

**NISSAN COPPER LIMITED**

(Our Company was incorporated on December 01, 1989 as Nissan Copper Private Limited under the Companies Act, 1956, with Registration Number 04-13072. Our Company was converted into a Public Limited Company with effect from December 08, 2005 with its name as Nissan Copper Limited)

**Registered Office:** Shed No. J/20, GIDC, Umbergaon, Gujarat – 396 171; **Tel:** +91-0260-2562020; **Fax:** +91-0260-2563300; **Website:** www.nissancopper.com

**Corporate Office:** 1002, Raheja Center, 10<sup>th</sup> Floor, Nariman Point Mumbai- 400 021; **Tel:** +91-022- 32522077/81; **Fax:** +91-022- 22833889

**Contact person:** Mr. Rahul Singh, Company Secretary and Compliance Officer; **E-mail:** rahulcs@nissancopper.com

**PUBLIC ISSUE OF [●] EQUITY SHARES OF RS. 10/- EACH AT A PRICE OF RS. [●] PER EQUITY SHARE FOR CASH AGGREGATING RS. 2500/- LACS (HEREINAFTER REFERRED TO AS THE “ISSUE”), INCLUDING EMPLOYEE RESERVATION OF [●] EQUITY SHARES OF FACE VALUE OF RS. 10/- EACH AT A PRICE OF RS. [●] PER EQUITY SHARE FOR CASH AGGREGATING RS. 250/- LACS (HEREINAFTER REFERRED TO AS THE “EMPLOYEE RESERVATION PORTION”). THE ISSUE LESS THE EMPLOYEE RESERVATION PORTION SHALL BE HEREINAFTER REFERRED TO AS THE “NET ISSUE”. THE ISSUE WILL CONSTITUTE [●] OF THE POST ISSUE PAID-UP CAPITAL OF THE COMPANY.**

**PRICE BAND: RS. 33 TO RS. 39 PER EQUITY SHARE**

**THE ISSUE PRICE IS 3.3 TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 3.9 TIMES OF THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND**

The Issue is being made through the 100% Book Building Process where up to 50% of the Net Issue to the public shall be allocated on a proportionate basis to Qualified Institutional Buyers (“QIBs”). 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, atleast 15% of the Net Issue to the public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and atleast 35% of the Net Issue to the public 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.

**The Company has not opted for grading of the Issue.**

**RISK IN RELATION TO FIRST ISSUE**

This being the first issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs. 10/- per equity share 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 for the Equity Shares offered 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 or regarding the price at which the Equity Shares will be traded after listing.

**GENERAL RISKS**

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

**COMPANY’S ABSOLUTE RESPONSIBILITY**

The Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Red Herring Prospectus contains all information with regard to the Company and this Issue, which is material in the context of this Issue, that the information contained in this 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 make this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

**LISTING**

The Equity Shares issued through this Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Limited (“BSE”) and the National Stock Exchange of India Limited (“NSE”). We have received in-principle approval from BSE vide letter no. List/smg/2006 dated 26/09/2006 and NSE vide letter no. NSE/LIST/31178-W dated 13/10/2006 for listing of the Equity Shares being issued in terms of this Red Herring Prospectus. For the purpose of this Issue, BSE is the Designated Stock Exchange.

**BOOK RUNNING LEAD MANAGER TO THE ISSUE****KEYNOTE**  
**CORPORATE SERVICES LTD****KEYNOTE CORPORATE SERVICES LIMITED**

307, Regent Chambers, Nariman Point,  
Mumbai – 400 021.

Tel No. : +91-022-22025230; Fax No. : +91-022-22835467

E-mail : mbd@keynoteindia.net

Website : www.keynoteindia.net

SEBI Regn. No.: INM 000003606

**REGISTRAR TO THE ISSUE****BIGSHARE SERVICES PRIVATE LIMITED**

E-2, Ansa Industrial Estate, Sakivihar Road,  
Saki Naka, Andheri (E), Mumbai-400 072

Tel No. : +91- 022- 28470652; Fax No.: +91-022- 28475207

E-mail: ipo@bigshareonline.com

Website: www.bigshareonline.com

SEBI Regn. No.: INR000001385

**ISSUE SCHEDULE**

**BID/ ISSUE OPENS ON : DECEMBER 04, 2006**

**BID/ ISSUE CLOSURES ON : DECEMBER 08, 2006**



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## SECTION: I - GENERAL

### DEFINITIONS AND ABBREVIATIONS

TERM	DESCRIPTION
“NCL”, our Company, the “Company”, “We”, “us” and “our”	Unless the context otherwise requires, refers to Nissan Copper Limited a public limited company incorporated under the Companies Act, 1956.
“DIPL”	Danial Investment Private Limited

### GENERAL / CONVENTIONAL TERMS:

TERM	DESCRIPTION
Articles/ Articles of Association	The Articles of Association of our Company i.e., Nissan Copper Limited.
Auditors	The statutory auditors of our Company, being M/s Ramesh Bhatt & Co, Chartered Accountants.
Board of Directors / Board	The Board of Directors of our Company or a Committee thereof.
Companies Act	The Companies Act, 1956, as amended from time to time.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act.
Director(s)	Director(s) of the Company unless otherwise specified.
Equity Shares	Equity Shares of our Company of face value of Rs. 10/- each unless otherwise specified in the context thereof.
FCNR Account	Foreign Currency Non Resident Account
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed thereunder.
Financial Year/ Fiscal/ FY	The period of twelve months ended March 31 of that particular year.
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India.
Indian GAAP	Generally Accepted Accounting Principles in India.
Insurance Act	Insurance Act, 1938, as amended from time to time.
I. T. Act	The Income Tax Act, 1961, as amended from time to time.
I. T. Rules	The Income Tax Rules, 1962, as amended from time to time, except as stated otherwise.
Memorandum/ Memorandum of Association	The Memorandum of Association of our Company.
Non Resident	A person who is not resident in India except NRIs and FIIs.
NRI/ Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, each such term as defined under the FEMA (Deposit) Regulations, 2000, as amended.
RBI	Reserve Bank of India constituted under the RBI Act.
RBI Act	The Reserve Bank of India Act, 1934 as amended from time to time.



<b>TERM</b>	<b>DESCRIPTION</b>
Registered Office of the Company	Shed No. J/20, GIDC, Umbergaon, Gujarat – 396 171
SCRA	Securities Contract (Regulation) Act, 1956, as amended from time to time.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended from time to time.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Guidelines	The SEBI (Disclosure and Investor Protection) Guidelines 2000, as amended from time to time, including instructions, guidelines and clarifications issued by SEBI from time to time.
SEBI Insider Trading Regulations	The SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, including instructions and clarifications issued by SEBI from time to time.
TRS or Transaction Registration Slip	The slip or document issued by the members of the Syndicate to the Bidder as proof of registration of the Bid.

#### **ISSUE RELATED TERMS AND ABBREVIATIONS**

<b>TERM</b>	<b>DESCRIPTION</b>
Allotment/ Allotment of Equity Shares	Unless the context otherwise requires, issue of Equity Shares pursuant to this Issue.
Bid	An indication to make an offer, made during the Bidding Period by a prospective investor to subscribe to the 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 for this Issue.
Bid/ Issue Closing Date	The date after which the members of the Syndicate will not accept any Bids for this Issue, which shall be notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper.
Bid/ Issue Opening Date	The date on which the members of the Syndicate shall start accepting Bids for this Issue, which shall be the date notified in a widely circulated English national newspaper, a Hindi national newspaper and a regional newspaper.
Bid-cum-Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares of the Company and which will be considered as the application for allotment in terms of this Red Herring Prospectus.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Red Herring Prospectus and the Bid-cum-Application Form.
Book Building Process	Book building mechanism as provided under Chapter XI of the SEBI Guidelines, in terms of which this Issue is made.
BRLM	Book Running Lead Manager to this Issue, in this case being Keynote Corporate Service Limited.
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of Issue Price in the Book Building Process.
Cap Price	The upper end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted.
Cut-off	The Issue Price finalized by the Company in consultation with the BRLM and it shall be 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.



TERM	DESCRIPTION
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 Registrar of Companies, Gujarat, following which the Board of Directors shall allot Equity Shares to successful Bidders.
Designated Stock Exchange	In this case being the Bombay Stock Exchange Limited.
Red Herring Prospectus/RHP	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 this Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with the Registrar of Companies, Gujarat, Ahmedabad at least three days before the opening of this Issue. It will become a Prospectus after filing with the Registrar of Companies, Gujarat, Ahmedabad, after pricing and allocation.
Equity Shares	Equity Shares of the Company of face value of Rs. 10 each unless otherwise specified in the context thereof.
Escrow Account	Account opened with Escrow Collection Bank(s) and in whose favor the Bidder will issue cheques or drafts in respect of the Bid Amount when submitting a Bid.
Escrow Agreement	Agreement to be entered into among the Company, the Registrar to this Issue, the Escrow Collection Banks and the BRLM in relation to the collection of the Bid Amounts and dispatch of the refunds (if any) of the amounts collected, to the Bidders.
Escrow Collection Bank(s)	The banks, which are registered with SEBI as Banker (s) to the Issue at which the Escrow Account for the Issue will be opened, in this case being ICICI Bank, HDFC Bank, UTI Bank and Standard Chartered Bank.
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalised and below which no Bids will be accepted.
Indian National	As used in the context of the Employee Reservation Portion, a citizen of India as defined under the Indian Citizenship Act, 1955, as amended, who is not an NRI.
Issue	The issue of [●] Equity Shares of Rs. 10 each fully paid up at the Issue Price aggregating Rs.2500 Lacs.
Issue/ Bidding Period	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.
Issue Price	The final price at which Equity Shares will be issued and allotted in terms of this Red Herring Prospectus. The Issue Price will be decided by the Company in consultation with the BRLM on the Pricing Date.
Margin Amount	The amount paid by the Bidder at the time of submission of the Bid, being 10% to 100% of the Bid Amount.
Mutual Funds	Means mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time.
Net Issue	The issue of Equity Shares other than Equity Shares included in the Employee Reservation Portion.
Non Institutional Bidders	All Bidders that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 1,00,000.
Non Institutional Portion	The portion of this Issue being atleast 15% of the Net Issue consisting of [●] Equity Shares of Rs. 10 each aggregating Rs. 337.50 Lacs, available for allocation to Non Institutional Bidders.



TERM	DESCRIPTION
Pay-in Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders receiving allocation who pay less than 100% margin money at the time of bidding, as applicable.
Pay-in-Period	Means: (i) with respect to Bidders whose Margin Amount is 100% of the Bid Amount, the period commencing on the Bid/ Issue Opening Date and extending until the Bid Issue Closing Date; and (ii) with respect to QIBs, whose Margin Amount is 10% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date.
Price Band	The price band of a minimum price ("Floor Price") of Rs. 33 and the maximum price ("Cap Price") of Rs. 39 and includes revisions thereof.
Pricing Date	The date on which the Company in consultation with the BRLM finalises the Issue Price.
Prospectus	The Prospectus, filed with the Registrar of Companies, Gujarat, Ahmedabad containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building Process, the size of this Issue and certain other information.
Public Issue Account	Account opened with the Banker to this Issue to receive monies from the Escrow Account for this Issue on the Designated Date.
QIB Margin Amount	An amount representing at least 10% of the Bid Amount.
QIB Portion	Consists of [●] Equity Shares of Rs. 10 each aggregating Rs. 1125 lakhs being up to 50% of the Net Issue, available for allocation to QIBs. 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only.
Qualified Institutional Buyers or QIBs	Public financial institution as defined in section 4A of the Companies Act, 1956, scheduled commercial banks, mutual funds, foreign institutional investor registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority (IRDA), provident funds with minimum corpus of Rs. 25 crores and pension funds with minimum corpus of Rs. 25 crores)
Registrar/ Registrar to this Issue	Bigshare Services Private Limited
Retail Individual Bidders	Individual Bidders (including HUFs) who have Bid for an amount less than or equal to Rs. 1,00,000 in any of the bidding options in this Issue.
Retail Portion	Consists of [●] Equity Shares of Rs. 10 each aggregating Rs. 787.50 Lacs, being at least 35% of the Net Issue, 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).
Stock Exchanges	Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.
Syndicate	The BRLM and the Syndicate Member.
Syndicate Agreement	The agreement to be entered into between the Company and the members of the Syndicate, in relation to the collection of Bids in this Issue.
Syndicate Member	Keynote Capitals Limited.
Transaction Registration Slip/ TRS	The slip or document issued by the Syndicate Member to the Bidders as proof of registration of the Bid.
Underwriters	The BRLM and the Syndicate Member.
Underwriting Agreement	The Agreement among the Underwriters and the Company to be entered into on or after the Pricing Date.



## ABBREVIATIONS

ABBREVIATION	FULL FORM
AGM	Annual General Meeting.
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
BSE	Bombay Stock Exchange Limited.
BG/LC	Bank Guarantee/ Letter of Credit
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
ECS	Electronic Clearing System
EGM	Extra Ordinary General Meeting of the shareholders.
EPS	Earnings Per Equity Share.
ESOP	Employee Stock Option Plan
FCNR Account	Foreign Currency Non Resident Account.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations issued thereunder.
FII	Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time) registered with SEBI under applicable laws in India.
FIs	Financial Institutions.
FVCI	Foreign Venture Capital Investors registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000. FVCIs are not permitted to participate in this Issue.
GDP	Gross Domestic Product
GIR Number	General Index Registry Number.
Go/ Government	Government of India.
HUF	Hindu Undivided Family.
NAV	Net Asset Value.
NRE Account	Non Resident External Account.
NRI/Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, each such term as defined under the FEMA (Deposit) Regulations, 2000, as amended.
NRO Account	Non Resident Ordinary Account.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
P/E Ratio	Price/Earnings Ratio.
PAN	Permanent Account Number.
RBI	The Reserve Bank of India.
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time.
RoC/Registrar of Companies	The Registrar of Companies, Gujarat, Ahmedabad
RoNW	Return on Net Worth.
Rs./ Rupees	Indian Rupees, the legal currency of the Republic of India.
UIN	Unique Identification Number issued in terms of SEBI (Central Database of Market Participants) Regulations, 2003, as amended from time to time.
USD/ \$/ US\$	The United States Dollar, the legal currency of the United States of America.



#### **COMPANY / INDUSTRY RELATED TERMS AND ABBREVIATIONS**

<b>TERM / ABBREVIATION</b>	<b>DESCRIPTION / FULL FORM</b>
ACR	Air Conditioning & Refrigeration
ASTM	American Society for Testing and Material Standard
BS	British Standard
DIN	Deutsches Institut fur Normung
DSL	Digital Subscriber Line
FMCG	Fast Moving Consumer Goods
GIDC	Gujarat Industrial Development Corporation
ICAI	Institute of Chartered Accountants of India
IEC	Import Export Code
IS	Indian Standards
ISO	International Standard Organization
JIS	Japanese Standards Association
OEM	Original Equipement Manufacturer
PSU	Public Sector Undertaking
TPA	Tonnes Per Annum
UT	Union Territory

Notwithstanding the foregoing:

- a. In the section titled “Financial Statements” on page 49 of this Red Herring Prospectus, defined terms shall have the meaning given to such terms in that section.
- b. In the section titled “Main Provisions of the Articles of Association of the Company” on page 104 of this Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association of our Company.





## PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Unless stated otherwise, the financial information used in this Red Herring Prospectus is derived from our Company's restated financial statements as of and for the year ended March 31, 2006, 2005, 2004, 2003, 2002 and for the six months period ended 30<sup>th</sup> September 2006 prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with SEBI Guidelines, as stated in the report of our statutory Auditors.

Our fiscal year commences on April 1 and ends on March 31 of a particular year. Unless stated otherwise, references herein to a fiscal year (e.g., fiscal 2006), are to the fiscal year ended March 31 of a particular year.

In this Red Herring Prospectus, any discrepancies in any table between the total and the sum of the amounts listed are due to rounding-off.

Market data used in this Red Herring Prospectus has been obtained from industry publications and internal Company reports. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe market data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed to be reliable, have not been verified by any independent source.

## FORWARD-LOOKING STATEMENTS AND MARKET DATA

We have included statements in this Red Herring Prospectus which contain words or phrases such as "will", "aim", "is likely to 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".

All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from the expectations include, among others:

- General economic and business conditions in the markets in which we operate and in the local, regional and national and international economies;
- Changes in laws and regulations relating to the industries in which we operate;
- Increased competition in these industries;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans for which funds are being raised through this Issue;
- Our ability to meet our capital expenditure requirements;
- Fluctuations in operating costs;
- Unanticipated variations in the duration, size and scope of the projects;
- Our ability to attract and retain qualified personnel;
- The effect of wage pressures, seasonal hiring patterns and the time required to train and productively utilize new employees;
- Changes in political and social conditions in India or in other countries that we may enter, the monetary and interest rate policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;



- Any adverse outcome in the legal proceedings in which we are involved.

For a further discussion of factors that could cause our actual results to differ, see the sections titled “Risk Factors” “Business of Our Company” and “Management’s Discussion and Analysis” beginning on pages ix, 30 and 67 of this Red Herring Prospectus respectively. 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 Book Running Lead Manager, 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 Book Running Lead Manager will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.



## SECTION II: RISK FACTORS

### RISK FACTORS

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

*Unless otherwise stated in the relevant risk factors set forth below, the Company is not in a position to specify or quantify the financial or other implication of any risks mentioned herein.*

The risk factors are as envisaged by the management along with the proposals to address the risk, if any. Wherever possible, the financial impact of the risk factors has been quantified.

#### **A. OUTSTANDING LITIGATIONS/DISPUTES/CASES PENDING AGAINST THE COMPANY/ PROMOTER / DIRECTORS:**

##### **i. Outstanding litigations against one of our Promoter/Director**

The office of the Commissioner of Central Excise and Customs, Vapi had issued an arrest memo dated 28/04/2006 against Mr. Sanjay Mardia, our Vice Chairman for breach of provisions of Central Excise Act, 1944 and rules framed thereunder. This arrest memo alleged the evasion of central excise duty by fraudulent availment of cenvat credit involving duty of approximately Rs. 235 lacs in respect of Nissan Copper Limited.

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

This matter is relating to a dispute of our Company with central excise and customs department in respect of certain alleged discrepancies noticed by central excise officers during their search at our silvassa unit. Mr. Sanjay Mardia was produced before the Hon'ble Court on 28/04/2006 and was shown arrested and released on bail by the Chief Judicial Magistrate, Dadra & Nagar Haveli Silvassa on the same day on a personal guarantee of Rs.15,000/- and a security bond of the same amount. The Chief Judicial Magistrate of Silvassa has in his order for release of Mr. Sanjay Mardia has stated that "I am of the view that the grounds made out for objecting this bail petition are not sufficient to reject the bail application. Therefore I am of the opinion that without judicial custody of accused investigation can be completed by imposing certain conditions". Our Company is pursuing the said matter with the relevant authorities for settlement.

##### **ii. Litigations pending against the Company**

- a. The Central Excise Officers made a search at the Silvassa unit of the Company on 18/03/2005 and raised a demand of Rs. 129.00 lacs for the alleged discrepancies noticed in the stock. An amount of Rs.79.97 lacs was debited against our credit balance with excise authorities at the time of search under protest. Till date the Company has not received any Show Cause Notice from excise authorities for the demand so raised amounting to Rs. 79.97 lacs. The company had approached settlement commission on 08/04/2006 by accepting Rs. 43.60 lacs as liability. The settlement commission has rejected the applicaiton made by the company vide its order dated 08/06/2006. However Settlement Commission vide the said Order has also given liberty to the Company to come up with fresh application on receipt of the Show Cause Notice from the Department.
- b. A team of Central Excise Officers made a search at the Silvassa unit of the Company again on 10/02/2006 and raised a demand of Rs. 18.10 lacs for the alleged discrepancies noticed in the stock. An amount of Rs.7.92 lacs was debited against our credit balance with excise authorities at the time of search under RG 23A and the company has also paid Rs. 16.80 lacs by cheque, under protest.

The Company has received a Show Cause Notice dated July 20, 2006 issued by the Additional Director General whereby the Company has to show as to why;

- Copper re-melting scrap of Rs. 1.52 million seized under Panchnama should not be confiscated;
- Central excise duty amounting to Rs. 0.87 million of finished excisable goods manufactured and clandestinely removed should not be demanded and recovered;
- Central excise duty amounting to Rs. 0.94 million of finished excisable goods manufactured and clandestinely removed should not be demanded and recovered;



- Central excise duty amounting to Rs. 0.66 million of finished excisable goods manufactured and clandestinely removed should not be demanded and recovered;
- The amount of Rs. 2.47 million paid by the Company should not be appropriated against the demand raised in the said Show Cause Notice;
- Penalty should not be imposed along with interest at appropriate rate.

The Company has not filed the reply with the Department as the Company has requested to supply relied documents from the Department vide a letter dated September 20, 2006.

## **B. RISKS SPECIFIC TO THE PROJECT**

### **i. *We have not entered into any definitive agreement or placed orders for machinery and equipments required to set up our proposed Project.***

Our project has been appraised by State Bank of India who has sanctioned credit facilities to us vide their sanction letter dated 03 August, 2006. Accordingly SBI has extended financial assistance in the form of Term Loan to the extent of Rs. 10.00 crores and Working Capital assistance to the extent of Rs. 10.00 crores to our Company. The net proceeds of the issue are proposed to be utilized to fund the cost of the project as explained in the section “ Objects of the issue”. We are yet to place orders for plant and machinery estimated to cost Rs. 1693 Lacs which is approximately 48.37% of the total estimated cost of the project. Any delay in placing the orders or procurement of plant and machinery, equipments etc may delay the implementation schedule. Such delays may also lead to increase in price of these equipments, further affecting our cost, revenue and profitability.

### **ii. *Our Project could face time and cost overrun, which would have a material adverse effect on our business, financial condition and results of operations***

Any delay in completing the project due to any reason whatsoever may result in a significant cost and time over run. Due to these time and /or cost overrun, the over all benefits of such plans to our revenue and profitability may decline. Further any delay in commercial production may adversely impact the cash flows and profitability of our company.

### **iii. *Any delay in raising funds from this public issue, commencement of operations as scheduled as per the proposed expansion plan may affect our profitability.***

We have embarked on new project with an investment of approximately Rs. 3500 lacs. Timely commencement of commercial operations of these projects will have a critical bearing on our financial performance. Any delay in their completion or beginning of the production may adversely impact the results of our operations and would also affect the market price of the Equity Shares.

### **iv. *Our inability to deliver as per our business plan could have an adverse impact on our results from operations***

Our growth plans are considerable and would put significant demands on our management team and other resources. Any delay in land development, procurement of plant and machinery, installation of plant and machinery could impact our roll out schedules and cause cost and time over runs. These factors could cause diversion of management attention from the expansion plans leading to delays and cost overruns.

### **v. *We may require additional capital resources to achieve our expansion plans***

The rate of our expansion will depend to an extent on the availability of adequate debt and equity capital. Our cash flow requirements will be based on cash flows generated by our business. Further, the actual expenditure incurred on our ongoing projects may be higher than current estimates owing to but not limited to, implementation delays, cost over runs or adverse market developments, which may require us to source external capital resources.

### **vi. *The critical risk factors as given in the appraisal report of State Bank of India vide letter dated 29/06/2006 is as follows :***

- Dependence on other sector automobile construction, air conditioning, petro chemicals and oil refineries etc.
- Contemporary issues like WTO/China impact
- Volatility in the prices of copper



## C. RISKS INTERNAL TO THE COMPANY

### i. Risk associated with contingent liabilities

Contingent liabilities as per the audited accounts are as follows:

(Rs. in Lacs)

Particulars	As at March 31, 2006	As at September 30, 2006
Bank Guarantees (net of margin)	2.85	2.94
Excise Duty	87.89	104.69

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

### ii. Restrictive Covenants

There are restrictive covenants in the agreements for borrowings from banks, among other things, which require the Company to obtain the approval of these banks or provide restrictions, namely for, issuing new securities (debt or equity), change in management, effecting mergers, consolidations or sales of assets, incurring capital expenditure beyond certain limits, declaring dividends at any time while the Company is in default, undertaking material diversification in the business of other companies or creating subsidiaries or making certain investments. Some of these borrowings also contain financial covenants, which may limit Company's ability to borrow additional money.

### iii. Our company will face increased tax liability on withdrawal/cessation of incentives/tax holidays, presently extended by the Central Government.

Our Company is presently enjoying tax holidays/incentives extended by the Central Government. The incentives have been extended under the following acts and its regulations:

- i. Central Sales Tax
- ii. Income Tax

Withdrawal or cessation of these incentives/concessions/tax holidays will lead to increased incidence of tax, which will ultimately affect our profitability. For details of benefits, please refer page no 23 of this Red Herring Prospectus.

### iv. We have applied for renewal of certain licenses/approvals as given herein under on 23/12/2005, approvals for the same has not yet been received.

Approval/Consent	Authority
Renewal of consent under Section 25 or Section 26 of the water (Prevention and control of Pollution) Act, 1974 & under Section 21 of the Air (Prevention and control of Pollution) Act, 1981	The Member Secretary, Pollution Control Committee, Daman, Diu and DNH, Daman
Renewal of consent under the provisions of the environment (Protection) Act, 1986 and Hazardous Wastage (Management & Handling) Rules 1989 as amended upto 2003.	Pollution Control Committee, Daman Diu & DNH, Silvassa

### v. Negative Cash flow from Operations

There has been a negative cash flow from operations of the company for the years ended 31/03/2003, 31/03/2004, 31/03/2005 and 31/03/2006 to the tune of Rs. 39.27 lacs, Rs.201.59 lacs and Rs. 247.36 lacs and Rs. 196.41 lacs respectively. The negative cash flows are on account of increased levels of current assets.

### vi. Increase in the prices of major raw material may have an adverse impact on the profitability of our business.

The main raw material of our Company is copper scrap and cathode. The copper scrap is procured from the local market and cathode is procured from Sterlite Industries Ltd. Our Company also imports copper scrap/cathode from China, Singapore, Malaysia and Sri Lanka. These imports are subject to fluctuation in the



international copper prices and foreign exchange fluctuations. Any unfavorable movement in the prices of copper scrap and cathode could have an adverse impact on the profitability of our business.

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

Our principal manufacturing facilities at Silvassa and Umbergaon are subject to operating risks, such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output or efficiency, obsolescence, labour disputes, strikes, lock-outs, continued availability of services of our external contractors, earthquakes and other natural disasters, industrial accidents and the need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect our operating results. We carry out planned shutdowns of our plants for maintenance. Although we take precautions to minimize the risk of any significant operational problems at our facilities, our business, financial condition and results of operations may be adversely affected by any disruption of operations at our facilities, including due to any of the factors mentioned above.

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

The number of our employees will increase with our proposed expansion plans. While we consider our current labour relations to be good, there can be no assurance that we will not experience future disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations.

**ix. Our success depends largely on our senior management and our ability to attract and retain our key personnel. Any significant changes in the key managerial personnel, may affect the performance of the Company.**

Our success depends on the continued services and performance of the members of the senior management team and other key employees. The loss of the services of our senior management or other key personnel could seriously impair our ability to continue to manage and expand our business which may adversely affect our financial condition.

**x. Losses by Promoter Group Company**

Our Promoter Group Company i.e; Danial Investments Private Limited has incurred loss of Rs. 0.48 lacs in the financial year 2004-05. For more information, please see section "Promoter Group Companies" on page no. 48 of the RHP.

**xi. In the past 12 months we have issued equity shares at a price that may be lower than the issue price of the equity shares being offered in the issue.**

On 09/05/2006 we have issued 52,83,750 equity shares as bonus to the shareholders in the ratio of 3:1 which was approved in the EGM held on 09/05/2006. On 12/05/2006, we have issued 11,00,000 equity shares for cash at par to our group company – Danial Investment Pvt. Ltd.

**xii. Trade Mark Registration**

The Company has made an application dated March 22, 2006 for registration of its Trade Mark "NISSAN COPPER" under Class 6 of the Trade Marks Act, 1999 with the Trade Mark Registry under the head manufacture and supply of Copper and Copper Alloy Tube, non-precious metals. The mark is pending registration with the Trade Mark Registry. As informed by the Company, generally the Trade Mark Registry presently takes approximately 12 to 18 months for completing the registration process from its date of application.

**D. EXTERNAL RISK FACTORS**

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

Our assets and customers are predominantly located in India. The Government has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. Its economic policies have had and could continue to have a significant effect on private sector entities, including us, and on market conditions and prices of Indian securities, including the Equity Shares. The present government, which was formed after the Indian parliamentary elections in April-May 2004, is headed by the Indian National Congress and is a



coalition of several political parties. Any significant change in the government's policies or any political instability in India could adversely affect business and economic conditions in India and could also adversely affect our business, our future financial performance and consequently the market price of our Equity Shares.

**ii. Stiff Competition**

We conduct our business under a highly competitive environment. Competition is characterized by many factors, including substitute products, price, quality, service, location, reputation and credit availability. Additionally, we may face competition from new entrants in the industry

**iii. Changes in tariffs, customs duties applicable to the copper industry**

The price of copper in the Indian domestic market is determined by reference to the international market prices and is subject to a domestic premium calculated by reference to the tariffs which is payable on the import of copper. The Company's profitability is thus dependent to a significant extent on the continuation of import duties and any material reduction would have a material adverse effect on the results of operations and financial condition of the Company.

**iv. Commodity price volatility**

The Company's turnover and earnings are dependent upon prevailing prices for the commodities it produces. Historically, such prices have been volatile and are subject to wide fluctuations in response to changes in the supply of, and demand for, such commodities, the overall performance of world or regional economies and the related cyclicity in industries directly served by the Company. The LME copper prices have been on an uptrend from the beginning of FY 2003-04 and has touched a high of over \$ 3,000 (source LME) per MT. The average LME price during the first 9 months of the FY 2005-06 was over \$ 1,800 per MT.

In addition, speculative trades in certain commodities on the world markets may cause short-term price fluctuations for such commodities. Demand for the Company's products might also be affected if substitutes or replacements for these products develop, if there is an increase in recycling of these products, if the Company's competitors increase their capacity or if there is an oversupply of the Company's products in the domestic market. These external factors and the volatile nature of the commodity markets make it difficult to estimate future prices. Any substantial or extended decline in commodity prices would adversely affect the results of operations and financial condition of the Company.

**v. Risk of maintaining cost efficiency**

As the Company, in common with its competitors, is unable to influence commodity prices directly, its competitiveness and long-term profitability are, to a significant degree, dependent upon its ability to reduce costs and maintain low-cost, efficient operations. The Company's production costs are significantly affected by production volumes and therefore the ability to maintain or increase production levels and maximise capacity utilisation is a key factor in determining its overall cost competitiveness. The Company's ability to maintain earnings and undertake capital expenditure would be adversely affected in the event of a sustained material fall in world commodity prices, an appreciable rise in its production costs or a decline in its production volumes. There can be no assurance that the Company will be able to maintain or reduce production costs or maintain or increase its production volumes in the future.

**vi. Regulatory, environmental and health and safety matters**

Numerous government permits and approvals are required for the Company's operations. The Company is required to prepare and present to national, state or local authorities data pertaining to the effect or impact that any current / proposed production activities may have upon the environment. The costs, liabilities and requirements associated with complying with these laws and regulations may be substantial and time consuming and may delay the commencement or continuation of production activities. Failure to comply with these laws and regulations or to obtain or renew the necessary permits and approvals may result in the loss of the right to operate the smelter or refinery. There can be no assurance that compliance with these laws and regulations or changes will not adversely affect the results of operations or financial condition of the Company. In addition, a violation of health and safety laws relating to smelter, refinery or other plant or a failure to comply with the instructions of the relevant health and safety authorities could lead to, among other things, a temporary shutdown of all or a portion of the smelter, refinery or other plant, the right to operate the smelter, refinery or other plant or the imposition of costly compliance procedures. If health and safety authorities require the Company to shut down all or a portion of a smelter, refinery or other plant or to implement costly compliance measures, whether pursuant to existing or new health and safety laws and regulations, such measures could have material adverse effect on the Company's results of operations or financial condition.



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

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

**viii. Exchange rate fluctuations may adversely affect our financial performance**

Uncertainties in the global financial markets may have an adverse impact on the exchange rate between Rupee vis-à-vis other currencies. The exchange rate between Rupee and other currencies is variable and may continue to remain volatile in future depending upon the foreign exchange reserve position of India. Accordingly, any adverse fluctuation in the exchange rate between Rupee and other currencies may adversely affect our financial position and results of operation.

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

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

**NOTES:**

1. The net worth of our Company as per our restated financial statement as at September 30, 2006 is Rs. 1537.05 lacs.
2. The average cost of acquisition of the equity Shares of Rs. 10 each by our Promoters is Rs.1.98 per equity share.
3. Book value of the Equity Shares of the Company, as per our restated financial statement as at September 30, 2006 is Rs. 18.87 per Equity Share.
4. Investors are advised to refer the paragraph on "Basis of Issue Price" on page 21 of this Red Herring Prospectus before making an investment in the Issue.
5. Except as mentioned in the sections titled "Capital Structure" beginning on page 10 of this Red Herring Prospectus, our Company has not issued any Equity Shares in the last twelve months
6. Our Promoter and Promoter Group entities have undertaken certain transaction in the Equity Shares of our company six months prior to filing this Red Herring Prospectus with SEBI. For details of these transactions please refer page no 12 of this Red Herring Prospectus.
7. For details on Related Party Transactions refer to the section titled "Related Party Transactions" on page 61 of this Red Herring Prospectus.
8. Investors are free to contact the BRLM for any complaints, clarification or information pertaining to this Issue. For contact details of the BRLM, please refer to the cover page of this Red Herring Prospectus
9. All information shall be made available by the BRLM and the Company to the public and investors at large and no selective or additional information would be available only to a section of the investors in any manner whatsoever.
10. In addition to the BRLM, we are obliged to update the prospectus and keep the public informed about any material changes till listing and trading commences in respect of the shares issued through this issue.
11. For interest of our promoters/directors, please refer to the section titled "Our Promoters and their Background" beginning on page no. 46 of this RHP.





