07	3,830.60	0.28
Other Income	7.75	4.51	0.02
Increase (Decrease) in Inventories	(264.90)	534.29	-
TOTAL	9,666.92	4,369.40	0.30
Expenditure			
Purchases	4,481.55	2,291.17	0.24
Raw Materials Consumed	3,152.48	981.73	-
Manufacturing Expenses	341.92	224.86	-
Administration Expenses	44.96	55.42	0.19
Other Expenses	1.16	2.31	
Payment to and Prov for Employees & Directors	52.39	22.72	-
TOTAL EXPENDITURE	8,074.46	3,578.21	0.43
Net profit before Interest, Depreciation, Tax and Extraordinary items.	1,592.46	791.19	(0.13)
Interest	411.71	158.84	-
Depreciation	146.58	55.11	0.06
Net Profit before tax and Extraordinary Items	1,034.17	577.24	(0.19)
Provision for Taxation	116.36	44.38	-
Provision for Deferred Tax	272.89	206.31	0.35
Extraordinary items (net of tax)			
Net Profit after Extraordinary Items as per audited balance sheet (A)	644.92	326.55	(0.54)
Adjustment on account of change in accounting policy (B)	-	-	-
Adjusted Profit & Loss (A-B)	644.92	326.55	(0.54)
Previous Year P&L	326.01	(0.54)	
Issue of Bonus Shares	-	-	-
Balance Carried To Balance Sheet	970.93	326.01	(0.54)

ANNEXURE-III

ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

1. SIGNIFICANT ACCOUNTING POLICIES: -

a) Basis of accounting

The accounts are prepared on accrual basis under the historical cost convention in accordance with Indian Generally Accepted Accounting Policies (GAAP) comprising of mandatory Accounting Standard issued by The Institute of Chartered Accountants of India and the provisions of The Companies Act, 1956 except otherwise stated.

b) Revenue Recognition

Sales is recognised when significant risks and rewards of ownership are transferred which is at the point of despatch of goods to the customers and includes excise duty and sales tax thereon net of rebates and discounts. Sales include trading sales.

c) Fixed Assets

Expenditure for addition, improvement and renewal of Fixed Assets are Capitalised at cost including financial and other costs till the commencement of the commercial production less Cenvat Credit on purchase of such assets and impairment losses, if any. Expenditure for repairs and maintenance are charged to revenue account.

d) Depreciation:

Depreciation has been provided on prorata basis for the period of use of the assets on straight-line method at the rates and in the manner prescribed under Schedule - XIV to the Companies Act, 1956. No depreciation is provided on Cenvat Credit of Excise Duty on purchase of Capital Goods.

e) Investments:

Investments are stated at cost unless there is diminution of permanent nature in value of such investments against which a provision is made in the accounts

f) Inventories:

Inventories of raw materials, finished goods and trading items are valued at cost on Weighted Average basis or estimated net realisable value whichever is lower. The value of finished goods inside factory is inclusive of excise duty thereon.

g) Excise Duty:

Cenvat Credit on input is adjusted with the cost of materials. Cenvat Credit on purchase of Capital Goods is reduced from the cost of such assets and no depreciation is charged thereon.

Excise Duty paid includes excise duty on sale of finished goods and provision made for excise duty in respect of stock of finished goods lying inside the factory.

h) Borrowing Costs

Borrowing costs attributable to acquisition of fixed assets are treated as part of cost of such assets and capitalised. All other borrowing costs are charged to revenue.

i) Miscellaneous expenditure:

Preliminary Expenses are amortized over a period of 5 years.

j) Retirement benefits:

Company's contribution to Provident Fund and leave encashment are accounted at cost on accrual basis. A provision for gratuity to employees is estimated on the basis of The Payment of Gratuity Act, 1972 which is considered adequate.

k) Taxes on income:

Tax on income for the current period is determined on the basis of taxable income and tax rate in accordance with the provisions of Income Tax Act, 1961.

Deferred tax expense and income is recognized on timing difference between the accounting income and the taxable income for the year based on applicable tax rates and laws on the Balance Sheet date.

l) Contingencies:

Loss contingencies are recorded when it is ascertained that the liability has been incurred and the amount could reasonably be estimated.

m) Foreign Currency Transactions

There was no foreign currency transaction during the year.

n) Research and Development expenditure

Research and development costs are merged with the respective account head and not segregated as per established accounting practice.

o) Impairment of assets

The carrying cost of assets of cash generating units are reviewed for impairment when events or changes in circumstances indicate that the carrying cost may not be recoverable. Provision for loss impairment is made and adjusted prorata with the cost of assets only when carrying cost of assets exceeds the expected recoverable amount.

2. Changes in Accounting Policies till 30th September 2004 since date of inception

There are no changes in accounting policies adopted for accounting till 30th September 2004.

ANNEXURE IV

NOTES TO ACCOUNTING POLICIES:

1. Contingent Liabilities not provided for

Bank Guarantee outstanding	Rs/Lacs	93.10
	(Previous year 1.50)	

2. Deferred Taxes (AS-22)

As per Accounting Standard 22, issued by The Institute of Chartered Accountants of India, deferred tax expenses and income has been recognised and adjusted by providing deferred tax liability as under-

Particulars	Deferred Tax Assets	Deferred Tax Liabilities	Rs/Lacs	
			Deferred Tax Assets	Deferred Tax Liabilities
a) Difference in Book Value and Written down value as per I. Tax Act for Depreciable Assets		480.31		
b) Unabsorbed Loss including Depreciation Under I. Tax Act			28.06	
c) Gratuity provision allowable in future under I. Tax Act	0.76		0.17	
Total	0.76	480.31	28.23	234.89
Net Deferred Tax Liability		479.55		206.66
Increase in Deferred Tax Liability		272.89		206.66

3. Earning Per Share-Basic & Diluted

	Units	6 Months ended 30.09.2004	Year ended 31.03.2004
(a) Net Profit after Tax	Rs/lacs	644.92	326.55
(b) Weighted Average Capital - Equity Shares of Rs 10/- each	Rs/lacs	3908.75	1,634.43
(c) Potential Capital (Due to share application pending allotment)	Rs/lacs	3908.75	1,906.97
(d) Basic Earning per Equity Share of Rs 10/- each.	Rs.	1.65	2.00
(e) Diluted Earning per Equity Share of Rs 10/- each.	Rs.	1.65	1.71

4. Sundry Debtors, Creditors, Loans, Advances and Deposits are subject to confirmation. Small Scale Industrial undertakings have been identified on the basis of available information as under out of which a sum of Rs15.44 Lacs (Previous year Rs.10.09 lacs) was due to parties who had a balance exceeding Rupees One Lac for more than 30 days as on 31st March, 2004. (a) Hitech Equipments Pvt. Ltd (c) Industrial Metal & Wire mesh (Engg) Co. (d) Mitter Systems & chemicals Pvt Ltd.

5. QUANTATIVE INFORMATION RELATING TO THE GOODS MANUFACTURED / TRADED BY THE COMPANY

(A) Manufactured Goods

Products		Quantity (M/T)				Value (Rs/Lacs)			
		Annual Licensed Capacity	Annual Installed Capacity	Actual Production	Turnover	Opening Stock	Closing Stock	Opening Stock	Closing Stock
Sponge Iron	Current	200000	90000	11802	12010	245	37	17.17	2.72
	Previous	200000	30000	934	689	-	245	-	17.17
Pig Iron	Current	300000	40250	5099	5043	208	264	26.07	37.93
	Previous	300000	40250	3404	3196	-	208	-	26.07
Steel	Current	250000	80000	15601	17439	3136	1298	491.05	215.60
Bars/Rods	Previous	250000	80000	6937	3801	-	3136	-	491.05
TOTAL	Current	750000	210250	32502	34492	3589	1599	534.29	256.25
	Previous	750000	150250	11275	7686	-	3589	-	534.29

(B) TURNOVER

PRODUCT	CURRENT YEAR		PREVIOUS YEAR	
	M/T	Rs/Lacs	M/T	Rs/Lacs
Sponge Iron	12010	645.51	689	48.39
Pig Iron	5043	876.89	3196	307.59
Steel Bars/Rods	17439	2885.51	3801	570.20
Scrap & Slag	4849	129.30	-	-
Sub-Total	39341	4537.21	7686	926.18
Trading Sales:				
Steel. Rod etc.	19375	5597.57	12158	3050.27
Sale of Raw materials:				
Coke	2217	261.07	-	-
Iron-Ore	524	3.14	-	-
Coal	4100	45.11	-	-
Gross Sales	65557	10444.10	19844	3976.45
Less: Excise duty paid		(389.14)	-	(124.01)
Less: Sales Tax paid		(130.89)	-	(21.84)
Net Sales as per Profit & Loss A/c.	65557	9924.07	19844	3830.60

(C) PURCHASES

PRODUCT	CURRENT YEAR		PREVIOUS YEAR	
	M/T	Rs/Lacs	M/T	Rs/Lacs
Steel. Rod etc.	19375	4481.55	12158	2291.17

6. CONSUMPTION OF RAW MATERIALS

Items	Unit	Current Year		Previous Year	
		Quantity	Rs/Lacs	Quantity	Rs/Lacs
Indigenous					
Iron Ore	M/T	30905	525.64	7607	71.79
Steel Ingot	M/T	16607	2071.90	7434	822.96
Coke	M/T	6496	351.20	2131	31.21
Coal	M/T	7594	103.47	281	14.05
Furnace Oil	LTS	438	56.88	376	37.80
Lime Stone Chips	M/T	1721	12.91	916	3.45
Quartzite Chips	M/T	196	0.45	123	0.47
Billet	M/T	147	30.03		
Total:		64104	3152.48	18868	981.73

7. Value of imported and indigenous Raw Materials and Stores and Spare Parts consumed.

Particulars	RAW-MATERIALS CONSUMED				STORES & SPARES CONSUMED			
	Current Year Rs/Lacs	%	Previous Year Rs/Lacs	%	Current Year Rs/Lacs	%	Previous Year Rs/Lacs	%
Imported	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Indigenous	3157.87	100%	981.73	100%	70.61	100%	49.72	100%
Total	3157.87	100%	981.73	100%	70.61	100%	49.72	100%

8. Segment Reporting (AS –17)

The Company is predominantly engaged in production and sale of Iron & Steel and other connected products, which are subject to similar risks and returns. Moreover, there is no separate geographical segment. Hence, segment reporting as prescribed by Accounting Standard – 17 of the Institute of Chartered Accountants of India has not been furnished.

CHANGES IN ACCOUNTING POLICIES TILL 30TH SEPTEMBER 2004 SINCE DATE OF INCEPTION

There are no changes in accounting policies adopted for accounting till 30th September 2004.

ANNEXURE-V

SUMMARY OF ACCOUNTING RATIOS

Accounting Ratios	As at September 30 th 2004	As at March 31 st 2004	As at March 31 st 2003
Earnings Per Share (Rs)* Annualised	3.30*	2.00	(0.02)
Return On Net Worth %	12.61%	7.92%	-0.12%
Net Asset Value Per Share (Rs)	12.32	16.50	14.73
No. of Equity Shares of Rs. 10 Each	41,527,600	24,990,800	3,005,800

ANNEXURE-VI

STATEMENT OF SECURED AND UNSECURED LOANS

(Rs in lacs)

Particulars	As on September 30 th 2004	As at 31 st March 2004
Secured Loans		
From Banks For Working Capital		
Bank of India	478.13	385.48
Central Bank of India	145.30	170.82
Indian Overseas Bank	515.48	168.25
UCO Bank	467.42	469.11
Sub Total (a)	1606.33	1193.66
Term Loans from Financial Institutions		
Term Loan from West Bengal Industrial Development Corporation Limited	1170.00	1170.00
Term Loan From West Bengal Finance Corporation Ltd.	1000.00	925.00
Sub Total (b)	2170.00	2095.00
Term Loans from Banks		
Term Loan From Bank Of India	315.72	325.00
Term Loan From Central Bank Of India	575.00	600.00
Term Loan From Indian Overseas Bank	800.00	800.00
Term Loan From UCO Bank	528.00	576.00
Sub Total (c)	2218.72	2301.00
Equipments Finance Loan		
Kotak Mahindra Bank Ltd	11.96	13.26
ICICI Bank	38.48	42.68
Citi Bank	5.71	6.34
	56.15	62.28
Less Deferred Interest	4.07	0.00
Sub Total (d)	52.08	62.28
Total (a+b+c+d)	6047.13	5651.94

(B) Unsecured Loans	As on September 30 th 2004	Interest p.a. (%)	Repayment term
A D Finance & Leasing (P) Ltd	7.00	8.00	Within a year
Arjun Shyam & Co Pvt Ltd	4.50	8.00	Within a year
Bhaskar Ispat Pvt Ltd	50.00	13.50	Within a year
Citi Global Finance Ltd	15.00	10.00	Within a year
Classic Capital Markets Ltd	5.00	8.00	Within a year
Jaygrih Nisman (P) Ltd	15.00	15.00	Within a year
K H Builders Ltd	10.00	13.00	Within a year
N D Commercial Pvt Ltd	15.00	9.00	Within a year
Narottamka Vanijya Pvt.Ltd.	10.00	15.00	Within a year
S B Corrugators Pvt Ltd	25.00	12.00	Within a year
Surbhika Commerce Pvt Ltd	25.00	10.00	Within a year
Nikon Traders Pvt Ltd	3.00	10.00	Within a year
Valued Securities Pvt Ltd	23.00	9.00	Within a year
Shirin Vyapaar Pvt Ltd	10.00	10.00	Within a year

BMW Industries Pvt Ltd	50.00	15.50	Within a year
Anchor Finstock Pvt Ltd	5.00	9.00	Within a year
D.J.Resources Pvt Ltd	10.00	9.00	Within a year
Venarable Advertising Pvt Ltd	45.00	9.00	Within a year
Total	327.50		

ANNEXURE-VII

Related Party Transactions (AS-18)

As per Accounting Standard (as-18)

- a) List of related parties over which control of the company exists – None
- b) Name of the related Parties with whom the transaction were carried out with the Company.