## SECTION III: INTRODUCTION

### SUMMARY

#### INDUSTRY SUMMARY

Copper is one of the oldest metals used by man since civilisation for making simple equipments and vessels. As it is an excellent conductor of electricity (next only to gold and silver, which are very costly), it is now widely used in electrical, electronics, and telecom sectors. Of all the materials used by man, copper has had the most profound effect on civilization. From the dawn of civilization and into the third millenium, copper has played, and continues to play a vital role in contributing to, sustaining and improving society. Globally, it is the third widely consumed metal after iron and aluminium. Its recycling rate is higher than that of any other engineering metal, and about 50% of the metal produced in the US are from recycling.

The Indian Copper industry can be broadly classified into primary and secondary producers. Primary producers produce copper by smelting and refining copper concentrates to make copper cathodes. Secondary producers, on the other hand, use copper scrap and recycled copper. (Source: [www.capitalmarkets.com](http://www.capitalmarkets.com))

India accounts for about 3.5% to 4% of the world's copper production and usage. The shortage of copper mines combined with a low copper percentage averaging around 1% copper makes mining operations unviable. (Source: [www.icsg.org](http://www.icsg.org))

This industry is highly dependent on the performance of and demand for products like power and telecommunication cables, transformers, generators, radiators and other ancillary components. Hence, its growth is closely linked to the country's economic and industrial growth. Although the industry is capital and power intensive, entry barriers are moderate. These basically relate to economies of scale, access to ore supplies and environmental issues. (Source: *ICRA Sector Analysis Report, The Indian Copper Industry*)

#### Factors Influencing Copper Markets

- Copper prices in India are fixed on the basis of the rates that rule on the London Metal Exchange, the preceding day.
- World copper mine production through exploration of new mine and expansion of existing mine.
- Economic growth of the major consuming countries such as China, Japan, Germany etc.
- Growth and development in the Building, electronics and electrical industry

#### Indian Scenario

- The size of Indian Copper Industry is around 4 lakh tons, which as percentage of world copper market is 3 %.
- Birla Copper, Sterilite Industries are two major private producers and Hindustan Copper Ltd the public sector producer.
- India is emerging as net exporter of copper from the status of net importer on account of rise in production by three companies.
- Copper goes into various usage such as Building, Cabling for power and telecommunications, Automobiles etc. Two major states owned telecommunications service providers; BSNL and MTNL consume 10% of country's copper production. Growth in the building construction and automobile sector would keep demand of copper high.

(Source: [www.indianembassy.org](http://www.indianembassy.org))

Our Company mainly caters to the Air-conditioning & Construction industry. The Air-conditioner industry is growing at a rate of 25% growth and industry sources indicate the growth level to be maintained. (Source: [www.capitalmarkets.com](http://www.capitalmarkets.com))

There are number of players in manufacturing copper bars, tubes, pipes, flats, strips etc. Besides us, other players in the organized sector are Mehta Tubes Pvt Ltd, ABC tube Industries Ltd, Industrial Tubes Manufacturers Pvt Ltd, Mandev Tubes etc. Their market share is in range of 60%. There are other small players in the unorganized sector and they collectively cater to 40% of the total demand. Nissan Copper Limited is catering mainly to construction, refrigeration and auto components sector.

#### COMPANY SUMMARY

Our Company was incorporated in the year 1989 and commenced its business from the year 1991. Our company has been promoted by Mardia family with an objective to manufacture Copper Tubes. Our company has since graduated and is presently manufacturing copper ingots, coils, wire bars, strips, section, flats, billet bars, rods and copper pipes etc which are used in switchgears, panel, radiators, refrigerators, electrical appliances, connectors, heat exchangers etc.



Our Company started its commercial production in September 1991. Our Company has two manufacturing units. One located at Silvassa, where we carry out the manufacturing processes and the other located at Umbergaon which is presently involved in job work. Our Silvassa unit is enjoying Sales Tax holiday for a period of 15 years and Income Tax holiday for a period of 5 years commencing from April 2003. Our clientele list includes some reputed companies like Siemens Ltd., Electrotherm India Ltd., Voltas Ltd., Gem Cooling Towers Pvt. Ltd. etc.

We have installed capacities of 1200 Tonnes Per Annum (TPA) for copper pipes, 2400 TPA of copper section/mother tube/flats/rods/wire bars and 3600 TPA for copper ingots/billets. The capacity of copper ingots/billets has been enhanced from 3600 TPA to 7200 TPA, which was funded through the internal sources of the Company.

Over a period of 15 years, we have established our reputation and reliability in the market. Our Company with its experience and its quality products confirms with the major specification and customer requirements viz ASTM, DIN, BS, JIS and IS. Our high standard quality products have enabled us to achieve the ISO 9001:2000 certification for our Umbergaon Unit. We are supplying our products to well known companies in the Air conditioning and Refrigeration, Engineering and Gas Application industry.

Our company plans to enhance the production capacities of copper tubes, pipes, flats, rods and fittings at our Silvassa unit in order to cater to the increasing demand for our products. We propose to fund this expansion plan through a mix of debt and equity. We have already received a sanction of term loan from State Bank of India for Rs. 10.00 crores and working capital limits of Rs. 10.00 crores towards the Project.



## FINANCIAL DATA

### STATEMENT OF ADJUSTED ASSETS AND LIABILITIES

(Rs. in lacs)

Particulars	As at March 31, 2002	As at March 31, 2003	As at March 31, 2004	As at March 31, 2005	As at March 31, 2006	As at September 30, 2006
<b>A. Fixed Assets :</b>						
Gross Block	384.48	384.61	646.85	1389.68	1379.33	1458.92
Less: Depreciation	144.02	181.52	218.02	379.25	508.91	566.19
Net Block	240.46	203.09	428.83	1010.43	870.42	892.73
Add : Capital Work in Progress and Advances on Capital Account	-	-	235.22	-	89.33	112.60
<b>Total</b>	<b>240.46</b>	<b>203.09</b>	<b>664.05</b>	<b>1010.43</b>	<b>959.75</b>	<b>1005.33</b>
<b>B. Investments</b>	<b>1.00</b>	-	-	-	<b>2.00</b>	-
<b>C. Deferred Tax Assets</b>	-	-	-	-	-	-
<b>D. Current Assets, Loans and Advances:</b>						
Inventories	163.18	220.84	530.66	886.81	1397.78	1113.43
Sundry Debtors	132.39	305.12	674.80	1395.47	1610.77	2283.98
Cash and Bank Balances	1.43	10.09	29.17	44.03	130.72	150.25
Loans and Advances	20.99	23.92	96.68	354.30	245.63	609.26
	<b>317.99</b>	<b>559.97</b>	<b>1331.31</b>	<b>2680.61</b>	<b>3384.90</b>	<b>4156.92</b>
<b>E. Liabilities and Provisions :</b>						
Secured Loans	300.34	336.40	833.47	1561.23	2051.75	2266.53
Unsecured Loans	13.26	13.31	61.23	63.98	112.40	92.71
Finance Lease Obligations	-	-	-	-	-	-
Deferred Tax Liabilities	-	-	-	51.12	50.06	67.38
Current Liabilities and Provisions	73.67	178.80	597.38	1292.72	1036.30	1198.58
	<b>387.27</b>	<b>528.51</b>	<b>1492.08</b>	<b>2969.05</b>	<b>3250.51</b>	<b>3625.20</b>
<b>F. Net Worth ( A+B+C+D-E)</b>	<b>172.18</b>	<b>234.55</b>	<b>503.28</b>	<b>721.99</b>	<b>1096.14</b>	<b>1537.05</b>
<b>G. Represented by</b>						
1. Equity Share Capital	87.47	125.00	158.00	176.12	176.12	814.50
2. Share Application Money Pending Allotment/Refund	37.53	45.00	-	-	-	-
3. Reserves & Surplus	47.18	64.55	347.72	548.06	921.97	724.38
4. Less: Miscellaneous Expenditure (to the extent not written off or adjusted)	-	-	2.44	2.19	1.95	1.83
<b>Net Worth (1+2+3-4)</b>	<b>172.18</b>	<b>234.55</b>	<b>503.28</b>	<b>721.99</b>	<b>1096.14</b>	<b>1537.05</b>

The increase in total gross sales, expenditure and profits during the years 2004-06 is on account of the expansion of existing facilities and backward integration project carried on by the company. For further details please refer to "Business of our company" on page no. 30.



## STATEMENT OF ADJUSTED PROFITS AND LOSSES

(Rs. in lacs)

Particulars	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Year ended March 31, 2006	Half Year ended September 30, 2006
<b>Income</b>						
<b>Sales :</b>						
a. Of products manufactured by the Company including processing charges	346.35	464.43	382.85	4287.41	7624.27	4642.85
b. Of products traded in by the Company	417.60	659.70	1346.67	1886.37	1243.13	1151.48
<b>Total Gross Sales</b>	<b>763.95</b>	<b>1124.13</b>	<b>1729.52</b>	<b>6173.78</b>	<b>8867.40</b>	<b>5794.33</b>
Less : Excise Duty	50.79	62.05	48.08	578.65	1060.22	649.40
<b>Net Sales</b>	<b>713.16</b>	<b>1062.08</b>	<b>1681.44</b>	<b>5595.13</b>	<b>7807.18</b>	<b>5144.93</b>
Other Income	14.23	1.58	1.34	2.15	19.53	7.38
Increase /(Decrease) in Inventories	7.12	9.72	266.41	533.66	628.88	(516.62)
<b>Total</b>	<b>734.51</b>	<b>1073.38</b>	<b>1949.19</b>	<b>6130.94</b>	<b>8455.59</b>	<b>4635.69</b>
<b>Expenditure</b>						
Raw Materials consumed	281.99	289.56	441.74	3623.75	6163.23	2789.67
Purchase of finished goods	266.80	595.00	1220.66	1773.20	1014.97	1032.93
Staff Costs	8.86	9.62	8.68	34.82	70.42	41.89
Stores, spares & packing materials consumed	5.39	7.94	7.50	32.71	53.37	21.62
Processing charges	30.83	28.17	54.29	76.49	21.72	0.61
Power and fuel	9.60	13.13	19.10	68.35	157.56	94.07
Freight, forwarding and other charges	4.52	8.33	12.47	31.43	110.91	27.64
Brokerage, Commission & Discounts	0.25	0.02	0.03	1.91	45.68	2.31
Provision for diminution in the value of investment (Non Recurring)	-	-	-	-	-	-
Other expenses	22.81	29.63	41.10	53.67	54.68	55.75
Interest and other finance charges	47.34	36.27	53.71	137.62	226.10	150.75
Depreciation	45.58	37.51	36.50	161.23	140.25	61.63
<b>Total</b>	<b>723.97</b>	<b>1055.18</b>	<b>1895.78</b>	<b>5995.18</b>	<b>8058.89</b>	<b>4278.87</b>
<b>Net Profit / (Loss) before tax</b>	<b>10.54</b>	<b>18.20</b>	<b>53.41</b>	<b>135.76</b>	<b>396.70</b>	<b>356.82</b>
Provision for tax :						
Current Tax	0.69	0.84	1.25	11.17	22.68	8.24
Deferred Tax charge/ (credit)	-	-	-	35.59	(1.06)	17.31
Fringe Benefit Tax	-	-	-	-	1.17	0.48
<b>Net Profit/(Loss) after tax</b>	<b>9.85</b>	<b>17.36</b>	<b>52.16</b>	<b>89.00</b>	<b>373.91</b>	<b>330.79</b>



## THE ISSUE

<b>Equity Shares Offered:</b>	[●] Equity Shares aggregating Rs. 2500 Lacs.
<b>Reserved for Employees of the Company <sup>(1)</sup></b>	[●] Equity Shares aggregating Rs. 250 lakhs, not exceeding 10% of the Issue.
<b>Net Issue to the Public</b>	[●] Equity Shares aggregating Rs. 2250 Lacs.
<b>Of which</b>	
A) Qualified Institutional Buyers Portion <sup>(1)</sup>	Upto [●] Equity Shares aggregating Rs. 1125 lakhs, constituting up to 50% of the Net Issue
- Of which 5% is Available for Allocation to Mutual Funds [The unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.]	Upto [●] Equity Shares aggregating Rs. 56.25 lakhs
- Balance for all QIB including Mutual Funds	Upto [●] Equity Shares aggregating Rs. 1068.75 lakhs
B) Non-Institutional Portion <sup>(1)</sup>	[●] Equity Shares aggregating Rs. 337.50 Lacs, constituting not less than 15% of the Net Issue that will be available for allocation to Non-Institutional Bidders.
C) Retail Portion <sup>(1)</sup>	[●] Equity Shares aggregating Rs. 787.50 Lacs constituting not less than 35% of the Net Issue that will be available for allocation to Retail Individual Bidders.
Equity Shares outstanding prior to the Issue	81,45,000 Equity Shares of Rs. 10/- each.
Equity Shares outstanding after the Issue	[●] Equity Shares
Use of Proceeds	Please refer to chapter titled "Objects of the Issue" on page 16 of this Red Herring Prospectus for additional information.

<sup>(1)</sup> Under-subscription, if any, in any of the above categories would be allowed to be met with spillover inter-se from any other categories, at the sole discretion of the Company and BRLM.



## GENERAL INFORMATION

### INCORPORATION

Our Company was incorporated on December 01<sup>st</sup>, 1989 as Nissan Copper Private Limited, under the Companies Act, 1956, with Registration Number 04-13072.

Pursuant to a special resolution under Section 31/44 of the Companies Act, 1956, passed for conversion of the Company into a public limited company, the name of our Company was changed to Nissan Copper Limited with effect from December 08, 2005.

### ADDRESS OF OUR COMPANY

<b>Registered Office &amp;Unit - I</b>	Shed No. J/20, GIDC, Umbergaon, Gujarat – 396 171 <b>Tel:</b> +91- 0260-2562020; <b>Fax:</b> +91-0260-2563300
<b>Unit - II</b>	Survey No.168/2/1, Rudana, Khanvel, Near Texind Corporation, Silvassa, Dadra & Nagar Haveli - 396230 <b>Tel:</b> +91-260-2677891; <b>Fax:</b> +91-260-2677909
<b>Corporate Office</b>	1002, Raheja Center, 10th Floor, Nariman Point, Mumbai- 400021 <b>Tel:</b> +91-022-32522077/81; <b>Fax:</b> +91-022-22833889

### ADDRESS OF REGISTRAR OF COMPANIES

The Registrar of Companies, ROC Bhavan, Opp Rupal Park Society, Behind Ankur Bus stand, Navrangpura, Ahmedabad – 380 013.

### BOARD OF DIRECTORS:

Our Board of Directors comprises of the following:

Sr.No	Name of the director	Designation	Status
1	Mr. Shantilal Mardia	Chairman	Non-executive and Non-Independent
2	Mr.Sanjay Mardia	Vice Chairman	Executive and Non-Independent
3	Mr. Ratanlal Mardia	Managing Director	Executive and Non-Independent
4	Mr. Sunil Ghorawat	Director	Non-executive and Independent
5	Mr. Praveen Kumar H. Shah	Director	Non-executive and Independent
6	Mr. Shailesh Hastimal Shah	Director	Non-executive and Independent

For further details of our Board of Directors, please refer to the section titled “Our Management” beginning on page 39 of this Red Herring Prospectus

### COMPANY SECRETARY AND COMPLIANCE OFFICER

#### Mr. Rahul Singh

Company Secretary

1002, Raheja Center, 10<sup>th</sup> Floor,  
Nariman Point, Mumbai - 400 021.

**Tel No.:** +91 022 3252 2077/81

**Fax No.:** +91 022 2283 3889

**Email:** rahulcs@nissancopper.com

### REGISTRAR TO THE ISSUE

#### BIGSHARE SERVICES PRIVATE LIMITED

E-2, Ansa Industrial Estate, Sakivihar Road,  
Saki Naka, Andheri (E), Mumbai - 400 072.

**Tel No. :** +91 022 2847 0652

**Fax No.:** +91 022 2847 5207

**E-mail:** ipo@bigshareonline.com

**Website:** www.bigshareonline.com

**Contact person:** Mr. Subodh M. Adarkar

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



### **BOOK RUNNING LEAD MANAGER TO THE ISSUE**

#### **KEYNOTE CORPORATE SERVICES LIMITED**

307, Regent Chambers, Nariman Point,  
Mumbai - 400 021.

**Tel No.:** +91 22 2202 5230

**Fax No.:** +91 22 2283 5467

**E-mail:** mbd@keynoteindia.net

**Website :** www.keynoteindia.net

**Contact person:** Mr. Janardhan Wagle

### **LEGAL ADVISORS TO THE ISSUE**

#### **INDIA LAW ALLIANCE**

F-8 Laxmi Mills,  
Shakti Mills Lane (off Dr. E. Moses Road),  
Mahalaxmi, Mumbai - 400 011.

**Tel No.:** +91 22 6655 1772

**Fax No.:** +91 22 6655 1776

**E-mail:** kamlesh.kharade@indialawalliance.com

**Contact Person :** Mr. Kamlesh Kharade

### **SYNDICATE MEMBER**

#### **KEYNOTE CAPITALS LIMITED**

301, Regent Chambers,  
Nariman Point,  
Mumbai - 400 021.

**Tel :** +91 22 2202 5230

**Fax:** +91 22 2283 5467

**Email:** alpesh@keynoteindia.net

**Website:** www.keynoteindia.net

**Contact Person:** Alpesh Mehta

### **BANKERS TO THE ISSUE AND ESCROW COLLECTION BANKS**

<b>ICICI BANK LIMITED</b> Capital Markets Division 30, Mumbai Samachar Marg, Fort, Mumbai - 400 001 <b>Tel:</b> + 91 22 2262 7600 <b>Fax:</b> + 91 22 2261 1138 <b>E-mail:</b> sidhartha.routray@icicibank.com <b>Website:</b> www.icicibank.com <b>Contact person:</b> Mr. Sidhart Routray	<b>HDFC BANK LIMITED</b> Financial Institutions Group, Trade World, "A" Wing, 2 <sup>nd</sup> Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013 <b>Tel:</b> + 91 22 2498 8484 <b>Fax:</b> + 91 22 2496 3871 <b>E-mail:</b> kripa.kalro@hdfcbank.com <b>Website:</b> www.hdfcbank.com <b>Contact person:</b> Ms. Kripa Kalro
<b>UTI BANK LTD.</b> Atlanta, Ground Floor, 209, Nariman Point, Mumbai - 400 021 <b>Tel:</b> + 91 22 2283 4296 <b>Fax:</b> + 91 22 5639 0935 <b>Email:</b> viraf.karbhari@utibank.co.in <b>Website:</b> www.utibank.com <b>Contact person:</b> Mr. Viraf Karbhari	<b>STANDARD CHARTERED BANK</b> Client Relationships 270, D.N. Road, Fort, Mumbai - 400 001 <b>Tel:</b> + 91 22 2219 8609 <b>Fax:</b> + 91 22 2201 9208 <b>E-mail:</b> vaishali.singh@in.standardchartered.com <b>Website:</b> www.standardchartered.co.in <b>Contact Person:</b> Ms. Vaishali Singh

### **STATUTORY AUDITORS**

#### **RAMESH BHATT & CO.**

Chartered Accountants  
G-11, Indrapur, Sodawala lane,  
Borivali (West), Mumbai - 400 092

**Tel No.:** +91 022 2893 8167

**Fax No.:** +91 022 2893 8167



## **BANKERS TO THE COMPANY**

### **STATE BANK OF INDIA**

Backbay Reclamation Branch,  
Raheja Chambers, Fress Press Journal Marg,  
Nariman Point, Mumbai - 400 021.

**Tel No.:** +91 022 2204 3237

**Fax No.:** +91 022 2204 3252

### **STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITY**

Since Keynote Corporate Services Limited is the sole BRLM to this Issue, it shall be responsible for all Issue related formalities.

### **CREDIT RATING**

As this is an Issue of Equity Shares, there is no requirement of credit rating for this Issue.

### **GRADING**

We have not opted for grading of this Issue.

### **TRUSTEES**

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

### **MONITORING AGENCY**

No agency has been appointed to monitor the utilization of funds.

### **APPRAISING AGENCY**

The Project has been appraised by:

### **STATE BANK OF INDIA**

Backbay Reclamation Branch,  
Raheja Chambers,  
Fress Press Journal Marg,  
Nariman Point,  
Mumbai - 400 021.

**Tel No.:** +91 022 2204 3237

**Fax No.:** +91 022 2204 3252

### **WITHDRAWAL OF THE ISSUE**

Our Company, in consultation with the BRLM, reserves the right not to proceed with the Issue any time after the Issue Opening Date but before allotment with assigning any reason therefore.

### **BOOK BUILDING PROCESS**

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

- (1) The Company;
- (2) Book Running Lead Manager, in this case being Keynote Corporate Service Limited.
- (3) Syndicate Members who are intermediaries registered with SEBI or registered as brokers with BSE/NSE and eligible to act as underwriters, in this case being Keynote Capitals Ltd.
- (4) Registrar to the Issue, in this case being Bigshare Services Private Limited.

The securities are being offered to the public through the 100% Book Building Process in accordance with the SEBI Guidelines wherein: (i) upto 50% of the Net Issue to the public shall be available for allocation on a proportionate basis to QIBs, of which 5% shall be available for allocation to mutual funds on proportionate basis and the remaining QIB portion shall be available for allocation to the QIB bidders including mutual funds (ii) not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, and (iii) not less than 15% of the Net Issue shall be available for allocation on a proportionate basis to the Non-Institutional Bidders subject to valid Bids being received at or above the Issue Price in accordance with the Red Herring Prospectus.

**QIBs are not allowed to withdraw their Bid after the Bid/ Issue Closing Date and are required to pay 10% Margin Amount upon submission of their Bid. For details see the chapter titled "Terms of the Issue" on page 84 in this Red Herring Prospectus.**





Steps to be taken by the Bidders for bidding:

- Check whether he/ she is eligible for bidding;
- Bidder necessarily needs to have a demat account;
- Ensure that the Bid-cum-Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid-cum-Application Form; and
- Ensure that the Bid-cum-Application Form is accompanied by the Permanent Account Number or by Form 60 or Form 61 as may be applicable together with necessary documents providing proof of address. For details please refer to the chapter titled "Issue Procedure" on page 85 of this Red Herring Prospectus. Bidders are specifically requested not to submit their General Index Register number instead of the Permanent Account Number as the Bid is liable to be rejected.

**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 this Issue)

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 20 to Rs. 24 per share, issue size of 3,000 equity shares and receipt of five 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 website of the BSE ([www.bseindia.com](http://www.bseindia.com)) and NSE ([www.nseindia.com](http://www.nseindia.com)) 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 from bids from various investors.

Number of equity shares Bid for	Bid Price (Rs.)	Cumulative equity shares Bid for	Subscription
500	24	500	16.67%
1000	23	1500	50.00%
2000	21	5000	166.67%
2500	20	7500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e., Rs. 21 in the above example. The issuer, in consultation with the BRLM will finalise the issue price at or below such cut off price i.e. at or below Rs. 21. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

#### Underwriting Agreement

After the determination of the Issue Price but prior to filing of the Prospectus with Registrar of Companies, Gujarat, we will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through this 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. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and not joint, and are subject to certain conditions as specified in such agreement.

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 Registrar of Companies, Gujarat.)*

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. Lacs)
Keynote Corporate Services Limited	[●]	[●]
Keynote Capitals Limited	[●]	[●]
<b>Total</b>	[●]	[●]

The above-mentioned amount is an indicative underwriting and would be finalised after pricing and actual allocation. The above underwriting agreement is dated [●].

In the opinion of the Board of Directors of the Company (based on a certificate given by the Underwriters), 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.

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 responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, 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. For further details about allocation please refer to "Other Regulatory and Statutory Disclosures" on page 75 of this Red Herring Prospectus.



## Capital Structure

The share capital of our Company as on the date of filing of this Red Herring Prospectus with SEBI is as set forth below:

Share Capital as on the date of filing of this Red Herring Prospectus	Aggregate Value at Nominal Price. (Amount in Rs.)	Aggregate Value at Issue Price (Amount in Rs.)
<b>A. Authorised Capital:</b> 2,00,00,000 Equity Shares of Rs 10. each	20,00,00,000	
<b>B. Issued, Subscribed and Paid Up Capital before this Issue:</b> 81,45,000 Equity Shares of the Face Value of Rs.10 /- each	8,14,50,000	
<b>C. Present Issue in terms of this Red Herring Prospectus:</b> [●] Equity Shares of the Face Value of Rs.10 /- each	[●]	25,00,00,000
<b>Out of which</b> [●] Equity Shares of the Face Value of Rs. 10/- each fully paid up reserved under Employee Reservation Portion.	[●]	2,50,00,000
<b>D. Net Issue to the Public</b> [●] Equity Shares of the Face Value of Rs.10/- each - Of which QIB portion of up to [●] Equity Shares Non Institutional Portion atleast [●] Equity Shares Retail Portion atleast [●] Equity Shares	[●] [●] [●]	11,25,00,000 3,37,50,000 7,87,50,000
<b>E. Issued, Subscribed and Paid-Up Capital after this Issue</b> [●] Equity Shares of the Face Value of Rs. 10/- each	[●]	[●]
<b>Securities Premium Account</b> Before this Issue After this Issue	Nil [●]	[●] [●]

Our company is considering the private placement of certain equity shares with certain investors, prior to the completion of the issue. In such a case the issue size offered to the public would be reduced to the extent of such private placement subject to a minimum issue size of 25% of the post issue capital being offered to the public.

Details of increase in our authorized share capital, since incorporation, are as follows:

Sr.No.	Details of increase in authorised share capital	Date
1	On incorporation, Rs.5,00,000 divided into 5,000 Equity Shares of Rs. 100 each.	December 01, 1989
2	Increased to Rs. 15,00,000 divided into 15,000 Equity Shares of Rs. 100 each.	April 02, 1991
3	Increased to Rs. 50,00,000 divided into 50,000 Equity Shares of Rs. 100.	May 24, 1993
4	Increased to Rs. 90,00,000 divided into 90,000 Equity Shares of Rs. 100.	March 01,1999
5	Increased to Rs. 1,25,00,000 divided into 1,25,000 Equity Shares of Rs. 100 .	May 07, 2002
6	Increased to Rs. 2,00,00,000 divided into 2,00,000 Equity Shares of Rs. 100 .	January 20, 2003
7	Increased to Rs.15,00,00,000 divided into 1,50,00,000 Equity Shares of Rs. 10 each	May 09,2006
8.	Increased to Rs.20,00,00,000 divided into 2,00,00,000 Equity Shares of Rs. 10 each	October 30, 2006



## Notes to capital structure

### 1. Share capital history of our company

Date of Allotment	Number of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration (cash, bonus, consideration other than cash)	Date on which fully paid-up	Reasons for allotment (bonus, swap etc.)	Cumulative Share Capital (no. of shares)
01.12.1989	20	100	100	Cash	01.12.1989	Subscription to MOA	20
28.03.1990	2230	100	100	Cash	28.03.1990	Further Allotment	2250
28.06.1991	9390	100	100	Cash	28.06.1991	Further Allotment	11640
26.03.1993	3360	100	100	Cash	26.03.1993	Further Allotment	15000
17.02.1994	11000	100	100	Cash	17.02.1994	Further Allotment	26000
23.04.1994	2520	100	100	Cash	23.04.1994	Further Allotment	28520
26.11.1994	1500	100	100	Cash	26.11.1994	Further Allotment	30020
30.01.1995	2000	100	100	Cash	30.01.1995	Further Allotment	32020
31.08.1998	17950	100	100	Cash	31.08.1998	Further Allotment	49970
29.01.2000	37500	100	100	Cash	29.01.2000	Further Allotment	87470
20.06.2002	37530	100	100	Cash	20.06.2002	Further Allotment	125000
10.02.2004	14000	100	800	Cash	10.02.2004	Further Allotment	139000
31.03.2004	19000	100	800	Cash	31.03.2004	Further Allotment	158000
31.03.2005	18125	100	800	Cash	31.03.2005	Further Allotment	176125
21.11.2005	Sub- Division of Equity shares from Face Value of Rs.100/- to Rs.10/-						1761250
09.05.2006	5283750	10	N.A.	N.A.	09.05.2006	Bonus @ 3:1	7045000
12.05.2006	1100000	10	10	Cash	12.05.2006	Allotment to M/s Danial Investment Pvt. Ltd.('DIPL')	8145000

As on date of filing of this Red Herring Prospectus with SEBI, our issued capital is fully paid up.

### 2. Promoters Contribution and Lock-In:

Name of Promoter	Date of Allotment / Transfer	Allotment/ Transfer	Consideration	Number of Shares	Face Value (Rs.)	Issue/ Transfer Price (Rs.)	% age of Post Issue	Lock in Period
<b>Shri Shantilal Mardia</b>	28.06.1991	Allotment	Cash	100	10	10	[●]	[●]
	23.04.1994	Allotment	Cash	10,000	10	10	[●]	[●]
	09.05.2006	Allotment	Bonus	30,300	10	Nil	[●]	[●]
	<b>Total</b>			<b>40,400</b>				
<b>Shri Sanjay Kumar Mardia</b>	14.09.1998	Transfer	Cash	90,000	10	10	[●]	[●]
	28.03.2006	Transfer	Cash	1,12,500	10	10	[●]	[●]
	06.05.2006	Transfer	Cash	91,250	10	10	[●]	[●]
	09.05.2006	Allotment	Bonus	8,81,250	10	Nil	[●]	[●]
	<b>Total</b>			<b>11,75,000</b>				
<b>Shri Ratanlal Mardia</b>	20.06.2002	Allotment	Cash	78,000	10	10	[●]	[●]
	28.03.2006	Transfer	Cash	1,96,250	10	10	[●]	[●]
	26.04.2006	Transfer	Cash	14,600	10	10	[●]	[●]
	06.05.2006	Transfer	Cash	3,67,000	10	10	[●]	[●]
	09.05.2006	Allotment	Bonus	29,64,450	10	Nil	[●]	[●]
	<b>Total</b>			<b>36,20,300</b>				



### Details of Promoters contribution under locked-in:

Specific written consent has been obtained from the Promoters for inclusion of the Equity Shares for ensuring lock-in of three years to the extent of minimum 20% of post-Issue paid-up equity share capital from the date of allotment in the proposed public issue. Promoters' contribution does not consist of any private placement made by solicitation of subscription from unrelated persons either directly or through any intermediary. The balance equity shares held by promoters will be locked-in for a period of 1 year from the date of allotment in the proposed public issue.

Remaining Equity Shares held by Promoters & the person other than the Promoters, prior to this Issue, which are subject to lock in as per the relevant provisions of Chapter IV of SEBI Guidelines, may be transferred to any other person holding Equity 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.

Equity Shares held by Promoters which are locked in as per the relevant provisions of Chapter IV of the SEBI Guidelines, may be transferred to and amongst Promoter/Promoter group or to a new promoter or persons in control of our 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. The locked-in Equity Shares held by our Promoters can be pledged only with banks or financial institutions as collateral security for loans granted by such banks or financial institutions, provided the pledge of shares is one of the terms of sanction of such loan.

### 3. Transactions in our Company's Equity Shares by our Promoter & their relatives or the directors of our Company during a period of six months preceding the date of filing of this Red Herring Prospectus with SEBI

The details of transactions in our Promoter & their relatives or the directors of our Company during a period of six months preceding the date of filing of this Red Herring Prospectus with SEBI is as follows:

Date of Transfer	Name of the Transferor	Name of the Transferee	Number of Shares	Transfer Price per share (Rs.)
06.05.06	Deepa Mardia	Sunita Mardia	100000	10
06.05.06	Atul Mardia Huf	Ratanlal Mardia	52500	10
06.05.06	Mahavir Finvest Pvt.Ltd	Ratanlal Mardia	119500	10
06.05.06	Kapoor Chand & Co.	Ratanlal Mardia	135000	10
06.05.06	Gujarat Chem Plasto Ltd.	Ratanlal Mardia	60000	10
06.05.06	Mihir Agencies Pvt.Ltd	Sanjay Mardia	38750	10
06.05.06	Kirtilal G. Shah	Sanjay Mardia	22500	10
06.05.06	Chandaben Shah	Sanjay Mardia	11100	10
06.05.06	Sanjay Enterprises	Sanjay Mardia	18900	10
06.05.06	Larite Industries Ltd.	Sunita Mardia	100000	10
06.05.06	Shree Dutta Industries (India) Ltd.	Bela Sanjay Mardia	80000	10
06.05.06	S.K.Enterprises	Bela Sanjay Mardia	20000	10
06.05.06	Ratan Mardia	Rajendra Goyal	100	10
06.05.06	Ratanlal Mardia	Hiresh Luhar	100	10
06.05.06	Ratanlal Mardia	Sunil Bengani	100	10
06.05.06	Ratanlal Mardia	Rahul Singh	100	10
16.06.06	Ratanlal Mardia	Shreya A. Ghandi / Amit R. Gandhi	5000	50
16.06.06	Ratanlal Mardia	Pritesh Devichandji Bokedia / Dinesh Bokedia	10000	50
16.06.06	Ratanlal Mardia	Shilpa Dinesh Bokedia	3000	50
16.06.06	Ratanlal Mardia	Mrs Smita Vipul Parikh	6000	50
16.06.06	Ratanlal Mardia	Vipul Chimanlal Parikh	6000	50
16.06.06	Ratanlal Mardia	Agrim Securities Pvt. Ltd.	50000	50
16.06.06	Ratanlal Mardia	Amit Gandhi / Shreya Gandhi	15300	50
16.06.06	Ratanlal Mardia	Vimla Devichandji Bokedia / Dinesh Bokedia	7000	50
16.06.06	Ratanlal Mardia	Dinesh Roopchandji Bokedia	8000	50



Date of Transfer	Name of the Transferor	Name of the Transferee	Number of Shares	Transfer Price per share (Rs.)
16.06.06	Ratanlal Mardia	Sandhya Mahendra Tated / Mahendra M. Tated	2000	50
16.06.06	Ratanlal Mardia	Shantilal Bhanwarlal Barmecha	50000	50
16.06.06	Ratanlal Mardia	Dinesh Roopchandji Bokedia HUF	10000	50
16.06.06	Ratanlal Mardia	Hiresh Luhar	10000	10
16.06.06	Ratanlal Mardia	Bhaves Suresh Barmecha	50000	50
11.07.06	Ratanlal Mardia	Mrs. Tabassum Naseem Siddiqui	50000	50
11.07.06	Ratanlal Mardia	Mr. Naseem Ahmad Siddiqui	50000	50

4. The shareholding pattern of our Company before and after the Issue is as follows:

Shareholder's Category	Pre-Issue		Post-Issue	
	No. of Shares	%age	No. of Shares	%age
<b>a) Promoters</b>				
Shantilal Mardia	40,400	0.50	40,400	[●]
Sanjay Mardia	11,75,000	14.43	11,75,000	[●]
Ratanlal Mardia	36,20,300	44.45	36,20,300	[●]
<b>Total (a)</b>	<b>48,35,700</b>	<b>59.37</b>	<b>[●]</b>	<b>[●]</b>
<b>b) Immediate Relative of promoters (Spouse, Parent, Child, Brother, Sister)</b>				
Sunita Mardia	14,55,000	17.86	14,55,000	[●]
Bela Sanjay Mardia	4,00,400	4.92	4,00,400	[●]
Atul Mardia	20,000	0.25	20,000	[●]
<b>Total (b)</b>	<b>18,75,400</b>	<b>23.03</b>	<b>18,75,400</b>	<b>[●]</b>
<b>c) Company in which 10% or more of the share Capital is held by the promoter his immediate Relative firm or HUF in which the promoter or his immediate relative is a member</b>				
Danial Investment Pvt. Ltd.	11,00,000	13.50	11,00,000	[●]
<b>Total (c)</b>	<b>11,00,000</b>	<b>13.50</b>	<b>11,00,000</b>	<b>[●]</b>
<b>d) Company in which the Company mentioned in (c) above holds 10% or more of the share capital</b>	N.A		[●]	[●]
<b>e) HUF in which aggregate share of the promoter and his immediate relative is equal or more than 10% or more of the share capital.</b>	N.A		[●]	[●]
<b>f) Non Promoter Holding</b>	<b>3,33,900</b>	<b>4.10</b>	<b>[●]</b>	<b>[●]</b>
<b>GRAND TOTAL</b>	<b>81,45,000</b>	<b>100.00</b>	<b>[●]</b>	<b>[●]</b>

5. Equity Shares held by the top ten shareholders:

5a. Top ten shareholders as on the date of filing this Red Herring Prospectus with SEBI:

Sr. No.	Name of the Shareholders	Number of Equity Shares Face value – Rs.10/-	% age of total issued Equity Share Capital
1	Mr. Ratanlal Mardia	3620300	44.45
2	Mrs. Sunita R. Mardia	1455000	17.86
3	Mr. Sanjay Kumar Mardia	1175000	14.43
4	M/s Danial Investment Pvt. Ltd.	1100000	13.51
5	Mrs. Bela S. Mardia	400400	4.92



Sr. No.	Name of the Shareholders	Number of Equity Shares Face value – Rs.10/-	% age of total issued Equity Share Capital
6	M/s Agrim Investment Pvt. Ltd.	50000	0.61
7	Mr. Shantilal Bhawarlal Barmecha	50000	0.61
8	Mr. Bhavesh Suresh Barmecha	50000	0.61
9	Mrs. Tabassum Naseem Siddiqui	50000	0.61
10	Mr. Naseem Ahmad Siddiqui	50000	0.61

5b. Top ten shareholders ten days prior to filing this Red Herring Prospectus with SEBI:

Sr. No.	Name of the Shareholders	Number of Equity Shares Face value – Rs.10/-	% age of total issued Equity Share Capital
1	Mr. Ratanlal Mardia	3620300	44.45
2	Mrs. Sunita R. Mardia	1455000	17.86
3	Mr. Sanjay Kumar Mardia	1175000	14.43
4	M/s Danial Investment Pvt. Ltd.	1100000	13.51
5	Mrs. Bela S. Mardia	400400	4.92
6	M/s Agrim Investment Pvt. Ltd.	50000	0.61
7	Mr. Shantilal Bhawarlal Barmecha	50000	0.61
8	Mr. Bhavesh Suresh Barmecha	50000	0.61
9	Mrs. Tabassum Naseem Siddiqui	50000	0.61
10	Mr. Naseem Ahmad Siddiqui	50000	0.61

5c. Top ten shareholders two years prior to filing this Red Herring Prospectus with SEBI:

Sr. No.	Name of the Shareholders	Number of Equity Shares Face value – Rs.100/-	% age of total issued Equity Share Capital
1	Mr. Ratanlal Mardia	41030	25.97
2	M/s. Sarovar Matel Work Industries Ltd.	17200	10.89
3	M/s Kapoor Chand & Co.	13500	8.54
4	M/s Mahavir Finvest Pvt. Ltd.	10000	6.33
5	M/s Larite Industries Ltd.	10000	6.33
6	Mr. Sanjay Kumar Mardia	9000	5.70
7	M/s Shree Dutta Industries (India) Ltd.	8000	5.06
8	M/s Hemakuta Industries Investment Co. Ltd	7000	4.43
9	M/s Amalgamated Commercial Trades Pvt. Ltd.	7000	4.43
10	M/s Candy Holding Pvt. Ltd.	7000	4.43

6. There is no “buy back” or “stand by” arrangement for purchase of Equity Shares by our Company, our Promoters, Directors, BRLM for the equity shares offered through this Red Herring Prospectus.
7. Our Company has not raised any bridge loan against the proceeds of the issue.
8. Our company has 26 Shareholders as on the date of filing this Red Herring Prospectus with SEBI.
9. An over-subscription to the extent of 10% of the net offer to public can be retained for purposes of rounding off to the nearest multiple of minimum allotment lot.
10. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, and rights issue or public issue except private placement during the period commencing from submission of this Red Herring Prospectus with SEBI for this public issue until the Equity Shares to be issued in terms of this Red Herring Prospectus have been listed.



11. We presently do not have any intention or proposal to alter our capital structure for a period of six months from the date of opening of this Issue, by way of split/ consolidation of the denomination of Equity Shares or further issue of Equity Shares (including issue of securities convertible into equity shares, exchangeable, directly or indirectly, for our Equity Shares whether preferential or otherwise) except that our company may issue options to employees, being eligible hereunder, pursuant to any Employee Stock Option Plan or if we enter into acquisitions or joint ventures, we may consider raising additional capital to fund such activity or use Equity Shares as currency for acquisition or participation in such joint ventures. However, as on the date of filing this Red Herring Prospectus with SEBI, our Company does not have any stock option or stock purchase plan/scheme, requiring approval under the SEBI(Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.
12. Our Company has not revalued its assets since our incorporation.
13. Our Company has not made any public issue since its incorporation.
14. Our Company undertakes that at any given time, there shall be only one denomination for the Equity Shares of our Company and the Company shall comply with such disclosure and accounting norms as specified by SEBI from time to time.
15. As on the date of this Red Herring Prospectus, there are no outstanding warrants, options or rights to convert debentures, loans or other financial instruments into our Equity Shares. The shares locked in by the Promoter are not pledged to any party.
16. Equity Shares offered through this Issue shall be made fully paid up or may be forfeited within 12 months from the date of allotment of Equity Shares in the manner specified in Clause 8.6.2 of the SEBI Guidelines.
17. No payment, direct or indirect, in the nature of discount, commission allowance or otherwise shall be made either by the issuer company or the promoters in any public issue to the persons who receive firm allotment in the public issue.
18. In case of under subscription in the Employee Reservation Portion, the unsubscribed portion shall be added back to any other category/categories, at the sole discretion of the BRLM and the Company.



## OBJECTS OF THE ISSUE

The main objects of the issue are:

1. To part finance the expansion of the production capacity.
2. To fund the margin money for working capital requirements of the company.
3. To get the equity shares of our company listed on the Stock Exchanges (BSE & NSE)

The main objects and objects incidental or ancillary to the main objects set out in our Memorandum of Association enable us to undertake our existing activities and the activities for which funds are being raised by us through this Issue.

State Bank of India has appraised our project vide their appraisal note dated 29/06/2006 for the purpose of renewal of working capital limits and sanction of term loan for the expansion project of the company. The critical risk factors and their mitigations as given in the appraisal report of State Bank of India vide letter dated 29/06/2006 is as follows :

### Risk Factors:

- Dependence on other sector automobile construction, air conditioning, petro chemicals and oil refineries etc.
- Contemporary issues like WTO/China impact.
- Volatility in the prices of copper.

### Mitigations:

- The industry is largely dependent upon other sectors like automobile, construction, air-conditioning, petrochemical and oil refineries and infrastructure. All these sectors have indicated CAGR of more than 6% indicates stability of growth.
- WTO impact is expected to be favourable for heavy metal industries and along with other sectors like automobile and construction, iron & steel industry will grow proportionately. There are no restrictions against the import of Metal.
- The company has its established clientele and maintains good rapport with the clients to ensure smooth operations. Although there is volatility in prices of copper the company is not affected by the same since increase/decrease in copper prices is passed on to the consumer. The same is the market trend followed in this kind of activity. If the company maintains a normal inventory holding such increase/decrease in prices will not affect the profitability. Moreover, the backward integration offers control on this volatility.

In view of the highly competitive and dynamic nature of the industry segments we operate in, we may have to revise our business plans from time to time and consequently our fund requirements may also change. In case of any variations in the actual utilization of funds earmarked for the above activities, increased fund deployment for a particular activity will be met from internal accruals of our company.

Our company has plans to make the Silvassa Unit an integrated copper plant, to meet the increasing demand for copper tubes, pipes, flats, rods etc. The details of the existing capacity and the future capacity after the proposed expansion are as tabled below:

Sr No.	Product	Installed Capacity as on date TPA	Proposed Capacity TPA
1	Copper Pipes	1200	2400
2	Copper Section/ Mother Tube/ Flats/Rod/Wire Bars	2400	5400
3	Copper ingots/Billet Bars	7200	10800

The Company proposes to install 2 Nos. of Furnaces having Capacity of 750 kg each. One Extrusion Press of 5000 ton Capacity and also 2 lines for drawing of pipes.

### FUNDS REQUIREMENTS

The funds requirement as given in the appraisal report of State Bank of India is as given herein under :

(Rs. in Crs)

Sr. No	Particulars	Fund requirements
1.	Land Development, Boundary Wall, Workers Quarters/ Sheds	1.00
2.	Plant & Machinery	16.93
3.	Electrical Installations	1.90
4.	Equipments	1.28





Sr. No	Particulars	Fund requirements
5.	Erection & Commissioning	0.44
6.	Preliminary & Share Issue Expenses	2.50
7.	Contingencies	0.95
8.	Working Capital Margin	10.00
	<b>Total</b>	<b>35.00</b>

#### MEANS OF FINANCE

(Rs in Crs)

Sr.No	Particulars	Funds Requirements
1	Public Issue of [●] Equity Shares At price of Rs. [●] per Share	25.00
2	Term Loans	10.00
	<b>Total</b>	<b>35.00</b>

#### SCHEDULE OF IMPLEMENTATION/ UTILIZATION OF ISSUE PROCEEDS

Sr. No.	Particulars	Starting Date		Completion Date	
		As per SBI Appraisal Report	As revised estimate of the Company	As per SBI Appraisal Report	As revised estimate of the Company
1	Land Development, Boundary Wall, Workers Quarters/Alteration in Shed	July, 2006	July, 2006	August, 2006	December, 2006
2	Placement of Orders for Plant & Machinery	July, 2006	July, 2006	September, 2006	December, 2006
3	Delivery of Plant & Machinery	October, 2006	October, 2006	November, 2006	February, 2007
4	Erection & Commissioning	November, 2006	November, 2006	December, 2006	March, 2007
5	Trial Production	December, 2006	March, 2007	January, 2007	March, 2007
6	Commercial Production	January, 2007	April, 2007		

#### DETAIL BREAK-UP OF FUND REQUIRMENTS

##### 1. LAND DEVELOPMENT, BOUNDARY WALL, WORKERS QUARTERS/SHED

The break-up of the cost of Land development, Boundary wall, workers quarters/shed are as given below:

Sr.No	Description	Rs in Crs
1	Development filling, excavation, leveling, internal roads and drainage	0.47
2	Compound wall rubble & brick	0.24
3	Workers Quarters	0.15
4	Additional Alteration	0.14
	<b>Total</b>	<b>1.00</b>

##### 2. PLANT & MACHINERY

Sr. No	Description	Name & Address of the supplier	Date of the quotation	Rs. in Crs
1	Extrusion Plant of 5000 MT	Trishul Metal Industries Ltd. SP-18A, Rico Industrial Area, Neemrana Distt., Alwar (Rajasthan)	08/02/2006	13.91
2	2 sets of LPG Fired Melting Furnaces (750 kgs/per Hr)	Trishul Metal Industries Ltd. SP-18A, Rico Industrial Area, Neemrana Distt., Alwar (Rajasthan)	07/03/2006	0.36
3	1 set of Billet Heating Furnace with 4 Nos. of Burners 7 Control Panels Equipped with Loading system	Trishul Metal Industries Ltd. SP-18A, Rico Industrial Area, Neemrana Distt., Alwar (Rajasthan)	07/03/2006	0.54



Sr. No	Description	Name & Address of the supplier	Date of the quotation	Rs. in Crs
4	2 nos.of Jaros make heavy duty cold draw benches	J.M.Engineering J-6102/8, IVth Phase, Opp Golden Feertilizer, G.I.D.C., Vapi – 396 195, Valsad, Gujarat	02/05/2006	0.46
5	10 T Cap.EOT crane	Processplants Corporation 2-Anju Shopping Centre, 1 <sup>st</sup> Floor, Tilak Road, Santacruz, (W), Mumbai – 400 054	06/05/2006	0.40
6	1010 KVA D.G set	Sudhir Gensets Ltd. 511, 'C' Wing, Floral Deck Plaza, MIDC Central Road, Street No. 23, Andheri (E), Mumbai – 400 093	04/05/2006	0.76
7	Dies & Tools	Various Suppliers		0.50
	<b>Total</b>			<b>16.93</b>

\* Our company has relied on these quotations to ascertain the cost of the project. However, the suppliers will be decided at the appropriate time.

### 3. ELECTRICAL INSTALLATIONS

Description	Name & Address of the supplier	Date of the quotation	Rs. in Crs
<b>Electrical Installation</b> - 800 KVA, Vibrant Transformer CT/PT, Panel, Servo Stabilizer, MCB, Fuses, fixtures, cables, transformers support structure	Various Suppliers		<b>1.90</b>

### 4. EQUIPMENTS

Sr. No	Description	Name & Address of the supplier	Date of the quotation	Rs. in Crs
1	Universal Testing Machine 40 Ton	Fine Marketing 15 A, Bharat Industrial Estate Lake Road, Bhandup (W), Mumbai – 400 078	11/05/2006	0.03
2	Universal Testing Machine 20 KN	Fine Marketing 15 A, Bharat Industrial Estate Lake Road, Bhandup (W), Mumbai – 400 078	11/05/2006	0.02
3	Universal Testing Machine 50 KN	Fine Marketing 15 A, Bharat Industrial Estate Lake Road, Bhandup (W), Mumbai – 400 078	11/05/2006	0.02
4	Eddycurrent Testing Machine	Technofour NDT House, 45, Ambedkar Road, Near Sangam Bridge, Pune – 411 001	20/05/2006	0.55
5	Conductivity Meter	Technofour NDT House, 45, Ambedkar Road, Near Sangam Bridge, Pune – 411 001	04/05/2006	0.01
6	Computers, Printers & Software	Various Suppliers		0.25
7	Furniture & Fixture	Various Suppliers		0.20
8	Other Equipments	Various Suppliers		0.20
	<b>Total</b>			<b>1.28</b>

### 5. ERECTION & COMMISSIONING

The erection and Commissioning charges are estimated at Rs. 0.44 Crores



## 6. CONTINGENCIES

The Company has earmarked around 5 % of the cost of Plant and Machinery & Electrical Installation for Contingencies i.e Rs. 0.95 lacs.

## 7. ISSUE EXPENSES

The Management estimates an expense of Rs 2.50 Crs towards issue expense. The break-up issue expense is given below.

Activity	Estimated Expense (Rs. in crores)
Fees to intermediaries	1.15
Advertising and marketing expenses	0.75
Printing and Stationary expenses	0.50
Others	0.10
<b>Total estimated Issue expenses</b>	<b>2.50</b>

## 8. WORKING CAPITAL MARGIN

The Working capital margin requirements are as follows:

Particulars	Estimates (Rs. in crores)
<b>(A) Current Assets</b>	
Inventories	11.16
Sundry Debtors	7.86
Loans, Advances & Deposits	0.65
Cash & Bank Balances	1.29
Balance with Excise, Custom Department	0.50
<b>Total Current Assets</b>	<b>21.46</b>
<b>(B) Current Liabilities</b>	
Sundry Creditors	0.71
Other Liabilities	0.75
<b>Total Current Liabilities</b>	<b>1.46</b>
<b>Working Capital Gap (A)-(B)</b>	<b>20.00</b>
<b>Less: Funding of the Working Capital Gap</b>	
Cash Credit limit from SBI	5.00
L.C./B.G. Limit from SBI	5.00
<b>Margin Money for Working Capital</b>	<b>10.00</b>

Basis of estimation of working capital requirement

Inventory/Payments	No. of Days
Raw Material	
- Imported	14
- Domestic	14
Stock in process	21
Finished goods	21
Receivables (Export)	-
Receivables (Domestic)	30
Sundry Creditors - Import	-
- Domestic	30



## SOURCES AND DEPLOYMENT OF FUNDS

The Company has received the Source and Deployment Funds Certificate dated 16/11/2006 from Ramesh Bhatt, Chartered Accountants and Statutory Auditors of the Company. As per the certificate the Company has upto 15/11/2006 deployed an amount of Rs. 2.11 crore. Details of the sources and deployment of the funds as per the certificate are as follows:

<b>Particulars</b>	<b>Amount (Rs. in crores)</b>
Land development, boundary wall and additional construction	0.74
Plant and Machineries	1.11
Electrical Installation	0.03
Preliminary & Share Issue Expenses	0.23
<b>TOTAL</b>	<b>2.11</b>

The funds already deployed have been sourced from internal accruals of the Company.

## INTERIM USE OF PROCEEDS

The Management, in accordance with the policies established by the Board, will have flexibility in the proceeds received from the Issue. Pending utilization of the proceeds out of the issue for the purposes described above, the Company intends to temporarily invest the funds in high quality interest bearing liquid instruments including deposits with banks.

## YEAR WISE BREAK UP OF EXPENDITURE TO BE INCURRED

Since the project is expected to commence commercial production during March 2007, year wise break up of expenditure to be incurred is not given.

## BASIC TERMS OF THE ISSUE

The Equity shares being offered are subject to the provision of the Companies Act, 1956, the Memorandum and Articles of Association of the Company, the terms of this Red Herring Prospectus and other terms and conditions as may be incorporated in the Allotment advice and other documents /certificates that may be executed in respect of the issue. The Equity shares shall also be subjected to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, RBI, ROC and /or other authorities as in force on the date of issue and to the extent applicable.



## BASIS OF ISSUE PRICE

### QUANTITATIVE FACTORS

#### i) Earnings per Share (on Rs. 10/- per share)

Year	EPS (Rs)	Weight
2003-2004	4.10	1
2004-2005	5.63	2
2005-2006	21.23	3
<b>Weighted Average EPS</b>	<b>13.17</b>	

**Note:** EPS for the six months period ended 30<sup>th</sup> September, 2006 is Rs. 4.43

#### ii) P/E Ratio

P/E based on pre-issue weighted average EPS of Rs. 13.17	[●]
P/E based on pre-issue EPS of FY 2005-06 of Rs 21.23	[●]

#### iii) Return on Networth (RONW)

Year	Ronw (%)	Weight
2003-04	10.37	1
2004-05	12.33	2
2005-06	34.11	3
Weighted Average RONW	22.89	

**Note:** RONW for the six months period ended 30<sup>th</sup> September, 2006 is Rs. 21.52

#### iv) Minimum RONW to maintain the pre-issue weighted average EPS of Rs. 13.17 = [·] %

#### v) Book Value (Rs.)

Pre-Issue as on March 31, 2006 (Rs.)	62.24
Post Issue (Rs.)	[●]

#### vi) Industry Average P/E

Name of the company	P/E Multiple
Sterlite Industries (India) Ltd.	58.40
Precision Wires India Ltd.	10.70
Industry Average	56.90

**Source:** Dalal Street – Vol. November 13 - 26, 2006; Segment – METALS – NON FERROUS – COPPER/COPPER ALLOYS

#### vii) Comparison of key ratios with the companies manufacturing copper pipes

The Company is in the business of manufacturing copper pipes. There are no listed companies, whose business model is same as that of the Company. Although not comparable, the key ratios of the companies who are also manufacturing copper pipes amongst the companies in the business of manufacturing Copper products are as follows:

Name of the company	FV (Rs.)	Sales (Rs. in Crs.) (31/03/2006)	Book Value (Rs.)	EPS (Rs.)	Market Price (Rs.) as on 06/11/2006	P/E Multiple
Nissan Copper Limited	10	78.07	62.24	21.23	N.A	N.A
Sterlite Industries (India) Ltd.	2	7494.40	27.60	9.10	534	58.40
Precision Wires India Ltd.	10	339.10	93.50	17.30	184	10.70

**Source:** Dalal Street – Vol. November 13 - 26, 2006; Segment – METALS – NON FERROUS – COPPER/COPPER ALLOYS



**The face value of Equity Shares of NCL is Rs. 10 and the issue price is [•] time of the face value.**

The Issue 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 factors. The face value of the Equity Shares is Rs. 10 each. The Issue Price is 3.3 times the face value at the lower end of the price band and 3.9 times the face value at the higher end of the Price Band.

On the basis of the above parameters the issue price of Rs. [•] per share is justified.



## STATEMENT OF TAX BENEFITS

Our Statutory Auditors and Chartered Accountants, Ramesh Bhatt & Co. have vide letter dated May 26, 2006 issued a statement of tax benefit available to the company and its shareholders. The following tax benefits inter alia will be available under the Income Tax Act, 1961 and other Direct Tax Laws, in respect of the proposed public issue of our Company which reads as follows:

### A. TO THE COMPANY:

1. In accordance with, and subject to the provisions of Section 32 of the Act, the Company will be entitled to claim depreciation to tangible and specified intangible assets at the rates specified. Besides normal depreciation the Company shall be entitled in terms of section 32 (1) (iia) to claim additional depreciation of 25% of actual cost of new machinery and plant acquired and installed after 31st March, 2005.
2. By virtue of section 10(34) of the Act, any dividend income received by the Company will be exempt from tax.
3. In accordance with and subject to the conditions specified in section 35D of the Income Tax Act, the Company is entitled to amortization, over a period of five years, of all expenditure in connection with the proposed IPO subject to the overall limit prescribed in the said section as the IPO is for the expansion of the business.
4. By virtue of new section 10(35) of the act, the following income shall be exempt, subject to the certain conditions, in the hands of the Company :
  - a) Income received in respect of the unit of a Mutual Fund specified under clause (23D);  
or
  - b) Income received in respect of units from the administration of the specified undertaking;  
or
  - c) Income received in respect of units from the specified Company;
5. By virtue of section 10 (38) of the act long term capital gains on sale of shares where the transaction of sale is entered into on a recognized stock exchange in India, on or after 1st October, 2004 shall be exempt from tax.
6. By virtue of Section 80IB of the act the Company is eligible for deduction in respect of profit and gain derived from the Industrial Undertaking located in industrially backward State subject to fulfillment of necessary conditions.
7. By virtue of Section 111A of the act short term capital gains on sale of shares where the transaction of sale is entered into on a recognized stock exchange in India, on or after 1st October, 2004 shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and Education Cess).
8. In accordance with, and subject to the conditions and to the extent specified in section 54EC of the Act, long term capital gains arising on transfer of long term capital asset, shall be exempt from capital gains tax if the gains are invested within six months from the date of transfer in the purchase / acquisition of specified assets.
9. In accordance with, and subject to the conditions and to the extent specified in section 54ED of the Act, long term capital gains arising on transfer of long term capital asset, shall be exempt from capital gains tax if the gains are invested within six months from the date of transfer in the purchase / acquisition of specified assets.
10. Under section 48 of the Act, if any shares are sold by the Company after being held for not less than twelve months, the gains (not being exempt gains), 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 / improvement.

Under section 112 of the act and other relevant provision of the Act, long term capital gains (not being exempt gains) arising on transfer of listed securities or units or zero coupon bonds, shall be taxed at the rate of 20% (plus applicable surcharge and education cess) (after indexation as provided in the second proviso to section 48) or at the rate of 10% (plus applicable surcharge and education cess) (without indexation), at the option of the Company.

### B. TO SHAREHOLDERS OF THE COMPANY – UNDER THE ACT.

1. Income received by an assessee as dividend from an Indian Company is exempt under section 10(34) of the act.
2. Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains, (i.e. if shares are held for a period exceeding 12 months) [in cases not covered u/s 10 (38) of the Act], arising on transfer of shares in the company, shall be taxed at a rate of 20% (applicable surcharge and education cess) after indexation as provided in the second proviso to section 48. The amount of such tax should however be limited to 10% (applicable surcharge and education cess) without indexation, at the option of the shareholder, if the transfer is made after listing of shares.



3. By virtue of Section 111A of the Act that short-term capital gains on sale of shares where the transaction of sale is entered into in a recognized stock exchange in India, on or after 1st October, 2004 shall be subject to tax at a rate of 10 per cent (plus applicable surcharge and Education cess).
4. By virtue of Section 10(38) of the Act that long-term capital gains on sale of shares where the transaction of sale is entered into in a recognized stock exchange in India, on or after 1st October, 2004 shall be exempt from tax.
5. In accordance with, and subject to the conditions and to the extent specified in section 54EC of the Act, long term capital gains arising on transfer of the shares of the Company, shall be exempt from capital gains tax if the gains are invested within six months from the date of transfer in the purchase / acquisition of specified assets.
6. In accordance with, and subject to the conditions and to the extent specified in section 54ED of the Act, long term capital gains arising on transfer of shares of the Company, shall be exempt from capital gains tax if the gains are invested within six months from the date of transfer in the purchase / acquisition of specified assets.

Income by way of short term capital gains or long term capital gains (not being exempt gains) realized by FIIs on sale of shares in the company would be taxed at the following rates as per section 115AD of the act:

- i. Short term capital gains – at the rate of 30% (plus applicable surcharge and education cess). However, the income from short term capital gains referred to under section 111A shall be taxed at the rate of 10% (plus applicable surcharge and education cess).
  - ii. Long term capital gains (not being exempt gains) – at the rate of 10% (plus applicable surcharge and education cess).
7. In accordance with, and subject to the conditions and to the extent specified in section 54F of the Act, long term capital gains arising on the transfer of the shares of the Company held by an individual or Hindu Undivided family shall be exempt from capital gains tax if the net sales consideration is utilized, within a period of one year before, or two years after the date of transfer, in the purchase of a new residential house, or for construction of a residential house within three years subject to the condition that the assessee should not own more than one residential house, other than the new asset, on the date of transfer of original asset and the assessee should not purchase or construct any residential house, other than the new asset, in case of purchase within a period of one year after the date of transfer of original asset and in case of construction, within a period of three years after the date of transfer of original asset.
  8. In accordance with, and subject to Section 48 of the act, capital gains arising to non-resident, out of transfer of capital assets being shares in an Indian Company shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer of the capital assets into the same foreign currency as was initially utilized in the purchase of shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency.
  9. Non-resident Indian has the option to be governed by the provisions of Chapter XII-A of the act according to which:
    - i. Under section 115E of the Act, any income from investment acquired out of convertible foreign exchange will be taxable at 20% (subject to surcharge as applicable) while income from long term capital gains on transfer of shares of the Company acquired out of convertible foreign exchange shall be taxed at the rate of 10% (subject to surcharge as applicable)
    - ii. Under section 115F of the Act, subject to the conditions and to the extent, specified therein, long term capital gains arising to a Non-Resident Indian from transfer of shares of a company acquired out of convertible foreign exchange, shall be exempt from capital gains tax if the net consideration is invested within six months of the date of transfer of the asset in any specified asset or in any saving certificate referred to in clause (48) of section 10 of the Act.
    - iii. Under section 115G of the Act, it is not necessary for a Non-Resident Indian to file a Return of Income under section 139(1) of the act, if his total income consists only of investments income and / or long term capital gains earned on transfer of such investments acquired out of convertible foreign exchange, and the tax has been deducted at source from such Income under the provisions of chapter XVII B of the act.

#### **C. Under the Wealth Tax act, 1957**

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

Please note that all the above tax benefits will be available only to the sole / first named holders. In case of the shares are held by joint holders. Legislation, its judicial interpretation and the policies of the regulatory authorities are subject to change from time to time and these may have a bearing on the advice that we have given. Accordingly, any change or amendment in the law or relevant regulations would necessitate a review of the above. Unless specifically requested we





have no responsibility to carry out any review of our comments for changes in laws or regulations occurring after the date of issued of this Note.

In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Taxation Avoidance Agreements, if any, between India and country in which the non-resident has fiscal domicile.

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 as also under the Finance Bill, 2005 and as interpreted by the relevant taxation authorities as on date. The investors in your Company are advised to consult their tax advisors with respect of the tax consequences of their holdings based on their residential status and the relevant double taxation conventions.

For **Ramesh Bhatt & Co.**  
Chartered Accountants

Sd/-

Ramesh Bhatt  
Proprietor  
M.No. 15629

Date : 26<sup>th</sup> May 2006



## SECTION IV – ABOUT US

### INDUSTRY OVERVIEW

The following information has been obtained from the public sources specifically mentioned where applicable and has not been independently verified. (Source of information for this section: Capital Line and International Copper Study Group)

#### **INTRODUCTION**

Copper is one of the oldest metals used by man since civilisation for making simple equipments and vessels. As it is an excellent conductor of electricity (next only to gold and silver, which are very costly), it is now widely used in electrical, electronics, and telecom sectors. Of all the materials used by man, copper has had the most profound effect on civilization. From the dawn of civilization and into the third millenium, copper has played, and continues to play a vital role in contributing to, sustaining and improving society. Globally, it is the third widely consumed metal after iron and aluminium. Its recycling rate is higher than that of any other engineering metal, and about 50% of the metal produced in the US are from recycling.

The known copper resources in India are quite limited and are characterised by their low volume, narrow width, low grade and practical absence of precious metal content. Hence, the smelters in India, particularly in the private sector, predominantly import copper ore for their smelting requirement.

Copper has been in use for 10,000 years, yet, it is still a high technology material, as evidenced by the development of the copper chip by the semi-conductors industry.

Copper occurs naturally in the environment in a variety of forms. It can be found in sulfide deposits (as chalcopyrite, bornite, chalcocite, covellite), in carbonate deposits (as azurite and malachite), in silicate deposits (as chrysocolla and diopside), and as pure “native” copper.

Copper also occurs naturally in humans, animals, and plants. Organic life forms have evolved in an environment containing copper. As a nutrient and essential element, copper is vital to maintaining health. Life sustaining functions depend on copper.

Copper is one of the most recycled of all metals. It is our ability to recycle metals over and over again that makes them a material of choice. Recycled copper (also known as secondary copper) cannot be distinguished from primary copper (copper originating from ores), once reprocessed. Recycling copper extends the efficiency of use of the metal, results in energy savings, and contributes to ensuring that we have a sustainable source of metal for future generations.

Copper-based products have a wide variety of life spans (from a few years in electronic devices, to over a 100 years in architectural uses).

Virtually all products made from copper can be recycled. Industry uses recycled copper (also known as secondary copper) as a major source of raw material. In some instances, recycled copper can be remelted and directly used without any further processing. In effect, copper can be considered as renewable since it can be recycled over and over again without losing any of its chemical or physical properties.

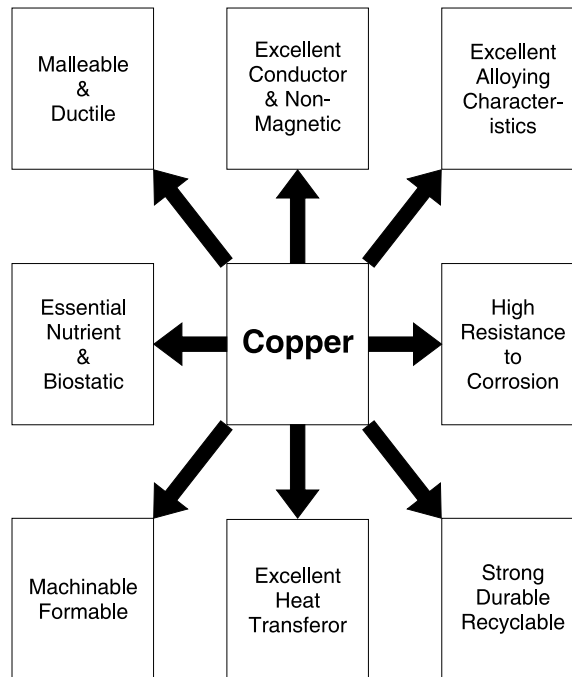
In some countries' copper requirements greatly depend on recycled copper to meet internal demands. However, recycled copper alone cannot meet society's needs, so we also rely on copper produced from the processing of mineral ores.

Recycling is dependent on the efficiency of the scrap collection system, technological and economic factors, product design, societal values, as well as on the incentives and barriers introduced by society, including governments.

Recycling is an important economic activity with significant environmental benefits. Not only does recycling copper result in more efficient use of natural resources, but it also results in energy savings and a reduction in material sent for final disposal, such as to a landfill.



## PROPERTIES AND USES OF COPPER



### **Electrical:**

Copper is the best non-precious metal conductor of electricity. It sets the standard to which other conductors are compared. In addition, copper's exceptional strength, ductility, and resistance to creeping and corrosion, makes it the preferred and safest conductor for building wiring. Copper is also used in power cables, either insulated or uninsulated, for high, medium and low voltage applications.

Copper is an essential component of energy efficient motors and transformers. Introducing and promoting such technologies will contribute to improving energy efficiency, reducing greenhouse gas emissions, and increasing living standards in rural areas.