Name of the Related Parties	Relationship
Jai Balaji Sponge Iron Limited	Associate
Jai Salasar Balaji Industries Pvt Ltd	Associate
Chandi Steel Industries Limited	Associate
Balaji Ispat Udyog	Associate
Enfield Suppliers Limited	Associate
Jajodia Estates Pvt Ltd	Associate
Mr. Sanjiv Jajodia	KMP
Mr. Aditya Jajodia	KMP
Mr. Rajiv Jajodia	KMP
Mrs. Kanchan Jajodia	Relative of KMP
Mrs. Shashi Devi Jajodia	Relative of KMP
Mrs. Sangeeta Jajodia	Relative of KMP

* KMP means Key Managerial Personnel

Transactions with related parties are as follows:

Rs in Lacs

	Transactions During the year	for the half year ending 30.09.04	for the year ending 31.03.04
		Amount	Amount
1	Purchases during the year		
	Jai Balaji Sponge Ltd.	2,363.37	755.42
	Jai Salasar Balaji Industries(P)Ltd.	58.46	190.11
	Enfield Suppliers Pvt Ltd	99.89	-
	Total	2,521.72	945.52
2	Sales During the year		
	Jai Balaji Sponge Ltd.	1,380.68	338.19
	Jai Salasar Balaji Industries(P)Ltd.	33.14	8.26
	Balaji Ispat Udyog	123.20	-
	Total	1,537.02	346.46

3	Advance Payable Received(Net)		
	Balaji Ispat Udyog	464.88	-
	Chandi steel Industries Ltd	321.00	11.00
	Total	785.88	11.00
4	Remuneration During the year		
	Aditya Jajodia		
	Sangeeta Jajodia		1.20
	Kanchan Jajodia		1.20
	Sashi Devi Jajodia		1.20
		-	3.60
5	Rent Paid		
	Jajodia Estates Pvt Ltd	0.16	
6	Advance Paid recoverable		
	Balaji Ispat Udyog		25.70

(B)	Closing Balances	As on 30.09.04	As on 31.03.04
1	Amount payable by the company		
	Jai Balaji Sponge Ltd.	1,868.37	588.48
	Jai Salasar Balaji Industries Pvt.Ltd.	142.16	37.84
	Chandi Steel Industries Ltd.	336.00	-
	Balaji Ispat Udyog	247.11	-
		2,593.65	626.32
2	Advances Payable		
	Balaji Ispat Udyog	247.11	-
	Chandi Steel Industries Ltd.	336.00	15.00
		583.11	15.00
3	Advance Recoverable		
	Balaji Ispat Udyog	-	217.77
	Enfield Suppliers Pvt Ltd	0.25	-
		0.25	217.77
4	Remuneration payable		
	Kanchan/Sangita/Reena jajodia	-	0.90

ANNEXURE-VIII**CAPATALISATION STATEMENT****Rs/Lacs**

Particulars	Pre Issue as at 30.09.2004
Short Term Debt	1933.83
Long Term Debt	4440.80
Total Debt	6374.63
Shareholders Fund	
Share Capital	4,152.76
Reserves & Surplus	970.93
Sub Total	5123.69
Less : Preliminary Expenses Not written off	8.07
Total Shareholders Fund	5,115.62
Long Term Debt/ Equity	0.87

ANNEXURE-IX**TAX SHELTER STATEMENT****Rs in lacs**

Particulars	31.03.2004	31.03.2003
Tax rate (Including surcharge-%)	35.88%	36.75%
Tax rate as per MAT (Including surcharge-%)	7.69%	7.69%
Net Profit before Tax	577.24	(0.19)
Tax at Notional Rate	207.09	-
Depreciation as per Income Tax Act	708.91	1.00
Depreciation as per Companies Act	55.11	0.06
Difference between Tax Depreciation and Book Depreciation	653.80	0.94
Other Adjustments	-78.69	0.00
Net Adjustments	575.11	0.94
Tax saving thereon	206.31	0.35
Total Taxation	44.38	-

ANNEXURE-X
CASH FLOW STATEMENT FROM THE RESTATED FINANCIAL STATEMENT FOR THE PERIOD ENDED 30TH SEPTEMBER 2004 AND 31ST MARCH 2004

(Rs in Lacs)

Particulars	Six Months ended September 30th 2004	Year Ended March 31st 2004
Cash flow from operating activities		
Net profit before tax and prior period adjustments	1,034.17	577.24
Adjustment for		
Depreciation	146.58	55.11
Miscellaneous Expenditure Written off	1.16	2.31
Interest Income considered separately	(7.75)	(4.51)
Finance Charges paid	411.71	158.84
Profit Generated from Operations	1,585.87	788.99
Adjustment for changes in Working Capital		
Decrease/ (Increase) in Inventories	(927.91)	(1,631.48)
Decrease/ (Increase) in Trade and other Receivables	(3,918.63)	(5,108.93)
(Decrease)/ Increase in Trades Payables	4,121.48	3,907.56
Provision for Gratuity & Leave Salary	1.62	0.46
Net Cash Flow from Operating Activities (A)	862.43	(2,043.40)
Cash flow from Investing Activities		
Capital Expenditure	(1,271.80)	(6,751.19)
Investment	-	(0.24)
Interest Income considered separately	7.75	4.51
Net Cash from/(Used) in investing activities (B)	(1,264.05)	(6,746.92)
Cash Flow from Financing Activities		
Proceeds from fresh issue of Share Capital	345.30	3,352.48
Term Loans availed	75.00	4,420.00
Repayment of Term Loan	(82.28)	(24.00)
Increase/ (Decrease) in equipment finance	(10.20)	62.28
Increase/ (Decrease) in Inter Corporate Loan	67.35	260.15
Increase/ (Decrease) in Working Capital from Banks	412.67	1,193.66
Finance Charges Paid	(411.71)	(158.84)
Net Cash from (Used) in financing activities (C)	396.13	9,105.73
Total Cash Flow (A+B+C)	(5.49)	315.41
Opening cash & Cash Equivalents	323.62	8.21
Closing Cash & Cash Equivalents	318.13	323.62
Decrease/ (Increase) in Cash & Cash Equivalents	5.49	(315.41)

Details of Loans & Advances

(Rs in lacs)

	Six Months Ended September 30th 2004	Year Ended March 31st 2004	Year Ended March 31st 2003
(Unsecured, Considered good) Advances-recoverable in cash or in kind			
Advances to promoter Group Companies: Jai Balaji Sponge Limited	271.18	700.48	
Others	1485.26	1290.99	360.40
Sub- Total	1756.44	1991.47	360.40
Trade Deposits	17.49	61.98	0.42
Advance Tax including TDS	41.27	0.71	
Total	1815.20	2054.16	360.82

Details of Investments

(Rs in lacs)

Current Investment-at cost (Quoted) As on 30th Sept, 2004.			
Fully Paid Equity shares of Rs.10/-each			
Particulars	Nos	Book Value	Market Value
Uco Bank	1600	0.19	.30
Vijaya Bank	200	0.50	0.10

(Market Value of quoted Investment is Rs. 0.40 lacs)

(Previous Year Rs 0.47 lacs)

TAX BENEFITS

Shri Ramrupai Balaji Steels Limited

5, Bentinck Street, 1st Floor,
Kolkata - 700001

Dear Sirs,

We hereby report that the enclosed annexure states the possible tax benefits available to **Shri Ramrupai Balaji Steels Limited** (SRBSL/ the "Company") and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfill. The benefits discussed below are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue. We do not express any opinion or provide any assurance as to whether:

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

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

For Rashmi & Co.

Chartered Accountants

A.K.Chhaperia

Partner

Membership No. 70099

Date: 10.12. 2004

Place: Kolkata

1. To The Company: -

1.1 Tax Holiday under section 80IA of the Income Tax Act, 1961 (for Power Generation)

As per the provisions of Section 80IA of the Act, the Company is eligible to claim a benefit with respect to deemed profit derived from power project @ 100% for a period of ten consecutive assessment years commencing from initial assessment year of Company's choice which shall not fall beyond the fifteenth assessment year starting from the previous year in which the undertaking generates power.

2. Benefits available to resident shareholders: -

Dividends exempt under Section 10(34)

- Dividends (whether interim or final) declared, distributed or paid by the Company on or after 1 April 2003 is exempt in the hands of shareholders as per the provisions of Section 10(34) of the Income Act, 1961.
- Under section 48 of the Income Tax Act, 1961 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(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. Long-term capital gain arising from transfer of equity share in a company or a unit of an equity-oriented fund is exempt from tax under section 10(38) of the Income Tax Act, 1961 if the following conditions are satisfied.
 - a) the transaction of sale of such equity share or unit is entered into on or after October 1, 2004.
 - b) Such transaction is chargeable to securities transaction tax.
- Under section 111A of the Income Tax Act, 1961 and other relevant provisions of the Act, short term capital gains, (i.e., if shares are held for a period of less than 12 months) (in cases not covered under section 10(38) of the Act), arising on transfer of shares of the company, shall be taxed at a rate of 10% (plus applicable surcharge plus education cess) if the following conditions are satisfied.
 - a) the transaction of sale of such equity share or unit is entered into on or after October 1, 2004.
 - b) such transaction is chargeable to securities transaction tax

3. Benefits available to Non-Resident Indian shareholders [Other than FIIs and Foreign Venture Capital investors]

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

- Under provisions of section 115G of the Income Tax Act, 1961 it shall not be necessary for a Non-Resident Indian to furnish his return of income if his income-chargeable under the Act, consists of only 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.
- In terms of section 10(34) of the Income Tax Act, 1961, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the company is exempted from the tax.
- Under the first proviso to section 48 of the Income Tax Act, 1961, in case of a non-resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/ loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency which was utilised in the purchase of the shares.
- Long-term capital gain arising from transfer of equity share in a company or a unit of an equity-oriented fund is exempt from tax under section 10(38) of the Income Tax Act, 1961 if the following conditions are satisfied.
 - a. the transaction of sale of such equity share or unit is entered into on or after October 1, 2004.
 - b. Such transaction is chargeable to securities transaction tax.
- Under section 111A of the Income Tax Act, 1961 and other relevant provisions of the Act. Short term capital gains, (i.e., if shares are held for a period of less than 12 months) (in cases not covered under section 10(38) of the Act), arising on transfer of shares of the company, shall be taxed at a rate of 10% (plus applicable surcharge plus education cess) if the following conditions are satisfied.
 - a) the transaction of sale of such equity share or unit is entered into on or after October 1, 2004.
 - b) such transaction is chargeable to securities transaction tax

4. Foreign Institutional Investors (FIIs)

- In terms of section 10(34) of the Income Tax Act, 1961, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003) received on the shares of the company is exempted from the tax.
- The income by way of short term capital gains realized by FIIs on sale of shares in the company would be taxed at the following rates as per section 115AD of the Income Tax Act, 1961.
 - Short term capital gains - 10% (Plus applicable surcharge)
- Long-term capital gain arising from transfer of equity share in a company or a unit of an equity-oriented fund is exempt from tax under section 10(38) of the Income Tax Act, 1961 if the following conditions are satisfied.
 - a) the transaction of sale of such equity share or unit is entered into on or after October 1, 2004.
 - b) such transaction is chargeable to securities transaction tax
- Under section 111A of the Income Tax Act, 1961 and other relevant provisions of the Act. Short term capital gains, (i.e., if shares are held for a period of less than 12 months) (in cases not covered under section 10(38) of the Act), arising on transfer of shares of the company, shall be taxed at a rate of 10% (plus applicable surcharge plus education cess) if the following conditions are satisfied.
 - a) the transaction of sale of such equity share or unit is entered into on or after October 1, 2004.
 - b) such transaction is chargeable to securities transaction tax

5. Venture Capital Companies/ Funds

In terms of section 10(23FB) of the Income Tax Act, 1961 all Venture capital companies/ funds 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 dividend from and income from sale of shares of the company.

6. Benefits available to Mutual Funds

As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there-under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India would be exempt from income tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

7. Benefits available under the Wealth-tax Act, 1957

Asset as defined under Section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax.

8. Benefits available under the Gift-tax Act, 1958

Gift tax is not leviable in respect of any gifts made to relative on or after September 1, 2004. Therefore, any gift of shares to relative will not attract gift tax.

Meaning of Relative

- | |
|---|
| <ul style="list-style-type: none">a. Spouse of individualb. Brother or sister of the individualc. Brother or sister of the spouse of the individuald. Brother or sister of either of the parents of the individuale. Any lineal ascendant or descendant of the individualf. Any lineal ascendant or descendant of the spouse of the individualg. Spouse of the person referred to in (2) to (6) |
|---|

The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of ordinary shares.

The statements made above are based on the tax laws in force and as interpreted by the relevant taxation Authorities as of date. Investors are advised to consult their tax advisors with respect to the tax consequences of their holdings based on their residential status and the relevant double taxation conventions.

For Rashmi & Co.
Chartered Accountants

A.K.Chhaperia (Partner)

Membership No. 70099

Date: 10.12.2004

Place: Kolkata

PRINCIPAL TERMS OF LOAN AND ASSETS CHARGED AS SECURITY.

The company has been sanctioned long-term financial assistance from West Bengal Industrial Development Corporation Ltd. (WBIDC), Indian Overseas Bank (IOB), Central Bank of India (CBI), Bank of India (BOI), UCO Bank, West Bengal Financial Corporation (WBFC), United Bank of India (UBI), Indian Renewable Energy Development Agency Ltd (IREDA). The IOB, CBI, BOI, and UBI have sanctioned the working capital facilities.

The details of these loans are as under:

I) West Bengal Industrial Development Corporation

Nature of facility

Term Loan

Financing a part of the capital cost for setting up two mini blast furnaces for manufacture of pig iron at Vill: Banskopa, P.O: Rajbandh.,Durgapur,District Burdwan

Amount

1200.00 lacs

Date of sanction

19.05.03

Security

1. First equitable mortgage of all immovable properties both present and future of the proposed micro blast furnace plant.
2. First charge by way of hypothecation of all the movable assets of the proposed project except book debts, but including movable machinery, machinery spares, tools and accessories, providing working capital facilities for the proposed project on raw materials, stock in trade, finished and semi finished goods and other specified movables

Collateral Security of at least 250 lakh is to be provided by the company by way of equitable mortgage of the company/lien on fixed deposit with the scheduled bank/by way of state capital investment subsidy under the west Bengal Incentive scheme 2000.

Personal guarantees provided by Shri Sanjiv Jajodia, Rajiv Jajodia and Aditya Jajodia

Repayment

The loan will be repaid in 24 quarterly instalments of Rs 50 lacs each. The repayment will start after 12 months from the date of 1st disbursement of the loan. The interest will be payable quarterly on 28th /29th Feb, 31st May, 31st Aug and 30th Nov.

Interest

Rate of interest will be 13.5% p.a. (subject to change by bank)

Additional interest of 4% p.a.will be charged on the defaulted amount for the defaulted period

Make timely repayments and avail interest rebate of .50%, .75% and 1% at the end of 2nd, 4th and 6th default free year respectively

Margin

WBIDC reserves the right to appoint a nominee on the company's board during the currency of WBIDC Loan or so long as it hold any shares in the company

II) Bank of India

Nature of facility

- i) Term loan
- ii) Cash credit
- iii) Bank guarantee

Purpose

Financing for setting up Re-Rolling Mill and pig iron plant

Amount

1000.00 Lacs

Date of sanction

26.04.2003

Security

Re-Rolling mill:

Term loan: 1st equitable mortgage of the fixed assets of the mill division, both present and future, on Pari-Passu basis with UCO bank

Cash Credit: Hypothecation of stocks and book debts and other current assets both present and future, on Pari-Passu basis with the UCO Bank.

Bank Guarantee: 10% cash margin and extension of charge on current asset and fixed asset

Pig iron unit

Cash Credit:

Hypothecation of stocks and book debts and other current assets both present and future, on Pari-Passu basis with the UCO Bank.

10% cash margin and extension of charge on current asset and fixed asset

In addition to this all the facilities shall be secured by 1st equitable mortgage of shops no.6, 8,9 &10 at 66, Salkia School Road, Howrah. The limit shall also be covered personal guarantee of Shri Sanjiv Jajodia, Rajiv Jajodia Aditya Jajodia, Mrs.Sima Jajodia, Mrs.Rina Jajodia

The limit shall also be secured by 2nd charge on fixed assets both present and future of Pig iron unit of the company

Repayment

The Term is repayable in 28 quarterly instalments of Rs.13.36 lac s commencing from 12th month from 1st disbursement or six months from the date of commencement of commercial production whichever is earlier

Interest

Rate of Interest (subject to change by bank any time) Term loan 2.60% above BOIPTLR- presently effective 14.60% p.a. payable monthly and Cash Credit 2.60% above BOIPTLR- presently effective 14.10% p.a. payable quarterly

Margin

TERM LOAN-48%

Cash credit (stock)-25%

Cash credit (Book debts)-30%

L/C & Bank Guarantee-10%

III) ANDHRA BANK

Nature of facility

Term loan

For construction of Buildings and other civil works and for acquisition of plant & machinery, furniture & fixtures and Misc. Fixed asset

Amount

900.00 Lacs

Date of sanction

22.05.2004

Security

Primary security: Pari-passu first charge on fixed assets of the proposed billet unit of the company and hypothecation of other plant & machinery both present and future with other term lending banks

Collateral

- a) Pari-passu second charge on the fixed asset of the proposed billet units of the company and also other hypothecation charge on other plant & machinery both present and future of total estimated cost of 2807.18 lacs with other term lending banks-For working capital limits
- b) Pari-passu second charge of hypothecation on entire current assets of the company proposed union pari-passu basis with the other working capital lending bank-for term loan
- c) Lien on Term deposits of Rs. 25 lacs

Personal guarantee of the directors:

- Mr. Sanjiv Jajodia
- Mr. Rajiv Jajodia
- Mr. Aditya Jajodia

Repayment

Repayable in 16 quarterly instalments.

The repayment should commence 6 month after the date of commercial production or immediately after 18 months from the first disbursement whichever is earlier

Interest

BMPLR 10.5%+2.50%+Term premium 0.25%=13.25%at present

Margin

50% on building and other civil construction

25% on Plant & Machinery and other fixed asset

IV) UCO Bank

(A) Nature of facility

Term loan

Purpose

Acquisitions of fixed/movable assets for Re-Rolling unit of the company

Amount

600.00 lacs

Date of sanction

03.6.2003

Security

Primary: Equitable Mortgage of all fixed assets and hypothecation of all plant & machinery and other movable assets of the re-rolling division both present and future ranking Pari-Passu With the BOI.

Collateral Second charge on all fixed assets both present and future of Pig iron unit

Repayment

Repayable in 25 quarterly installments of Rs.24 lacs each with 9 months moratorium period. Repayment is to commence from the last qtr. Of 2003-04 or 6 month after the commercial production whichever is earlier. Installment will be payable within the last day of the end of the relevant quarter. Interest will be serviced as and when due

Interest

PTLR+2% presently 14% p.a. corresponding to T2 credit rating at monthly rest

(Subject to change as per bank discretion)

Margin

40% on completion of the project

(B) Nature of facility

Cash credit

Purpose

1. Re-rolling unit
2. Pig iron unit

Amount

1. 270 lacs
2. 234 lacs

Date of sanction

03.06.2003

Security

Primary Hypothecation of stock and book debts and other current assets both present and future ranking Pari-passu with BOI Of Both the Unit.

Collateral Extension of 2nd charge on the company's fixed asset of the pig iron unit and extension of the 1st charge on the company's fixed asset s of the re- rolling unit ranking Pari-passu with the BOI

Interest

2% above PTLR presently 13.5% p.a. at monthly rests

Margin

25 % On Stock And 30% On Book Debts not more than 90 days old

Nature of facility

Bank guarantee

Purpose

To be given to Durgapur project ltd for purchase of electricity

Amount

50.00 lacs

Date of sanction

03.06.2003

Security

Primary: Counter guarantee to be provided by the company

Extension of charge on the current assets of the company

Collateral: Extension of 1st charge on the fixed asset of the Re-Rolling mill and extension of 2nd charge on pig iron unit

Margin

10% Cash/FDR

(C) Nature of facility

Letter of credit

Purpose

Opening of Inland/Foreign Letter of credit

Amt. (Rs. In lacs)

150.00

Security

All the above facilities will be secured by the personal guarantee of the following director:

- i) Sri Aditya Jajodia,
- ii) Sanjiv Jajodia,
- iii) Rajiv Jajodia,
- iv) Smt. Sima Jajodia,
- v) Smt. Rina Jajodia

The above facilities will also be additionally secured by fixed deposit of Rs.20 lac to be kept under lien to bank.

The entire above limit shall also be secured by 2nd charge on fixed asset, both present and future of Pig Iron Unit

V) West Bengal Financial Corporation

Nature of facility

Term loan

Purpose

Acquisition of fixed assets for sponge iron unit

Amount

1000 lacs

Date of sanction

20-08-2003

Security

- a) First equitable mortgage of all the immovable properties created by the company for its sponge iron plant.
- b) first charge by way of hypothecation of all the movable assets of the sponge iron unit including movable machinery, machinery spares, tools and accessories, both present and future, subject to prior charge in favour of other bankers on raw materials, stock in trade ,finished and semi finished goods, book debt and other specified movables
- c) personal guarantees of the directors-Sanjiv Jajodia, Rajiv Jajodia, Aditya Jajodia
- d) corporate guarantee of Jai Balaji sponge Ltd, Chandi Steel Industries Pvt.Ltd. ,Jai Salasar Balaji Industries Pvt.Ltd

Repayment

The Term loan will be repaid within period of 7.25 year by 24 qtly installments the first 23 being of Rs 2 lac each and the last installments being of Rs. 34 lacs. The first installments will fall due for payment on completion of 18 months from the date of first disbursement of the loan.

Interest

Interest on the loan will be charged at the lending rates of the Corporation applicable to such unit and prevailing at the time of first disbursement of the loan.

The present applicable rate of interest exclusive of interest tax: 13%p.a.upto Rs. 500lac and 13.50% above Rs.500 lac. Additional interest of 2% in case of default

Margin

The aggregate amount of the loans disbursed/outstanding will not exceed 75% of the value of assets offered and accepted as security

Nominee Director

The Corporation reserves the right to appoint upto two nominees at any point of time during the currency of the corporation loan.

VI) Indian Overseas Bank

(A) Nature of facility

Term loan

Purpose

To part finance the sponge iron project division

Amount

800.00 lacs

Date of sanction

28.05.2004

Security

First charge on the assets of this division of the company on pari-passu basis with other lenders for this division

Repayment

Repayable in 24 instalments (first- 20 Rs.30 lacs and last 4 - Rs, 50 lacs)

Interest

BPLR+1.75%i.e 12.75% p.a. presently

Margin

30%

(B) Nature of facility

Cash credit

Amount

525 lacs

Date of sanction

28.05.2004

Security

First pari-passu charge on current assets of the Sponge iron division with other lender

Interest

BPLR+2% i.e. 13%p.a presently

Margin

25% on stock & 50% on book debts upto 60 days

(C) Nature of facility:

Term loan

Purpose

To part finance the Captive power plant

Amount

4000 lacs

Date of sanction

28.05.2004

Security

First charge on the assets of the division with exclusive charge on land acquired on pari-passu basis with other lenders for the project

Repayment

Repayable in 32 qtly installments with 2 years moratorium

Interest

BPLR+1.75%i.e 12.75% p.a. presently 26%

VII) Central Bank of India

(A) Nature of facility

Term loan

Purpose

Financing the cost of fixed assets for sponge iron unit.

Amount

600 lacs

Date of sanction

26.09.2003

Security

Charge on all fixed assets of the company including factory land, sheds and buildings, plants & machinery of proposed value of Rs4600 lacs ranking pari-passu with WBFC and IOB

Repayment

Repayment to start after a moratorium period of one year from the date of first disbursement i.e, 1st September 2004 Repayments in 24 Nos. of equal qrtly instalments of Rs.25 lacs each Interest to be serviced separately on qrtly/monthly rests as applicable

Interest

MTLR+1.50%p.a.

Margin

50% against civil construction .25% against machineries and allied item

(B) Nature of facility

Term loan

Purpose

Financing the cost of the project-coal Washery unit

Amount (Rs in lacs)

400 lacs

Date of sanction

09.06.2004

Security

Hypothecation /equitable mortgage of entire fixed assets value on completion of project Rs.702.26 lacs

Collateral: Corporate guarantee from Chandi steel, Balaji Sponge Iron Ltd, Salasar Industries Pvt. Ltd Personal guarantee from the directors Lien on Fixed Deposit of Rs.50 lacs Equitable mortgage of factory land value Rs22.60 lac

Repayment

Term loan is to be repaid by 20 equal quarterly installments of Rs. 20 lacs each commencing from 01.07.05. Interest has to be serviced as and when due

Interest

BPLR

Margin

Land-100% Building-50% Plant & mac-25%

Misc. fixed asset-48%

Technical-know how-100%

Pre-exp-100%

Contingency-100%

(C) Nature of facility

Cash credit

Amount

175 lacs

Date of sanction

26.09.2003

Security

Hypothecation of stock of RM, SFG&FG Stores, spares, BookDebts and all chargeable current assets ranking pari-passu with IOB

Personal guarantees from directors and corporate guarantees from Balaji Sponge, Chandi Steel, Salasar Balaji Industries Pvt. Ltd

Interest

PLR+2%p.a.

Margin

25% on stocks and 50% on book debts not older than 60 days

VIII) United Bank of India**(A) Nature of facility**

Term loan

Purpose

For setting up M.S.Billet division

Amount

1000 lacs

Date of sanction

15.01.2004

Security

For the entire credit limit

Primary:

1) pari-passu first charge on the fixed assets of MS billet division by way of mortgage charge on land, building and factory shed, plant& machineries and also hypothecation.

2) pari-passu first charge by way of hypothecation charge on the stock in trade and other current assets of ms billet divn. with other working capital lender

Additional:

- i) lien on term deposit of Rs 25 lacs
- ii) Personal guarantee of all the directors as on 31.3.03

Repayment

The Term loan will be repaid in 16 equal quarterly installments with a moratorium period upto September 2005. The payment period would commence from Dec, 2005 @ Rs56.25 lacs per quarter. Servicing of interest would be done on regular basis and during the moratorium period. The entire term loan with interest shall be liquidated with in September 2009

Margin

25%

(B) Nature of facility

Cash Credit

Purpose

Finance for working Capital requirement

Amount (Rs in lacs)

100 lacs

Date of sanction

15.01.2004

IX) Indian Renewable Energy Development Agency Limited**Nature of facility**

Term loan

Purpose

For setting Up of 40 MW Captive Power Plant

Amount

3384.00 lacs

Date of sanction

25-08-04

Repayment:

Moratorium of maximum of 2 years from the date of the execution of Loan agreement and then repaid in 24 qtlly installment payable on 31st Mar, 30th June, 30th Sep, 31st Dec each year

Interest

Rate prevalent on the date of drawal of first disbursement. Present rate is 10%p.a. It is payable quarterly each year on the 31st Mar, 30th June, 30th Sep, 31st Dec each year.

X) The State Bank of India.**(A) Nature of facility**

Cash Credit

Purpose

To finance the rolling mill division.

Amount (Rs in lacs)

750.00 lacs

Date of Sanction

26.10.04

Security

Primary –First Hypothecation charge on the entire current assets including inventory and receivables of the division on parri passu basis.

Collateral-2nd charge on the fixed assets of the company as a whole on parri passu basis.

Interest

1.50 % over State Bank Advance Rate. Effective Rate will be 11.75% per annum at monthly rests. Penal rate of interest would be 1% subject to a maximum ceiling of 2% per annum as per RBI directives.

Margin

Raw Material and consumable store-25%

Finished Goods-25%

Receivables (Cover 90 days)-30%

(B) Nature of facility

Term Loan with one time swing.

Purpose

To part finance the 40MW Captive Power Plant

Amount (Rs in lacs)

Rs. 4000 lacs

Date of sanction

26.10.04

Security

Primary-Equitable mortgage of land, building and plant & machinery of the company, present and future, on parri passu basis.

First charge on the other fixed assets of the company, present and future on the parri passu basis.

Collateral- 2nd charge on current assets on parri passu basis.

Repayment:

Repayable in 24 quarterly installments starting 31-12-2006.

Interest

At State Bank Advance Rate. Effective Rate will be 10.25% per annum at monthly rests.

OTHER REGULATORY DISCLOSURES

Stock Market Data for our Equity Shares

This being the initial public offering of the Company, our Equity Shares are not listed on any stock exchanges.

Particulars Regarding Previous Public Issues During the Last Five Years

We have not made any previous public issue during the last five years.

Mechanism Evolved for Redressal of Investor Grievances

We will settle investor grievances expeditiously and satisfactorily. The agreement between us and the Registrar to the Issue will provide for retention of records with the Registrar to the Issue, Intime Spectrum Registry Limited, for a period of at least one year from the last date of dispatch of letters of allotment, demat credit, and refund orders to enable the investors to approach the Registrar to the Issue for redressal of their grievances. All grievances relating to this Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection center where the application was submitted.