### **Electronics and Communications:**

The introduction of optical fibre in communication trunk lines has led to a revolution in the telecom industry. While displacing copper in part of the distribution system, optical fibre actually has led to an increase in demand for copper as communities "get wired." Copper continues to be the preferred carrier for the last mile, or segment. As well, domestic subscriber lines, wide and local area networks, personal computers and other hardware all require copper and copper alloys, especially for connectors.

xDSL (Digital Subscriber Line) technology allows the existing copper infrastructure of ordinary telephone wires to also carry high speed data. For internet users, xDSL technology means connecting at 1.5 million bits per second instead of 56 thousand bits per second!

Semiconductor manufacturers recently launched a revolutionary "copper chip". By using copper for circuitry in silicon chips, microprocessors are able to operate at higher speeds, using less energy.

### **Construction**

Copper roofing, in addition to being attractive, is well known for its resistance to extreme weather conditions. Major public buildings, commercial buildings, and homes, use copper for their rainwater goods and roofing needs.

The telltale green patina finish, that gives copper the classic look of warmth and richness, is the result of natural weathering. Copper fire sprinkler systems are a valuable safety feature in buildings. Copper and brass are the materials of choice for plumbing, taps, valves and fittings. Unlike plastic tubing, copper does not burn, melt or release noxious or toxic fumes in the event of a fire. Copper tubes also help protect water systems from potentially lethal bacteria such as legionella. The use of copper doorknobs and plates exploits copper's biostatic properties to help prevent the transfer of disease and microbes.



**☛ Transportation**

All major forms of transportation depend on copper to perform critical functions. Copper-nickel alloys are used on the hulls of boats and ships to reduce marine biofouling thereby reducing drag and improving fuel consumption. Motors, wiring, radiators, connectors, brakes and bearings: Today's average size automobile contains about 27.6 kilograms of copper and a Boeing 747-400 contains 4,000 kilograms. Copper's superior thermal conductivity, strength, corrosion resistance, and recyclability make it ideal for automotive and truck radiators.

New manufacturing technologies, processes and innovative designs will expand the penetration of copper in this market, as the resulting new copper-based radiators are lighter, smaller and more efficient.

**☛ Industrial Machinery and Equipment**

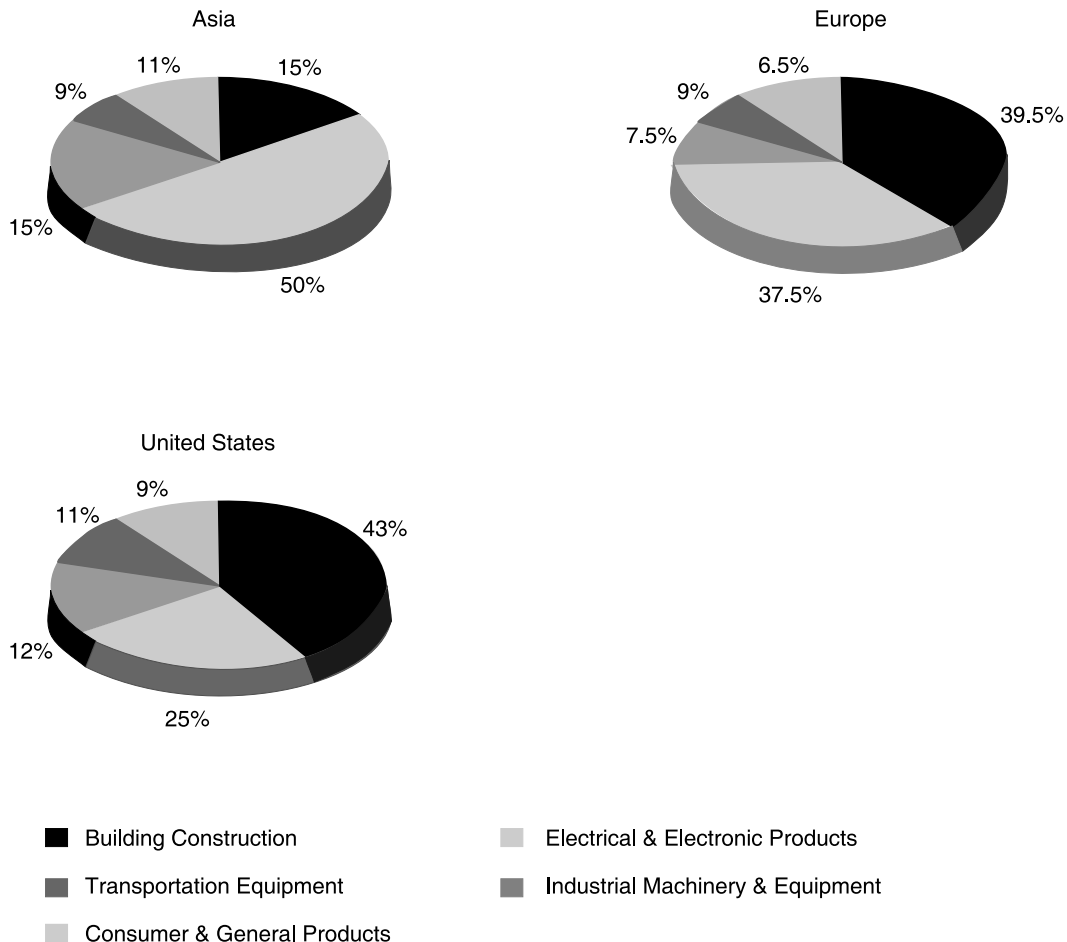
Due to their durability, machinability, and ability to be cast with high precision and tolerances, copper alloys are ideal for making products such as gears, bearings, and turbine blades. Copper's superior heat transfer capabilities and ability to withstand extreme environments makes it an ideal choice for heat exchange equipment, pressure vessels and vats. The corrosion resistant properties of copper and copper alloys (such as brass, bronze, and copper-nickel) make them especially suitable for use in marine and other demanding environments. Vessels, tanks, and piping exposed to seawater, propellers, oil platforms and coastal power stations, all depend on copper's corrosion resistance for protection

**☛ Consumer and General Products:**

From the beginning of civilization copper has been used by various societies to make coins for currency. Copper and copper-based products are used in offices, households, and workplaces. Computers, electrical appliances, decorative brassware, and locks and keys are some of the more common products exploiting copper's advantages.

In areas known to be copper deficient, copper is used by farmers to supplement livestock and crop feed.

**CONSUMPTION BY END USE SECTOR**





## INDUSTRY STRUCTURE

The industry can be broadly classified into primary and secondary producers. Primary producers produce copper by smelting and refining copper concentrates to make copper cathodes. Secondary producers, on the other hand, use copper scrap and recycled copper.

There are only three primary producers of copper in India - Hindustan Copper, Indo Gulf Corporation and Sterlite Industries. Hindustan Copper is a PSU which owns 47500 tpa refinery, and will be privatised shortly. Indo Gulf corporation and Sterlite Industries each have approximately 1.5 tpa capacity. In July'02, the Aditya Birla Group decided to merge the the copper and related business of Indo Gulf Corporation with Hindalco, subject to various approvals.

HCL owns copper mines, and is the only vertically integrated copper producer in India engaged in mining, beneficiation, smelting, refining and continuous cast rod manufacturing of copper (*Source: ICRA Sector Analysis Report, The Indian Copper Industry*).

Besides, there are some units like Sikkim Mining Corporation, Hutti Gold Mines, etc., having small copper mines. A large number of secondary producers also exist who produce copper from scrap, which are largely imported, but locally recycled.

The share of primary sector is about 65%, with the rest coming from secondary producers.

The end user analysis in India reflects that about 30% of the demand for copper is for jelly-filled tele cables, 25% for winding wires, 10% for building and construction, 10% for transformers, 8% for cables, 5% for transport and the remaining 12% for other areas.

Globally, on the other hand, building and construction corners 48% of the demand for copper, followed by 17% for electrical, 16% for general engineering, 8% for light engineering, 7% for transport and 4% for other areas. (*Source: www.capitalmarkets.com*)



## BUSINESS OF OUR COMPANY

Our Company was promoted mainly with an objective of carrying on business of manufacturing Copper Tubes. Subsequently our Company enlarged its scope of production and its product portfolio by including products for refrigeration, solar power, engineering and infrastructure industry, done by installing a complete plant to manufacture tubes starting from melting of scrap/ Cathode. Our Company is presently into manufacturing of copper ingots, coils, wire bars, strips, section, flats, billet bars, rods and copper pipes. The products manufactured by our Company are mainly used in switchgears/ panels, radiators, refrigerators, electric appliances, connectors, heat exchangers etc.

Our Company started its commercial production in September 1991. Our Company has two manufacturing units. One located at Silvassa, where we carry out the manufacturing processes and the other located at Umbergaon which is presently involved in further processing. Our Company set up its first factory at Umbergaon (Gujarat) for manufacturing of 100 Tonnes Per Annum (TPA) copper pipes. Our Company expanded its capacity at Umbergaon to 600 TPA in the year 2001. There was a major expansion cum backward integration project at Silvassa and the capacity for Copper Pipe was increased to 600 TPA, where as that of Extruded Pipe/ROD/FLAT/Profile to 2400 TPA and that of Copper Ingots (Furnace) to 3600 TPA. Hence there was an increase in our copper pipe capacity to 1200 TPA and also installed new capacity for copper ingots/billet bars by melting of copper scrap/cathode (furnace plant) and copper section/mother tube/flat/rods/wire bars etc (extrusion plant) to 3600 TPA and 2400 TPA respectively. This expansion cum backward integration project was fully commissioned during FY 2004-2005 but the benefit of full twelve month's operations of expanded capacities became visible in FY 2005-2006. Our Silvassa unit is enjoying Sales tax benefit for a period of 15 years and Income tax benefits for a period of 5 years starting from April 2003 under section 80IB of the Income tax Act.

Over a period of 15 years, we have established our reputation and reliability in the market. Our Company with its experience and its quality products confirms with the major specification and customer requirements viz ASTM, DIN, BS, JIS and IS. Our high standard quality products have enabled us to achieve the ISO 9001:2000 certification for our Umbergaon Unit. We are supplying our products to companies in the Air conditioning and Refrigeration, Engineering & Gas Application industry. Our clientele list includes some reputed companies like Siemens Ltd., Electrotherm India Ltd., Voltas Ltd. and Gem Cooling Towers Pvt. Ltd. etc. For the six months ended 30/6/2006, the revenue from our top five customers accounts for nearly 40% of the total sales.

### LOCATION

#### **Registered Office of Our Company**

The Registered office of Our Company is situated at Shed No. J/20, GIDC, Umbergaon, Gujarat – 396 171.

#### **Corporate Office of Our Company**

The Corporate office of our Company is situated at 1002, Raheja Centre, 10th Floor, Nariman Point, Mumbai – 400 021.

#### **Manufacturing Units of Our Company**

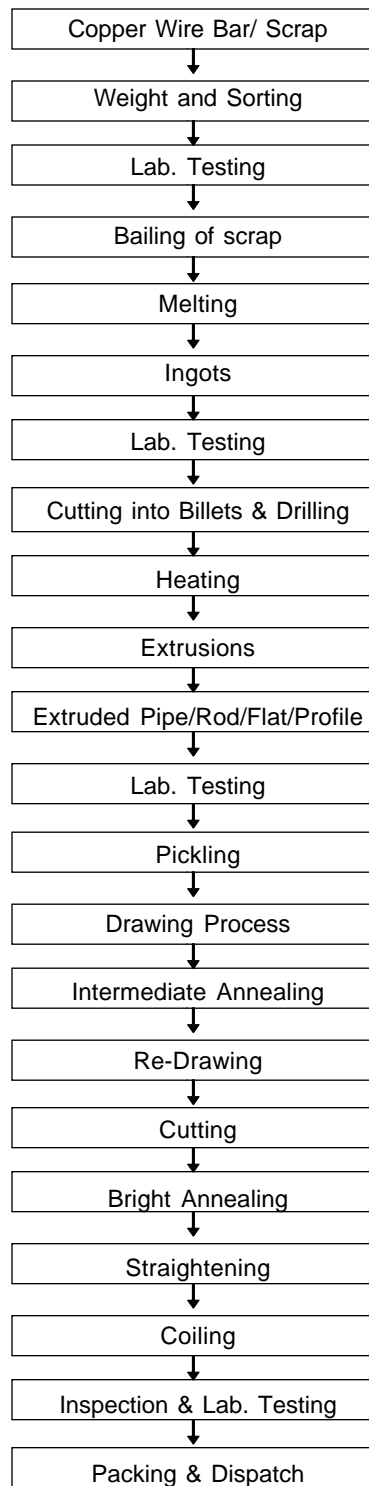
Our Company has two factory units, details of which is given below:

<b>Manufacturing Units</b>	<b>Location</b>	<b>Products Manufactured</b>
Unit I – Umbergaon	Shed No. J/20, GIDC, Umbergaon, Gujarat – 396 171.	Copper Pipes and presently involved in processing of the products manufactured at its manufacturing unit at Silvassa.
Unit II – Silvassa	Survey No. 168/1/2, Village – Rudana, Khanvel, Silvassa, Dadra Nagar Haveli – 396 230.	Copper Pipes, Copper Section, Mother Tube, Flats, Rod, Wire Bars, Copper Ingots, Billet Bars



## MANUFACTURING PROCESS

The flow chart of the manufacturing process is given below:





The main raw material of our Company is copper wire bar/ scrap and cathode. Cathode or copper scrap is used in the Furnace but the melting loss is higher in case of scrap. The melting loss is approximately 8% in case copper scrap and 2% in case of cathode. The company may source cathode from domestic suppliers i.e. Sterlite Industries Ltd. or Birla Copper Ltd. The Copper scrap is available in India and also may be imported from Srilanka, Singapore, Dubai or Malaysia etc.

The factory workers who are expert in metal properties, check weight and sort the scrap. Thereafter a sample for purity analysis in chemical laboratory in the factory premises is taken. The Chemical Laboratory is equipped with latest equipments for testing of purity of raw material. Once the sample is approved, the scrap is transferred to bailing department which makes it easier to pour in melting furnaces.

The bailing process reduces process loss substantially. Each melting furnace has capacity of 750 Kgs. per lot. The scrap is melted at temperature of 1200 degree centigrade. It takes around one and a half hour time to melt 750 Kgs of scrap.

The melted copper is now poured into moulds. The water is circulated into the moulds in order to cool it and convert it into round rods. It takes around 10-15 minutes to form round rod. One sample is drawn from each lot for testing in company's chemical laboratory, where various copper properties are tested including conductivity. This form of copper rods is called Ingot.

These ingots are now cut into different sizes as per the requirements for further process and are called Billets. The pieces of 11" length are drilled at the center up to 4" depth for extrusion purposes. These billets are heated in pre heating furnace at the temperature of 900 degree centigrade. The heated billets are placed in the container of Extrusion press where heated billets are extruded into mother tubes of the sizes as per the customer requirements. The mother tubes are tested for hardness and dimension at company's testing laboratory. The mother tubes are now re-drawn into smaller gage on draw benches. The thickness is maintained by putting floating plugs in the tubes. The drawing process time and number of drawing cycles varies and depends on size of the pipe because the tubes having bigger dimension may require less drawing while smaller dimension tubes may require more drawing cycles. After 4 – 5 draw cycles, intermediate annealing is required to make the tube soft and to make it free from internal residual stresses.

The tubes are now cut into pieces as per customer's required length and then transferred to Bright Annealing Vacuum Furnace for annealing tubes. The final size and shape to product is given by further drawing processes. If customer requires bright annealing product then the product is put in pots specially made for annealing tubes which gives reddish colour to the products. This pot is now put into bright annealing furnace and it is heated at 650 degree temperature. The pipes are transferred to straightening process thereafter for coiling and final inspection and testing. The final product is packed in polyethylene bags and wooden boxes before dispatch to customers.

#### **QUALITY CONTROL POLICY OF OUR COMPANY**

- We have taken adequate steps to ensure that we maintain a high degree of quality in all our products. At the initial stages the raw material is carefully sorted and inspected by trained workers, a record is kept for each consignment.
- The material is then put through various stages of inspection at each stage of production process such as, melting copper, ingots, billets, mother tube extrusions, pipe drawings etc. This includes testing every charge of melting.
- We have our own inbuilt chemical laboratory for taking the samples of the products for chemical analysis. The finished products are then carefully inspected and each product is dispatched with a test certificate. Under the Quality Control Policy of Our Company, we have tried to reasonably ensure that there is no compromise on the quality of our products.
- Our Company has adopted a strategy by which we display commitment to deliver quality performance within the designated time frame to enhance customer's confidence and maintain the long term clientele

#### **RECOGNITION AND CERTIFICATIONS**

Our Company has been accredited with the following recognitions and certifications which is an evidence of our Company's uncompromising quality standards maintained in order to serve its customers:

##### **ISO 9001:2000**

- Our Company has been issued an ISO 9001:2000 bearing No. RQ91/2398 dated April 5, 2004. Under the said certificate, the International Certification Services (Asia) Private Limited has certified that the Quality Management Systems of the Umbergaon unit of our Company has been assessed and registered. The said Certificate is valid till April 4, 2007.
- Our Company under the said certificate has been registered with respect to the scope of manufacture and supply of Copper and Copper Alloy Tubes.





## RAW MATERIALS

The main raw material of our Company is copper scrap and cathode. The copper scrap is easily available in the local market and cathode is easily available from Hindustan Copper Ltd or Sterlite Industries Ltd. Our Company also has an alternative to import copper scrap/cathode from China, USA, Russia and African Countries.

## WATER

The water consumption at Umbergaon is 400 lt per day and at Silvassa is 500 lts per day and the same is sourced through bore wells.

## UTILITIES

### Silvassa

Our Company's manufacturing unit is located at Silvassa, a well developed industrial belt where the utilities like water power and manpower are easily available. Total sanction load of Power as on date is 750 KVA. The Company will be requiring a total load of 1300 KVA, post expansion and the Company has applied for the required additional load. Our Company already has a transformer of 500 KVA and is in the process of installing additional transformer of 800 KVA. Both will be used for existing and proposed expansion Project.

Our Company already has two DG Sets of 125 KVA and 100KVA situated at the Silavasa unit and proposes to install additional DG Set of 1010 KVA which will take care of any power failure for uninterrupted production. This will be alternative supplier available in the event of power failure.

### Umbergaon

The total power load available to our Umergaon unit was 200 KVA which was later increased to 250 KVA.

## MANPOWER

### Human Resource Policy

- Our Company strives to maintain a healthy work setup, ensure transparency in all its dealings to create greater efficiency for its employees and to encourage fair business practice.
- Our Company offers its employees a comfortable and motivating work environment offering them the freedom to set their own targets and giving them ample opportunities to enhance their skills, and overall professional experience by providing continuous training. This includes workshops, courses, seminars organized by our Company.
- Our Company has also started in-house conferences which serve as a forum for organized interaction amongst its employees for various disciplines, employees from all the offices of our Company actively participate sharing experiences, ideas, innovations.
- Our Company from the initial stages has believed in following a progressive Human resource policy, keeping in mind the interest and well being of its personnel and therefore creating a conducive work atmosphere ensuring both our Company and our personnel's progress.

### Health and Safety Policy of our Company

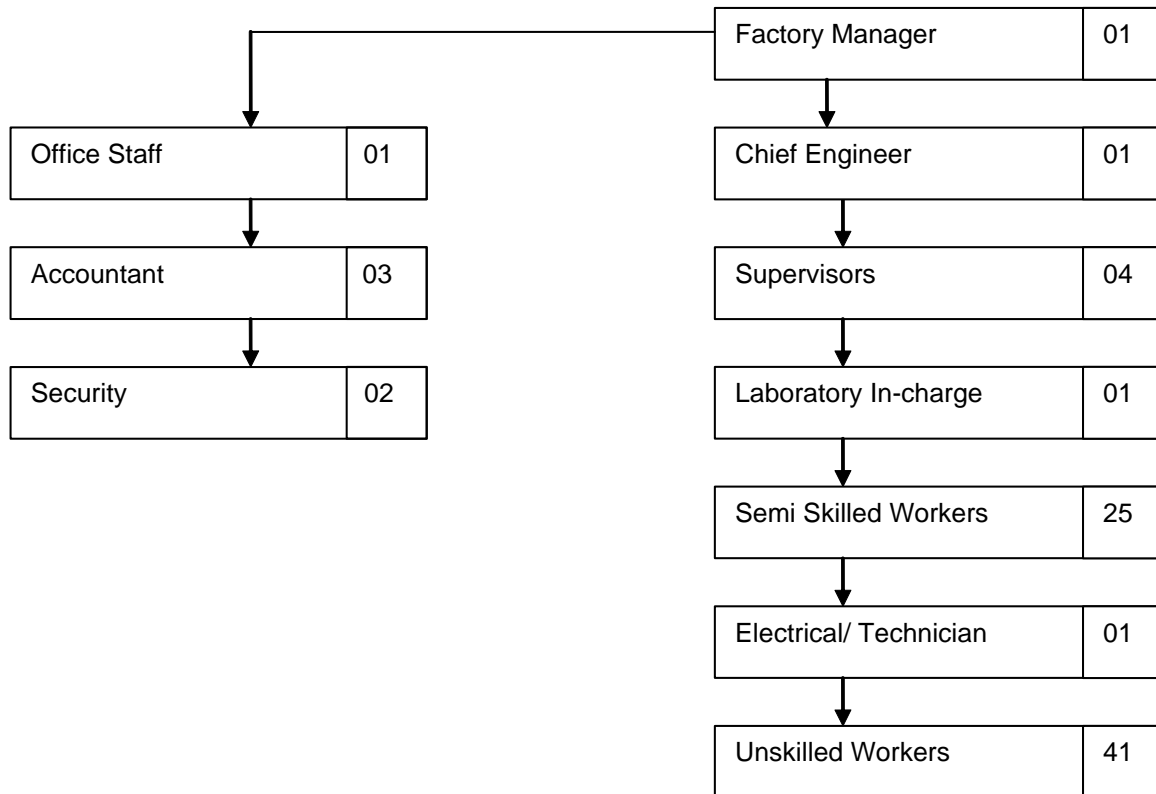
- Our Company is taking adequate measures to ensure the safety of all its personnel. Our Company has provided for Fire extinguishers near the gas plant. The melting furnaces are duly inspected at a regular basis to ensure adequate safety.
- Our Company has in its factory premises a first aid kit to its disposal to render immediate medical attention to any of its personnel. As a measure to enhance safety, Our Company provides its personnel with hand gloves and helmets.

### Break-up of the present manpower in the Company

Category	Silvassa	Umbergaon	Mumbai	Total
Top Management	1	-	2	3
Middle Management	2	-	3	5
Supervisor	3	2	2	7
Skilled	4	1	4	9
Non Skilled	9	9	7	25
Non Skilled/Seasonal on Daily Wage	195	31	-	226
<b>Total</b>	<b>214</b>	<b>43</b>	<b>18</b>	<b>275</b>



## Additional Manpower Requirement



## PRODUCTS AND ITS APPLICATION

### *PRODUCTS MANUFACTURED*

- Copper tubes for Air conditioning and Refrigeration
- Copper pipes, rods, sections, ACR tubes, coils.
- Copper tubes for Engineering
- Copper tubes for plumbing
- Copper tubes for gas application
- Copper integrally finned tubes



### **OUR COMPANY'S PRODUCTS ARE USED IN FOLLOWING SECTORS**

- Petrochemical & Oil Refineries
- Power Generation & Energy Distribution
- Chemicals & Fertilizers
- Atomic Energy, Space Research & Defense
- Electrical, Electronics & Telecommunication
- Ship Building & Automotive Transport
- Machine Building & Automotive Transport
- Machine Building & General Engineering
- Air Conditioning & Refrigeration
- Water Coolers & Deep Freezers
- Food Processing & Interior Decoration
- Hardware, Fixtures & Fittings
- Writing Instruments & Office Accessories
- Domestic Gadgets & Home Appliances

### **MARKET**

Our Company mainly caters to the Air-conditioning & Construction industry. The Air-conditioner industry is growing at a rate of 25% growth and industry sources indicate the growth level to be maintained. (Source: [www.capitalmarkets.com](http://www.capitalmarkets.com))

There are number of players in manufacturing copper bars, tubes, pipes, flats, strips etc. The major players in the organized sector are Mehta Tubes Pvt Ltd, ABC tube Industries Ltd, Industrial Tubes Manufacturers Pvt Ltd, Mandev Tubes Ltd. etc. There are other small players in the unorganized sector and they collectively cater to 40% of the total demand. Nissan is catering mainly to construction, refrigeration and auto components sector.

No major cyclical trends are observed in this industry neither are there any government controls or regulatory framework impinging on the industry.

### **MARKETING ARRANGEMENT**

We have a separate full-fledged Marketing division. Our sales offices are located at Mumbai. As a part of the marketing and promotion strategy, we display our products in various reputed seminars and exhibitions. In order to combat competition our Company has ensured easy and quick accessibility to build new clientele through advertising in various yellow page directories and search engines.

### **BUSINESS STRATEGY**

Our Company believes in delivering quality products. Since 1989, Nissan has been committed to quality. The strategic vision has helped to develop new product range and to create value for customers. The company has acquired the reputation of a flexible and adaptive manufacturer while ensuring world class standards through accreditations to JAS-ANZ ISO 9001-2000 Quality Systems.

### **POSITIVE FACTORS FOR GROWTH**

- Strong GDP growth and boom in Indian Economy
- Increase in disposable Income
- Investment in housing & infrastructure
- Market expansion to rural areas
- Improved quality of power supply
- Hot climate and rising temperatures



## REGULATIONS AND POLICIES

### ***Water (Prevention and Control of Pollution) Act, 1974***

Our Company is required to comply with the provisions of the Water (Prevention and Control of Pollution) Act, 1974, which aims at the prevention and control of water pollution as well as for restoration of water quality, through the establishment of state pollution control boards. Under the provisions of this act, any individual, industry or institution discharging industrial or domestic wastewater is required to obtain consent of the state pollution control board. The consent to operate is granted for a specific period after which the conditions stipulated at the time of granting consent are reviewed by the state pollution control board. Even before the expiry of the consent period, the state pollution control board is authorized to carry out random checks on any industry to verify if the standards prescribed are being complied with by the industry. If the standards are not being complied with, the state pollution control board is authorized to serve a notice to the concerned person. In the event of non-compliance, the concerned state pollution control board may withdraw its water supply or cause magistrates to pass injunctions to restrain such polluters.

### ***Air (Prevention and Control of Pollution) Act, 1981***

Our Company is required to comply with the provisions of the Air (Prevention and Control of Pollution) Act, 1981, which aims at the prevention and control of air pollution through the establishment of state pollution control boards. Our Company is also required to comply with the said Act under which any individual, industry or institution responsible for emitting smoke or gases by way of use as fuel or chemical reactions must apply in a prescribed form and obtain consent from the state pollution control board prior to commencing any manufacturing activity. The board is required to grant consent within four months of receipt of the application. The consent may contain conditions relating to specifications of pollution control equipment to be installed. For ensuring the continuation of manufacturing activities, a consent certification from the state pollution control board is required both under the Air (Prevention and Control of Pollution) Act, 1981 and Water (Prevention and Control of Pollution) Act, 1974 as discussed above.

### ***Income Tax Act, 1961***

Our Company is presently enjoying tax holidays/incentives extended by the Central Government with regards to Income Tax for a period of five years. Our Company has its industrial undertaking at Silvassa in the Union Territory of Dadra & Nagar Haveli, a notified backward State under Schedule Eight of the Income Tax Act, 1961 which makes the Company eligible to claim the tax benefit under section 80IB (4) for a period of five consecutive assessment years starting from financial year 2003-2004 to 2007-2008. The said section reads as follows

***“Section 80IB of the Income Tax Act, 1961 – Deduction in respect of profits and gains from certain industrial undertakings other than infrastructure development undertakings.***

*(4) The amount of deduction in the case of an industrial undertaking in an industrially backward state specified in the Eighth Schedule shall be hundred percent of the profits and gains derived from such industrial undertaking for five assessment years beginning with the initial assessment year and thereafter twenty five percent (or thirty percent where the assessee is a company) of the profits and gains derived from such industrial undertaking.”*

### ***Central Sales Tax Act, 1956***

Our Company is presently enjoying tax holidays/incentives extended by the Central Government with regards to Central Sales Tax for a period of fifteen years. Our Company has its industrial undertaking at Silvassa in the Union Territory of Dadra & Nagar Haveli, which makes the Company eligible to claim the central sales tax benefits vide notification No.ADM/DNH/EXEMPT/CST/2004/1871 dated May 28, 2004 for a period of fifteen consecutive assessment years starting from March 30, 2004 till December 31, 2017.



## HISTORY AND OTHER CORPORATE MATTERS

### HISTORY AND BACKGROUND OF OUR COMPANY

Our Company was incorporated on December 01, 1989 as Nissan Copper Private Limited, under the Companies Act, 1956, with Registration Number 04-13072. The company was converted into a public limited Company with effect from December 08, 2005, with the name Nissan Copper Limited.

The Registered Office of our Company is situated at Shed No. J/20, GIDC, Umbergaon, Gujarat – 396 171 and our Corporate Office is situated at 1002, Raheja Center, 10th Floor, Nariman Point, Mumbai- 400 021. There has been no change in the address of the Registered Office of our Company, since its inception.

Our company has been promoted by Mardia family with an objective to manufacture Copper Tubes. Our company has since graduated and is presently manufacturing copper ingots, coils, wire bars, strips, section, flats, billet bars, rods and copper pipes etc which are used in switchgears, panel, radiators, refrigerators, electrical appliances, connectors, heat exchangers etc

### Major events in the History of the Company:

Year	Event
1989-90	Our Company was Incorporated as Nissan Copper Pvt. Ltd. with an objective to manufacture Copper Pipes
1991-92	First unit of the Company at Umbergaon commenced manufacturing operations with initial capacity of 100 TPA
2000-01	First expansion of copper pipes unit at Umbergaon and capacity enhanced to 600 TPA
2004-05	Umbergaon unit of the Company was accredited the JAS – ANZ ISO 9001: 2000 quality systems
2004-05	Major expansion cum backward integration project at Silvassa for Copper Pipe at 600 TPA, Extruded Pipe/ROD/FLAT/Profile at 2400 TPA and Copper Ingots (Furnace) at 3600 TPA commenced operations
2004-05	Introduction of some reputed companies like Siemens Ltd., Electrotherm India Ltd., Voltas Ltd. and Gem Cooling Towers Pvt. Ltd. added to our clientele list
2005-06	Our Company bagged prestigious orders for Rs. 14.00 crores from Monnet Ispat Limited
2006-07	First Expansion at Silvassa unit and furnance capacity enhanced to 7200 TPA

### Main Objects of the Company:

1. To carry on the business as manufacturers, importers and dealers in tubes, pipes and fittings of brass, copper, Reformer Tubes, Alloy Steel Tubes, centrifugally cast reformer tubes, Copperonical Tubes, Simless Tubes, welded tubes and to manufacture all types of ferrous and non-ferrous tubes of various shapes, round, square, Hexagonal, Holo-bars Bilets and sheet.
2. To carry on all or any of the business as manufacturers processors, drawers, metal extruders, machinists, metal works, fitters, wire drawers, founders, importers, exporters, dealers and traders in copper brass and meant for industrial and/or non-industrial use whatsoever in any forms like pipes or tubes.
3. To carry on the business of manufacturing of copper strips, busbars, flats, heavy busbars, wire plates double cotton cover wire and strips, double paper cover wire and strips, silver plated copper wire and strips, silver bearing strips, silver bearing copper wire and strips copper commutator and strips, flexible braided copper wire and strips, copper were rope. Hot dip, tin plated copper wire rope and silver plated copper flexible strips copper profiles of any shape and size, copper conductors, thinner gauge strips and foils, copper alloy and continuous casting of copper rods, strips, flats, plates and tubes.
4. To carry on the business of dealing in all types of ferrous and nonferrous metal and alloys, drawing, rolling, casting forging, extrusion, machining and supply of copper and copper alloys casting, cables conductors and all variety of copper sheets, strips, busbars, flats, foils, wires, circles tubes, pipes, commutator, segments, sections, profiles used in copper generation industries, defence, railways, automobiles, steel making, aviation, electrical equipment electronic switchgear, transformers, cables, agriculture Refrigerator, heating and general engineering industries.

The clause of the Memorandum of Association of our Company enables us to undertake activities for which funds are being raised in this Issue. The existing activities of our Company are in accordance with the object clause of our Memorandum of Association.



## CHANGES IN OUR MEMORANDUM OF ASSOCIATION

The changes in the Memorandum and Articles of Association of the Company, since incorporation are as under:

Date of shareholders' approval	Type of change/ Reasons
02/04/1991	Increase the Authorised Capital from Rs.5 lacs to Rs.15 lacs
24/05/1993	Increase the Authorised Capital from Rs.15 lacs to Rs.50 lacs
01/03/1999	Increase the Authorised Capital from Rs.50 lacs to Rs.90 lacs
07/05/2002	Increase the Authorised Capital from Rs.90 lacs to Rs.125 lacs
20/01/2003	Increase the Authorised Capital from Rs.125 lacs to Rs.2 Crores
21/11/2005	Changing the status of the Company to Public Company
09/05/2006	Increase the Authorised Capital from Rs.2 Crores to Rs.15 Crores
09/05/2006	Amendment of Clause 57 and 117 of Articles of Association
30/10/2006	Increase in the Authorised capital from Rs. 15 crores to Rs. 20 crores

Amendments in clause 57 was made to comply with the provisions of transfer and transmission as per listing requirements of the stock exchange. Amendments in clause 117 of the Articles was made in line with the amendments in the provisions of section 205A of Companies Act, which was amended w.e.f 13/12/2000 whereby the unpaid dividend account was to be opened in 30 days instead of 42 days as stated earlier in Companies Act.

### SUBSIDIARY OF THE COMPANY

There are no subsidiaries of our Company as on the date of filing of this RHP.

### OTHER AGREEMENTS

Except the contracts/agreements entered in the ordinary course of the business carried on or intended to be carried on by our Company, our Company has not entered into any other agreement/contract.