Disposal of Investor Grievances

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

We have appointed, **Mr.R.N.Prajapati, General Manager (Finance & Accounts) and Company Secretary** of our Company as the Compliance Officer and he may be contacted in case of any pre-issue or post-issue related problems such as non-receipt of allotment advice, refund orders and demat credit, etc. He can be contacted at:

Shri Ramrupai Balaji Steels Limited

5,Bentinck Street,
1st Floor, Kolkata - 700001
Ph- +91 33 22489808
Fax- +91-33-22430021
E-mail – jbalaji@vsnl.net

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum and Articles, conditions of RBI approvals, the terms of the Draft Red Herring Prospectus, Red Herring Prospectus, the Prospectus, the Bid cum Application Form, the Revision Form and other terms and conditions as may be incorporated in the CAN, allotment advice and any other document that may be executed in respect of the Issue. In addition, the Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, Registrar of Companies and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Companies Act, the Memorandum and Articles of Association of Shri Ramrupai Balaji Steels Limited and shall rank *pari passu* with the existing Equity Shares of the Company including in respect of the rights to receive dividends. See "Main Provisions of the Articles of Association" for a description of the Articles of Association of the Company.

Face Value and Issue Price

The Equity Shares having a face value of Re.10 each are being issued at a price of Rs. [●] per Equity Share. At any given point of time, there shall be only one denomination for the Equity Shares.

Rights of the Equity Shareholder

Subject to applicable laws, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive Issues for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and Memorandum and Articles of Association of the Company.

For a detailed description of the main provisions of the Articles of Association of the Company relating to voting rights, dividend, forfeiture and lien and/or consolidation/ splitting, see "Main Provisions of the Articles of Association" on page 150 of this Draft Red Herring Prospectus.

Market Lot

As trading in the Equity Shares is compulsorily in dematerialised mode, the tradeable lot is one Equity Share. Allotment of Equity Shares will be done in electronic form, subject to a minimum allotment of Equity Shares.

Jurisdiction

Exclusive jurisdiction for purposes of this Issue is with the competent courts in Kolkata, India.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidders, may nominate any one person in whom, in the event of the death of sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to equity share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of equity share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Registered Office of Shri Ramrupai Balaji Steels Limited or to the registrar and transfer agents of Shri Ramrupai Balaji Steels Limited.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as holder of Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialised form, there is no need to make a separate nomination with the Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective depository participant.

ISSUE STRUCTURE

The present Issue of 20000000 Equity Shares comprises of Issue of 20000000 Equity Shares of Re. 10 each for cash issued at a price of Rs. [•] per Equity Share, aggregating Rs. [•] lacs, and is being made through the 100% Book Building process under Clause 2.2.2 of SEBI (DIP) Guidelines 2000.

If at least 10% of the Net Issue is not be allocated to QIBs, then the entire application money shall be refunded forthwith.

	Employees Reservation Portion	QIBs	Non- Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for allocation	Upto 10,00,000 Equity Shares	Issue size less allocation to Non-Institutional Investors and Retail Investors subject to maximum of 9500000 equity shares	Minimum of 47,50,000 Equity Shares (1)	Minimum of 47,50,000 Equity Shares (1)
Percentage of Issue Size	Upto 5% of the Issue size.	Not more than 50% or Issue Size less allocation to Non-Institutional Investors and Retail Individual Bidders subject to mandatorily 10% being allocated.	Minimum 25% of the Net Issue to Public or Net Issue	Minimum 25% of the Net Issue to Public or Net Issue
Basis of Allocation	Proportionate	Discretionary	Proportionate	Proportionate
Minimum Bid	[•] Equity Shares and thereafter in multiple of [•] Equity Shares	Such number of Equity Shares that the Bid Amount exceeds Rs.50,000 and in multiples of [•] Equity Shares	Such number of Equity multiples of [•] Equity Shares	[•] Equity Shares and thereafter in multiple of [•] Equity Shares
Maximum Bid	Such number of equity shares so as to ensure that the bid amount does not exceed Rs.10,00,000	Not exceeding the size of the Issue subject to regulations Applicable to the Bidder	Not exceeding the size of the Issue	Such number of Equity Shares so as to ensure that the Bid Amount does not exceed Rs. 50,000
Allotment Mode	Compulsory in dematerialised mode	Compulsory in dematerialised mode	Compulsory in dematerialised mode	Compulsory in dematerialised mode
Trading Lot	One Equity Share	One Equity Share	One Equity Share	One Equity Share
Who can Apply	Permanent Employees of Shri Ramrupai Balaji Steels Limited	Public financial institutions, and as defined in section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign	Resident Indian individuals, HUF (in the name of Karta), corporate bodies, NRIs, societies and trusts	Individuals including NRIs and HUFs (in the name of Karta) applying for such number of Equity Shares such that the Bid does not exceed Rs.

		institutional investors registered with SEBI, multilateral and bi-lateral development institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with Insurance Regulatory and Development Authority, Provident Funds with minimum corpus of Rs. 250 million and Pension Funds with minimum corpus of Rs. 250 million		50,000
Terms of Payment	Full Bid Amount on Bidding less waived by the Syndicate	Full Bid Amount on Bidding less waived by the Syndicate	Full Bid Amount on Bidding unless waived by the Syndicate	Full Bid Amount on Bidding unless waived by the Syndicate
Margin Money	Full Bid Amount on Bidding	NIL	Full Bid Amount on Bidding	Full Bid amount on Bidding

Subject to valid bids being received at or above the Issue Price. Undersubscription, if any, in the Non-Institutional Bidder and Retail Individual Bidder categories, would be allowed to be met with spill over from other categories, at the discretion of the company in consultation with the BRLMs. subject to compliance with clause 2.2.2 of SEBI (DIP), 2000 i.e., the company shall mandatorily allot 10% of the net Issue to the public to QIBs, failing which the entire issue proceeds shall be refunded.

The unsubscribed portion, if any, out of the equity shares under employees reservation portion will be added back to the categories of Non- Institutional bidders and retail Individual bidders in the ratio 50:50.

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building scheme wherein not more than 50% of the Net Issue shall be allocated on a discretionary basis to Qualified Institutional Buyers (subject to mandatory 10%). Further, not less than 25% of the Net Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and the remaining 25% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid bids being received at or above the Issue Price.

Bidders are required to submit their Bids through the members of the Syndicate. We, in consultation with the BRLMs reserve the right to reject any Bid procured by any members of the Syndicate without assigning any reason therefore in case of QIBs. In case of Non-Institutional Bidders, Retail Individual Bidders, and reserve portion for employees of the company, the company would have a right to reject the Bids only on technical grounds.

Investors should note that Equity Shares would be allotted to successful Bidders only in dematerialised form.

Bid cum Application Form

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Draft Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in his Bid cum Application Form and such options shall not be considered as multiple bids. Upon the allocation of Equity Shares, dispatch of the Confirmation of Allocation Note, or CAN, and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorised the Company to make the necessary changes in this Draft Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories, is as follows:

Category	Colour of Bid cum Application Form
India Public, NRIs applying on a non-repatriation basis	White
Eligible Non Residents, NRIs or FIIs applying on a repatriation basis	Blue
Employees of Company	Green

Who can Bid

- i. Indian nationals resident in India who are majors, in single or joint names (not more than three);
- ii. Hindu Undivided Families or HUFs, in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
- iii. Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in the Equity Shares;
- iv. Indian Mutual Funds registered with SEBI;
- v. Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission, as applicable);
- vi. Venture Capital Funds registered with SEBI;
- vii. Foreign Venture Capital Investors registered with SEBI;
- viii. State Industrial Development Corporations;

- ix. Trusts registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorised under their constitution to hold and invest in equity shares;
- x. NRIs and FIIs on a repatriation basis or a non-repatriation basis subject to applicable laws;
- xi. Scientific and/ or Industrial Research Organisations authorised to invest in equity shares;
- xii. Insurance Companies registered with Insurance Regulatory and Development Authority;
- xiii. Provident Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- xiv. Pension Funds with minimum corpus of Rs. 250 million and who are authorised under their constitution to hold and invest in equity shares;
- xv. Multilateral and Bilateral Development Financial Institutions;

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

Note: The BRLMs and Syndicate Members and any associate of the BRLMs and Syndicate Members (except asset management companies on behalf of mutual funds, Indian financial institutions and public sector banks) cannot participate in that portion of the Issue where allocation is discretionary. Further, the BRLMs shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations.

In terms of the Regulation 15A (1) of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, the Foreign Institutional Investor or sub-account ("FIIs) may issue, deal in or hold, off-shore derivative instruments such as Participatory Notes, Equity Linked Notes or any other similar instruments against underlying securities being allocated to such FIIs.

As per the current regulations, OCBs cannot Bid in this Issue.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under relevant regulations or statutory guidelines.

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds.

No mutual fund under its scheme should own more than 10% of any company's paid-up capital carrying voting rights.

As per current regulations, the following restrictions are applicable for investment by FIIs:

The Issue of Equity Shares to a single FII should not exceed 10% of the post-issue paid-up capital of the Company (i.e. 10% of 6,60,00,000 Equity Shares of Re. 10/- each). In respect of an FII investing in Equity Shares of the Company on behalf of its sub accounts, the investment on behalf of each sub-account shall not exceed 10% of the total issued capital of the Company. As of now, the aggregate FII holding in the Company cannot exceed 24% of the total issued capital of the Company. With the approval of the Board of Directors and the shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, as of this date, no such resolution has been recommended to the shareholders of Shri Ramrupai Balaji Steels Limited for adoption.

As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital Funds) Regulations, 1996 and the SEBI (Foreign Venture Capital Investors) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund or foreign venture capital investor registered with SEBI should not exceed 25% of the Company's paid-up capital. The aggregate holdings of venture capital

funds and foreign venture capital investors registered with SEBI could, however, go up to 100% of the Company's paid-up equity capital.

The above information is given for the benefit of the Bidders. The Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

- a) **For Retail Individual Bidders:** The Bid must be for a minimum of [•] and in multiples of [•] Equity Shares thereafter so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs. 50,000. In case of revision of Bids, the Retail Individual Bidders should ensure that the Bid Amount does not exceed Rs.50, 000. In case the Bid Amount is over Rs. 50,000 due to revision or on exercise of the Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders Category. The Cut-off option is an option available only to the Retail Individual Bidders indicating their agreement to bid and purchase the Equity Shares at the final Issue Price as determined at the end of the Book Building Process.
- b) **For Non-Institutional Bidders and QIBs Bidders:** The Bid must be for a minimum of such number of Equity Shares so as to ensure that the minimum Bid Amount is above Rs. 50,000. Above this minimum Bid Amount, the Bid should be in multiples of [•] Equity Shares. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them.
- c) **For Employees:** The bid must be for a minimum of [•] equity shares and in multiples of [•] equity shares thereafter.

In case of revision in Bids, the Non Institutional Bidders who are individuals will have to ensure that the Bid Amount is greater than Rs. 50,000 for being considered for allocation in the Non-Institutional Category. In case the Bid Amount reduces to Rs. 50,000 or less due to a revision in Bids, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Individual Bidder category would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIB Bidders are not allowed to bid at "Cut off".

A QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

Bidding Process

- a) The members of the Syndicates will circulate copies of the Draft Red Herring Prospectus along with the Bid cum Application Form to potential investors.
- b) Any investor who would like to obtain the Draft Red Herring Prospectus along with the Bid cum Application Form can obtain the same from the corporate office of Shri Ramrupai Balaji Steels Limited or from any of the BRLMs or Syndicate Members.
- c) Investors who are interested in subscribing for Shri Ramrupai Balaji Steels Limited's Equity Shares should approach any of the BRLMs or Syndicate Members or their authorised agent(s) to register their Bid.
- d) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the BRLMs or Syndicate Members. Bid cum Application Forms which do not bear the stamp of the BRLMs or Syndicate Members will be rejected.

Bidding

- a. The Company and the BRLMs shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band and publish the same in three widely circulated newspapers (one each in English, Hindi and Bengali). This advertisement shall contain the salient features of the Draft Red Herring Prospectus as specified under Form 2A of the Companies Act, the method and process of bidding and the names and addresses of the BRLMs and Syndicate Members. The members of the Syndicate shall start accepting Bids from the Bidders during the Issue Period.

- b. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled "Bids at Different Price Levels" on page --- of this Draft Red Herring Prospectus below) and specify the demand (i.e. the number of Equity Shares bid for). The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid, irrespective of the bid price, will become automatically invalid.
- c. The Bidder cannot bid on another Bid cum Application Form after his or her Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allotment of Equity Shares in this Issue.
- d. The BRLMs and Syndicate Members will enter each option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, or TRS, for each price and demand option. Bidders should make sure that they ask for a copy of the computerised TRS for every Bid Option from the Syndicate Member. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form.
- e. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment".

Bids at Different Price Levels

1. The Price Band has been fixed at Rs. [•] to Rs. [•] per Equity Share, Rs. [•] being the Floor Price and Rs. [•] being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of Rs.1.
2. The Company, in consultation with the BRLMs, can revise the Price Band during the Bidding Period, in which case the Bidding Period shall be extended further for a period of three days, subject to the total Bidding Period not exceeding thirteen days. The cap on the Price Band should not be more than 20% of the Floor Price. Subject to compliance with the immediately preceding sentence, the floor of Price Band can move up or down to the extent of 20% of the Floor Price disclosed in this Draft Red Herring Prospectus.
3. Any revision in the Price Band will be widely disseminated by informing the stock exchanges, by issuing a public notice in two national newspapers (one each in English and Hindi), and one regional newspaper (Bengali) and also indicating the change on the relevant websites and the terminals of the members of the Syndicate and the Bidding Period shall be extended for a further period of three days, subject to the total Bidding Period not exceeding thirteen days.
4. The Company, in consultation with the BRLMs, can finalise the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.
5. The Bidder can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders and bidders in the employees reservation portion applying for a maximum Bid in any of Bidding Options not exceeding upto Rs. 50,000 may bid at "Cut-off". However, bidding at "Cut-off" is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders will be rejected.
6. Retail Individual Bidders who bid at the Cut-off agree that they shall purchase the Equity Shares at the Issue Price, as finally determined which will be a price within the Price Band. Retail Individual Bidders bidding at Cut-Off shall deposit in the Escrow Account the Bid Amount based on Cap Price. In the event the Bid Amount is higher than the allocation amount payable by the Retail Individual Bidders (i.e., the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), Retail Individual Bidders shall receive the refund of the excess amounts.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had bid at Cut-off could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band, with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs.50,000, the Bid will be considered for allocation under

the Non-Institutional Portion in terms of this Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downward for the purpose of allocation, such that no additional payment would be required from the Bidder.

8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off could either revise their Bid or the excess amount paid at the time of bidding would be refunded.
9. In the event of any revision in the Price Band, whether upwards or downwards, the Minimum Application Size shall remain [•] Equity Shares irrespective of whether the Bid Amount payable on such Minimum Application is not in the range of Rs. 5,000 to Rs. 7,000.