### STRATEGIC AND FINANCIAL PARTNERS

We do not have any strategic or financial partners.



## OUR MANAGEMENT

### PARTICULARS OF OUR DIRECTORS

Name, Age, Designation, Address and Occupation of the Directors	Qualification	Date of Appointment (Term Period)	Remuneration	No. of shares held	Other Directorships
<b>Mr. Shantilal Mardia (70 years)</b> Chairman 11/11, Navgivan Society, Lamington Road, Mumbai – 400 008. Occupation: Business	SSC	08/01/1992 (Is liable to retire by rotation)	–	40,400	Nil
<b>Mr. Sanjay Mardia (41 years)</b> Vice Chairman 11/11, Navgivan Society, Lamington Road, Mumbai – 400 008. Occupation: Business	B.Com	Since Incorporation (3 Years)	Rs.1,50,000 Per Month	11,75,000	Nil
<b>Mr. Ratanlal Mardia (38 years)</b> Managing Director 11/11, Navgivan Society, Lamington Road, Mumbai – 400 008. Occupation: Business	B.Com	30/07/1991 (3 Years)	Rs.1,50,000 Per Month	36,20,300	■ Danial Investment Private Limited
<b>Mr. Sunil Ghorawat (38 years)</b> Director Earth Water House A1/152, IGNOU Road, Neb Sarai, New Delhi – 1100 068 Occupation: Service	B.Com, MBA	09/05/2006 (Is liable to retire by rotation)	–	–	<ul style="list-style-type: none"> <li>■ Fontus Water Limited</li> <li>■ Sargaon Geosynthetics Limited</li> <li>■ E A Water Private Limited</li> <li>■ Aventura Companies Private Limited</li> <li>■ Tanclean Services Private Limited</li> <li>■ E A Transport Private Limited</li> <li>■ Net Holdings Private Limited</li> <li>■ Tanclean Private Limited</li> </ul>
<b>Mr. Praveen Kumar H. Shah (44 years)</b> Director 410, Bavla Wadi, 86 Parshi Bhavan, Flat No.3, Ground Floor, Dr. Ambedkar Road, Mumbai – 4000 012. Occupation: Business	SSC	09/05/2006 (Is liable to retire by rotation)	–	–	<ul style="list-style-type: none"> <li>■ Ambica Fabrics Private Limited</li> <li>■ Balaji Plastics - partner</li> </ul>
<b>Mr. Shailesh H. Shah (35 years)</b> Director Vardhaman Industrial Estate, 'D' 602, Chwdi Galli,Lal Baug, Mumbai-400012 Occupation: Business	B.com	16/11/2006 [Appointed as Additional Director till the conclusion of the next (AGM)]	–	–	<ul style="list-style-type: none"> <li>■ Ambica Fabrics Private Limited</li> <li>■ Balaji Plastics - partner</li> </ul>



## BRIEF PROFILE OF OUR DIRECTORS

**Mr. Shantilal Mardia** (70 years) has over 48 years of experience in business of copper. He is the Non Executive Chairman of our Company. He is well versed with the copper business in India and abroad. He is a founder of two partnership firms viz; "Mardia Metals Company" in Kolkata for trading in copper products and a partnership firm in the name of "Jain Metals" in Mumbai. In 1986, he started a new partnership firm with other outsiders as partner in the name of "Nippon Tubes" and was a partner in this firm for 6 Years. He joined Nissan Copper Pvt. Ltd. in the year 1992. He alongwith his two sons – Sanjay Mardia and Ratanlal Mardia is leading the Company and is instrumental in the growth of the company.

**Mr. Sanjay Mardia** (41 years) is a Commerce Graduate. He has an experience of over 23 years in the copper business. He is the Executive Vice Chairman of our Company. He entered in the copper business in the year 1983 by joining Mardia Metals Company as partner and later joined Jain Metals as partner with his father Mr. Shantilal Mardia in the year 1985. He later formed Nissan Copper Private Limited in the year 1989 with Mr. Kamal Kumar Kothari and was appointed as Managing Director of Nissan Copper Pvt. Ltd. in 1991. He is responsible for implementation of the expansion project and is in-charge of the day to day operations of both the plants – Umbergaon and Silvassa.

**Mr. Ratanlal Mardia** (38 years) is a Commerce Graduate. He has an experience of over 17 years in the copper business and marketing. He possesses financial and commercial acumen. After Graduation, he joined Jain Metals at Mumbai which was their family business for 2 Years. He later joined Nissan Copper Pvt. Ltd. as a Director and presently is a Managing Director of the Company. He is responsible for day to day management of the Company.

**Mr. Sunil Ghorwat** (38 years) has done his M.B.A from USA. He started his career by working in his family owned business in Kolkata. During the year 1992-94 he worked with CMOST & CWRU – Cleveland (USA) as a Research Assistant & Consultant. From 1994 to 1995 he worked with Predict Technologies Cleveland (USA) as Manager Asia Operations. From 1995-1996 he was employed with Essef Corporation Cleveland (USA) as Business Development Manager. He was a Managing Director of Pentair Corporation, Minneapolis, USA during 1996-2000 where he started a green field facility with investment of Rs.100 Crores.

**Mr. Praveen Kumar Shah** (44 years) entered the textile business in 1980. In 1986, he started a firm called Ambica Textile Industries. He closed Ambica Textile Industries in 1990 and registered a new Company called as Ambica Fabrics Private Limited. In 2003, he started a unit for manufacturing house-hold articles at Silvassa where he was a partner. In the same year he started the second unit of Ambica Fabrics at Umbergaon. In 2006 3rd Unit was started called as Ambica Fabrics. He is an Independent Director with the Company.

**Mr. Shailesh H. Shah** (35 Years), a commerce graduate, entered the Textile business in 1991 by associating in his family owned firm called Ambica Textile Industries. This Firm was closed in 1990 and a new Company called Ambica Fabrics Private Limited was formed where he is presently one of the Director. He is also a Partner in Balaji Plastic, since 2003.

## RELATIONSHIP AMONG DIRECTORS

Mr. Shantilal Mardia is the father of Mr. Sanjay Mardia and Mr. Ratanlal Mardia, Mr. Shailesh H. Shah and Mr. Praveen Kumar Shah are brothers. Besides this none of the directors are related.

## INTEREST OF OUR DIRECTORS

All of our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them under our Articles of Association. All our directors may also be deemed to be interested to the extent of equity shares, if any, already held by them or their relatives in our Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of the Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said equity shares.





## CHANGES IN BOARD OF DIRECTORS IN THE LAST THREE YEARS

The changes in the Board of Directors of the Company in the last three year are as under:

Name of the Director	Date of Change	Reasons for change
Mr. Shantilal Mardia	22/05/2006	Appointed as Additional Director & Chairman in the Board meeting held on 28/10/2005 Appointed as regular Director in the AGM held on 22/05/2006
Mr. Sanjay S. Mardia	22/05/2006	Director since inception. Appointed as Vice- Chairman in the Board Meeting held 28/10/2005 Retired and re-appointed as Director in AGM held on 22/05/2006
Mr. Ratanlal S. Mardia	28/10/2005	Appointed as Director on 30/07/1991 Appointed as Managing Director in the Board Meeting held on 28/10/2005
Mrs. Sunita Ratanlal Mardia	01/04/2006	Appointed as Additional Director on 05/10/2005 and Joint Managing Director in the Board Meeting held on 28/10/2005. Resigned w.e.f. 01/04/2006
Mr. Sunil Ghorawat	09/05/2006	Appointed as Independent Director in EGM held on 09/05/2006
Mr. Praveen Kumar Shah	09/05/2006	Appointed as Independent Director in EGM held on 09/05/2006
Mr. Shailesh H. Shah	16/11/2006	Appointed as Independent Director in Board meeting held on 16/11/2006

## DETAILS OF BORROWING POWERS OF DIRECTORS

As per the Resolution of our company passed at the EGM dated May 9, 2006 the borrowing powers of the Directors of our company is as follows:

“Subject to the provisions of the section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, the consent of the Company be and is hereby accorded to borrow moneys, together with the moneys already borrowed, upto Rs.100,00,00,000/- (Rupees Hundred crores only) from any financial institutions, banks, mutual funds, insurance companies and/or other entities, including the individuals.”

## CORPORATE GOVERNANCE

The provisions of the Listing Agreement to be entered into with the Stock Exchanges with respect to corporate governance and the SEBI Guidelines in respect of corporate governance will be applicable to our Company immediately upon the listing of our Company's Equity Shares on the Stock Exchanges. The requirement of appointment of Audit Committee in terms of the provisions of Companies Act are applicable only after May 2006, after enhancement of Equity Share Capital beyond Rs. 500 lacs. Our Company undertakes to adopt the corporate governance code as per Clause 49 of the Listing Agreement to be entered into with the Stock Exchanges prior to listing. Our Company undertakes to comply with such provisions, including with respect to the appointment of independent directors to its Board and the constitution of the Audit Committee, the Remuneration and the Investor Grievance Committee. Company believes in adopting the best Corporate Governance practices, based on the below mentioned principles in order to maintain utmost level of transparency, accountability and ethics:

- Recognition of the respective roles and responsibilities of Board and the management;
- Independent verification and assured integrity of financial reporting;
- Protection of shareholders' right and priority of investor relations; and
- Timely and accurate disclosure on all material matters concerning operations and performance of the company.



Our Company has formed relevant committees.-

#### **Audit Committee**

We have an Audit Committee, which has been constituted pursuant to provisions of the Companies Act. The Audit Committee was approved, constituted and formed by a meeting of the Board of Directors held on 12<sup>th</sup> May 2006. The Audit Committee of the Board consists of three members, of which two are the Independent Directors and one is the Chairman of the Company. The Audit Committee has the following powers:

- Overseeing the Company's financial reporting process and ensuring correct, adequate and credible disclosure of financial information.
- Recommending appointment and removal of internal as also external auditors and fixing of their fees.
- Reviewing with management the annual financial statements before submission to the Board with special emphasis on accounting policies and practices, compliance with accounting standards and other legal requirements concerning financial statements.
- Reviewing the adequacy of the Audit and Compliance function, including their policies, procedures, techniques and other regulatory requirements and
- Any other term of reference assigned by the Board from time to time.

#### ***The Audit Committee consists of the following members:***

<b>Name of the Director</b>	<b>Designation</b>	<b>Status</b>
Mr. Sunil Ghorawat	Chairman	Independent and Non Executive
Mr. Praveen Shah	Member	Independent and Non Executive
Mr. Shantilal Mardia	Member	Non Independent and Non Executive

#### **Remuneration Committee**

The Remuneration Committee of the Company was approved and constituted by a meeting of the Board of Directors held on 12<sup>th</sup> May 2006. This Committee comprises of three members, of which two are the Independent Directors and one is the Chairman of the Company.

#### ***The Remuneration Committee consists of the following members:***

<b>Name of the Director</b>	<b>Designation</b>	<b>Status</b>
Mr. Praveen Shah	Chairman	Independent and Non Executive
Mr. Sunil Ghorawat	Member	Independent and Non Executive
Mr. Shantilal Mardia	Member	Non Independent and Non Executive

#### ***The terms of reference to the said committee are as follows:***

- To review market practices and to decide/make recommendations to the Board on remuneration packages applicable to the Managing Director, the Executive Directors and the Senior Executives of the Company.
- During the course of its review, the Committee may also decide on the commission and/or other incentives payable, taking into account the individual's performance as well as that of the Company.
- The Remuneration Committee thus shall assess the overall compensation structure and policies of the Company with an objective to attract, retain and motivate employees, consider grant of stock options to employees.
- Review compensation levels of the Company's employees vis-a-vis other Companies in the same field and industry in general.

#### **Shareholders Grievances/ Share Transfer Committee**

The Shareholders Grievances/ Share Transfer Committee of the Board consists of three members of which two are the Directors and one is Independent Non – Executive Director of the Company. The committee was approved and constituted by a meeting of Board of Directors held on 12<sup>th</sup> May 2006, comprising of following Directors.



***The Shareholders Grievances/ Share Transfer Committee consists of the following members:***

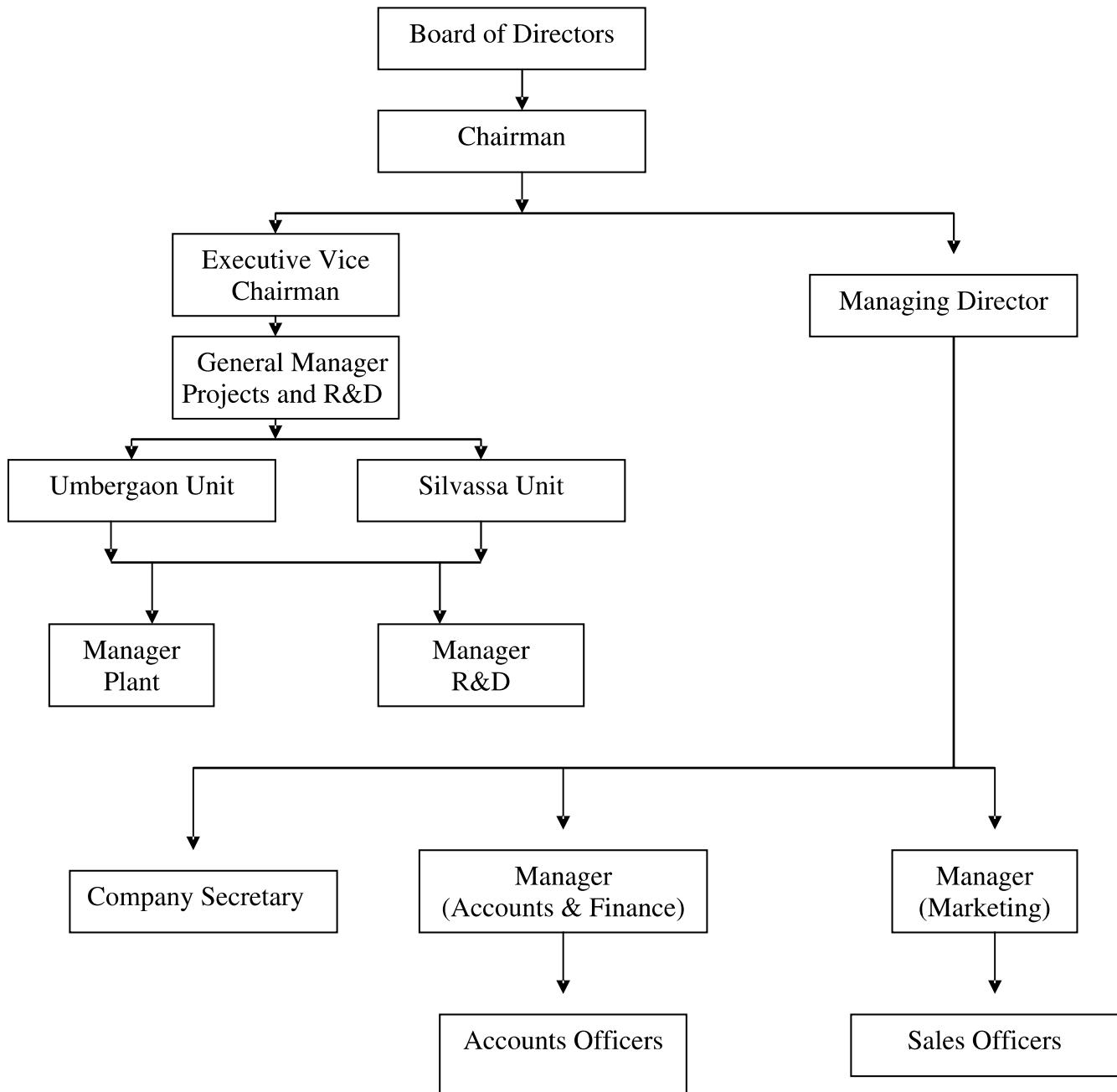
<b>Name of the Director</b>	<b>Designation</b>	<b>Status</b>
Mr. Shantilal Mardia	Chairman	Non Independent and Non Executive
Mr. Praveen Shah	Member	Independent and Non Executive
Mr. Ratanlal Mardia	Member	Non Independent and Executive

***The terms of reference of the Committee***

- The committee shall oversee share transfers and monitors redressal of shareholder, depositor and investor complaints.
- The committee shall also review the processes and service standards adopted by the in-house share department/ Registrar and Transfer Agent, the complaints received by the Company and their resolution.



## ORGANISATION CHART





#### DETAILS OF KEY MANAGERIAL PERSONNEL

Sr. No	Name & Designation	Age (Years)	No. Of Shares held	Date of appointment	Qualification	Experience in the Company	Remuneration p.a. (in Lacs)	Previous Company and Total Experience
1	Mr. Jamshed B. Marfatia (General Manager Projects and R&D)	68	Nil	01/04/2006	Licentiate Mechanical Engineer (LME), Licentiate Electrical Engineer (LEE)	4 Months	4.20	M/s Forbes Forbes Campbel Co. Ltd. 35 Yrs
2	Mr. Rahul Singh Company Secretary	29	400	01/04/2006	M. Com., ACS	4 Months	2.80	M/s Vippy Industries Ltd. 2 Yrs.
3	Mr. Hiresh Luhar (Manager Accounts & Finance)	29	10400	01/04/2002	M. Com., MS-CIT.	4 Yrs. & 4 Months	2.10	Maruti Computers, 8 yrs.
4	Mr. Sunil Bengani (Manager Marketing)	26	400	05/09/2004	B. Com.	1 Yr. & 11 Months	1.40	Mardia Metals Co., 8 yrs.
5	Mr. Vinod Kumar Goyal (Manager Plant)	33	Nil	01/08/2004	B. Com	2Yrs.	1.68	Prabhat Oil Mills, 13 Yrs.
6	Mr. Panchal Divyakant Maganlal (Manager - R&D)	46	Nil	01/12/2004	(D.M.E.) Diploma in Mechanical Engineer	1 Yr.& 8 Month	1.40	Patel Airtemp Pvt. Ltd. 24 Yrs.

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

#### CHANGES IN KEY MANAGERIAL PERSONNEL IN THE LAST THREE YEARS

Name	Date of Appointment	Date of Resignation
Mr. Rahul Singh, Company Secretary	01/04/2006	–
Mr. Jamshed B. Marfatia, General Manager - Projects and R&D	01/04/2006	–
Mr. Sunil Bengani, Manager - (Marketing)	05/09/2004	–
Mr. Vinod Kumar Goyal, Manager - Plant	01/08/2004	–
Mr. Panchal Divyakant Maganlal, Manager - R & D	01/12/2004	–

#### RELATIONSHIP WITH DIRECTORS / OTHER KEY MANAGERIAL PERSONNEL

None of our key managerial personnel are related to our promoters, directors and other key managerial personnels.

#### EMPLOYEE STOCK OPTION SCHEMES

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

#### PAYMENT OR BENEFIT TO OFFICERS OF THE COMPANY




Except as stated in this Red Herring Prospectus, no amount or benefit has been paid or given or is intended to be paid or given during the preceding two years to any of its officers except for the normal remuneration paid to Directors, officers or employees since the incorporation of the Company. None of the beneficiaries of loans, advances and sundry debtors are related to the Company's Directors.

#### INTEREST OF KEY MANAGERIAL PERSONNEL

No amount or benefit has been paid or given within the two preceding years or are intended to be given to any of our Directors or key managerial personnel except the normal remuneration for services rendered as directors, officers or employees.



## OUR PROMOTERS AND THEIR BACKGROUND

	<p><b>Mr. Shantilal Mardia</b> (70 years) has over 48 years of experience in business of copper. He is the Non Executive Chairman of our Company. He is well versed with the copper business in India and abroad. He is a founder of two partnership firms viz; “Mardia Metals Company” in Kolkata for trading in copper products and a partnership firm in the name of “Jain Metals” in Mumbai. In 1986, he started a new partnership firm with other outsiders as partner in the name of “Nippon Tubes” and was a partner in this firm for 6 Years. He joined Nissan Copper Pvt. Ltd. in the year 1992. He alongwith his two sons – Sanjay Mardia and Ratanlal Mardia is leading the Company and is instrumental in the growth of the company.</p> <p>Driving Licence No. - Nil; Voter ID No. - Nil</p>
	<p><b>Mr. Sanjay Mardia</b> (41 years) is a Commerce Graduate. He has an experience of over 23 years in the copper business. He is the Executive Vice Chairman of our Company. He entered the copper business in the year 1983 by joining Mardia Metals Company as partner and later joined Jain Metals as partner with his father Mr. Shantilal Mardia in the year 1985. He later formed Nissan Copper Private Limited in the year 1989 with and was appointed as Managing Director of Nissan Copper Pvt. Ltd. in 1991. He is responsible for implementation of the expansion project and is in-charge of the day to day operations of both the plants – Umbergaon and Silvassa.</p> <p>The driving license no. of Mr. Sanjay Mardia is MH01/2003/21160</p>
	<p><b>Mr. Ratanlal Mardia</b> (38 years) is a Commerce Graduate. He has experience of over 17 years in the copper business and marketing. He possesses financial and commercial acumen. After Graduation, he joined Jain Metals at Mumbai which was their family business for 2 Years. He later joined Nissan Copper Pvt. Ltd. as a Director and presently is a Managing Director of the Company. He is responsible for day to day management of the Company.</p> <p>The driving license no. of Mr. Ratanlal Mardia is WB – 01-000252</p>

We confirm that the Permanent Account Number, Bank Account Numbers, Passport Number have been submitted to the Stock Exchanges at the time of filing of the Red Herring Prospectus. Further, our Promoters, their relatives (as per Companies Act, 1956) have not been detained as a willful defaulter by the Reserve Bank of India or any other Government authority and there are no violations of securities laws committed by the Promoters in the past or any such proceedings are pending against the Promoters except as discussed in section titled “Legal and Regulatory Information” on page 70 of this Prospectus.

### Interest of Promoters and Directors

All the Promoters and directors may be deemed to be interested to the extent of reimbursement of expenses, if any, payable to them under the Articles of Association. They may also be deemed to be interested to the extent of the shares, if any, held by them or by the relatives or by firms or companies of which any of them is a partner and a Director/ Member respectively and the shares if any, out of the present Offer that may be subscribed for and allotted to them or their relatives or any Company in which they are Directors / members of firms in which they are partners. Our promoters, Mr. Ratanlal Mardia, Managing Director and Mr. Sanjay Mardia, Executive Vice Chairman are receiving remuneration from the Company are therefore interested to that extent in our Company. Our promoters are also proprietors and directors/members of our group companies and have interest in our Company in that respect.

### Currency of Presentation

In this RHP, all references to “Rupees” and “Rs.” are to the legal currency of India.

### Details of public issue/ rights issue of capital in the last three years

None of the Group Companies have come out with public issue/ rights issue in the last three years.

**None of our Promoters or Promoter Group Companies have been restrained or prohibited by SEBI or any other regulatory authority from accessing the capital markets for any reason.**

**None of the companies promoted by our Promoters have been struck off from the records of the Register of Companies. Companies of the Promoter/Promoter Group referred to BIFR/ under winding up/having negative net worth.**



None of the companies promoted by our Promoters or Promoter Group have been referred to BIFR or are under winding up or have negative networth.

**Common Pursuits**

None of our Group Companies are engaged in similar businesses as Nissan.

**Related Party Transactions**

For Related Party Transactions, refer to section titled “Financial Statements” beginning on page 49 of this Prospectus

**Dividend Policy**

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



## PROMOTER GROUP COMPANIES

### DANIAL INVESTMENT PRIVATE LIMITED (“DIPL”)

DIPL was incorporated in the name and style of Danial Investment Private Limited under the certificate of incorporation number 11-80569 of 1994 dated August 24, 1994. Mr. Ratanlal Mardia is the promoter of DIPL. The Registered Office of DIPL is situated at 8, Badrik Ashram, 1<sup>st</sup> Khetwadi Lane, Mumbai – 400 004. Danial Investments Private limited is engaged in Investments and Financial activities. The company is also dealing in MCX forward Contracts through MCX Members. The Board of Directors of DIPL consists of Mr. Ratanlal Mardia and Mr. Hiresh Luhar

#### **Shareholding Pattern of DIPL**

The shareholding pattern of DIPL as on November 18, 2006, is given below:

Particulars	No. of sharesHeld (Face Value – Rs. 10/-)	Shareholding (%)
- Mr. Ratanlal Mardia	1,55,400	73.80
- Mr. Hiresh Luhar	200	0.09
- Mr. Sanjay Mardia	55,000	26.11
<b>Total</b>	<b>210,600</b>	<b>100.00</b>

#### **Financial Performance:**

(Rs. In lacs)

Particulars	As of March 31,		
	2005-06	2004-05	2003-04
Total Income	4.87	0.01	0.17
Profit After Tax	0.46	(0.48)	0.04
Equity Share Capital	21.06	9.06	5.06
Reserves and Surplus (P& L A/c) (excluding revaluation of reserves)	121.20	12.74	(2.77)
Earning Per Share (EPS)* (Face Value of Rs.10) (in Rs.)	0.51	–	0.07
Net Asset Value Per Share (in Rs.)	67.55	24.61	4.51

This Company is an unlisted Company and it has not made any public or rights issue in the preceding three years. The Company is not a Sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act 1985 and is not under winding up.





## SECTION V: FINANCIAL STATEMENTS

### AUDITORS' REPORT

The Board of Directors  
Nissan Copper Limited  
J/20 G.I.D.C.,  
Umargaon – 396 171  
(Gujrat)

Dear Sirs,

We have examined the financial information of Nissan Copper Limited (the Company) annexed to this report which has been prepared in accordance with the requirements of:

- i. Paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 (the Act);
- ii. The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 ('the Guidelines') issued by the Securities and Exchange Board of India ('SEBI') and amendments made thereto from time to time in pursuance of section 11 of the Securities and Exchange Board of India Act, 1992; and
- iii. The instructions received from the Company, requesting to examine the financial information referred to above and proposed to be included in the Offer Document of the Company in connection with its proposed initial public offer of equity shares.

#### Financial information of the Company

1. We have examined the attached Statement of Adjusted Assets and Liabilities of the Company as at March 31, 2002, 2003, 2004, 2005, 2006 and September 30, 2006 (Annexure-I) and the accompanying Statement of Adjusted Profits and Losses of the Company for the financial year(s) ended on March 31, 2002, 2003, 2004, 2005, 2006 and for the half year ended on September 30, 2006 (Annexure-II) and the significant accounting policies and major notes to accounts (Annexure III) together referred to as 'Summary Statements' as prepared by the Company and approved by the Board of Directors. These statements reflect the assets and liabilities and profits and losses for each of the relevant periods as extracted from the Financial Statements audited by us, after making therein the disclosures and adjustments required to be made in accordance with the provisions of paragraph 6.10.2 of the Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000.
2. Based on our examination of these Summary Statements, we confirm that the restated profits and losses have been arrived at after charging all expenses including depreciation and after making such adjustments and regrouping as in our opinion are appropriate.
3. The Company has not paid or declared any dividend on equity shares in respect of each of the financial year(s) ended March 31, 2002, 2003, 2004, 2005, 2006 and for the half year ended on September 30, 2006.
4. We have examined the following adjusted/regrouped/rearranged financial information relating to the Company, proposed to be included in the Offer Document, as approved by the Board of Directors of the Company and attached to this report:
  - i. Statement of Other Income (Annexure-IV).
  - ii. Statement of Unsecured Loans taken by the company (Annexure-V).
  - iii. Statement of Secured Loans taken by the company (Annexure-VI).
  - iv. Statement of principal terms & condition of secured loans & assets charged as security (Annexure – VII).
  - v. Statement of Sundry Debtors showing Age-wise analysis (Annexure – VIII).
  - vi. Statement of Loans & Advances (Annexure – IX).
  - vii. Related party disclosures under Accounting Standard 18 (Annexure – X).
  - viii. Statement of operational Income (Annexure – XI).
  - ix. Statement of Adjusted Cash Flow (Annexure-XII).
  - x. Summary of Accounting Ratios based on the adjusted profits/losses, relating to earnings per share, net asset value per share and return on net worth, enclosed as Annexure-XIII.



- xi. Statement of Capitalisation as at September 30, 2006 (Pre-Issue) and as adjusted for this issue (Post Issue) subject to reliance being placed on management representation in respect of post issue figures contained in the Statement of Capitalisation (Annexure- XIV).
  - xii. Statement of Tax Shelter (Annexure- XV).
5. This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed initial public offer of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **Ramesh Bhatt & Co.**  
Chartered Accountants,

Sd/-

Ramesh Bhatt  
Proprietor  
Membership No. 15629

Place: Mumbai  
Date: 15/11/2006



ANNEXURE – I

STATEMENT OF ADJUSTED ASSETS AND LIABILITIES

(Rs. in lacs)

Particulars		As at March 31, 2002	As at March 31, 2003	As at March 31, 2004	As at March 31, 2005	As at March 31, 2006	As at September 30, 2006
<b>A.</b>	<b>Fixed Assets :</b>						
	Gross Block	384.48	384.61	646.85	1389.68	1379.33	1458.92
	Less: Depreciation	144.02	181.52	218.02	379.25	508.91	566.19
	Net Block	240.46	203.09	428.83	1010.43	870.42	892.73
	Add : Capital Work in Progress and Advances on Capital Account	–	–	235.22	–	89.33	112.60
	<b>Total</b>	<b>240.46</b>	<b>203.09</b>	<b>664.05</b>	<b>1010.43</b>	<b>959.75</b>	<b>1005.33</b>
<b>B.</b>	<b>Investments</b>	<b>1.00</b>	–	–	–	<b>2.00</b>	–
<b>C.</b>	<b>Deferred Tax Assets</b>	–	–	–	–	–	–
<b>D.</b>	<b>Current Assets, Loans and Advances:</b>						
	Inventories	163.18	220.84	530.66	886.81	1397.78	1113.43
	Sundry Debtors	132.39	305.12	674.80	1395.47	1610.77	2283.98
	Cash and Bank Balances	1.43	10.09	29.17	44.03	130.72	150.25
	Loans and Advances	20.99	23.92	96.68	354.30	245.63	609.26
		<b>317.99</b>	<b>559.97</b>	<b>1331.31</b>	<b>2680.61</b>	<b>3384.90</b>	<b>4156.92</b>
<b>E.</b>	<b>Liabilities and Provisions :</b>						
	Secured Loans	300.34	336.40	833.47	1561.23	2051.75	2266.53
	Unsecured Loans	13.26	13.31	61.23	63.98	112.40	92.71
	Finance Lease Obligations	–	–	–	–	–	–
	Deferred Tax Liabilities	–	–	–	51.12	50.06	67.38
	Current Liabilities and Provisions	73.67	178.80	597.38	1292.72	1036.30	1198.58
		<b>387.27</b>	<b>528.51</b>	<b>1492.08</b>	<b>2969.05</b>	<b>3250.51</b>	<b>3625.20</b>
<b>F.</b>	<b>Net Worth ( A+B+C+D-E)</b>	<b>172.18</b>	<b>234.55</b>	<b>503.28</b>	<b>721.99</b>	<b>1096.14</b>	<b>1537.05</b>
<b>G.</b>	<b>Represented by</b>						
	1. Equity Share Capital	87.47	125.00	158.00	176.12	176.12	814.50
	2. Share Application Money Pending Allotment/Refund	37.53	45.00	–	–	–	–
	3. Reserves & Surplus	47.18	64.55	347.72	548.06	921.97	724.38
	4. Less: Miscellaneous Expenditure (to the extent not written off or adjusted)	–	–	2.44	2.19	1.95	1.83
	<b>Net Worth (1+2+3-4)</b>	<b>172.18</b>	<b>234.55</b>	<b>503.28</b>	<b>721.99</b>	<b>1096.14</b>	<b>1537.05</b>



## ANNEXURE II

### STATEMENT OF ADJUSTED PROFITS AND LOSSES

(Rs. in lacs)

Particulars	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Year ended March 31, 2006	Half Year ended September 30, 2006
<b>Income</b>						
<b>Sales :</b>						
a. Of products manufactured by the Company including processing charges	346.35	464.43	382.85	4287.41	7624.27	4642.85
b. Of products traded in by the Company	417.60	659.70	1346.67	1886.37	1243.13	1151.48
<b>Total Gross Sales</b>	<b>763.95</b>	<b>1124.13</b>	<b>1729.52</b>	<b>6173.78</b>	<b>8867.40</b>	<b>5794.33</b>
Less : Excise Duty	50.79	62.05	48.08	578.65	1060.22	649.40
<b>Net Sales</b>	<b>713.16</b>	<b>1062.08</b>	<b>1681.44</b>	<b>5595.13</b>	<b>7807.18</b>	<b>5144.93</b>
Other Income (Refer Annexure IV)	14.23	1.58	1.34	2.15	19.53	7.38
Increase /(Decrease) in Inventories	7.12	9.72	266.41	533.66	628.88	(516.62)
<b>Total</b>	<b>734.51</b>	<b>1073.38</b>	<b>1949.19</b>	<b>6130.94</b>	<b>8455.59</b>	<b>4635.69</b>
<b>Expenditure</b>						
Raw Materials consumed	281.99	289.56	441.74	3623.75	6163.23	2789.67
Purchase of finished goods	266.80	595.00	1220.66	1773.20	1014.97	1032.93
Staff Costs	8.86	9.62	8.68	34.82	70.42	41.89
Stores, spares & packing materials consumed	5.39	7.94	7.50	32.71	53.37	21.62
Processing charges	30.83	28.17	54.29	76.49	21.72	0.61
Power and fuel	9.60	13.13	19.10	68.35	157.56	94.07
Freight, forwarding and other charges	4.52	8.33	12.47	31.43	110.91	27.64
Brokerage, Commission & Discounts	0.25	0.02	0.03	1.91	45.68	2.31
Provision for diminution in the value of investment (Non Recurring)	–	–	–	–	–	–
Other expenses	22.81	29.63	41.10	53.67	54.68	55.75
Interest and other finance charges	47.34	36.27	53.71	137.62	226.10	150.75
Depreciation	45.58	37.51	36.50	161.23	140.25	61.63
<b>Total</b>	<b>723.97</b>	<b>1055.18</b>	<b>1895.78</b>	<b>5995.18</b>	<b>8058.89</b>	<b>4278.87</b>
<b>Net Profit / (Loss) before tax</b>	<b>10.54</b>	<b>18.20</b>	<b>53.41</b>	<b>135.76</b>	<b>396.70</b>	<b>356.82</b>
Provision for tax :						
Current Tax	0.69	0.84	1.25	11.17	22.68	8.24
Deferred Tax charge/(credit)	–	–	–	35.59	(1.06)	17.31
Fringe Benefit Tax	–	–	–	–	1.17	0.48
<b>Net Profit/(Loss) after tax</b>	<b>9.85</b>	<b>17.36</b>	<b>52.16</b>	<b>89.00</b>	<b>373.91</b>	<b>330.79</b>



## ANNEXURE III

SIGNIFICANT ACCOUNTING POLICIES AND NOTES FORMING PART OF ADJUSTED ASSETS AND LIABILITIES AND STATEMENT OF ADJUSTED PROFITS AND LOSSES.

### A. SIGNIFICANT ACCOUNTING POLICIES

#### 1. Basis of preparation of financial statements

The financial statements have been prepared under historical cost convention, in accordance with the generally accepted accounting principles and accounting standards referred to in Section 211 (3C) of the Companies Act, 1956.

#### 2. Revenue recognition

- a. The Company generally follows mercantile system of accounting and recognises items of income and expenditure on accrual basis, except in case of significant uncertainties.
- b. Sales are inclusive of excise duty but net of Sales Tax, Trade discount & returns.

#### 3. Fixed assets

Fixed Assets are stated at cost including taxes, freight and other incidental expenses incurred in relation to acquisition & installation of the same, net of CENVAT.

#### 4. Depreciation

The Depreciation is provided on fixed assets on written down value method at the rates specified in the Schedule XIV of the Companies Act, 1956 on pro-rata basis for additions/deductions.

#### 5. Investments

Long Term Investments are stated at cost. Provision for diminution in the value of long term Investments is made only if such a decline is other than temporary in the opinion of the management.

#### 6. Inventories

- a. Raw Materials, Stores & Spares, and Packing Materials are valued at lower of cost or net realisable value under the LIFO method.
- b. Stocks in Process are valued at lower of cost or net realizable value under the LIFO method. The cost is arrived at on full absorption basis as per Accounting Standard AS 2 – Valuation of Inventories.
- c. Finished Goods are valued at lower of cost or net realizable value, under the LIFO method. The cost is arrived at on full absorption basis as per Accounting Standard AS 2 – Valuation of Inventories.

#### 7. Retirement benefits and leave wages

- a. Company's contributions to Provident Fund, Pension Scheme & Employees' State Insurance Corporation Funds are charged to the Profit & Loss Account on an accrual basis.
- b. Gratuity benefit payable at the time of retirement is charged to Profit & Loss Account on the basis of actuarial valuation. The Company does not have any gratuity fund whether internal or maintained by an outside agency.
- c. Provision for accrued leave encashment is made on accrual basis and charged to Profit & Loss Account of the year.

#### 8. Miscellaneous expenditure

Preliminary Expenses & Share Issue Expenses are amortised over a period of ten years.

#### 9. Foreign currency transactions

Foreign Currency Loan, Current Assets and Current Liabilities outstanding at the close of the financial year are revaloured at the contracted and/or appropriate exchange rates at the close of the year. The gain or loss due to decrease/increase in rupee liability on account of fluctuations in the rate of exchange is adjusted to the cost of assets, if it relates to acquisition of assets, and is charged to Profit & Loss Account in other cases.

#### 10. Taxation

- a. Provisions for Current Tax are made on the assessable income at the tax rate applicable to the relevant assessment year.
- b. Deferred Tax for Timing differences between the tax profit and book Profit is accounted for using the tax rates and laws that have been enacted or substantially enacted as of the Balance Sheet date. Deferred tax assets are recognised to the extent there is reasonable certainty that these assets can be realised in future wherever applicable.

#### 11. Research & Development Expenses

Research & Development expenditure is charged to revenue account in the period in which it is incurred.



## B. NOTES TO ACCOUNTS

1. The outstanding balances of Debtors, Creditors, Deposits and advances are subject to confirmation.

### 2. Foreign Currency Transaction

(Rs. in Lacs)

Particulars	Year ended March 31, 2006	Half Year ended September 30, 2006
(A) C.I.F. Value of Exports	–	–
(B) C.I.F. Value of Imports	1676.66	1816.01
(C) Foreign Travelling Expenses	0.19	0.55
(D) Interest	34.78	–
(E) Other Expenses	–	–

### 3. Auditors remuneration

(Rs. in Lacs)

Particulars	Year ended March 31, 2006	Half Year ended September 30, 2006
Audit Fees	2.25	2.50
Tax Audit Fees	2.25	–
<b>Total</b>	<b>4.50</b>	<b>2.50</b>

### 4. Remuneration to directors

(Rs. in Lacs)

Particulars	Year ended March 31, 2006	Half Year ended September 30, 2006
Salary & Allowances	41.00	18.00
<b>Total</b>	<b>41.00</b>	<b>18.00</b>

5. Sundry Creditors as on 30<sup>th</sup> September, 2006 include amount due to Small Scale and ancillary Industrial Undertakings Rs. 165.52 Lacs (Previous year Rs. 207.76 lacs) to the extent such parties have been identified from available information with the Company. The small Scale and ancillary Industrial Undertakings to whom amounts outstanding for more than 30 days: Jai Hind Extrusion Pvt. Ltd., Paramount Rolling Mills, Somkanth Multitech Pvt. Ltd., Dinesh International Ltd., Knack well Engineers, S.K. Systems Pvt. Ltd., AIP Industries, Metal Gems.

### 6. Contingent Liabilities

(Rs. in Lacs)

Particulars	As at March 31, 2006	As at September 30, 2006
Bank Guarantees (net of margin)	2.85	2.94
Excise Duty	87.89	104.69



## 7. Installed Capacity, Production, Purchases, Sales & Stocks

### (i) Installed Capacity, Production, Purchase & Sales

Class of Goods	Installed Capacity		Actual Production		Trade Purchases		Sales	
	2005-06 M.T.	Half Year ended 30.09.06 M.T.	2005-06 M.T.	Half Year ended 30.09.06 M.T.	2005-06 M.T.	Half Year ended 30.09.06 M.T.	2005-06 M.T.	Half Year ended 30.09.06 M.T.
Copper Pipes	1,200	1,200	1189.046	688.500	321.386	235.955	1237.652	827.589
Copper Section / Mother Tube / Flats/ Rod/ Wire Bars	2,400	2,400	2917.497	863.725	8.995	–	1491.642	224.957
Copper Ingots / Billet Bars	3,600	7,200	2146.036	1071.396	–	–	574.814	231.403
Other Products	–	–	–	–	83.423	13.961	97.573	16.923

#### NOTES:

- (a) Actual production includes production used for captive consumption and job work for customers.  
 (b) Sale includes traded sale also.

### (ii) Stocks as on 30<sup>th</sup> September, 2006

Class of Goods	Opening Stock		Closing Stock	
	M.T.	Rs. In lacs	M.T.	Rs. In lacs
Copper Pipes	54.067 (131.986)	203.13 (269.08)	25.958 (54.067)	111.90 (203.13)
Copper Section/Mother Tube / Flats / Rod / Strips / Wire Bars	49.732 (4.478)	191.31 (12.18)	– (49.732)	– (191.31)
Copper Ingots / Billet Bars	32.892 (5.000)	107.23 (11.75)	– (32.892)	– (107.23)
Other Products	24.340 (38.490)	74.29 (66.93)	21.378 (24.340)	73.35 (74.29)

**Note:** Figures in the bracket relates to previous year

### (iii) Consumption of Raw Material and Traded Material

Particulars	Year ended March 31,2006		Half Year ended September 30, 2006	
	Rs. in lacs	%	Rs. in lacs	%
Indigenous	5501.54	76.64%	2131.05	55.75%
Imported	1676.66	23.36%	1691.55	44.25%
<b>Total</b>	<b>7178.20</b>	<b>100.00%</b>	<b>3822.60</b>	<b>100.00%</b>



## 8. Segment Information

- (a) The Company deals in Copper Products and is treated as the only segment.  
 (b) Secondary Segment – Geographical by Sale

(Rs. in Lacs)

Segment Revenue	Year ended March 31, 2006	Half Year ended September 30, 2006
In India	8867.40	5794.33
Outside India	—	—
<b>Total</b>	<b>8867.40</b>	<b>5794.33</b>

## 9. Related Party Information

### (i) Relationship

- (a) Individuals Controlling the Enterprise and Key Management Personnel

1. Mr. Shantila Mardia Non Executive Chairman
2. Mr. Sanjay Mardia Vice Chairman
3. Mr. Ratanlal Mardia Managing Director

- (b) Relatives of Key Management Personnel

- Mrs. Bela S. Mardia Wife of Vice Chairman  
 Mrs. Sunita R. Mardia Wife of Managing Director  
 Mrs. Manjula Devi Mardia Wife of Chairman

- (c) Enterprises in which key management personnel & their relatives are interested.

Danial Investment Pvt. Ltd.

Note : Related party relationship on the basis of the requirements of Accounting Standard 18 (AS-18) as in 1(a), 1(b) & 1(c) above is pointed out and relied upon by the auditors.

### (ii) Transaction with related parties

(Rs. in lacs)

Nature of Transaction	March 31, 2006		September 30, 2006	
	Referred in (i) (a&b)	Referred in (i) (c)	Referred in (i) (a&b)	Referred in (i) (c)
<b>Expenses :</b>				
Remuneration	41.00	—	18.00	—
Interest	3.60	—	—	—
<b>Finance &amp; Investment:</b>				
Loan & Advances Recd.	17.00	—	149.81	113.25
Loan & Advances Paid	82.19	—	59.50	113.25
<b>Outstandings :</b>				
Payable	2.40	—	92.71	—
Receivable	—	—	—	—





10. Disclosure as required by Accounting Standard 19, "Leases", issued by the Institute of Chartered Accountants of India are given below:

- (i) The Company has taken various Premises under operating lease or leave & license agreements. These are generally not non-cancelable and range between 11 months and 3 years under leave and license or longer for other leases and are renewable by mutual consent on mutually agreeable terms.
- (ii) Lease payments are recognised in the statement of Profit & Loss Account under "Rent" in schedule N.
- (iii) The future minimum lease payments under non-cancelable operating lease
  - not later than one year: Rs. nil.
  - later than one year and not later than five years: Rs. 34.50 Lacs (Previous Year Rs. 41.40 Lacs).

**11. Computation of Earning per share (Basic & Diluted)**

Particulars	Year ended March 31,2006	Half Year ended September 30, 2006
Profit after taxation (Rs.)	3,73,90,940	3,30,78,293
Weighted average number of Share Outstanding (Nos.)	17,61,250	74,71,349
Nominal Value per Share (Rs.)	10	10
Earning per Share – Basic & Diluted (Rs.)	21.23	*4.43

\* Not annualised

**12. Deferred Tax**

The break up of net deferred tax asset and liability into major components at the year end is as below:

Particulars	Liabilities		Assets	
	As at March 31, 2006	As at September 30,2006	As at March 31, 2006	As at September 30, 2006
Depreciation	50,06,383	67,37,840	–	–
Expenses	–	–	–	–
<b>Total</b>	<b>50,06,383</b>	<b>67,37,840</b>	–	–
<b>Net Deferred Tax Liability</b>	<b>50,06,383</b>	<b>67,37,840</b>	–	–

13. Balances with Excise/Customs Authorities includes Rs. 87,88,908 which was debited against credit balance in RG23A and also Rs. 16.80 lacs paid in PLA by the company at the time of search. The liability is under dispute hence not provided for in the books of accounts.
14. Figures of the previous year have been regrouped, rearranged & re-casted so as to make them comparable with the figures of the current year.
15. During the current year, the company had issued 52,83,750 equity shares as bonus to the shareholders in the ratio of three shares for every one share held by them. Accordingly, the company has utilized entire balance lying in Share Premium Account & balance from General Reserve Account for the purpose of the bonus issue.
16. The company has installed two additional Melting Furnaces for refining/recycling of copper scrap/cathode and increased refining/recycling capacity from 3600 TPA to 7200 TPA. This expansion project commenced commercial production in the month of September 2006.



#### ANNEXURE IV

##### Statement of Other Income

(Rs. in lacs)

Particulars	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Year ended March 31, 2006	Half Year ended September 30, 2006	Nature of Income
Interest on security deposits, deposits with banks, income tax refunds etc.	0.31	0.22	0.46	1.84	10.55	7.29	Recurring
Rebate & discount from suppliers	0.04	0.36	0.22	0.20	0.61	–	Recurring
Insurance claims	13.88	–	–	–	–	–	Recurring
Sales Tax set off claims	–	1.00	0.66	0.11	8.37	–	Recurring
Other miscellaneous Income	–	–	–	–	–	0.04	Recurring
<b>Total Recurring Income</b>	<b>14.23</b>	<b>1.58</b>	<b>1.34</b>	<b>2.15</b>	<b>19.53</b>	<b>7.33</b>	
<b>Non Recurring Income</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>0.05</b>	Non-Recurring
<b>Grand Total</b>	<b>14.23</b>	<b>1.58</b>	<b>1.34</b>	<b>2.15</b>	<b>19.53</b>	<b>7.38</b>	

#### ANNEXURE V

##### Statement of Unsecured loans taken by the Company

(Rs. in lacs)

Particulars	As at March 31, 2002	As at March 31, 2003	As at March 31, 2004	As at March 31, 2005	As at March 31, 2006	As at September 30, 2006
From Director	4.09	5.19	29.31	32.21	2.40	92.71
From Shareholders	7.17	8.12	31.92	31.77	–	–
Deferred Sales Tax Credit	2.00	–	–	–	–	–
Others	–	–	–	–	110.00	–
<b>Total</b>	<b>13.26</b>	<b>13.31</b>	<b>61.23</b>	<b>63.98</b>	<b>112.40</b>	<b>92.71</b>



## ANNEXURE VI

### Statement of secured loans taken by the Company

(Rs. in lacs)

Name of the Lender	Nature of Loan	As at March 31, 2002	As at March 31, 2003	As at March 31, 2004	As at March 31, 2005	As at March 31, 2006	As at September 30, 2006
<b>A. Term Loans</b>							
Sangali Urban Co-Op. Bank Ltd.	Rupee Loan	120.00	–	–	–	–	–
Janakalyan Sahakari Bank Ltd.	Rupee Loan	41.98	–	–	–	–	–
	Vehicle Loan	1.42	–	–	–	–	–
State Bank of India	Rupee Loan	–	12.97	271.03	88.06	506.82	410.04
	Foreign Currency Term Loan	–	116.93	110.12	469.84	-	-
ICICI Bank	Vehicle Loan	–	–	13.03	9.84	6.31	5.10
HDFC Bank	Vehicle Loan	–	–	–	–	–	8.54
<b>Total Term Loans</b>		<b>163.40</b>	<b>129.90</b>	<b>394.18</b>	<b>567.74</b>	<b>513.13</b>	<b>423.68</b>
<b>B. Working Capital Facilities</b>							
Janakalyan Sahakari Bank Ltd.	Cash Credit	136.94	–	–	–	–	–
State Bank of India	Cash Credit	–	77.49	439.29	624.70	1338.62	1642.85
	Foreign Currency Demand Loan	–	129.01	–	268.79	–	–
	Standby Line of Credit	–	–	–	100.00	200.00	200.00
<b>Total Working Capital Facilities</b>		<b>136.94</b>	<b>206.50</b>	<b>439.29</b>	<b>993.49</b>	<b>1538.62</b>	<b>1842.85</b>
<b>Total Secured Loans</b>		<b>300.34</b>	<b>336.40</b>	<b>833.47</b>	<b>1561.23</b>	<b>2051.75</b>	<b>2266.53</b>



## ANNEXURE VII

### Statement of principal terms & conditions of secured loans outstanding as at September 30, 2006

(Rs. in lacs)

Name of the Lender/ Date of Sanction	Nature of Loan	Loan Sanctioned	Loan Outstanding As at 30/09/2006	Rate of Interest As at 30/09/2006	Repayment Schedule	Security Offered
State Bank of India 03/08/2006	Term Loans	507.00	410.04	13.00%	Refer Foot Note A(1)	Refer Foot Notes B(1) & (3)
ICICI Bank 18/08/2003 26/09/2003	Vehicle Loan	7.07 4.86	2.97 2.13	9.55% 10.00%	Refer Foot Note A(2)	Refer Foot Note B(4)
HDFC Bank 31/07/2006	Vehicle Loan	8.77	8.54	8.58%	Refer Foot Note A(2)	Refer Foot Note B(4)
State Bank of India 03/08/2006	Cash Credit	1850.00	1642.85	10.50%	N.A.	Refer Foot Note B(2) & (3)
	Standby Line of Credit	200.00	200.00	11.50%	Refer Foot Note A(3)	Refer Foot Note B(2) & (3)

#### A. Repayment Schedule

- There are two term loan accounts and repayment schedule is as under:
  - Rs. 337.00 Lacs - Repayable in 18 monthly installments of Rs.0.033 crores started from 01/10/2004 until 01/03/2006 and 37 monthly installment of Rs. 0.075 crores starting from 01/04/2006 until 01/04/2009.
  - Rs. 170.00 Lacs - Repayable in 59 monthly installments of Rs. 0.0291 crores started from 01/10/2005 until 01/09/2010
- There are three Vehicle's loans from ICICI Bank and HDFC Bank which were outstanding as on 30/09/2006. The rate of Interest and terms of repayments are as detailed below:
  - Rs. 7.07 lacs repayable in 60 monthly installments (EMI) of Rs. 0.15 lacs each started from 07/08/2003 until 07/07/2008
  - Rs. 4.86 lacs repayable in 60 monthly installments (EMI) of Rs. 0.10 lacs each started from 07/09/2003 until 07/08/2008
  - Rs. 8.77 lacs repayable in 34 monthly installments (EMI) of Rs. 0.29 lacs each started from 02/09/2006 until 02/06/2009
- Standby line of credit facility is repayable within 60 days from the date of avaiement of the same.

#### B. Security

- Term loans from State Bank of India are secured by Equitable mortgage of lease hold Land at GIDC, Umerngaon & Freehold land at Khanvel, U.T., D.N.H. and Building constructed on said plots and Hypothecation of all Plant and Machineries created out of bank finance.
- Working Capital Facilities are secured by hypothecation of stock of raw materials, semi-finished goods, finished goods, packing materials, stores and spares, book-debts & other current assets and further secured by way of extension of charge over immovable properties of the Company.
- All credit facilities are further secured by personal guarantees of three Promoter Directors and personal properties of Director & their relatives.
- Vehicle's Loans are secured against the hypothecation of respective vehicles.



## ANNEXURE VIII

### Statement of Sundry Debtors showing age-wise analysis

(Rs. in lacs)

Particulars	As at March 31, 2002	As at March 31, 2003	As at March 31, 2004	As at March 31, 2005	As at March 31, 2006	As at September 30, 2006
Debt outstanding for a period exceeding six months						
- Considered good	32.75	19.45	58.46	69.25	228.81	216.51
- Considered doubtful	–	–	–	–	–	–
Less: Provision for doubtful debts	–	–	–	–	–	–
Other debts considered good	99.64	285.67	616.34	1326.22	1381.96	2067.47
<b>Total</b>	<b>132.39</b>	<b>305.12</b>	<b>674.80</b>	<b>1395.47</b>	<b>1610.77</b>	<b>2283.98</b>

## ANNEXURE IX

### Statement of Loans and Advances

(Rs. in lacs)

Particulars	As at March 31, 2002	As at March 31, 2003	As at March 31, 2004	As at March 31, 2005	As at March 31, 2006	As at September 30, 2006
Employee Loans	–	–	0.35	0.35	0.35	–
Balance with Excise & Custom Authorities	11.39	2.04	30.12	143.40	173.31	213.47
Sundry Deposits	5.42	4.41	19.14	19.42	26.32	26.37
Income tax recoverable	1.06	1.42	1.87	5.09	16.50	21.37
Advance to the relative of a Director	3.12	–	–	–	–	–
Other Advances recoverable in cash or in kind	–	16.05	45.20	186.04	29.15	348.05
<b>Total</b>	<b>20.99</b>	<b>23.92</b>	<b>96.68</b>	<b>354.30</b>	<b>245.63</b>	<b>609.26</b>

## ANNEXURE X

### Related party disclosures under Accounting Standard 18

(Since the Accounting Standard 18 (AS18) - 'Related Party Disclosure' issued by the Institute of Chartered Accountants of India is applicable to accounting periods commencing on or after April 1, 2001, the requirements of this accounting standard have been implemented from the accounting year ended on March 31, 2002).

#### 1. Relationship

##### (a) Individuals Controlling the Enterprise and Key Management Personnel

1. Mr. Shantila Mardia Non Executive Chairman
2. Mr. Sanjay Mardia Vice Chairman
3. Mr. Ratanlal Mardia Managing Director



(b) Relatives of Key Management Personnel

1. Mrs. Bela S. Mardia                                      Wife of Vice Chairman
2. Mrs. Sunita R. Mardia                                    Wife of Managing Director
3. Mrs. Manjuladevi Mardia                                Wife of Chairman

(c) Enterprises in which key management personnel & their relatives are interested:

Danial Investment Pvt. Ltd. (w.e.f. 09/05/2006)

Note: Related party relationship on the basis of the requirements of Accounting Standard 18 (AS-18) as in 1(a), 1(b) & 1(c) above is pointed out and relied upon by the auditors.

**2. Transactions with the above related parties**

(Rs. in lacs)

Sr. No.	Nature of Transactions	Year	Referred in 1 (a & b)	Referred in 1 (c)
<b>Expenses:</b>				
1.	Remuneration	FY2002	1.20	—
		FY2003	2.40	—
		FY2004	4.80	—
		FY2005	9.60	—
		FY2006	41.00	—
		HYE2006	18.00	—
2.	Interest	FY2002	1.07	—
		FY2003	1.09	—
		FY2004	1.49	—
		FY2005	4.35	—
		FY2006	3.60	—
		HYE2006	—	—
<b>Finance &amp; Investments</b>				
3.	Loans & Advances Received	FY2002	21.59	—
		FY2003	19.57	—
		FY2004	63.00	—
		FY2005	8.50	—
		FY2006	17.00	—
		HYE2006	149.81	113.25
4.	Loans & Advances Paid	FY2002	51.11	—
		FY2003	15.50	—
		FY2004	16.57	—
		FY2005	10.10	—
		FY2006	82.19	—
		HYE2006	59.50	113.25
<b>Outstanding</b>				
5.	Payable	FY2002	11.26	—
		FY2003	13.30	—
		FY2004	61.23	—
		FY2005	63.98	—
		FY2006	2.40	—
		H YE2006	92.71	—
6.	Receivable	FY2002	3.12	—
		FY2003	—	—
		FY2004	—	—
		FY2005	—	—
		FY2006	—	—
		HYE2006	—	—

Note: No amounts have been written off/ provided for or written back in respect of amounts receivable from or payable to the related parties. HYE represents Half Year Ended.



## ANNEXURE XI

### Statement of Operational Income

(Rs. In Lacs)

Particulars	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Year ended March 31, 2006	Half Year ended September 30, 2006
Domestic Sale Incl. Excise Duty	760.31	1102.73	1690.82	6061.94	8802.55	5771.01
Job Work Income	3.64	21.40	38.70	111.84	64.85	23.32
<b>TOTAL</b>	<b>763.95</b>	<b>1124.13</b>	<b>1729.52</b>	<b>6173.78</b>	<b>8867.40</b>	<b>5794.33</b>

## ANNEXURE XII

### STATEMENT OF ADJUSTED CASH FLOW

Particulars	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Year ended March 31, 2006	Half Year ended September 30, 2006
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>						
Net profit/(loss) before tax	10.54	18.20	53.41	135.76	396.70	356.82
Adjustments for:						
- Depreciation	45.58	37.51	36.50	161.23	140.25	61.63
- Preliminary Expenses W/off	-	-	-	0.24	0.24	0.12
- Loss / (profit) on sale of fixed assets (net)	-	-	-	-	4.23	(0.05)
- Interest income	(0.31)	(0.22)	(0.46)	(1.84)	(10.55)	(7.29)
- Lease rent	-	-	-	-	-	-
- Interest expense	46.65	34.27	46.33	107.52	170.58	102.33
<b>Operating profit before working capital changes</b>	<b>102.46</b>	<b>89.76</b>	<b>135.78</b>	<b>402.91</b>	<b>701.45</b>	<b>513.56</b>
Adjustments for :						
- Inventories	(13.44)	(57.66)	(309.82)	(356.15)	(510.97)	284.35
- Trade and other receivables	0.94	(175.66)	(442.44)	(978.29)	(106.63)	(1036.84)
- Trade and other payables / provisions	19.19	105.13	418.58	695.34	(256.42)	162.27
- Miscellaneous Expenditure	-	-	(2.44)	-	-	-
<b>Cash generated from operations</b>	<b>109.15</b>	<b>(38.43)</b>	<b>(200.34)</b>	<b>(236.19)</b>	<b>(172.57)</b>	<b>(76.66)</b>
- Direct taxes refunded / (paid)	(0.69)	(0.84)	(1.25)	(11.17)	(23.84)	(8.72)
<b>Net cash from operating activities</b>	<b>108.46</b>	<b>(39.27)</b>	<b>(201.59)</b>	<b>(247.36)</b>	<b>(196.41)</b>	<b>(85.38)</b>



Particulars		Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Year ended March 31, 2006	Half Year ended September 30, 2006
<b>B.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES</b>						
	Purchase of fixed assets	(0.88)	(0.13)	(497.46)	(507.62)	(104.72)	(108.80)
	Sale of fixed assets	–	–	–	–	10.91	1.65
	Interest received (inclusive of tax deducted at source)	0.31	0.22	0.46	1.84	10.55	7.29
	Sale/(Purchases) long term Investments	–	1.00	–	–	(2.00)	2.00
	<b>Net cash used in investing activities</b>	<b>(0.57)</b>	<b>1.09</b>	<b>(497.00)</b>	<b>(505.78)</b>	<b>(85.26)</b>	<b>(97.86)</b>
<b>C.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES :</b>						
	Proceeds from issue of Equity Shares incl. of premium	–	37.53	264.01	145.00	–	110.00
	Proceeds of Share Application Money pending allotment/refund	37.53	7.47	(45.00)	–	–	–
	Proceeds from long term secured borrowings	(43.04)	(33.50)	264.28	173.56	(54.61)	(89.45)
	Proceeds from short term secured borrowings	(8.76)	69.56	232.79	554.19	545.13	304.23
	Proceeds from long term un-secured borrowings	(46.78)	0.05	47.92	2.75	48.42	(19.69)
	Interest paid	(46.65)	(34.27)	(46.33)	(107.52)	(170.58)	(102.33)
	<b>Net cash used in financing activities</b>	<b>(107.70)</b>	<b>46.84</b>	<b>717.67</b>	<b>767.98</b>	<b>368.36</b>	<b>202.76</b>
	<b>Net Increase / (decrease) in cash &amp; cash equivalents (A+B+C)</b>	<b>0.19</b>	<b>8.66</b>	<b>19.08</b>	<b>14.86</b>	<b>86.69</b>	<b>19.52</b>
	<b>Cash &amp; cash equivalents at the beginning of the period</b>	<b>1.24</b>	<b>1.43</b>	<b>10.09</b>	<b>29.17</b>	<b>44.03</b>	<b>130.72</b>
	<b>Cash &amp; cash equivalents at the end of the period</b>	<b>1.43</b>	<b>10.09</b>	<b>29.17</b>	<b>44.03</b>	<b>130.72</b>	<b>150.24</b>





### ANNEXURE XIII

#### SUMMARY OF ACCOUNTING RATIOS

Particulars	Unit	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Year ended March 31, 2006	Half Year ended September 30, 2006
Nominal value of shares	Rupees	100	100	100	100	10	10
Basic and diluted earnings per Share	Rupees	11.26	15.01	40.96	56.33	21.23	*4.43
Net Asset Value per share	Rupees	153.94	163.95	395.25	456.96	62.24	20.57
Return on net worth	Percentage	7.32	9.16	10.37	12.33	34.11	*21.52

\*not annualised

#### Foot Note:

- Face value of equity shares was Rs. 100/- per share till 2004-2005 then sub divided to Rs. 10/- per equity share during the FY 2005-06. Hence Earning Per Share & Net Asset Value per share for the FY 2005-06 and Half year ended September, 2006 is calculated on Rs. 10/- paid up share.
- Definition of ratios

Basic and diluted earnings per Share	=	{Adjusted Profit / (Loss) after tax as per the Statement of Adjusted Profits and Losses}/{Weighted average number of shares}
Net Asset Value	=	{Net worth as per Statement of Adjusted Assets and Liabilities as reduced by share application money pending allotment/refund}/ {Weighted average number of shares}
Return on net worth	=	{Adjusted Profit / (Loss) after tax as per Statement of Adjusted Profits and Losses} / {Net worth as per Statement of Adjusted Assets and Liabilities}

### ANNEXURE XIV

#### STATEMENT OF CAPITALISATION

(Rs. in lacs)

Particulars	Pre-issue as at September 30, 2006	As adjusted for the issue
<b>A. Total Debts</b>	2359.24	3359.24
<b>B. Short Term Debts</b>		
- Working Capital Facilities	1842.85	1842.85
- Unsecured Loans	92.71	92.71
<b>C. Long Term Debts (A-B)</b>	<b>423.68</b>	<b>1423.68</b>
<b>D. Shareholders Funds (Equity)</b>		
Equity shares capital	814.50	*
Reserves and surplus (net of revaluation reserve, debit balance in the profit and loss account and miscellaneous expenditure to the extent not written off or adjusted)	724.38	*
<b>Total</b>	<b>1538.88</b>	*
<b>E. Long Term Debts / Equity (C/D)</b>	<b>0.28</b>	*

\* Information pertaining to post issue can be ascertained only after finalization of issue price.



**ANNEXURE – XV**

**STATEMENT OF TAX SHELTER**

(Rs. in lacs)

Particulars	Year ended March 31, 2002	Year ended March 31, 2003	Year ended March 31, 2004	Year ended March 31, 2005	Year ended March 31, 2006	Half Year ended September 30, 2006
<b>A. Net profit before tax as per books</b>	<b>10.54</b>	<b>18.20</b>	<b>53.41</b>	<b>135.76</b>	<b>396.70</b>	<b>356.82</b>
Tax rate- Normal ( including surcharge and education cess where applicable)	35.70%	36.75%	35.88%	36.59%	33.66%	33.66%
<b>Tax at actual rate on book profits (A)</b>	<b>3.76</b>	<b>6.69</b>	<b>19.16</b>	<b>49.67</b>	<b>133.53</b>	<b>120.11</b>
<b>B. Permanent differences</b>						
- Deductions under Section 80IB	-	-	-	116.53	354.01	335.65
- Other Adjustments	(0.03)	-	-	(0.12)	(0.06)	(0.18)
<b>Total Permanent Difference (B)</b>	<b>(0.03)</b>	<b>-</b>	<b>-</b>	<b>116.41</b>	<b>353.95</b>	<b>335.47</b>
<b>C. Timing differences</b>						
- Differences in tax and book depreciation	7.05	5.09	21.00	(1.07)	(1.50)	(3.14)
- Others (net)	-	-	-	-	-	-
<b>Total Timing differences (C)</b>	<b>7.05</b>	<b>5.09</b>	<b>21.00</b>	<b>(1.07)</b>	<b>(1.50)</b>	<b>(3.14)</b>
<b>D. Brought forward business loss and unabsorbed depreciation (D)</b>	<b>3.52</b>	<b>13.11</b>	<b>3.36</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total (B+C+D)</b>	<b>10.54</b>	<b>18.20</b>	<b>24.36</b>	<b>115.34</b>	<b>352.45</b>	<b>332.33</b>
<b>Total Tax (Saving)</b>	<b>3.76</b>	<b>6.69</b>	<b>8.74</b>	<b>42.20</b>	<b>118.63</b>	<b>111.87</b>
<b>E. Profit as per Income Tax Returns (E=A-B-C-D)</b>	<b>-</b>	<b>-</b>	<b>29.05</b>	<b>20.42</b>	<b>44.24</b>	<b>24.49</b>
Taxable Income as per MAT	10.54	18.20	53.41	19.23	42.68	21.17
<b>Tax as per Income Tax Returns</b>	<b>0.81</b>	<b>1.43</b>	<b>10.42</b>	<b>7.47</b>	<b>14.90</b>	<b>8.24</b>

**Notes:-**

- I). The statement of tax shelter has been prepared based on the Income Tax Returns filed by the Company and assessment orders issued by Income Tax Department except for the year ended March 31, 2006 and half year ended on 30<sup>th</sup> September, 2006, which has been prepared based on Income Tax Calculation made by the Company.
- II). The tax rates considered for brought forward losses are the tax rates applicable to the year in which these are brought forward.
- III). The tax amount excludes Interest under section 234 (B) & 234 (C) if any.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### OVERVIEW OF THE BUSINESS OF THE COMPANY

NCL is engaged in business of manufacturing copper rods/Sections/flats, Copper Ingots/Billets Bars, Copper Wire Bars, Copper Strips and Copper Pipes catering to FMCG, OEMs and construction industry.