Escrow Mechanism

Shri Ramrupai Balaji Steels Limited shall open Escrow Accounts with Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision. All cheques or demand drafts received for the full Bid Amount from Bidders would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of this Draft Red Herring Prospectus and an Escrow Agreement entered into amongst Shri Ramrupai Balaji Steels Limited, BRLMs, Registrar to the Issue and the Escrow Collection Bank(s). The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement. Payments of refunds to the Bidders shall also be made from the Escrow Account as per the terms of the Escrow Agreement and this Draft Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement among Shri Ramrupai Balaji Steels Limited, BRLMs, Registrar to the Issue and the Escrow Collection Bank(s) to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Collection Account

In case of Employees, Non-Institutional Bidders and Retail Individual Bidders, each Bidder shall, with the submission of the Bid cum Application Form draw a cheque or demand draft for the maximum amount of his Bid in favour of the Escrow Account of the Escrow Collection Bank (for details refer to the paragraph "Payment Instructions") and submit the same to the members of the Syndicate. Bid cum Application Forms accompanied by cash and Stockinvest shall not be accepted. The maximum bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder. The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till such time as the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account or Refund Account with the Bankers to the Issue, as applicable.

In case of QIBs, the members of the Syndicate may, at their discretion, waive such payment at the time of the submission of the Bid cum Application Form. Where such payment at the time of submission of the Bid cum Application Form is waived at the discretion of the members of the Syndicate, the Issue Price shall be payable for the allocated Equity Shares not later than the date specified in the CAN, which shall be subject to a minimum period of two days from date of communication of the allocation list to the Syndicate Members by the BRLMs. If the payment is not made favouring the Escrow Account within the time stipulated above, the application of the Bidder is liable to be rejected. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid cum Application Form. Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allocation, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date.

Electronic Registration of Bids

- a. The members of the Syndicate will register the Bids using the on-line facilities of NSE and BSE. There will be at least one online connectivity to each city where the Bids are accepted.
- b. NSE and BSE will Issue a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate and their authorised agents during the Bidding Period. Members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on half-hourly basis. On the bid closing date, the Bids would be uploaded until such times as may be permitted by BSE/ NSE.
- c. The aggregate demand and price for Bids registered on each of the electronic facilities of NSE and BSE will be uploaded on half hourly basis and consolidated. A graphical representation of consolidated demand and price would be made available at the bidding centres during the Bidding Period.
- d. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
 - Name of the investor (Investors should ensure that the name given in the Bid cum Application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form);
 - Investor Category – Individual, Corporate, NRI, FII, or Mutual Funds etc;
 - Numbers of Equity Shares bid for;
 - Bid price;
 - Bid cum Application Form number;
 - Whether payment is made upon submission of Bid cum Application Form; and
 - Depository Participant Identification no. and Client Identification no. for Demat Account of the Bidder.
- e. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or Shri Ramrupai Balaji Steels Limited.
- f. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- g. The members of the Syndicate have the right to review the Bid. Consequently, the members of the Syndicate also have the right to accept the Bid or reject it without assigning any reason. In case of Non-Institutional Bidders, and Retail Individual Bidders, Bids shall not be rejected except on the technical grounds listed on Page 140 in the Draft Red Herring Prospectus.
- h. It is to be distinctly understood that the permission given by NSE to use their network and software of the Online IPO system should not in any way be deemed or construed that the compliance with various statutory and other requirements by Shri Ramrupai Balaji Steels Limited or BRLMs are cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of Shri Ramrupai Balaji Steels Limited, its promoters, its management or any scheme or project of Shri Ramrupai Balaji Steels Limited.
- i. It is also to be distinctly understood that the approval given by NSE should not in any way be deemed or construed that the Draft Red Herring Prospectus has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE.

Build Up of the Book and Revision of Bids

- a. Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on an on-line basis. Data would be uploaded on a regular basis.
- b. The book gets built up at various price levels. This information will be available with the BRLMs on an on-line basis.
- c. During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form which is a part of the Bid cum Application Form.
- d. Revisions can be made in both the desired number of Equity Shares and the bid price by using the Revision Form. The Bidder must complete his or her Bid cum Application Form, the details of all the options in his or her Bid cum Application Form or earlier Revision Form and revisions for all the options as per his Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options in the Revision Form unchanged. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
- e. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the earlier Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he has placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must only be made on that Revision Form.
- f. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of this Draft Red Herring Prospectus. In case of QIBs, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the Bidders.
- g. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
- h. In case of discrepancy of data between NSE or BSE and the members of the Syndicate, the decision of the BRLMs based on the physical book shall be final and binding to all concerned.

Price Discovery and Allocation

- a. After the Bid/Issue Closing Date, the BRLMs shall analyze the demand generated at various price levels and discuss pricing strategy with Shri Ramrupai Balaji Steels Limited.
- b. Shri Ramrupai Balaji Steels Limited will, in consultation with the BRLMs, finalise the "Issue Price", the number of Equity Shares to be allotted and the allocation to successful QIB Bidders. The allocation will be decided based on the quality of the QIB Bidder determined broadly by the size, price and date of the Bid.
- c. The allocation for QIBs of 50% of the Net Issue Size would be discretionary. The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 25% and 25% of the Net Issue Size respectively would be on proportionate basis subject to valid Bids being received at or above the Issue Price.
- d. Undersubscription, if any, in the Non-Institutional Portion and / or Retail Portion, would be allowed to be met with spill over of demand from any of the other categories at the sole discretion of Shri Ramrupai Balaji Steels Limited, and BRLMs.
- e. Allocation to NRIs or FIIs or Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions applying on repatriation basis will be subject to the terms and conditions stipulated by the FIPB and RBI while granting permission for transfer of Equity Shares to them.

- f. The BRLMs, in consultation with the Company shall notify the Syndicate Members of the Issue Price and allocations to their respective Bidders.
- g. The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date, but before allotment.

Signing of Underwriting Agreement and RoC Filing

1. The Company, the BRLMs and the Syndicate Members intend to enter into an underwriting agreement on reaching agreement upon the Issue Price and allocation(s) to the Bidders.
2. After signing the Underwriting Agreement, the Company would file the Red Herring Prospectus with RoC, which then would be termed the 'Prospectus'. The Prospectus would have details of the Issue Price, size of the Issue, underwriting arrangements and would be complete in all material respects.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by the Company after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the Red Herring Prospectus and the Prospectus will be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note

After the determination of Issue Price, the following steps would be taken:

- (a) Registrar to the Issue shall prepare the list of successful Bidders.
- (b) The BRLMs or Syndicate Members would send the CAN to their respective Bidders who have not paid the Margin Money at the time of Bidding and who have been allocated Equity Shares in the Issue. The despatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. These Bidders shall pay in full the amount payable into the Escrow Account on or prior to the Pay-in Date specified in the CAN.
- (c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrars to the Issue subject, however, to realisation of their cheque or demand draft paid into the Escrow Account. The despatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allotted/transferred to such Bidder.

Designated Date and Allotment / Transfer in the Issue

- (a) After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, the Company would allot / transfer the Equity Shares to the allottees.
- (b) All allottees will receive credit for the Equity Shares directly in their Depository Account. Equity Shares will be allotted only in the dematerialised form to the allottees. Allottees will have the option to re-materialise the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.
- (c) The Company would make allotment of Equity Shares within 15 days of the Bid/Issue Closing Date and give instructions to credit to the allottees' depository accounts within two working days from the date of allotment. In case, the Company fails to make allotment or transfer within 15 days of the Bid/Issue Closing Date, interest would be paid to the investors at the rate of 15% per annum.

GENERAL INSTRUCTIONS

Do's:

- i. Check if you are eligible to apply;
- ii. Complete the Resident Bid cum Application Form (white in colour) or Non-Resident Bid cum Application Form (blue in colour) or Eligible Employees (Green in colour); as the case may be
- iii. Complete the Bid cum Application Form carefully after reading all the instructions;

- iv. Enter correct details about Depository Participant and Depository Account as there will be no allotment/ transfer of equity shares in physical form;
- v. Investors must ensure that the name given in the bid cum application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;
- vi. Submit Bids on forms bearing stamp of the members of the Syndicate at the bidding centres only;
- vii. Obtain TRS for all your options; and
- viii. Submit Revised Bid to the same member of the Syndicate through whom the Original Bid was placed and obtain a revised TRS.

Don'ts:

- i. Do not Bid for lower than minimum Bid size;
- ii. Do not Bid/ revise the Bid to a price that is less than the Floor Price or higher than the Cap Price
- iii. A Bidder should not Bid on another Bid cum Application Form after he has submitted the Bid to a member of the Syndicate;
- iv. Do not pay the Bid Amount in cash or through Stock-invest;
- v. Do not send Bid cum Application Forms by post; instead hand them over to a member of the Syndicate only;
- vi. Do not bid at Cut-off price for Non-institutional and QIB Bidders;
- vii. A Bid from any investor should not exceed the investment limit or maximum number of Equity Shares that can be held by a Bidder under the applicable laws or regulations.

Instructions for Completing the Bid cum Application Form

Bidders can obtain Bid cum Application Forms and / or Revision Forms from the BRLMs or Syndicate Members.

Bids and revisions to Bids

Bids and revisions to Bids must be:

- i. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable
- ii. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, the Bid cum Application Form and Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
- iii. **For Retail Portion**, the Bids must be for a minimum of [•] Equity Shares and in multiples of [•] thereafter subject to a maximum Bid Amount does not exceed Rs. 50,000.
- iv. **For Employees category**, the bid must be for a minimum of [•] and in multiples of [•] thereafter subject to a maximum of Rs. 10,00,000/.
- v. For Bidders other than the Bidders in the Retail Portion, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or is equal to Rs. 50,000 and in multiples of Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.
- vi. In single name or in joint names (not more than three).
- vii. A Magistrate or a Notary Public or a Special Executive Magistrate under his or her official seal must attest Thumb impressions and signatures other than in the languages specified in the Eight Schedule in the Constitution of India.

Bids by Permanent Employees of SRBSL

For the purpose of this reservation, Permanent Employee means permanent employees and directors of SRBSL present in India during the period commencing from the date of filing the Red Herring Prospectus with RoC and the Issue Closing Date.

Bids under Employee Reservation category shall be

- ☐ Made only in the prescribed Bid cum Application Form or Revision Form (i.e. Green colour Form).
- ☐ Permanent Employees, as defined above, should mention their employee number at the relevant place in the Bid cum Application Form:
- The sole/first bidder should be Permanent Employees as defined above.
- Only Permanent Employees, as defined above, would be eligible to apply in this Issue under this Reservation Portion.
- Bids by Permanent Employees, as defined above, will have to bid like any other Bidder. Only those bids, which are received at or above the Issue Price, would be considered for allocation under this category.
- Permanent Employees, as defined above, who apply or bid for securities of or for a value of not more than Rs. 50,000 in any of the bidding options can apply at Cut-Off. This facility is not available to other Permanent Employees whose minimum Bid amount exceeds Rs. 50,000.
- The maximum bid in this category can be for 10,00,000 Equity Shares.
- If the aggregate demand in this category is less than or equal to 10,00,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Permanent Employees, as defined above, to the extent of their demand.
- Undersubscription in this category would be added back to the Non-Institutional and Retail Individual Bidders category in the ratio of 50:50.
- If the aggregate demand in this category is greater than 10,00,000 equity shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For the method of proportionate basis of allocation, refer to para "Basis of Allotment" on page 144 of this Draft Red Herring Prospectus.

Bidders Depository Account Details

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant- Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders and occupation (hereinafter referred to as Demographic Details). Hence, Bidders should carefully fill in their Depository Account details in the Bid-cum-Application Form.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders/ CANs/Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders in the Bid-cum-application Form would not be used for these purposes by the Registrar.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorise the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund Orders/Allocation Advice/CANs would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Bidder's Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details. **These Bank Account details would be printed on the refund order, if any, to be sent to Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant.** Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk.

Bids under Power of Attorney

In case of Bids made pursuant to a Power of Attorney or by limited companies, corporate bodies, registered societies, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum and Article of Association and/or Bye Laws must be lodged along-with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the Power of Attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made by Insurance Companies registered with Insurance Regulatory and Development Authority, a certified true copy of the certificate of registration issued by with Insurance Regulatory and Development Authority must be submitted with the Bid cum Application Form. Failing this, the Company reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made by provident funds with minimum corpus of Rs. 2500 lacs and pension funds with minimum corpus of Rs. 2500 lacs, a certified true copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of Bids made by mutual fund registered with SEBI, venture capital fund registered with SEBI and foreign venture capital investor registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

The Company in its absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Bid cum Application form, subject to such terms and conditions as they may deem fit.

Bids by NRIs

NRI bidders to comply with the following:

- Individual NRI bidders can obtain the Bid cum Application Forms from the Registrar to the Issue or BRLMs whose addresses are printed on the cover page of this Draft Red Herring Prospectus.
- NRI bidders may please note that only such bids as are accompanied by payment in free foreign exchange shall be considered for allotment under the NRI category. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for resident Indians.

Bids by NRIs or FIIs on a repatriation basis

Bids and revision to Bids must be made:

- On the Bid cum Application Form or Revision Form, as applicable, and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
- In a single or joint names (not more than three).
- Bids by NRIs for a Bid Amount of up to or less than Rs. 50,000 would be considered under the Retail Individual Bidders Portion for the purposes of allocation and Bids for a Bid Amount of more than Rs. 50,000 would be considered under Non Institutional Bidder Portion for the purposes of allocation; by FIIs or Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions for a minimum of such number of Equity Shares and in multiples of [•] Equity Shares thereafter so that the Bid Amount exceeds Rs. 50,000; for further details see “- Maximum and Minimum Bid Size”.
- In the names of individuals or in the names of FIIs or in the names of Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, firms or partnerships, foreign nationals or their nominees or OCB’s.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money payable upon submission of the Bid cum Application Form or Revision Form through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post/speed post. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Payment Instructions

The Company shall open an Escrow Account with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue. Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

(a) Payment into Escrow Account:

- The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid cum Application Form draw a payment instrument as specified hereinafter for the Bid Amount in favour of the Escrow Account and submit the same to the member of the Syndicate.
- In case no Margin Amount has been paid by the Bidders during the Bidding Period, on receipt of the CAN, an amount equal to Issue Price multiplied by the Equity Shares allocated to the Bidder or the balance amount, in case the Margin Amount is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the Syndicate Member(s) by the BRLM.
- The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:

- In case of Resident Bidders: "Escrow Account- Shri Ramrupai Balaji Steels Ltd Public Issue"
- In case of Non Resident Bidders: "Escrow Account- Shri Ramrupai Balaji Steels Ltd Public Issue- NR."
- In case of eligible employees of the SRBSL "Escrow Account- Shri Ramrupai Balaji Steels Ltd Public Issue- Employees"
- In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of a Non-Resident Ordinary (NRO) Account of a Non- Resident bidder bidding on a repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR Account.
- In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
- Where a Bidder has been allocated lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allocated, will be refunded to the Bidder from the Escrow Account.
- The monies deposited in the Escrow Account will be held for the benefit of the Bidders until the Designated Date.
- On or after the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreements into the Public Issue Account with the Bankers to the Issue.
- No later than 15 days from the Bid/ Issue Closing Date, the Escrow Banker shall refund all amounts payable to unsuccessful Bidder and also the excess amount paid by the Bidders, if any, after adjusting for allocation to Bidders.
- Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stockinvest/ Money Orders/ Postal orders will not be accepted.

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSBC BC 42/24.47.000/2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn with immediate effect. Hence, payment through Stockinvest would not be accepted in the Issue.

Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the BRLM or Syndicate Member at the time of submitting the Bid. A Syndicate Member may at its discretion waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form in the case of Institutional Bidders.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the BRLMs, or Syndicate Member will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder. No

separate receipt shall be issued for the money paid on the submission of Bid cum Application Form or Revision Form.

Other Instructions

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint bid, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be despatched to his or her address.

Multiple Bids

- A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple bids if the sole, First Bidder is one and the same.
- In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.
- Bid/application by Employees can also be made in the "net Issue to the public" and such bids shall not be treated as multiple bids.

The Company reserves the right to reject, in their absolute discretion, all or any multiple bids in any or all categories.

PAN or GIR Number

Where the maximum Bid for Equity Shares by a Bidder is for the total value of Rs.50,000 or more, i.e. the actual numbers of Equity Shares bid for multiplied by the bid price is Rs.50,000 or more, the Bidder or, in the case of a Bid in joint names, each of the Bidders should mention his or her Permanent Account Number (PAN) allotted under the I.T. Act or where the same has not been allotted, the General Index Register (GIR) Number and the Income-Tax Circle, Ward or District. In case neither the PAN nor the GIR number has been allotted, the Bidders must mention, "Not allotted" in the appropriate place. Bid cum Application Forms without this information will be considered incomplete and are liable to be rejected.

Right to Reject Bids

The Company reserve the right to reject any Bid without assigning any reason therefore in case of QIBs and in the case of Non-Institutional Bidders and Retail Individual Bidders, the Company has the right to reject the Bids only on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds, including the following:

- a) Amount paid does not tally with the amount payable for the highest value of Equity Shares bid for;
- b) Bank account details (for refund) are not given;
- c) Age of First Bidder not given;
- d) Bids by minors;
- e) PAN or GIR Number not given if Bid is for Rs.50,000 or more;
- f) Bids for lower number of Equity Shares than specified for under that category of investor;
- g) Bids at a price less than the floor of the Price Band and higher than the cap of the Price Band;
- h) Bids at Cut-off price by a QIB or a Non Institutional Bidder or Eligible Employee whose bid size is more than Rs. 50,000;
- i) Bids for number of Equity Shares, which are not in multiples of [•];
- j) Category not ticked;

- k) Multiple Bids;
 - l) In case of Bid under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;
 - m) Bid cum Application Form does not have the stamp of a member of the Syndicate;
 - n) Bid cum Application Form does not have the Bidder's depository account details;
 - o) Bid cum Application Forms are not submitted by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/Issue Opening Date advertisement and this Draft Red Herring Prospectus and as per the instructions in this Draft Red Herring Prospectus and the Bid cum Application Form;
 - p) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations, see the details regarding the same at page ----- of this Draft Red Herring Pros
 - q) Bids not duly signed by the sole/joint Bidders;
 - r) Bids accompanied with Stock invests;
- or
- s) In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the sequence of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity.

Equity Shares in Dematerialised Form with NSDL or CDSL

As per the provisions of Depositories Act, the Equity Shares of the Company can be held in a dematerialised 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 is also extending this facility to all the investors in this Issue. Successful allottees in this Issue will be mandatorily allotted Equity Shares in dematerialised form. In this context, two tripartite agreements have been signed:

The _____ 2004 between the Company, NSDL and Intime Spectrum Registry Limited for offering the Depository option to the investors.

The second dated _____ between the Company, CDSL and Intime Spectrum Registry Limited for offering the Depository

Option to the investors

All investors can seek allotment only in dematerialised mode. Bids from any investor without relevant details of his or her Depository account are liable to be rejected.

A Bidder applying for Equity Shares must have at least one beneficiary account with any of the Depository Participants of NSDL or CDSL prior to making the Bid.

The Bidder must necessarily fill in the details (including the beneficiary account no. and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.

Equity Shares allotted to a Bidder will be credited in electronic form directly to the respective beneficiary accounts (with the Depository Participant).

Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the depository.

Non-transferable allotment advice or refund orders will be directly sent to the Bidder by the Registrars to this Issue.

If incomplete or incorrect details are given under the heading 'Request for Equity Shares in electronic form' in the Bid cum Application Form or Revision Form, it will be rejected.

The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.

It may be noted that equity shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL or CDSL. All the stock exchanges where the Equity Shares of the Company are proposed to be listed are connected to NSDL and CDSL.

Communications

All future communications in connection with Bids made in the Issue should be addressed to the Registrars to the Issue quoting full name of the sole or first Bidder, Bid cum Application Form number, number of Equity Shares applied for, date, bank and branch where the Bid was submitted and cheque or draft number and issuing bank thereof.

Despatch of Refund Orders

The Company shall ensure despatch of refund orders of value over Rs.1,500 by registered post or speed post only and adequate funds for the purpose shall be made available to the Registrars to the Issue by the Company.

Undertakings

The Company undertakes that:

- complaints received in respect of this Issue shall be attended to by the Company expeditiously and satisfactorily;
- It shall take all steps for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are to be listed within seven working days of finalisation of the basis of allotment;
- the funds required for despatch of refund orders or allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by the Company;
- refund orders or allotment advice to the NRIs or FIIs or multilateral or bilateral development financial institutions, foreign venture capital investors registered with SEBI shall be despatched within the specified time;
- no further issue of Equity Shares shall be made till the Equity Shares Issued through this Draft Red Herring Prospectus are listed or until the Bid moneys are refunded on account of non-listing, under-subscription, etc.

Utilisation of Issue Proceeds

The Board of Directors of the Company certifies that:

- all monies received out of the Fresh Issue of Equity Shares to the public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- details of all monies utilised out of the Fresh Issue referred above shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised;
- details of all unutilised monies out of the Fresh Issue, if any, shall be disclosed under the appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised 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 the Stock Exchanges. Pending utilisation of the proceeds of the Fresh Issue as specified under the heading "Objects of the Issue", the net proceeds from the Fresh Issue may be invested by the Company in interest bearing liquid instruments including deposits with banks.

Procedure and Time Schedule for Allotment of Equity Shares and Disposal of Applications and Application Money

We shall ensure dispatch of allotment advice or refund orders and giving of benefit to the Beneficiary Account with Depository Participants and submission of the allotment and listing documents to the Stock Exchanges within two working days of finalization of the basis of allotment of Equity Shares. The Company shall ensure the dispatch of refund orders, if any, of value up to Rs.1,500, "Under Certificate of Posting", and dispatch of refund orders above Rs.1,500, if any, by Registered Post or Speed Post at the sole or First Bidder's sole risk.

The Company shall use its best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of finalisation of the basis of allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Guidelines, the Company, further undertakes that:

Allotment of Equity Shares shall be made only in dematerialised form within 15 days of the Bid/Issue Closing Date;

The Company would ensure despatch of refund orders within 15 days of the Bid/Issue Closing Date; and

The Company shall pay interest at 15% per annum (for any delay beyond the 15 days time period as mentioned above), if allotment/transfer is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 days time prescribed above.

The Company will provide adequate funds required to the Registrar to the Issue for dispatch of refund orders or allotment advice.

Refunds will be made by cheques, pay orders or demand drafts drawn on an Escrow Collection Bank(s) and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Interest on Refund of excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received by us if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter no. F-8/6/SE/79 dated July 21, 1983, as amended by their letter no. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by Seri's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

STATUTORY AND OTHER INFORMATION

Consents

Consents in writing of: (a) the Directors, the Company Secretary, the Auditors, Legal Advisors to the Company, Bankers to the Company and Bankers to the Issue; and (b) Book Running Lead Managers to the Issue, Syndicate Members, Escrow Collection Bankers and Registrars to the Issue, to act in their respective capacities, have been obtained.

Rashmi & Co, auditors of the company, have given their written consents to the inclusion of their auditor's report in the form and context in which it appears in the Draft Red Herring Prospectus.

Expert Opinion

Except as stated elsewhere in the Draft Red Herring Prospectus, the Company has not obtained any expert opinions.

Changes in Directors and Auditors during the last three financial years and reasons thereof

The current directors of the company are:

Name	Date of Appointment
Mr. Sanjiv Jajodia	Since Inception
Mr. Rajiv Jajodia	Since Inception
Mr. Aditya Jajodia	7 th October 2002
Mr. Ashim Kumar Mukherjee	1 st November 2004
Mr. Angshuman Ghatak	1 st November 2004
Mr. Kashi Nath Jalan*	1 st November 2004

None of the directors of the company have resigned.

Basis of Allotment or Allocation

A. For Employee Reservation Portion

- Bids received from the Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Employees will be made at the Issue Price.
- If the aggregate demand in this category is less than or equal to 10,00,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Employees to the extent of their demand.
- If the aggregate demand in this category is greater than 10,00,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [•] Equity Shares. For the method of proportionate basis of allotment, refer below.

B. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Net Issue size less allocation to Non Institutional and QIB Bidders shall be available for allocation to Retail Individual Bidders who have bid in the Issue at a price which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 47,50,000 Equity Shares at or above the Issue Price, full allocation shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 47,50,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [•] Equity Shares. For the method of proportionate basis of allotment, refer below.

C. For Non Institutional Bidders

- Bids received from Non Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all successful Non Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIBs and Retail Portion shall be available for allocation to Non Institutional Bidders who have bid in the Issue at a price which is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 47,50,000 Equity Shares at or above the Issue Price, full allocation shall be made to Non Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 47,50,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of hundred [•] Equity Shares. For the method of proportionate basis of allotment refer below.
- The aggregate allocation to Retail and Non Institutional Bidders shall not exceed 95,00,000 Equity Shares.

D. For QIBs

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allocation to all the QIBs will be made at the Issue Price.
- The Net Issue size less allocation to Non Institutional Portion and Retail Portion shall be available for allocation to QIBs who have bid in the Issue at a price which is equal to or greater than the Issue Price.
- The allocation would be decided by the Company in consultation with the BRLMs and would be at their sole discretion, based on the quality of the QIB Bidder determined broadly by the size, price and date of the Bids. The aggregate allocation to QIB Bidders shall not be less than 19,00,000 Equity Shares.

Under-subscription, if any, out of the equity shares in the Employee Reservation Portion will be added back to the categories of Non-Institutional bidders and Retail Individual bidders in the ratio 50:50. Under-subscription if any in the Non-Institutional and Retail Individual categories would be allowed to be met with spill over from any other category at the sole discretion of the Company and the BRLMs.

Method of Proportionate Basis of Allotment

In the event the Issue is over-subscribed, the basis of allotment shall be finalised by the Company in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that basis of allotment is finalised in a fair and proper manner. Allotment to Bidders shall be as per the basis of allocation as set out in this Draft Red Herring Prospectus under "Issue Structure".

- a. Bidders will be categorised according to the number of Equity Shares applied for.
- b. The total number of Equity Shares to be allotted to each category, as a whole shall be arrived at on a proportionate basis which is the total number of Equity Shares applied for in that category (number of bidders in the category multiplied by number of shares applied for) multiplied by the inverse of the over-subscription ratio.
- c. Number of Equity Shares to be allotted to the successful bidders will be arrived at on a proportionate basis which is total number of Equity Shares applied for by each bidder in that category multiplied by the inverse of the over-subscription ratio in that category subject to minimum allotment of hundred (100) Equity Shares. The Allotment Lot shall be the same as the Minimum Application lot irrespective of any revisions to the Price Band.
- d. In case the proportionate allotment to any Bidders is in fractions, then the same would be rounded off to nearest integer.

- e. In all bids where the proportionate allotment is less than hundred (100) per bidder, the allotment shall be made as follows:
- Each successful bidder shall be allotted a minimum of hundred (100) Equity Shares; and
 - The successful bidders out of the total bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.

If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate allotment to the successful bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising of bidders applying for minimum number of Equity Shares.

Expenses of the Issue

The expenses of the Issue payable by the company inclusive of brokerage, fees payable to the BRLMs, Advisors to the Issue, fees of Legal Advisors, stamp duty, printing, publication, advertising and distribution expenses, bank charges, fees payable to the Registrars to the Issue, listing fees and other miscellaneous expenses will not exceed the prescribed limits, and will be met out of the proceeds of the Issue.

Fees Payable to the Book Running Lead Managers, and Syndicate Members

The total fees payable to the BRLMs will be as per the terms of appointment letter issued by the company. A copy of the terms of appointment letter and the Memorandum of Understanding signed amongst the Company and the BRLMs is available for inspection at our Registered Office.

Fees Payable to the legal Advisor to the Issue

The total fees payable to Legal Advisor to the Issue, will be as per the mandate letter signed with us, a copy of which is available for inspection at our Registered Office.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the Memorandum of Understanding signed with us, a copy of which is available for inspection at our Registered Office.

The Registrar will be reimbursed for all relevant out-of-pocket expenses including such as cost of stationery, postage, stamp duty, communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allocation advice by registered post/ Speed Post. Refund Orders up to Rs. 1500/- would be sent under certificate of posting.

Underwriting Commission, Brokerage and Selling Commission

The underwriting commission and selling commission for the Issue will be as set out in the Syndicate Agreement amongst us, the BRLMs and Syndicate Members.

The underwriting commission shall be paid as set out in the Syndicate Agreement based on the Issue Price and amount underwritten in the manner mentioned elsewhere in the Red Herring Prospectus.

Previous Rights and Public Issues

Except as stated in Notes to the Capital Structure, the Company has not made any public issue (including any public rights issue) since its inception.

Issues otherwise than for Cash

Except as stated in the Draft Red Herring Prospectus under "Capital Structure", the company has not issued any Equity Shares for consideration otherwise than for cash.