Comparison of significant items of income & expenditure of Nissan Copper Limited for the past three years are as follows:

(Rs. in lacs)

Particulars	Year ended March 31, 2006	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
<b>Total Gross Sales</b>	<b>8867.40</b>	<b>6173.78</b>	<b>1729.52</b>	<b>1124.13</b>
Less : Excise Duty	1060.22	578.65	48.08	62.05
<b>Net Sales</b>	<b>7807.18</b>	<b>5595.13</b>	<b>1681.44</b>	<b>1062.08</b>
Other Income	19.53	2.15	1.34	1.58
Increase /(Decrease) in Inventories	628.88	533.66	266.41	9.72
<b>Total Income</b>	<b>8455.59</b>	<b>6130.94</b>	<b>1949.19</b>	<b>1073.38</b>
<b>Total Expenditure</b>	<b>7692.54</b>	<b>5696.33</b>	<b>1805.57</b>	<b>981.40</b>
<b>Profit Before Tax, Depreciation and Interest</b>	<b>763.05</b>	<b>434.61</b>	<b>143.62</b>	<b>91.98</b>
Interest and other finance charges	226.10	137.62	53.71	36.27
Depreciation	140.25	161.23	36.50	37.51
<b>Net Profit / (Loss) before tax</b>	<b>396.70</b>	<b>135.76</b>	<b>53.41</b>	<b>18.20</b>
Provision for tax :				
Current Tax	22.68	11.17	1.25	0.84
Deferred Tax charge/(credit)	(1.06)	35.59	—	—
Fringe Benefit Tax	1.17	—	—	—
<b>Net Profit/(Loss) after tax</b>	<b>373.91</b>	<b>89.00</b>	<b>52.16</b>	<b>17.36</b>

### COMPARISON OF RESULTS OF OPERATION:

#### YEAR ENDED MARCH 31, 2006 WITH YEAR ENDED MARCH 31, 2005

##### **Revenue:**

Net sales for the year ended March 31, 2006 increased by 39 % to Rs 7807.18 lacs in FY 2006 as against net sales of Rs. 5595.13 lacs for the year ended March 31, 2005. This was on account of optimum capacity utilization of the extrusion and copper pipe division of our new unit at Silvassa. Indian manufacturing industry too experienced a robust growth which also affected the revenue of our Company. With a considerable economic growth and increase in demand from different sectors like power generation and energy distribution, electronics & telecommunication, air-conditioning & refrigeration etc., company's products were in demand for entire year.

##### **Expenditure:**

Increase in expenditure for the year FY 2006 is corresponding to increase in sales for the year except fuel cost per unit of production which is higher side due to product portfolio mix. The cost of production as a percentage to net sales is lower on account of optimum capacity utilization of extrusion and copper pipe division of new unit at Silvassa and also due to increased share of products manufactured by the company in the total sales.

##### **Interest:**

Interest expense for the year FY 2006 is higher on account of increase in borrowings for carrying out expansion cum backward integration project to enhance share of manufactured goods in Sales and for enhanced working capital requirements.

**Profitability:**

Our Company recorded a profit before tax of Rs. 396.70 lacs during the year as against a profit before tax of Rs. 135.76 lacs on account of optimum capacity utilisation and change in product portfolio mix. However, against an increase of 39% in total income, profitability has increased by 192 % owing to increased share of products manufactured by the company in the total sales.

**YEAR ENDED MARCH 31, 2005 WITH YEAR ENDED MARCH 31, 2004.****Revenue:**

Net sales increased by 233% to Rs. 5595.31 lacs in FY 2005 from Rs.1681.44 lacs in FY 2004. This was on account of expansion cum back ward integration project at Silvassa.

**Expenditure:**

Increase in expenditure for the year FY 2005 is corresponding to increase in sales for the year except power, fuel and other components of cost of production as a % which are higher side due to substantial increased share of products manufactured by the company in the total sales.

**Interest:**

Interest expense for the year FY 2005 is higher on account of increase in borrowings for carrying out expansion cum backward integration project to enhance share of manufactured goods in Sales and for enhanced working capital requirements.

**Profitability:**

Our Company recorded a profit before tax of Rs. 135.76 lacs during the year as against a profit before tax of Rs. 53.41 lacs on account of commencement of production of expansion cum backward integration project at silvassa. However, against an increase of 233% in total income, profitability has increased by 154 % due to higher cost of production in initial stage of production at new project at silvassa.

**Significant development since the date of last financial statement**

There are no material developments after the date of the latest balance sheet save and except as stated elsewhere in this document, that are likely to materially affect the performance and the prospects of the company. The company has not discontinued any of its existing business nor commenced any new business during past years.

**YEAR ENDED MARCH 31, 2004 WITH YEAR ENDED MARCH 31, 2003****Revenue:**

Net sales for the year ended March 31, 2004 increased by 58 % to Rs 1681.44 lacs in FY 2004 as against net sales of Rs. 1062.08 lacs for the year ended March 31, 2003 The company had taken measures to adopt innovative strategies to increase the turnover by sourcing the products from other traders/manufacturers and also decided to implement backward cum expansion project at Silvassa.

**Expenditure:**

Increase in expenditure for the year FY 2004 is corresponding to increase in sales for the year. The cost of production as a percentage to net sales is lower on account of cost saving measures adopted by the company.

**Interest:**

Interest expense for the year FY 2004 is higher on account of increase in borrowings for working capital requirements for enhanced business activities.

**Profitability:**

Our Company recorded a profit before tax of Rs. 53.41 lacs during the year as against a profit before tax of Rs. 18.20 lacs on account of increased sale. However, against an increase of 58% in total income, profitability has increased by 193 % due to better price realizations and reduction in cost.



## **FACTORS THAT MAY AFFECT RESULTS OF OPERATIONS**

### **Unusual or infrequent events or transactions**

There have been no unusual or infrequent events or transactions.

### **Significant economic changes**

Any slowdown in the growth of Indian economy or future volatility in global commodity prices, could adversely affect the business, including the future financial performance, shareholders' funds and ability to implement strategy and the price of the Equity Shares.

### **Known trends and uncertainties**

To the best of our knowledge, other than as described elsewhere in this Red Herring Prospectus, there are no known trends or uncertainties that may have material adverse impact on the income, costs and profits of the company from continuing operations.

Any depreciation of foreign currency would affect the prices of raw materials.

### **Future changes in relationship between costs and revenues**

Company is largely dependent on foreign countries for the supply of raw material. Increase in raw material cost will affect the profitability of the company. Further, the company is not able to pass on the increase in copper prices to the customers in full. This can be offset through cost reduction, better capacity utilization, and product & process improvement

### **Dependence of revenue on sales volume, new products and stores**

The revenue depends directly on the number of units sold and its prices. Increase in profitability is directly proportional to increase in volumes.

### **Turnover of industry segment in which the company operates**

The company is engaged in the manufacture of Copper products. The size of Indian Copper Industry is around 4 lakh tons, which as percentage of world copper market is 3 %.

### **Status of any publicly announced new products or business segment**

The company has not launched any new products publicly or otherwise. However, the company is continuously developing products for existing and new customers.

### **Seasonality of the business**

No major cyclical trends are observed in this industry neither are their any government controls or regulatory framework impinging on the industry.

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

The company's turnover is not dependent on single or few customers. Nissan Copper Limited has a wide breadth of customer in all major market segments like Replacement, Original Equipment and Export.

### **Competitive conditions**

There are number of players in manufacturing copper bars, tubes, pipes, flats, strips etc. Besides us, other players in the organized sector are Mehta Tubes Pvt Ltd, ABC tube Industries Ltd, Industrial Tubes Manufacturers Pvt Ltd, Mandev Tubes etc. Their market share is in range of 60%. There are other small players in the unorganized sector and they collectively cater to 40% of the total demand.



## SECTION VI: LEGAL AND REGULATORY INFORMATION

### OUTSTANDING LITIGATION, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

There are no outstanding litigations against our Company, our Group Companies, our Directors, our Promoters and our Promoter Group or any disputes, tax liabilities, non payment of statutory dues, overdues to banks/ financial institutions, defaults against banks/ financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits and arrears on cumulative preference shares issued by our Company, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Companies Act) against our Company, our Group Companies, our Directors and our Promoters, except the following:

#### **(A) Outstanding litigation against one of our Promoter/Director**

The office of the Commissioner of Central Excise and Customs, Vapi had issued an arrest memo dated 28/04/2006 against Mr. Sanjay Mardia, our Vice Chairman for breach of provisions of Central Excise Act, 1944 and rules framed thereunder. This arrest memo alleged the evasion of central excise duty by fraudulent availment of cenvat credit involving duty of approximately Rs. 235 lacs in respect of Nissan Copper Limited. This matter is relating to a dispute of our Company with central excise and customs department in respect of certain alleged discrepancies noticed by central excise officers during their search at our silvasa unit. Mr. Sanjay Mardia was produced before the Hon'ble Court on 28/04/2006 and was shown arrested and released on bail by the Chief Judicial Magistrate, Dadra & Nagar Haveli Silvassa on the same day on a personal guarantee of Rs.15,000/- and a security bond of the same amount. The Chief Judicial Magistrate of Silvassa has in his order for release of Mr. Sanjay Mardia has stated that "I am of the view that the grounds made out for objecting this bail petition are not sufficient to reject the bail application. Therefore I am of the opinion that without judicial custody of accused investigation can be completed by imposing certain conditions". Our Company is pursuing the said matter with the relevant authorities for settlement.

#### **(B) Tax Proceedings**

##### **(a) Income Tax**

The Company does not have any dispute in respect of Income tax. However, the Company is eligible for a refund of Rs. 0.02 lacs from the Department. The Company has been regular in payment of its dues.

##### **(b) Central Excise**

###### Issue 1

The Central Excise Officers made a search at the Silvassa unit of the Company on 18/03/2005 and raised a demand of Rs. 129.00 lacs for the alleged discrepancies noticed in the stock. An amount of Rs.79.97 lacs was debited against our credit balance with excise authorities at the time of search under protest. Till date the Company has not received any Show Cause Notice from excise authorities for the demand so raised amounting to Rs. 79.97 lacs. The company had approached settlement commission on 08/04/2006 by accepting Rs. 43.60 lacs as liability. The settlement commission has rejected the applicaiton made by the company vide its order dated 08/06/2006. However Settlement Commission vide the said Order has also given liberty to the Company to come up with fresh application on receipt of the Show Cause Notice from the Department.

###### Issue 2

A team of Central Excise Officers made a search at the Silvassa unit of the Company again on 10/02/2006 and raised a demand of Rs. 18.10 lacs for the alleged discrepancies noticed in the stock. An amount of Rs.7.92 lacs was debited against our credit balance with excise authorities at the time of search under RG 23A and the company has also paid Rs. 16.80 lacs by cheque, under protest.

The Company has received a Show Cause Notice dated July 20, 2006 issued by the Additional Director General whereby the Company has to show as to why;

- Copper re-melting scrap of Rs. 1.52 million seized under Panchnama should not be confiscated;
- Central excise duty amounting to Rs. 0.87 million of finished excisable goods manufactured and clandestinely removed should not be demanded and recovered;
- Central excise duty amounting to Rs. 0.94 million of finished excisable goods manufactured and clandestinely removed should not be demanded and recovered;



- Central excise duty amounting to Rs. 0.66 million of finished excisable goods manufactured and clandestinely removed should not be demanded and recovered;
- The amount of Rs. 2.47 million paid by the Company should not be appropriated against the demand raised in the said Show Cause Notice;
- Penalty should not be imposed along with interest at appropriate rate.

The Company has not filed the reply with the Department as the Company has requested to supply relied documents from the Department vide a letter dated September 20, 2006.

#### **MATERIAL DEVELOPMENTS**

In the opinion of the Board of Directors of the Company, there have not arisen, since the date of the last audited financial statements disclosed in this Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability or the value of our assets or our ability to pay our material liabilities within the next twelve months.



## GOVERNMENT STATUTORY AND BUSINESS APPROVALS

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

### UNIT I – UMBERGAON

#### **Service Tax Registration**

- The said Unit I of the Company has obtained Service Tax Registration, vide Registration No. UBR-1/ST/85/2004-05 in Form ST – 2 date March 9, 2005. The said Registration has been granted for collecting Service Tax on the Transport of Goods by Road. The said Certificate shall be valid till the Company carries on the activities for which it has been issued or where the Central Excise officer accepts the surrender of the certificate it or till it is revoked/ suspended.

#### **Permanent Registration Certificate ( Small Scale Unit)**

- The Company has obtained Permanent Registration Certificate No. DIC/ Vapi / SSI-6822 bearing Registration No. 041962821/PMT/SSI dated October 4, 1997 issued by the Dy. Commissioner of Industries, Government of Gujarat as a small scale unit for the said Unit.

#### **Certificate of Importer Exporter Code**

- The Company has obtained an Importer Exporter Code (IEC) No.0394041542 dated October 4, 1994 from the Ministry of Commerce, Office of Joint Director General of Foreign Trade.

#### **VAT and Central Sales Tax**

- As informed by the Company, the Company has been granted a Sales Tax and Central Sales Tax registration bearing registration No. 24250500435 and 24750500435 respectively. The Company has made an application to the concerned authorities to change the status of the Company from Private Limited to a Limited Company.

#### **Environmental Consents from the Gujarat Pollution Board**

- The Company has obtained the Consolidated Consent and Authorisation (CC&A) of the Gujarat Pollution Control Board under CC&A Order No. 1435 for the following :
  - The Company has been granted consent under Section 21 of the Air (Prevention & Control of Pollution) Act, 1981 for operating the industrial plant in the Air Pollution Control Areas, dated January 28, 2004 as notified and the discharge of Emissions in the quantity as specified in the CC&A Order No. 1435;
  - The Company has been granted consent under Section 25 of the Water (Prevention & Control of Pollution) Act, 1974 for operating the industrial plant and discharge of the effluents, dated January 28, 2004, as specified in the CC&A Order No. 1435 and;
- The aforesaid consents given vide the CC&A Order No. 1435 dated January 8, 2004. The same is valid till September 16, 2008 for use of outlet for the discharge of trade effluent and emission due to operation of industrial plant for manufacture of Copper Tubes, Copper Scrap (by product), etc in quantities specified in the said CC&A Order.
  - The Company has been granted consent and authorisation under Rule 3 (c) & 5(5) of the Hazardous Waste (Management and Handling) Rules 1989 for operating the industrial plant and discharge of the effluents, dated January 28, 2004. The same is valid till September 10 2008, as specified in the CC&A Order No. 1435. The said authorisation was granted for collection, storage of Hazardous wastes (ETP Sludge) on the premises of the said Unit I and its transportation and disposal to TSDF system.

### UNIT II – SILVASSA

#### **Part Occupancy Certificate**

- The said Unit II of the Company has been granted the Part Occupancy Certificate by the Associate Town Planner TCPD, Dadra & Nagar Haveli, Silvassa bearing No. ATP/OC/SRV.NO.168/2/1/Rudana/2004/413 dated March 26, 2004. The said certificate has been granted to certify that the Part Industrial Building-'A' Ground Floor admeasuring 1599.50 square metres has been constructed as per the approved plan and is fit for occupation.





### **Factory License**

- The said Unit II of the Company has obtained Licence No. 2025 bearing Registration No. 2025, issued by the Inspector of Factories. The said License was valid upto December 31, 2004. The Company has renewed the said license till December 31, 2006. The Company has complied with the conditions of the licence that the number of employees cannot exceed 100 in a day and the maximum Horse Power should be up to 1,730 HP subject to the provisions of the Factories Act, 1948.

### **Registration Certificate under Sales Tax Regulation**

- The said Unit II of the Company has obtained local certificate Registration bearing Registration No. DNH/ST/M/0514 dated February 25, 2004. The said Registration is deemed to be granted as Compulsory Registration under section 12 of the said Regulation which shall be effective from April 15, 2004. The said Registration is valid until cancelled.

### **Service Tax Code**

- The said Unit II of the Company has obtained Service Tax Code by Deputy Commissioner, Central Excise & Customs bearing Service Tax Code No. AABCN0105BST001 dated February 1, 2006. The said Registration has been granted for collecting Service Tax on the Transport of Goods by Road. The said Certificate shall be valid till the Company carries on the activities for which it has been issued or where the Central Excise officer accepts the surrender of the certificate it or till it is revoked/ suspended.

### **Permanent Registration Certificate (Dadra and Nagar Haveli, Department of Sales Tax)**

- Unit II of the Company has obtained Permanent Registration bearing Registration No. DNH/CST/M/0515 dated April 15, 2004 under section 7(2) of the Central Sales Tax Act, 1956 issued by the Assistant Commissioner, Sales Tax, Dadra Nagar Haveli, Silvassa. The said Certificate shall be valid till the Company carries on the activities for which it has been issued or where the Deputy Commissioner accepts the surrender of the certificate it or till it is revoked/ suspended.

### **Approval of the Pollution Control Board**

- Unit II of the Company has been granted consent under Section 25 of the Water (Prevention & Control of Pollution) Act, 1974 for operating the industrial plant and discharge of the effluents, dated March 18, 2004 as specified in Order No. WP/ DCF/DMN. The said certificate was valid upto February 28, 2005.
- Unit II of the Company has been granted consent under Section 21 of the Air (Prevention & Control of Pollution) Act, 1981 for operating the industrial plant in the Air Pollution Control Areas, dated March 18, 2004 as notified and the discharge of Emissions in the quantity as specified in the Consent Order No. AP/ DCF/ DMN. The said certificate was valid upto February 28, 2005.
- The said Unit II of the Company has been granted an authorisation for handling hazardous wastes vide authorisation no. PCC/DDD/o-2044/RU/HW/03-04/254 dated January 31, 2005. The said authorisation has been granted to the Company to operate a facility for collection, storage, transport and disposal of hazardous wastes. The said authorisation is subject to the conditions specified in the rules under the Environment Protection Act, 1986. The said authorisation was valid upto December 31, 2005.

### **Sales Tax Exemption Certificate**

- The said Unit II of the Company has been exempted from payment of Central Sales Tax in respect of the goods specified in the certificate vide Certificate bearing No. ADM/DNH/EXEMPT/CST/2004/1871 dated May 28, 2004. The said authorisation is subject to the conditions specified in the said certificate. The said exemption is valid upto December 31, 2017 unless it is modified under the Act & Rules.

### **Central Excise Registration**

- The said Unit II of the Company has obtained the Central Excise Registration, vide Registration No. AABCN0105BXM002 dated May 28, 2003 for manufacturing excisable goods. The said Certificate shall be valid till the Company carries on the activities for which it has been issued or surrenders it or till it is revoked or suspended.

### **Registration of Certificate of Establishment**

- Unit II of the Company has obtained Certificate of Registration of establishment bearing Registration No. D J 13351 in Form D dated August 24, 1982 of the Bombay Shops and Establishments Act, 1948. The said certificate was valid upto April 26, 2006. The said certificate has been renewed till December 31, 2007.



**No Objection Certificate**

- The said Unit II of the Company has been granted a No Objection Certificate bearing No. ADM/LAW/76/2005/2121 dated December 19, 2005 under the Rule 46(A) of the Static & Mobile Pressure Vessels (Unfired) Rule, 1982. The said Certificate has been granted for storage of 20 KL LPG Gas (Flammable) on the recommendations of the Associate Town Planer, Chief Of Police and the Station Fire Officer. The said certificate is subject to the terms and conditions contained therein.

**In Principle approval for establishing Industrial Undertaking**

- The Company has obtained In principle clearance bearing No. DIC/1/(3824/NOC/2004/38 dated January 15, 2004, for the establishment of the said Unit II for manufacturing Copper wire bar/billet, copper/ brass/ alloy mother tube copper strips/ foils, copper/ brass/ alloys flat rods, profile and section, copper/ brass / alloys pipes and tubes. The said in principle approval has been granted by the Administration of Dadra Nagar Haveli, U.T. Department of Industry.
- However the In principle clearance is subject to the observance of the conditions mentioned in the said certificate and the various laws, regulations of directions issued by various authorities as applicable to union territories.

**In addition to the above statutory approvals, the company has also obtained**

**Certificate of Registration under the Bombay Sales Tax Act, 1959**

- The Company has been registered as a dealer under the Bombay Sales Tax Act, 1959 vide Registration No. 400004/ S-6882 dated March 14, 1996 in Form 2. The said Certificate has been granted for being a manufacturer and importer of copper, brass tubes & Ferrous & Non ferrous metals. Under the said certificate, the Company shall trade in the class of Diamonds, Precious and semi precious stones studded jewellery etc with effect from September 14, 1996. The said Certificate became effective from April 1, 1996 and shall be valid until cancelled.

**Certificate of Registration under the Central Sales Tax (Registration, and Turnover Rules), 1957**

- The Company has been registered as a dealer under the Central Sales Tax Act, 1956 vide Registration No. 400004/ C-6161 dated March 14, 1996 in Form B. The said Certificate has been granted for being a manufacturer and importer of copper, brass tubes & Ferrous & Non ferrous metals. Under the said certificate, the Company shall trade in the class of Diamonds, Precious and semi precious stones studded jewellery etc with effect from September 14, 1996.
- The said Certificate became effective from April 1, 1995 and shall be valid until cancelled.

**Service Tax Registration**

- The said Unit of the Company has obtained Service Tax Registration, vide Registration No. STCNoAABCN0105BST002 in Form ST – 2 date April 18, 2006. The said Registration has been granted for collecting Service Tax on the Transport of Goods by Road.
- The said Certificate shall be valid till the Company carries on the activities for which it has been issued or where the Central Excise officer accepts the surrender of the certificate it or till it is revoked/ suspended.

**Trade Mark Registration**

The Company has made an application dated March 22, 2006 for registration of its Trade Mark “**NISSANCOPPER** “ under class 6 of the Trade Marks Act, 1999 with the Trade Mark Registry under the head manufacture and supply of Copper and Copper Alloy Tube, and non precious metals. The mark is pending registration with the Trade Mark Registry.

**Pending Renewal of Licenses and Approvals:**

<b>Approval/Consent</b>	<b>Authority</b>	<b>Status</b>
Renewal of consent under Section 25 or Section 26 of the water (Prevention and control of Pollution) Act, 1974 & under Section 21 of the Air (Prevention and control of Pollution) Act, 1981	The Member Secretary, Pollution Control Committee, Daman, Diu and DNH, Daman	<b>Applied on 23/12/2005</b>
Renewal of consent under the provisions of the environment (Protection) Act, 1986 and Hazardous Wastage (Management & Handling) Rules 1989 as amended upto 2003.	Pollution Control Committee, Daman Diu & DNH, Silvassa	<b>Applied on 23/12/2005</b>



## OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for This Issue

The Board of Directors have, pursuant to a resolution passed at its meeting held on May 6, 2006 authorised the Issue, subject to the approval of the shareholders of our Company under Section 81 (1A) of the Companies Act 1956.

Our shareholders have authorised the Issue by a special resolution adopted pursuant to Section 81 (1A) of the Companies Act 1956, passed at the Extraordinary General Meeting held on May 9, 2006.

### Prohibition by SEBI

Our Company, our Directors, our Promoters, the directors and persons in control of our Promoters, our Subsidiary, other companies promoted by our Promoters and companies with which our Directors are associated as directors have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

### ELIGIBILITY FOR THIS ISSUE

The Company is eligible to make the Issue under clause 2.2.1 of the SEBI Guidelines since, based on the unconsolidated financial statements of our Company under Indian GAAP:

- Our company has net tangible assets of at least Rs. 3 (three) crores in each of the preceeding three full years of which not more than 50% is held in monetary assets and hence is compliant with clause 2.2.1(a) of the SEBI guidelines.
- Our company has a track record of distributable profits in accordance with section 205 of Companies Act, for or at least three of the immediately preceeding five years and is compliant with clause 2.2.1(b) of the SEBI guidelines.
- Our company has a net worth of at least Rs. 1 (one) crore in each of the three preceding full years and is compliant with clause 2.2.1(c) of the SEBI guidelines.
- Our Company was converted into a public limited company with effect from December 8th, 2005. There has been no change in the activity of the Company.
- The proposed issue size does not exceed five times the the pre-issue net worth of the company as per audited Balance Sheet of the last financial year and is compliant with clause 2.2.1(e) of the SEBI guidelines.

The net profit, net worth, net tangible assets derived from auditors report included in this Prospectus under the section "Auditors Report" as at and for the last five years ended March 31, 2006 is set forth below:

(Rs. in lacs)

Particulars	2001-2002	2002-03	2003-04	2004-05	2005-06
Distributable Profits	9.85	17.36	52.16	89.00	373.91
Net Tangible Assets	485.78	584.26	1397.98	2398.32	3310.35
Networth	172.18	234.55	503.28	721.99	1096.14
Monetary Assets	1.43	10.09	29.17	44.03	130.72
Monetary Assets as a percentage of Net Tangible assets (%)	0.29	1.73	2.09	1.84	3.95

In the case of Nissan Copper Limited, it satisfies all the eligibility criterias, laid down in clause 2.2.1 of SEBI (DIP) Guidelines. However, the Company is doing a "voluntary book-building issue" wherein the Company proposes to allot upto 50% of the Issue to QIBs and under-subscription, if any, in the QIB portion will be added back to the Net Issue to public.

The promoters, the company, directors of our company are not detained as willful defaulters by the RBI/ GOI authorities and there are no violations of securities laws committed by them in the past or pending against them other than those disclosed in this RHP

No penalty has been imposed by SEBI and other regulatory bodies against the company, our directors, our promoters and companies promoted by our directors.

Our Company undertakes that the number of allottees in the Issue shall be at least 1,000. Otherwise, the entire application money shall be refunded forthwith. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.



## **DISCLAIMER CLAUSE**

**AS REQUIRED, A COPY OF THE RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN 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 THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER, KEYNOTE CORPORATE SERVICES LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000, AS FOR THE TIME BEING IN FORCE. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, KEYNOTE CORPORATE SERVICE LIMITED, HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED 25/08/2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992, WHICH READS AS FOLLOWS:**

**“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 RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE.**

**ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, IT’S DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THIS ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.**

**WE CONFIRM THAT:**

- A) THE RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THIS ISSUE;**
- B) ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- C) THE DISCLOSURES MADE IN THE 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.**
- D) BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID.**
- E) WHEN UNDERWRITTEN, WE SHALL SATISFY OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.”**

The filing of the Red Herring Prospectus does not, however, absolve the company from any liabilities under Section 63 and Section 68 of the Companies Act or from the requirement of obtaining such statutory and other clearances as may be required for the purpose of the proposed offer. SEBI further reserves the right to take up at any point of time, with the BRLM, any irregularities or lapses in the Red Herring Prospectus.

All legal requirements pertaining to this issue will be complied with at the time of filing of the Red Herring Prospectus with the Registrar of Companies, Gujarat, in terms of Section 56, Section 60 and Section 60B of the Companies Act as also any guidelines, instructions, etc., issued by SEBI, GOI and any other competent authority.

### **Disclaimer Statement from the Company and the BRLM**

Investors that bid in the Issue will be required to confirm and will be deemed to have represented to the Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares and will not offer, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares. The Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of the company.



Our Company, the Directors and the BRLM accept no responsibility for statements made otherwise than in this 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, including our website, [www.nissancopper.com](http://www.nissancopper.com) would be doing so at his or her own risk.

The BRLM accept no responsibility, save to the limited extent as provided in the Underwriting Agreement to be entered into between the Underwriters and the Company and the Memorandum of Understanding between the BRLM and the Company.

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

Neither the Company nor the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

#### **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). This 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 Issue or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or her self 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 Mumbai only.

No action has been or will be taken to permit a public issuing in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus had been filed with SEBI for observations and SEBI has given its observations and this Red Herring Prospectus has been filed with Registrar of Companies, Gujarat as per the provisions of the Companies Act. Accordingly, the Equity Shares, represented thereby may not be issued or sold, directly or indirectly, and this 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 Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

#### **Disclaimer Clause of the Bombay Stock Exchange Limited**

As required a copy of this Red Herring Prospectus has been submitted to The Bombay Stock Exchange Limited ("BSE"). BSE has given by its letter no. List/smg/sm/2006 dated 26/09/2006, permission to the Company to use BSE's name in this offer document as one of the stock exchanges on which the Company's securities are proposed to be listed. BSE has scrutinised this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. BSE does not in any manner:

- i. Warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- ii. Warrant that this company's securities will be listed or will continue to be listed on BSE; or
- iii. Take any responsibility for the financial or other soundness of this company, its promoters, its management or any scheme or project of this company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of this company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against 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 or omitted to be stated herein or for any other reason whatsoever.

#### **Disclaimer Clause of the National Stock Exchange of India Limited**

As required, a copy of the Red Herring Prospectus has been submitted to the National Stock Exchange of India Limited ("NSE"). NSE has given vide its letter no. NSE/LIST/31178-W dated 13/10/2006 permission to the Company to use the NSE's name in this 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 Rs. 1000.00 Lacs and market capitalization shall not be less than Rs. 2500.00 Lacs at the time of the listing). NSE has scrutinised the 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 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 Red Herring Prospectus; nor does it warrant that the Company's securities will be listed or will continue to be listed on NSE; nor does it take any responsibility for the financial or other soundness of the Company, its promoters, its management or any scheme or project of the Company.

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

### **Filing**

A copy of this Prospectus has been filed with SEBI at Plot No. C-4A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai-400 051, The Bombay Stock Exchange Ltd. (BSE), P.J Towers, Dalal Street, Mumbai, and National Stock Exchange of India Limited (NSE) Plot no. C/1, G Block, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051 where the equity shares of the company are proposed to be listed.

A copy of the Prospectus required to be filed under Section 60 of the Companies Act would be delivered for registration with Registrar of Companies, Gujarat.

### **Listing**

Applications have been made to the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited for permission to deal in and for an official quotation of our Equity Shares. BSE shall be the Designated Stock Exchange.

If the permission to deal in and for an official quotation of our Equity Shares are not granted by any of the Stock Exchanges mentioned above, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of this Red Herring Prospectus. If such money is not repaid within eight days after our Company become liable to repay it from the date of refusal or within 70 days from the Bid/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 such expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

The company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the Stock Exchanges mentioned above are taken within seven working days of finalisation and adoption of the Basis of Allotment for this Issue.

### **Impersonation**

**Attention of the 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 for, any shares therein, or***
- b. Otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”***

### **Consents**

Consents in writing of: the Directors, the Company Secretary and Compliance Officer, the Auditors, Bankers to the Company, Bankers to this Issue; Book Running Lead Manager to this Issue, Syndicate Members, Escrow Collection Banks, Registrar to this Issue and legal advisors to the Company and Underwriters, to act in their respective capacities, have been obtained and filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, Gujarat as required under Sections 60 and 60B of the Companies Act and such consents have not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the Registrar of Companies, Gujarat.

Ramesh Bhatt & Co., our statutory auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Red Herring Prospectus and such consent and report has not been withdrawn up to the time of delivery of this Red Herring Prospectus for registration with the Registrar of Companies, Gujarat.

Ramesh Bhatt & Co., our statutory auditors have given their written consent to the tax benefits accruing to our Company and its members in the form and context in which it appears in this Red Herring Prospectus and has not withdrawn such consent up to the time of delivery of this Red Herring Prospectus for registration with the Registrar of Companies, Gujarat.



## Expert Opinion

We have not obtained any expert opinions.

## Expenses of the Issue

The Management estimates an expense of Rs 2.50 Crs towards issue expense. The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated Issue expenses are as follows:

Activity	Amount (Rs Crores )	Estimated Percentage of Issue Expenses	Estimated Percentage of total Issue size
Fees to intermediaries	1.15	46.00	4.60
Advertising and marketing expenses	0.75	30.00	3.00
Printing and Stationary expenses	0.50	20.00	2.00
Others	0.10	4.00	0.40
<b>Total estimated Issue expenses</b>	<b>2.50</b>	<b>100.00</b>	<b>10.00</b>

## Fees Payable to the Book Running Lead Manager

The total fees payable to the Book Running Lead Manager including brokerage and selling commission for the Issue will be as stated in the Engagement Letter executed between the Company and the BRLM dated July 06, 2006, copy of which is available for inspection at our Registered Office.

## Fees Payable to the Registrar to this Issue

The fees payable to the Registrar to this Issue will be as per the memorandum of understanding dated 18/05/2006, a copy of which is available for inspection at our Registered Office.

Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or allotment advice by registered post/speed post/under certificate of posting.

## Underwriting Commission, Brokerage and Selling Commission

The underwriting commission and selling commission for the issue is as set out in the Syndicate Agreement amongst our company, the BRLM and Syndicate Member. 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 in the Red Herring Prospectus

## Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. Based on the electronic book, QIBs may be sent a CAN, indicating the number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Guidelines, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

## Bidding Period / Issue Period

**BID / ISSUE OPENED ON** [●]

**BID / ISSUE CLOSED ON** [●]

Bids and any revision in Bids shall be accepted only between 10 a.m. and 5 p.m. (Indian Standard Time) during the Bidding Period/Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid Closing Date, the Bids shall be accepted between 10 a.m. and 5 p.m. (Indian Standard Time) and uploaded till such time as permitted by the BSE and NSE.



The Company reserves the right to revise the Price Band during the Bidding Period/Issue Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band disclosed in the Prospectus.

In case of revision in the Price Band, the Bidding Period/Issue Period will be extended for three additional working days after revision of Price Band subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to 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 Syndicate.

#### **Letters of allotment or refund orders**

The company shall give credit to the beneficiary account with depository participants within 2 working days of finalisation of the basis of allotment of Equity Shares. Applicants residing at 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit & RTGS.

In case of other applicants, the Bank shall ensure dispatch refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and will dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 15 days of the Bid/Issue Closing Date. Applicants to whom refunds are made through Electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of closure of Issue.

We shall ensure dispatch of refund orders/refund advice, if any, by "Under Certificate of Posting" or registered post or speed post or Electronic Clearing Service or Direct Credit or RTGS, as applicable, only at the sole or First Bidder's sole risk within 15 days of the Bid Closing Date/Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the issuer.

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

- Allotment of Equity Shares will be made only in dematerialised form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders will be done 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 is not made, refund orders are not dispatched and/or demat credits are not made to investors within the 15 day time prescribed above as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 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 SEBI's clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

The company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Save and except refunds effected through the electronic mode i.e. ECS, NEFT, direct credit or RTGS, refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as an Escrow Collection Bank and payable at par at places where Bids are received, except for Bidders who have opted to receive refunds through the ECS facility. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

#### **Particulars regarding Public or Rights Issues during the Last Five Years**

We have not made any public or rights issues during the last five years.

#### **Issues otherwise than for Cash**

Except as stated in the section entitled "Capital Structure" on page 10 of this Red Herring Prospectus regarding Bonus Shares issued in the ratio of 3:1, the Company has not issued any Equity Shares for consideration otherwise than for cash.

#### **Commission and Brokerage on Previous Issues**

Since this is the initial public issue of the Company's Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since the Company's inception.