Outstanding Debenture or Bond Issues

The Company does not have any outstanding debentures or bonds.

Outstanding Preference Shares

The Company does not have any outstanding preference shares.

Commission and Brokerage on Previous Issues

No sum has been paid or is payable as commission or brokerage for subscribing to or procuring for, or agreeing to procure subscription for any of the Equity Shares of the Company since its inception.

Capitalisation of Reserves or Profits

Except as stated in the Draft Red Herring Prospectus under "Capital Structure", the Company has not issued any Equity Shares on capitalisation of profits or reserves.

Option to Subscribe in the Issue

Equity shares being issued through the Draft red Herring Prospectus can be applied for in dematerialized form only.

Purchase of Property

Except as stated in the "Objects of Issue" in this Draft Red Herring Prospectus, and save in respect of the property purchased or acquired or to be purchased or acquired in connection with the business or activities contemplated by the objects of the Issue, there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Draft Red Herring Prospectus, other than property, in respect of which:

- the contract for the purchase or acquisition was entered into in the ordinary course of business, nor was the contract entered into in contemplation of the Issue, nor is the Issue contemplated in consequence of the contract; or
- the amount of the purchase money is not material.

Except as stated in this Draft Red Herring Prospectus, the Company has not purchased any property in which any of its Promoter and/or Directors, have any direct or indirect interest in any payment made thereunder.

Remuneration & Terms of appointment of Managing Director

Shri Aditya Jajodia was appointed as Managing Director of Company in the Extraordinary General Meeting held on 30th September, 2004 with the effect from the same date for the period of 5 years on the terms and conditions as approved in the said meeting. The proposal has been approved by the Board of directors at its meeting held on 20th August 2004. At a meeting held on 25th November, 2004 the Board of Directors decided to revise the remuneration payable to Shri Aditya Jajodia. The proposal has also been approved by the shareholders at the Extraordinary General Meeting held on 22nd December, 2004. In accordance with a resolution adopted at the general meeting of shareholders of SRBSL, he is entitled to withdraw his salary and benefits as per his service conditions, as stated herein under:

1. **Term of Appointment:** Five years w.e.f 30th September, 2004 upto 29th September, 2009
2. **Salary:** He will be entitled to a salary of Rs. 40,000/-per month from 1st January 2005 in the scale of Rs. 40,000-2000-50,000/- with provision for annual increment of Rs.2000/- from the beginning of the calendar year.
3. **Perquisites:** - He will be entitled to reimbursement of medical expenses and leave travel concession for self & family, club fees & premium for medical/accidental insurance subject to maximum amount not exceeding Rs. 3,00,000/- in a financial year. For the purpose of calculating the ceiling, the perquisites shall be evaluated as per Income Tax Rules, 1961.
4. **Others:** - Use of car for Company's business, telephone and other communication facilities at residence/other places, reimbursement of traveling, entertainment and all other expenses for the purpose of business incurred by him shall not be treated as perquisites.
5. **Commission:** No commission shall be paid.

6. **Minimum Remuneration:** The above salary will be payable to the Managing Director even in case of loss or inadequacy of profit in respect of any financial year during his tenure in office in compliance with Schedule XIII to the Companies Act, 1956.
7. **Sitting fees:** The Managing Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof from the date of his appointment.
8. **Gratuity and encashment of leave:** He will be entitled to gratuity and encashment of leave as per rules of the company.
9. **Headquarters:** The headquarters of the Managing Director will be at, where he has to regularly stay for attending to his duties.
10. **Overall superintendence, control and direction of the Board of Directors:** The Managing Director shall function, subject to overall superintendence, control and direction of the Board of Directors and may sub delegate such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and such restrictions as he may think proper subject to report to the Board of Director.
11. **Termination:** The Managing Director and Company can terminate this agreement at any time after giving notice of three months. No compensation shall be payable to either of the parties on such termination.

Remuneration & Terms of appointment of Whole time Director

Shri Rajiv Jajodia was appointed as Whole time Director of Company in the Extraordinary General Meeting held on 22nd December 2004 and payment of remuneration to him with the effect from the same date for the period of 5 years on the terms and conditions as approved in the said meeting. The proposal has been approved by the Board of directors at its meeting held on 25th November 2004. In accordance with a resolution adopted at the general meeting of shareholders of SRBSL, he is entitled to withdraw his salary and benefits as per his service conditions, as stated herein under:

1. **Term of Appointment:** Five years w.e.f 22nd December 2004 up to 21st December 2009.
2. **Salary:** No Salary etc. Will be payable to the Whole time Director during his tenure in office.
3. **Others:** The Whole time Director shall be entitled to use of car for companies business, telephone and other communication facilities at residence/other places, reimbursement of traveling & entertainment and all other expenses for the purpose of business which shall not be treated as a perquisites to him.
4. **Sitting fees:** The Whole time Director shall not be paid any sitting fees for attending the meetings of the Board of Directors or Committees thereof from the date of his appointment.
5. **Headquarters:** The headquarters of the Whole time Director will be at, where he has to regularly stay for attending to his duties.
6. **Overall superintendence, control and direction of the Board of Directors:** The Whole time Director shall function, subject to overall superintendence, control and direction of the Board of Directors and may sub delegate such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions and such restrictions as he may think proper subject to report to the Board of Director.
7. **Termination:** The Whole time Director and Company can terminate this agreement at any time after giving notice of three months. No compensation shall be payable to either of the parties on such termination.

The Board of directors of the Company are authorized to revise, amend, alter or otherwise vary the terms & conditions of his appointment from time to time as they deem fit, but at no time the remuneration payable shall exceed the maximum limit as prescribed in Section I of Part II of Schedule XIII of the Companies Act, 1956 as amended and in the event of inadequacy of profit in financial year, Shri Rajiv Jajodia

Would be entitled to receive the remuneration not exceeding the limit as prescribed in section II of Part II of Schedule XIII to the Companies Act, 1956 as minimum remuneration.

Interest of Promoters and Directors

Except as otherwise stated elsewhere in this Draft Red Herring Prospectus, all the directors may be deemed to be interested to the extent of remuneration and fees payable to them for attending the meeting of the Board or committee thereof and reimbursement of travelling and other incidental expenses, if any, for such attendances as per the articles.

All the Directors / Promoters of the company shall be deemed to be interested to the extent of shares held by them and/or their friends and relatives and which may be allotted to them out of the present issue, and are deemed to be interested to the extent of remuneration and perquisites being drawn by them from the company.

The Whole-time Director is interested to the extent of remuneration paid to him for services rendered to the company. Further, the Managing Director is interested to the extent of equity shares that may be subscribed and allotted/ transferred to him out of the present Issue in terms of the Prospectus and also to the extent of any dividend payable to him and other distributions in respect of the said Equity Shares.

The Directors may also be regarded as interested in the shares, if any, held by or that may be subscribed by and allotted/transferred to the companies, firms and trust, in which they are interested as directors, members, partners and/or trustees. All directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by the company with any company in which they hold directorships or any partnership firm in which they are partners as declared in their respective declarations.

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

Revaluation of Assets

The Company has not revalued any of its assets since its inception.

Classes of Shares

The authorised share capital of the Company is Rs. 7500 lacs, which is divided into 7,50,00,000 equity shares of face value of Rs. 10 each.

Payment or Benefit to Promoters or Officers of the Company

Except as stated elsewhere in this Draft Red Herring Prospectus, no amount or benefit has been paid or given within the two preceding years or is intended to be paid or given to the promoter or any officer of the company except the normal remuneration for services rendered as directors, officers or employees.

MAIN PROVISIONS OF OUR ARTICLES OF ASSOCIATION

INCREASE OF CAPITAL BY THE COMPANY AND HOW CARRIED INTO EFFECT

4. The Company in General Meeting may, by an Ordinary Resolution from time to time, increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe. Subject to the provisions of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General meeting resolving upon the creation thereof shall, direct, and if no direction be given, as the Directors shall determine, and in particular, such shares (either redeemable or non-redeemable) may be issued with a preferential right to dividends and in the distribution of assets of the Company, and with a right of voting at General Meetings of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company is increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act.

INTEREST MAY BE PAID OUT OF CAPITAL

26. Where any shares are issued for the purpose of raising money to defray the expenses of the Construction of any work or building, or the provision of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of the share capital as is for the time being paid up, for the period, at the rate and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building, or the provision of plant.

LIEN

38. The company shall have a 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 a fixed time in respect of such shares and no equitable interest of such shares and equitable interest in any shares shall be created except upon the footing, and upon the condition that Article 22 thereof is to have full effect. Any such lien shall extend to all dividends 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 shares wholly or in part to be exempt from the provision of this clause.

FORFEITURE OF SHARE

41. If any member fails to pay any call or installment on or before the day appointed for the payment of the same the Board may at any time thereafter during some time as the call or installment remains unpaid, serve notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the company by reason of such non payment.

42. The notice shall name a day (not being less than thirty days from the date of the notice) and a place or places on at which such call or installment and such interest and expenses as aforesaid are to be paid. The notice shall also state a day in the event of non-payment at or before the time, and at the place appointed the shares in respect of which such call was made or installment is payable will be liable to be forfeited.

DEMATERIALISATION OF SECURITIES

64A. The provisions of this Article shall apply notwithstanding anything to the contrary contained in any other Articles.

1. For the purpose of this Article:

'Beneficial Owner' means a person or persons whose name is recorded as such With a depository, 'SEBI' means the Securities & Exchange Board of India; established under Section 3 of the Securities & Exchange Board of India Act, 1992 and

'Depository' means a company formed and registered under the Companies Act, 1956, and which has been granted a certificate of registration to act as depository under Securities & Exchange Board of India Act, 1992; and wherein the securities of the Company are dealt With in accordance With the provisions of the Depositories Act, 1996.

2. The Company shall be entitled to dematerialise securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996.

3. Every holder of or subscriber to securities of the Company shall have the option to receive certificates for such securities or to hold the securities with a Depository. Such a person who is the beneficial owner of the securities can at any time opt out of a depository, if permitted bylaw, in respect of any securities in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required certificates for the Securities.

If a person opts to hold his Securities with the depository, the Company shall intimate such depository the details of allotment of the Securities, and on receipt of the information, the depository shall enter in its record the name of the allottee as the beneficial owner of the Securities.

4. All securities held by a depository shall be dematerialized and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C and 372A of the Act shall apply to a depository in respect of the securities held by on behalf of the beneficial owners.

5. (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of securities of the Company on behalf of the beneficial owner.

(b) Save as otherwise provided in (a) above, the depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.

(c) Every person holding securities of the Company and whose name is entered as the beneficial owner of securities in the record of the depository shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities which are held by a depository and shall be deemed to be a Member of the Company.

6. Notwithstanding anything contained in the Act or these Articles to the contrary, where securities of the Company are held in a depository, the records of the beneficiary ownership may be served by such depository on the Company by means of electronic mode or by delivery of floppies or discs.

7. 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.

8. Notwithstanding anything contained in the Act or these Articles, where a depository deals with securities, the Company shall intimate the details thereof to the depository immediately on allotment of such securities. .

9. Nothing contained in the Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a depository.

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

TRANSFER OF FULLY AND PARTLY PAID SHARES

52. The Instrument of Transfer shall be in writing and all the provisions of Section 108 of the Act shall be duly complied with in respect of all transfer of shares and the registration thereof.

53. Every such instrument of transfer shall be executed both by transferor and the transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee shall have been entered in the Register of Members in respect thereof. The Board shall not issue or register a transfer of any share in favour of a minor (except in cases when they are fully paid up).

61. Every instrument of transfer shall be presented to the Company duly stamped for registration accompanied by such evidence as the Board of Directors may require to prove the title of the transferor, his right to transfer the shares and generally under and subject to such conditions and regulations as the Board of Directors shall from time to time prescribe, and every registered instrument of transfer shall remain in the custody of the Company until destroyed by order of the Board of Directors.

62. For the purpose of the registration of a transfer, the certificate or certificates of the share or shares to be transferred must be delivered to the Company along with (same as provided in Section 108 of the Act) a properly stamped and executed instrument of transfer.

REGISTER OF TRANSFERS

51. The Company shall keep a book to be called the "Register of Transfers", and therein shall be fairly and directly entered particulars of every transfer or transmission of any share.

TRANSFER FEE

63. There shall be paid to the Company, in respect of the transfer or transmission of any number of shares to the same party, such fee, if any, as the Directors may require.

DIRECTORS MAY REFUSE TO REGISTER TRANSFER

55. Subject to the provision of section 111 of the act and section 22A of the securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the company but in such cases, the director shall within 1 month from the date on which the instrument of transfer was lodged with the company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person indebted to the company on any account whatsoever except when the company has a lien on the shares. Transfer of shares/debentures in whatever lot shall not be refused.

REGISTRATION OF PERSONS ENTITLED TO SHARES OTHERWISE THAN BY TRANSFER

59. Subject to the provisions of articles 56 and 57, any person becoming entitled to shares in consequence of the death, lunacy, bankruptcy or insolvency of any member, or the marriage of a female member, or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Board of Directors (which it shall not be under any obligation to give) upon producing such evidence that he sustains the character in respects of which he proposes to act under this article of his title, as the holder of the shares or elect to have some person nominated by him and approved by the Board of Directors, registered as such holder, provided nevertheless, that if such person shall elect to have his nominee registered he shall testify the election by executing to his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any liability in respect of the shares. This Article is referred to in these Articles as the Transmission Article.

PERSONS ENTITLED MAY RECEIVE DIVIDEND WITHOUT BEING REGISTERED AS MEMBER

60. A person entitled to a share by transmission shall, subject to the right of the Directors to retain such dividends or money as hereinafter provided, is entitled to receive and may give discharge for any dividends or other moneys payable in respect of the share.

COMPANY NOT LIABLE FOR DISREGARD OF A NOTICE IN PROHIBITING REGISTRATION OF A TRANSFER

64. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the Prejudice of persons having or claiming any equitable right, title or interest to or in the said shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer, and may have entered such notice, or deferred thereto, in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right title or interest, or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company; but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Board of Directors shall so think fit.

POWER TO BORROW

66. The Board may, from time to time, at its discretion subject to the provisions of Section 292 of the Act, raise or borrow, either from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purpose of the Company; provided that the Board shall not without the sanction of the Company in General Meeting borrow any sum of money which together with money borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aggregate for the time being of the paid up capital of the Company and its free reserves, that is to say, reserves not set aside for any specific purpose.

CONDITIONS ON WHICH MONEY MAY BE BORROWED.

67. The Board may raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit and in particular, by the issue of bonds, perpetual or redeemable, debentures or debenture-stock, or any mortgage, or other security on the undertaking of the whole or any part of the property of the Company (both present and future including its uncalled capital for the time being).

REGISTER OF MORTGAGES ETC. TO BE KEPT

71. The Board of Directors shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgages and charges specifically affecting the property of the Company; and shall cause the requirements of Sections 118, 125, 127 and 144 (both inclusive) of the Act in that behalf to be duly complied with, so far as they are required to be complied with by the Board of Directors,

ANNUAL GENERAL MEETING

75. The company shall in each year hold a General Meeting as its Annual General Meeting in addition to any other meetings in that year. All General Meetings other than Annual General Meeting shall be Extraordinary General Meetings. The first Annual General Meeting shall be held within eighteen months from the date of incorporation of the company and the next Annual General Meeting shall be held within six months after the expiry of the financial year in which the first Annual General Meeting was held and thereafter an Annual General Meeting of the Company shall be held within six months after the expiry of each financial year, provided that not more than fifteen months shall elapse between the date of one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the right conferred upon the Registrar under the provisions of Section 166(1) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for on a time during business hours, on a day that is not a public holiday, and shall be held in the office of the company or at some other place within the city in which the office of the Company is situated as the Board may determine and the Notices calling the Meeting shall specify it as the Annual General Meeting. The Company may in any Annual General Meeting fix the time for its subsequent Annual General Meeting. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall be entitled to attend and to be heard at any General Meeting which he attends on any part of the business, concerns him as Auditor. At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report (if not already attached in the Audited statement of Accounts) the proxy Register with proxies and the Register of Directors' Share holdings of which latter Register shall remain open and accessible during the continuance of the meeting. The Board shall cause to be prepared the Annual List of Members, summary of the Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.

EXTRAORDINARY GENERAL MEETING

76. The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by any member or members holding in the aggregate not less than one-tenth of such of the paid-up capital as at the date carries the right of voting in regard to the matter in respect of which the requisition has been made.

REGULATION OF THE MEMBERS TO STATE OBJECT OF MEETING

77. Any valid requisition so made by members must state the object or objects of the meeting proposed to be called and must be signed by the requisitionists and be deposited at the office provided that such requisition may consist of several documents in file form each signed by one or more requisitionists.

ON RECEIPT OF REQUISITIONS DIRECTORS TO CALL MEETING AND IN DEFAULT REQUISITIONISTS MAY DO SO.

78. Upon the receipt of any such requisition, the Board shall forthwith call an Extraordinary General Meeting, and if they do not proceed within twenty-one days from the date of the requisition being deposited at the office to cause a meeting to be called on a day not later than forty-five days from the date of deposit of the requisition, the requisitionists, or such of their number as represents either a majority in value of the paid-up share capital of the Company as is referred to in Section 169(4) of the Act, which ever is less, may themselves call the meeting, but in either case, any meeting so called shall be held within three months from the date of tile delivery of the requisition as aforesaid.

NUMBER OF DIRECTORS

111. 1. Until otherwise determined by a General Meeting of the Company and subject to tile provisions of Section 252 of the Act, the number of Directors (excluding Debenture and Alternate Directors, (if any) shall not be less than three nor more than twelve.

The first Directors of the Company were the following

- i. Mr. Sanjiv Jajodia
- ii. Mr. Rajiv Jajodia

RETIREMENT AND ROTATION OF DIRECTORS

129. At every Annual General Meeting of the Company, one-third if such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third shall retire from office.

ASCERTAINMENT OF DIRECTORS RETIRING BY ROTATION AND FILLING OF VACANCIES.

130. Subject to Section 256(2) of the Act, the Directors to retire by rotation under Article 129 at every Annual General Meeting shall be those who have been longest in the office since their last appointment, but as between persons who became directors on the same day, those who are to retire, shall, in default of, and subject to any agreement among themselves, be determined by lot.

RETIRING DIRECTOR ELIGIBLE FOR RE ELECTION

131. A retiring Director shall be eligible for re-election.

APPOINTMENT OF ALTERNATE DIRECTOR

114. The Board may appoint an Alternate Director to act for-a Director (hereinafter called "the Original Director") during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. An Alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the Original director in whose place he has been appointed and shall vacate the office of the Original Director when he returns to that State. If the terms of office of the Original Director are determined before he so retuns to that state, any provisions in the Act or in these Articles for the automatic reappointment of any retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director.

ADDITIONAL DIRECTORS

115. Subject to the provisions of Sections 260 and 264 of the Act, the Board shall have power at any time and from time to time to appoint any other qualified person to be an Additional Director, but so that the total number of Directors shall not at any time exceed the maximum fixed under the Article 111. Any such Additional Director shall hold office only up to the date of the next Annual General Meeting.

DIRECTORS' POWER TO FILL CASUAL VACANCIES

118. Subject to the provisions of Section 262, 264 and 284(6) of the Act, the Board shall have power at any time and from time to time to appoint any other qualified person to be a Director to fill a casual vacancy Any person so appointed shall hold office only up to the date to which the Director in whose place he is appointed would have held office if it had not been vacated by him.

DIRECTORS MAY ACT NOTWITHSTANDING ANY VACANCY

121. The continuing Directors may act notwithstanding any vacancy in their body but if, and so long as their number is reduced below the minimum number fixed by the Article 111 hereof, the continuing Directors not being less than two, may act for the purpose of increasing the number of directors to that number or for summoning a General Meeting but for no other purpose.

SECRETARY

156. The Directors may from time to time appoint, and at their discretion, remove the Secretary provided that where the Board comprises only three Directors, neither of them shall be the Secretary. The Secretary appointed by the directors pursuant to this Article shall be a whole-time Secretary. The Directors may also at any time appoint some person, who need not be Secretary, to keep the registers required to be kept by the Company.

THE SEAL ITS CUSTODY AND USE

157. (a) The Board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.

(b) The Company shall also be at liberty to have an official Seal in accordance with Section 50 of the Act, for use in any territory, district or place outside India.

158. Every Deed or other instrument, to which the seal of the Company is required' to be affixed, shall unless the same is executed by a duly constituted attorney, be signed by two Directors or one Director and Secretary or some other person appointed by the Board for the purpose, provided that in respect of the Share, the Seal shall be affixed in accordance with the Article 19(a).

ISSUE OF BONUS SHARES

172. Any General Meeting may resolve that any moneys, investments, or other assets forming part of undivided profits of the Company standing to the credit of the Reserves, or any Capital Redemption Reserve Fund, in the hands of the company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the Share Premium Account be capitalised and distributed amongst such of the members as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such members in paying up in full any unissued shares, debentures, or debenture-stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares, and that such distribution or payment shall be accepted by such members in full satisfaction of their interest in the said capitalised sum. Provided that any sum standing to the credit of a Share Premium Account or a Capital Redemption Reserve Fund may, for the purposes of this Article, only be applied in the paying up of unissued shares to be issued to members of the Company as fully paid bonus shares.

UTILIZATION OF UNDISTRIBUTED CAPITAL PROFITS.

173. A General Meeting may resolve that any surplus money arising from the realisation of any capital asset of the Company or any investments representing the same, or any other undistributed profits of the Company not subject to charge for income tax, be distributed among the members on the footing that they receive the same as capital.

RESOLVING ISSUES OF FRACTIONAL CERTIFICATES

174. For the purpose of giving effect to any resolution under the two last preceding. Articles hereof the Board may settle any difficulty which may arise in regard the distribution as it thinks expedient and in particular may issue fractional certificates, and may fix the value of distribution of any specific assets, and may determine that cash payment shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest such cash or specific assets in trustees upon such trusts for the persons entitled to the Board. Where requisite, a proper contract shall be filed in accordance with Section 75 of the Act, and the Board may appoint any person to sign such contract on behalf of the person entitled to the dividend or capital fund, and such appointment shall be effective.

THE COMPANY IN GENERAL MEETING MAY DECLARE A DIVIDEND

160. The Company in General Meeting may declare dividends to be paid to members according to their respective rights, but no dividend shall exceed the amount recommended by the Board, but the Company in General Meeting may declare a smaller dividend.

DIVIDEND ONLY TO BE PAID OUT OF PROFITS

161. No dividend shall be declared or paid otherwise than out of the profits of the financial year arrived at after providing for depreciation in accordance, with the provisions of Section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both, provided that;

1. If the Company has not provided for depreciation for any previous financial year or years, it shall, before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of the financial year or years.
2. If the Company has incurred any loss in any previous financial year or years, the amount of the loss or any amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act, or against both.

INTERIM DIVIDEND

162. The Board may, from time to time, pay to the Members such interim dividend as in their judgment, the position of the Company justifies.

CALLS IN ADVANCE NOT TO CARRY RIGHTS TO PARTICIPATE IN PROFITS.

163. Where the capital is paid in advance of calls, such capital may carry interest, but shall not in respect thereof confer a right to dividend or participate in profits.

DIVIDEND TO BE KEPT IN ABEYANCE

165. The Board may retain the dividends payable upon shares in respect of which any person is under Article 60, entitled to become a member on which any person under that Articles is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same.

DEDUCTION OF MONEY OWED TO THE COMPANY

167 No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares while any money may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever, either along or jointly with any other person or persons; and the Board may deduct from the interest or dividend payable to any member all sums of money so due from him to the Company.

DIRECTORS TO KEEP TRUE ACCOUNTS

175. (1) The company shall keep at the office or at such other place in India as the Board thinks fit, proper Books of Account in accordance with Section 209 of the Act, with respect to

- a) all the sums of moneys received and expended by the Company and the matters in respect of which the receipts and expenditure take place.
- b) all sales and purchases of goods by the Company.
- c) the Assets and liabilities of the Company.

(2) Where the Board decides to keep all or any of the Books of Account at any place other than the office of the Company the Company shall within seven days of the decision file with the Registrar a notice in writing giving, the full address of that other place.

(3) The Company shall preserve in good order the Books of Account relating to the period of not less than eight years preceding the current year together with the vouchers relevant to any entry in such Books of Account.

(4) Where the Company has a branch office, whether in or outside India, the Company shall be deemed to have complied with the Article if proper Books of Account relating to tile transactions effected at the branch office are kept at the branch office and proper summarized returns made up to date at intervals of not more than three months are sent by the branch office to the Company at its offices at other place in India, at which the Company's Books of Account are kept as aforesaid.

(5) The Books of Account shall give a true and fair view of the state of affairs of the Company or branch office, as the case may be, and explain its transaction. The Books of Account and other books and papers shall be open to inspection by any Directors during business hours.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The contracts referred to below (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years prior to the date of this Draft Red Herring Prospectus) which are or may be deemed to be material have been entered into by the Company. Copies of these contracts, together with the copies of the documents referred to below, all of which will be attached to a copy of the Draft Red Herring Prospectus, which would be delivered to RoC, may be inspected at the registered office of the Company between 10.00 A.M. and 12.00 Noon on any working day of the Company from the date of the Draft Red Herring Prospectus until the date of closing of the subscription list.

A. Material Contracts

1. Letter dated November 24th 2004 from us appointing Microsec India Limited, as Book Running Lead Manager and their acceptance thereto.
2. Letter dated November 24th 2004 from us appointing Anand Rathi Securities Private Limited, as Book Running Lead Manager and their acceptance thereto.
3. The Company's Memorandum of Understanding dated January 13, 2005 entered into among the BRLMs and the Company
4. Letter from us dated 1st December 2004 appointing Intime Spectrum Registry Limited as Registrar to the Issue and their acceptance thereto.
5. Memorandum of Understanding between Intime Spectrum Registry Limited and us dated 23rd November 2004.
6. Underwriting Agreement dated_____ entered among the Company, BRLM and the syndicate members.
7. Escrow Agreement dated_____ entered into with Escrow Collection Banks, Syndicate Members and us for our Escrow account in terms of this Draft Red Herring Prospectus.
8. Syndicate Agreement dated_____ signed with the BRLM and Syndicate Members
9. Tripartite Agreement between the Company, NSDL and Intime Spectrum Registry Limited dated _____.
10. Tripartite Agreement between the Company, CDSL and Intime Spectrum Registry Limited dated _____.

B. Documents

1. The Memorandum and Articles of Association of the Company, as amended from time to time.
2. SIA Acknowledgement no. 2579/SIA/IMO/2002 dated January 23,2003
3. Resolution of the Board of Directors of the Company, passed at its Meeting held on 2nd July 2004 and in general meeting held on 30th September,2004 approving this issue.
4. The report of the statutory auditors, Rashmi & Co., Chartered Accountant dated December 10, 2004 prepared as per Indian GAAP and mentioned in the Draft Red Herring Prospectus and copies of balance sheet and profit and loss account of the Company referred to therein.
5. Consent dated 10th December 2004 from Rashmi & Co., Chartered Accountant for inclusion of their reports on accounts in the form and context in which they appear in the Draft Red Herring Prospectus.
6. A copy of the tax benefit report dated December10, 2004 from Company's statutory auditors Rashmi & Co, Chartered Accountant.
7. Consents of Directors, Auditors, Legal Advisors of the Issue, Project Appraiser, Expert named in the Draft Red Herring Prospectus, BRLMs, Syndicate Members, Registrar to the Issue, Escrow Collection Bankers, Bankers to the Issue, Bankers to the Company, Company Secretary and Compliance Officer as referred to in their respective capacities.
8. General Power of Attorney executed by Directors of the Company in favour of Shri Aditya Jajodia for signing and making necessary changes to the Draft Red Herring Prospectus.
9. Due Diligence Certificate dated January 28, 2005 to SEBI from Microsec India Limited. SEBI observation Letters No._____ dated _____, in-seriatim reply dated _____ and fresh due-diligence certificate dated _____.

10. In-principle listing approval dated _____ and _____ from BSE and NSE. Initial listing application dated [] and [], for listing the equity shares at The Stock Exchange, Mumbai and The National Stock Exchange of India Limited, respectively.

DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the GoI or the guidelines issued by Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992 or the rules made thereunder or guidelines issued, as the case may be.

SIGNED BY THE DIRECTORS OF THE COMPANY

Shri Aditya Jajodia

Shri Sanjiv Jajodia

Shri Rajiv Jajodia

Shri Ashim Kumar Mukherjee*

Shri Angshuman Ghatak*

Shri Kashi Nath Jalan*

* Signed by Power of Attorney holder, Shri Aditya Jajodia, on behalf of the directors

SIGNED BY THE GENERAL MANAGER FINANCE & ACCOUNTS AND COMPANY SECRETARY

Date: 31st January 2005

Place: Kolkata

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