### **Companies under the same Management**

There are no companies under the management within the meaning of section 370(1B) of the Companies Act, 1956, other than, Promoters and Promoter group companies details of which are provided in the section titled "Our Promoter Group Companies" and "Our Promoters and their Background" on page 46 of this Red Herring Prospectus.

### **Promise versus Performance – Previous Issues of Group Companies.**

None of our group companies have made any public issue.

### **Outstanding Debentures or Bonds**

As on the date of filing of this Red Herring Prospectus, the Company does not have any outstanding Debenture or Bond Issue.

### **Outstanding Preference Shares**

As on the date of filing of this Red Herring Prospectus, the Company does not have any outstanding preference shares.

### **Stock Market Data for our Equity Shares**

This being an initial public offering of our Company, the Equity Shares of our Company are not listed on any stock exchange.

### **Other Disclosures**

The Promoter group, the directors of the Promoters, the Promoter group companies or the Directors have not purchased or sold any securities of the Company during a period of six months pending the date on which this Red Herring Prospectus is filed with SEBI except as disclosed in the chapter titled "Capital Structure" on page 10 of this Red Herring Prospectus.

### **Option to Subscribe**

Equity Shares being offered through this Red Herring Prospectus can be applied for in dematerialized form only.

### **Mechanism for Redressal of Investor Grievances**

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

All grievances relating to this Issue may be addressed to the Registrar to this 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 by the Company**

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

Our Company has appointed Mr. Rahul Singh, Company Secretary as the Compliance Officer and he may be contacted at 1002, Raheja Center, 10 th Floor, Nariman Point Mumbai- 400021 (Tel: +91-022- 32522077/81 Fax: +91-022- 22833889). Investors may contact him in case of any Pre-Issue or Post-Issue problems.

### **Changes in Auditors during the last three financial years and reasons therefor**

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

### **Capitalisation of Reserves or Profits**

The Company issued 52,83,750 equity shares on 09/05/2006 as Bonus in the ratio 3:1.

### **Revaluation of Assets**

The Company has not revalued its assets in the past five years.



## SECTION VII – ISSUE RELATED INFORMATION

### AUTHORITY FOR THE ISSUE

Our Board of Directors have pursuant to a resolution passed at its meeting held on May 6, 2006, authorized the Issue. The Issue has been authorised by a special resolution adopted pursuant to Section 81(1A) of the Companies Act, at the Extra Ordinary General Meeting of our Company held on May 9, 2006.

### ISSUE STRUCTURE

The present Issue is of [●] Equity Shares of face value Rs. 10 each for cash by the company issued at a price of Rs. [●] per Equity Share, aggregating Rs. [●] Lacs (hereinafter referred to as the "Issue"). The Issue would constitute [●] % of the post Issue paid-up capital of the Company.

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Upto [●] Equity Shares be allotted to QIBs.	Atleast [●] Equity Shares shall be available for allocation.	Atleast [●] Equity Shares shall be available for allocation.
Percentage of Issue Size available for allocation	Up to 50% of the Net Issue (of which 5% shall be reserved for Mutual Funds) Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion, if any, in the Mutual Fund reservation will be available to QIBs.	Atleast 15% of the Net Issue less allocation to QIBs and Retail Portion*	Atleast 35% of the Net Issue less allocation to QIBs and Non-Institutional Portion.*
Basis of allocation if respective category is oversubscribed	Proportionate (a) [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and (b) [●] Equity Shares shall be allotted on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above.	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares that the Bid Amount exceeds Rs. 100,000 and in multiples of 160 Equity Shares thereafter.	Such number of Equity Shares that the Bid Amount exceeds Rs 100,000 and in multiples of 160 Equity Shares thereafter.	160 Equity Shares and in multiples of 160 Equity Share thereafter
Maximum Bid	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Not exceeding the size of the Issue subject to regulations as applicable to the Bidder	Such number of Equity Shares per Retail Individual Bidder so as to ensure that the Bid Amount does not exceed Rs. 100,000
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Trading Lot	One Equity Share	One Equity Share	One Equity Share



Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Who can Apply **	Public financial institutions, as specified in Section 4A of the Companies Act: FIs registered with SEBI, scheduled commercial banks, mutual funds, multilateral and bilateral development financial institutions, foreign venture capital funds registered with SEBI, State Industrial Development Corporations, permitted insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs. 2500.00 Lacs and pension funds with minimum corpus of Rs. 2500.00 Lacs in accordance with applicable law.	Eligible NRIs, Resident Indian individuals, HUFs (in the name of karta), companies, corporate bodies, societies and trusts.	Resident Indian individuals (including HUFs in the name of karta) and Eligible NRIs applying for Equity Shares such that the Bid Amount per Retail Individual Bidder does not exceed Rs. 100,000 in value.
Terms of Payment	Margin Amount shall be payable at the time of submission of Bid-cum -Application Form to the Member of Syndicate.	Margin Amount applicable shall be payable at the time of submission of Bid-cum-Application Form to the Member of Syndicate.	Margin Amount applicable to shall be payable at the time of submission of Bid-cum-Application Form to the Member of Syndicate.
Margin Amount	10% of the Bid Amount	Full Bid Amount on Bidding.	Full Bid Amount on Bidding.

\* Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional and Retail Individual categories would be allowed to be met with spillover inter-se from any of the other categories, at the sole discretion of the Company, the BRLM and subject to applicable provisions of the SEBI Guidelines.

\*\* In case the Bid-cum-Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid-cum-Application Form.

If the aggregate demand by Mutual Funds is less than [●] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund reservation will first be added to the QIB Portion and be allotted proportionately to the QIB Bidders in proportion to their Bids. The unsubscribed portion, if any, out of the Equity Shares reserved for allotment to Employees will be added back to the Net Issue and proportionate allocation of the same would be at the sole discretion of the Company in consultation with the BRLM.

#### Withdrawal of this Issue

The Company, in consultation with the BRLM, reserves the right not to proceed with this Issue at any time, including after the Bid/ Issue Opening Date without assigning any reason therefore.

#### Bidding Period / Issue Period

<b>BID / ISSUE OPENS ON</b>	[●]
<b>BID / ISSUE CLOSES ON</b>	[●]

Bids and any revision in bids shall be accepted **only between 10 a.m. and 5 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/Issue Closing Date, the Bids shall be accepted **only between 10 a.m. and 5 p.m.** (Indian Standard Time) or uploaded till such time as may be permitted by the BSE and NSE on the Bid/Issue Closing Date.



**The Price Band will be decided by the Company in consultation with the BRLM.**

The Company reserves the right to revise the Price Band during the Bidding Period in accordance with SEBI Guidelines. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band.

**In case of revision in the Price Band, the Bidding/Issue Period will be extended for three additional working days after revision of the Price Band, subject to the Bidding Period / Issue Period not exceeding ten working days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and NSE by issuing a press release, and also by indicating the change on the web site and at the terminals of the members of the Syndicate.**

**TERMS OF THE ISSUE**

The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum and Articles of the Company, the terms of this Red Herring Prospectus, Bid-cum-Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the allotment advice, and other documents/certificates that may be executed in respect of this Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to this Issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Reserve Bank of India, Stock Exchanges, Registrar of Companies and/or other authorities, as in force on the date of this Issue and to the extent applicable.

**Ranking of Equity Shares**

The Equity Shares being issued shall be subject to the provisions of our Memorandum and Articles and shall rank *pari passu* in all respects with the other existing Equity Shares of the Company including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of Allotment. See the section titled "Main Provisions of the Articles of Association of the Company" beginning on page 104 of this Red Herring Prospectus for a description of the Articles of Association.

**Mode of Payment of Dividend**

We shall pay dividend to our shareholders as per the provisions of the Companies Act, 1956.

**Face Value and Issue Price**

The Equity Shares with a face value of Rs. 10 each are being issued in terms of this Red Herring Prospectus at a price of Rs. [●] per share. At any given point of time, there shall be only one denomination for the Equity Shares of the Company, subject to applicable laws.

**Compliance with SEBI Guidelines**

We shall comply with all disclosure and accounting norms as specified by SEBI from time to time.

**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 offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and Articles of Association of the Company.

For further details on the main provisions of the Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see "Main Provisions of the Articles of Association of the Company" beginning on page 104 of this Red Herring Prospectus.



## Market Lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Guidelines, the trading in the Equity Shares of the Company shall only be in dematerialized form for all investors.

**Since trading of our Equity Shares will be in dematerialized mode, the tradable lot is one equity share.**

Allocation and allotment of Equity Shares through this Issue will be done only in electronic form in multiples of one Equity Shares to the successful Bidders subject to a minimum Allotment of [●] Equity Shares. For details of allocation and allotment, see "Other Regulatory and Statutory Disclosures" on page 75 of this Red Herring Prospectus.

## Jurisdiction

The jurisdiction for the purpose of this Issue is with competent courts/authorities in Mumbai, India.

## Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first bidder, along with other joint bidder, 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 transferred, 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/ transfer/ alienation of equity share(s) by the person nominating.

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:

- a. to register himself or herself as the holder of the Equity Shares; or
- b. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

**Since the allotment of Equity Shares in this Issue will be made only in dematerialized mode, there is no need to make a separate nomination with us. 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.**

## Minimum Subscription

If the Company does not receive the minimum subscription of 90% of the Issue amount less the Employee Reservation Portion including devolvement of the Syndicate Member, if any, within 60 days from the Bid/Issue Closing Date, the Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Company becomes liable to pay the amount, the Company shall pay interest as per Section 73 of the Companies Act.

## ISSUE PROCEDURE

### Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein upto 50% of the Net Issue shall be allotted on a proportionate basis to QIBs, of which 5% shall be reserved for Mutual Funds. Further, not less than 35% of the Net Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders and not less than 15% of the Net Issue 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.

Bidders are required to submit their Bids through the members of the Syndicate. We, in consultation with the BRLM reserve the right to reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the Bid. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company would have a right to reject the Bids only on technical grounds.



**Investors should note that Equity Shares will be allotted to successful Bidders only in the dematerialized form. Bidders will not have the option of getting allotment of the Equity Shares in Physical Form. The Equity Shares on allotment shall be traded only in dematerlised segment of the Stock Exchanges**

#### **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 Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the 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 ("CAN"), and filing of the Prospectus with the Registrar of Companies, Gujarat, 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 Red Herring Prospectus and the Bid-cum-Application Form as would be required for filing the Prospectus with the Registrar of Companies, Gujarat and as would be required by Registrar of Companies, Gujarat 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:

<b>Category</b>	<b>Colour of Bid-cum-Application Form</b>
Resident Indian, eligible NRIs and Employees applying on a Non-Repatriation basis	White
Non-residents, eligible NRIs, FVCIs, FIIs etc applying on a repatriation basis	Blue

#### **Who can Bid**

1. Indian nationals resident in India who are majors, in single or joint names (not more than three);
2. 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;
3. Companies and corporate bodies not having majority ownership and control of persons resident outside India and societies registered under the applicable laws in India and authorised to invest in the Equity Shares;
4. Indian Mutual Funds registered with SEBI;
5. Indian Financial Institutions, FIIs registered with SEBI, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations, as applicable);
6. Venture Capital Funds registered with SEBI;
7. State Industrial Development Corporations;
8. Insurance companies registered with the Insurance Regulatory and Development Authority;
9. Provident funds with minimum corpus of Rs. 2500.00 Lacs and who are authorised under their constitution to hold and invest in Equity Shares;
10. Pension funds with minimum corpus of Rs. 2500.00 Lacs and who are authorised under their constitution to hold and invest in Equity Shares;
11. Trust/ society registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/ society and who are authorised under their constitution to hold and invest in Equity Shares; and
12. Scientific and/ or industrial research organizations authorised to invest in Equity Shares.
13. Permanent employee or Director (whole-time Directors, parttime Directors or otherwise) of the Company, who are Indian Nationals and are based in India. The permanent employees should be on the pay roll of the Company and the Directors should be directors on the date of the Red Herring Prospectus.

As per existing regulations, OCBs cannot Bid in this Issue.

**Note: The BRLM and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligation.**



**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 the relevant regulations or statutory guidelines.**

#### **Application by mutual funds**

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Fund Portion. In the event that the demand is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Fund Portion.

*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 all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

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.

#### **Bids by NRIs**

Bid cum application forms have been made available for NRIs at the company's registered/corporate office, members of the Syndicate and the Registrar to the Issue.

NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (white in colour). All Instruments accompanying bids shall be payable at Mumbai only.

#### **Application by FIIs**

*As per the current regulations, the following restrictions are applicable for investments by FIIs:*

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital (i.e. 10% of [%] Equity Shares of Rs. 10 each) Equity Shares. In respect of an FII investing in our Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital or 5% of our total issued capital in case such sub-account is a foreign corporate or an individual.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A (1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended, an FII or its sub account may issue, deal or hold, off-shore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed in any stock exchange in India only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

#### **Application by SEBI registered venture capital funds and foreign venture capital investors**

*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) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, a venture capital fund cannot invest more than 25% of the corpus of the fund in one venture capital undertaking. Please note that this restriction is not applicable to a foreign venture capital investor. However, venture capital funds or foreign venture capital investors may invest not more than 33.33% of their respective investible funds in various prescribed instruments, including in initial public offers of venture capital undertakings.

**The above information is given for the benefit of the Bidders. The Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Bidders are advised to make their independent investigations and ensure that the 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 160 Equity Shares and in multiples of 160 Equity Shares thereafter, subject to maximum Bid amount of Rs. 100,000. In case the maximum Bid amount is more than Rs. 100,000 then the same would be considered for allocation under the Non-Institutional Bidders category. The Cut-off option is given only to the Retail Individual Bidders indicating their agreement to bid and purchase 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 equity shares such that the Bid Amount exceeds Rs.1,00,000 and in multiples of 160 equity shares thereafter. A Bid cannot be submitted for more than the size of the Issue. However, the maximum Bid by a QIB should not exceed the investment limits prescribed for them by the regulatory or statutory authorities governing them. Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.
- In case of revision of bids, the Non Institutional Bidders who are individuals have to ensure that the Bid Amount is greater than Rs. 100,000. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids, the same would be considered for allocation under the Retail portion. Non Institutional Bidders and QIB Bidders are not allowed to Bid at 'Cut-Off'.
- (c) **For Employees of the Company :** The Bid must be for a minimum of 160 Equity shares and in multiples of 160 thereafter. Bidders in the Employee Reservation Portion applying for maximum Bid in any of the Bidding options not exceeding Rs. 1,00,000 may bid at 'Cut – off'.

### Information for Bidders

- (a) Our Company will file the Red Herring Prospectus with the Registrar of Companies, Gujarat.
- (b) The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid-cum-Application Form to potential investors.
- (c) Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid-cum-Application Form can obtain the same from our corporate office or from any of the BRLM/Syndicate Members.
- (d) Investors who are interested in subscribing for our Company's Equity Shares should approach any of the BRLM or Syndicate Member or their authorised agent(s) to register their Bid.
- (e) The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the members of the Syndicate. Bid-cum-Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.

### Method and Process of Bidding

- a) Our Company and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with Registrar of Companies, Gujarat and also publish the same in one English national daily, and one Hindi national daily. This advertisement shall contain the disclosures as prescribed under SEBI Guidelines. The BRLM and Syndicate Members shall accept Bids from the Bidders during the Issue Period.
- b) The Bidding Period shall be a minimum of three working days and shall not exceed seven working days. In case the Price Band is revised, the revised Price Band and Bidding Period will be published in two national newspapers (one each in English and Hindi) by indicating on the websites of the BRLM and at the terminals of the members of the Syndicate. The Bidding Period may be extended, if required, by an additional three working days, subject to the total Bidding Period not exceeding 10 working days.
- c) 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" below on page 89 of this Red Herring Prospectus) and specify the demand (i.e. the number of Equity Shares bid for) in each option. 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(s), irrespective of the Bid Price, will become automatically invalid.
- d) 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 bids 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 allocation or allotment of Equity Shares in this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph "Build up of the Book and Revision of Bids" on page of 91 this Red Herring Prospectus.





- e) During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids.
- f) Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment" on page 90 of this Red Herring Prospectus.
- g) The BRLM and Syndicate Member will enter each bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, ("TRS"), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form. It is the responsibility of the Bidder to obtain the TRS from the members of the Syndicate.

#### **Bids at Different Price Levels**

- (a) The Price Band has been fixed at Rs. 33 to Rs. 39 per Equity Share of Rs. 10 each, Rs. 33 being the Floor Price and Rs. 39 being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of Re 1. In accordance with SEBI Guidelines, the Company in consultation with the BRLM can revise the Price Band by informing the Stock Exchanges, releasing a press release, disclosure on the website of the members of the Syndicate, if any and notification on the terminal of the members of the Syndicate. In case of a revision in the Price Band, the Issue will be kept open for a period of three working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days. The Company in consultation with BRLM can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
- (b) The Bidders 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 and Employee Bidders 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 shall be rejected.**
- (c) Retail Individual Bidders, who bid at the Cut-Off agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription 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 from the Escrow Account.
- (d) The Price Band can be revised during the Bidding Period in which case the maximum revisions on either side of the Price Band shall not exceed 20% of the Cap Price and the Floor Price disclosed in the Red Herring Prospectus.
- (e) Any revision in the Price Band shall be widely disseminated including by informing the Stock Exchanges, issuing a press release and making available this information on the Bidding terminals.
- (f) In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 160 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.
- (g) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at Cut Off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band, with the members 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. 100,000, the Bid will be considered for allocation under the Non Institutional category in terms of this 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 for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut off
- (h) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut Off price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account

#### **Escrow Mechanism**

The Company and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favor the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the bid. Cheques or demand drafts received for the full Bid amount from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of this Red Herring Prospectus and an Escrow Agreement to be entered into amongst the Company, the BRLM Escrow Bankers and Registrar to the Issue. 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 Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), our Company, the Registrar to the Issue, BRLM to facilitate collections from the Bidders.

#### **Terms of Payment and Payment into the Escrow Account**

In case of 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/ her Bid in favor of the Escrow Account of the Escrow Collection Bank(s) (For further details, see "Issue Procedure - Payment Instructions" on page 96 of this Red Herring Prospectus) and submit the same to the members of the Syndicate to whom the Bid is being submitted. In case of QIB Bidders, the Margin Amount has to be submitted along with the Bid to the members of the Syndicate. Bid-cum-Application Forms accompanied by cash and stock invests 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 until 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 with the Banker(s) to the Issue. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds on the Designated Date, and no later than 15 days from the Bid / Issue Closing Date, the Escrow Collection Bank(s) shall refund all monies to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allotment to the Bidders.

Each category of Bidders i.e. QIBs, Non-Institutional Bidders, and Retail Individual Bidders would be required to pay their Margin Amount at the time of the submission of the Bid-cum-Application Form. The Margin Amount payable by each category of Bidders is mentioned under the heading "Issue Structure" on page 82 of this Red Herring Prospectus and shall be uniform across all the bidders in the same category. Where the Margin Amount applicable to the Bidder is more than 10% and less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of two days from the date of communication of the allocation list to the members of the Syndicate by the Registrar to the Issue. If the payment is not made favoring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. 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 on-line connectivity to each city where the Bids are accepted.
- (b) NSE and BSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Syndicate Member and their authorised agents during the Bidding Period. Syndicate members 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 a regular basis. On the Bid/Issue Closing Date, the Syndicate members shall upload the Bids till such time as may be permitted by the Stock Exchanges.
- (c) BSE and NSE will aggregate demand and price for Bids registered on their electronic facilities on a regular basis and display graphically the consolidated demand at various price levels. This information can be accessed on BSE's website at "www.bseindia.com" or on NSE's website at "www.nseindia.com".
- (d) At the time of registering each Bid, the Syndicate members shall enter the following details of the investor in the on-line system:
  - Name of the investor
  - Investor Category such as Individual, Corporate or Mutual Fund, etc.
  - Number of Equity Shares bid for
  - Bid price



- Bid-cum-Application Form number
  - Whether payment is made upon submission of Bid-cum-Application Form
  - Depository Participant Identification Number and Client Identification Number of the 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 request and obtain the TRS from the members of the Syndicate.** The registration of the Bid by the Syndicate Member does not guarantee that the Equity Shares shall be allocated either by the Syndicate Member or the Company.
- (f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
- (g) Consequently, all or any of the members of the Syndicate may reject QIB Bids provided the rejection is at the time of receipt of such Bids and the reason for rejection of the Bid is communicated to the Bidder at the time of such rejection. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed on Page 98 in this Red Herring Prospectus.
- (h) It is to be distinctly understood that the permission given by NSE and BSE to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company, BRLM are cleared or approved by NSE and BSE; 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 our Company, our Promoters, our management or any scheme or project of our Company.
- (i) It is also to be distinctly understood that the approval given by NSE and BSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and BSE.

#### **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 a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the BRLM on a regular 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. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her 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 that are not being changed, 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) of the Bid, the Bidders will have to use the services of the same members of the Syndicate through whom he or he had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
- (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 Red Herring Prospectus. In case of QIBs, the members of the Syndicate shall collect the payments in the form of cheque or demand draft for the incremental amount in the QIB Margin Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB 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 Syndicate Member. **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 Syndicate Member, the decision of the BRLM based on physical records of Bid-cum-Application Forms shall be final and binding to all concerned.



### **Price Discovery and Allotment**

- (a) After the Bid/Issue Closing Date, the BRLM will analyze the demand generated at various price levels and discuss pricing strategy with us.
- (b) The Company, BRLM shall finalise the “Issue Price” and the number of Equity Shares to be allotted.
- (c) The allocation for QIBs, upto 50% of the Net Issue, of which 5% shall be reserved for Mutual Funds would be proportionate. The allocation to Non-Institutional Bidders, and Retail Individual Bidders of not less than 15% and 35% of the Net Issue, respectively, would be on proportionate basis, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price.
- (d) Under subscription, if any, in Non-Institutional and Retail categories would be allowed to be met with spill over from any of the other categories at the discretion of the Company and the BRLM. However, if the aggregate demand by Mutual Funds is less than [●] Equity Shares, the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids. Any under subscription in the Equity Shares reserved for allocation to Bidders in the Employee Reservation Portion would be treated as part of the Net Issue to the public and allocation in accordance with the Basis of Allocation described in the section “Other Regulatory and Statutory Disclosures” beginning on page 75 of this Red Herring Prospectus.
- (e) As per the Phase I Policy, all shareholding in our Company should be held by Indians except for the limited portfolio investment by FIIs, NRIs, foreign nationals, persons of Indian origin and overseas corporate bodies subject to such ceilings as may be decided by the Ministry of Finance from time to time. Hence, we are not offering shares in this Issue to persons resident outside India, including FIIs, FVCIs, multilateral and bilateral institutions, NRIs and companies in which there is a majority ownership and control by persons resident outside India.
- (f) The BRLM, in consultation with us, shall notify the Syndicate Member of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
- (g) The Company reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before allotment.
- (h) In terms of SEBI Guidelines, QIB Bidders shall not be allowed to withdraw their Bid after the closure of Bidding.
- (i) The allotment details shall be put on the website of the Registrar to the Issue.

### **Signing of Underwriting Agreement and Registrar of Companies, Gujarat Filing**

- (a) The Company, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.
- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with Registrar of Companies, Gujarat, which then would be termed ‘Prospectus’. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

### **Advertisement regarding Price band and Red Herring Prospectus**

A statutory advertisement will be issued by the Company after the filing of the Red Herring Prospectus with the Registrar of Companies, Gujarat. This advertisement in addition to the information that has to be set out in the statutory advertisement shall indicate the Price band along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the date of Red Herring Prospectus and the Prospectus shall be included in the advertisement.

### **Issuance of Confirmation of Allotment Note**

After the determination of Issue Price, the following steps would be taken

- (a) The BRLM or Registrar to the Issue shall send to the Syndicate Member a list of their Bidders who have been allocated Equity Shares in the Issue.
- (b) The BRLM or Syndicate Members would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch 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. Those Bidders who have not paid into the Escrow Account at the time of bidding shall pay in full the amount payable into the Escrow Account by 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 Registrar to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The dispatch 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 to be allotted to such Bidder.

#### **Designated Date and Allotment of Equity Shares**

- (a) After the funds are transferred from the Escrow Account to the Public Issue Account on the Designated Date, we would ensure allotment of the Equity Shares to the allottees within two days of the finalisation and adoption of the basis of allotment.
- (b) All allottees will receive credit for the Equity Shares directly in their depository account. **Equity Shares will be issued only in the dematerialized form to the allottees.** Allottees will have the option to re-materialize the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

**Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.**

We would ensure the allotment of Equity Shares within 15 days of Bid/Issue Closing Date and also ensure that credit is given to the allottees' depository accounts within two working days from the date of allotment.

#### **GENERAL INSTRUCTIONS**

##### **Do's:**

- a) Check if you are eligible to apply;
- b) Complete the Bid-cum-Application Form after reading all the instructions carefully;
- c) Ensure that the details about Depository Participant and beneficiary account are correct as Equity Shares will be allotted in the dematerialized form only;
- d) Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate;
- e) Ensure that you have been given a TRS for all your Bid options;
- f) Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
- g) Ensure that the bid is within price band;
- h) 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 sequence as they appear in the Bid-cum- Application Form;
- i) If your Bid is for Rs. 50,000 or more, ensure that you mention your PAN allotted under the I.T. Act and ensure that you have attached a copy of your PAN card with the Bid-cum-Application Form. In case the PAN has not been allotted, mention "Not Allotted" in the appropriate place. (See section titled "Issue Procedure – PAN" on page 98 of this Red Herring Prospectus)

##### **Don'ts:**

- a) Do not Bid for lower than the minimum Bid size;
- b) Do not Bid/ revise Bid price to less than the lower end of the price band or higher than the higher end of the price band;
- c) Do not Bid on another Bid-cum-Application Form after you have submitted a Bid to the member of the Syndicate;
- d) Do not pay the Bid amount in cash;
- e) Do not provide your GIR number instead of your PAN.
- f) Do not send Bid-cum-Application Forms by post; instead submit the same to members of the Syndicate only;
- g) Do not Bid at cut off price (for QIBs and non-institutional bidders);
- h) Do not fill up the Bid-cum-Application Form such that the Equity Shares bid for exceeds the Issue size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations; and



- i) Do not submit Bid accompanied with Stock invest.
- j) Do not Bid if you are a person resident outside India, including FIIs, FVCIs, multilateral and bilateral institutions, NRIs and companies in which there is a majority ownership and control by persons resident outside India..

#### **Bids by Employees of the Company**

- i. For the purpose of this reservation, Employee means permanent employees of our Company, a Director of our Company (whether a whole time Director, part-time Director or otherwise).
- ii. Bids under Employee Reservation Portion by Permanent Employees shall be made only in the prescribed Bid-cum-Application Form or Revision Form (i.e. green colour form).
- iii. Employees, as defined above, should mention the following at the relevant place in the Bid-cum-Application Form:
- iv. Employee number
- v. The sole/ first bidder should be Permanent Employees as defined above.
- vi. Only Employees, as defined above, would be eligible to apply in this Issue under this Employee Reservation Portion.
- vii. Bids by 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.
- viii. Employees, as defined above, who apply or bid for Equity Shares of or for a value of not more than Rs. 100,000 in any of the Bidding options can apply at Cut-Off. This facility is not available to other Employees whose minimum Bid amount exceeds Rs. 100,000.
- ix. The maximum bid in this category can be for [●] Equity Shares.
- x. If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full allocation shall be made to the Employees, as defined above, to the extent of their demand.
- xi. Under subscription in this category would be added back to the Net Issue and the proportionate allocation of the same would be at the sole discretion of our Company in consultation with the BRLM.
- xii. If the aggregate demand in this category is greater than [●] 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 100 of this Red Herring Prospectus.

#### **Instructions for Completing the Bid-cum-Application Form**

Bidders can obtain Bid-cum-Application Forms and / or Revision Forms from the BRLM or Syndicate Member.

#### **Bids and Revisions of Bids**

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid-cum-Application Form or Revision Form, as applicable (white colour for resident Indians and green colour for Employees of the Company)
- (b) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.
- (c) The Bids from the Retail Individual Bidders must be for a minimum of 160 Equity Shares and in multiples of 160 thereafter subject to a maximum Bid amount of Rs. 100,000.
- (d) For Non-institutional and QIB Bidders, Bids must be for a minimum Bid Amount of Rs. 100,001 and in multiples of 160 Equity Shares thereafter. All individual Bidders whose maximum Bid amount exceeds Rs. 100,000 would be considered under this category. 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 Equity Shares that can be held by them under the applicable laws or regulations.
- (e) In single name or in joint names (not more than three).
- (f) Thumb impressions and signatures other than in the languages specified in the eighth schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.



### **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 and neither the BRLM nor the Bank shall have any responsibility and undertake any liability for the same.

### **Bidder's Depository Account Details**

**IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALIZED 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 ("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 and ensure that they are true and correct.

By signing the Bid-cum-Application Form, Bidder would have deemed to authorize 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 and neither the Escrow Collection Bank nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

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.

### **Bids by NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis**

Bids and revision to Bids must be made:

On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

In a single name or joint names (not more than three).

NRIs for a Bid Price of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Price of more than Rs. 100,000 would be considered under Non-Institutional Portion for the purposes of allocation; by other eligible non-resident Bidders for a minimum of such number of Equity Shares and in multiples of 160 Equity Shares such that the Bid Price exceeds Rs. 100,000.

For further details, please refer to the section entitled 'Maximum and Minimum Bid Size' on page 88 In the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.



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 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 or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. The Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

The Company does not require approvals from FIPB or RBI for the Issue of Equity Shares to eligible NRIs, FIIs, foreign venture capital investors registered with SEBI and multilateral and bilateral development financial institutions. As per the RBI regulations, OCBs are not permitted to participate in the Issue.

There is no reservation for NRIs, FIIs and foreign venture capital funds and all NRIs, FII and foreign venture capital funds applicants will be treated on the same basis with other categories for the purpose of allocation.

#### **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 Articles 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 therefore.

In case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by provident funds with minimum corpus of Rs. 2500.00 Lacs and pension funds with minimum corpus of Rs. 2500.00 Lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid-cum-Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made by Mutual Funds, Venture Capital Funds registered with SEBI and FVCIs registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

We, in our 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 that we may deem fit.

#### **Bids and revision to Bids must be made:**

On the Bid-cum-Application Form or the Revision Form, as applicable (blue in color), and completed in full in **BLOCK LETTERS in ENGLISH** in accordance with the instructions contained therein.

In a single name or joint names (not more than three).

For further details see section titled "Issue Procedure - Maximum and Minimum Bid Size" on page 88 of this Red Herring Prospectus.

#### **Payment Instructions**

We, the BRLM shall open an Escrow Account with the Escrow Collection Bank(s) 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:

#### **Payment into Escrow Account:**

- (a) 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 for the Bid Amount in favor of the Escrow Account and submit the same to the members of the Syndicate.
- (b) In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount 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 by the BRLM.
- (c) The payment instruments for payment into the Escrow Account should be drawn in favor of:





- i. In case of Resident QIB Bidders: **“Escrow Account Resident QIB – Nissan IPO- QIB- R”**
  - ii. In case of Non Resident QIB Bidders: **“Escrow Account for Non Resident QIB– Nissan IPO- QIB- NR”**
  - iii. In case of Employees of the Company: **“Escrow Account for Employees – Nissan IPO – EMP”**
  - iv. In case of Resident Retail Bidders: **“Escrow Account Resident Retail – Nissan IPO- R”**
  - v. In case of Non Resident Retail Bidders: **“Escrow Account Non-Resident Retail - Nissan IPO- NR”**
  - vi. In case of Resident Non – Institutional Bidders: **“Escrow account Resident Non – Institutional – Nissan IPO-HNI-R”**
  - vii. In case of Non Resident Non – Institutional Bidders: **“Escrow account Non Resident Non Institutional – Nissan IPO-HNI- NR”**
- (d) Hence, we are not offering shares in this Issue to persons resident outside India, including FIIs, FVCIs, multilateral and bilateral institutions, NRIs and companies in which there is a majority ownership and control by persons resident outside India.
- (e) Where a Bidder has been allocated a 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.
- (f) The monies deposited in the Escrow Account will be held for the benefit of the Bidders until Designated Date.
- (g) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
- (h) On the Designated Date and no later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank shall also refund all amounts payable to unsuccessful bidders and also the excess amount paid on Bidding, if any, after adjusting for allocation to the 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/ stock invest/money orders/ postal orders will not be accepted.

#### **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 Syndicate Member at the time of submission of the Bid. Member of the Syndicate may at its sole discretion waive the requirement of payment at the time of submission of the Bid-cum-Application Form and Revision Form in the case of QIB Bidders, prescribed however, that for QIB Bidders the Syndicate member shall collect the QIB Margin and deposit the sum in a specified escrow account.

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection center of the 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.

#### **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 Bids, 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 dispatched 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 or 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.



Bidders in the Employees Reservation category can also bid in the "Net Issue to the Public" and such Bids shall not be treated as multiple Bids.

We reserve the right to reject, in our absolute discretion to accept or reject, all or any multiple Bids in any or all categories.

#### **Permanent Account Number (PAN)**

Where Bid(s) is/are for Rs. 50,000 or more, the Bidder or in the case of an Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act. The copy of the PAN card or PAN allotment letter is required to be submitted with the Bid-cum-Application form. Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the sole/first Bidder and joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid-cum-Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the sole/first Bidder and each of the joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income-tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving license (d) Identity card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. **It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.**

#### **Unique Identification Number - MAPIN**

With effect from July 1, 2005, SEBI has decided to suspend all fresh registrations for obtaining Unique Identification Number (UIN) and the requirement to contain/quote UIN under the MAPIN Regulations/ Circulars vide its circular MAPIN/Cir- 13/2005.

#### **Our Right to Reject Bids**

The BRLM may reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bid and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the Bid. In case of Non Institutional Bidders, Retail Individual Bidders and Bidders in the Employee Reservation Portion, the Company will have the right to reject 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 among others on the following technical grounds:

- 1) Amount paid doesn't tally with the highest number of Equity Shares bid for;
- 2) Age of first Bidder not given;
- 3) Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons;
- 4) PAN not given if Bid is for Rs. 50,000 or more and GIR number given instead of PAN number;
- 5) Bids for lower number of Equity Shares than specified for that category of investors;
- 6) Bids at a price less than lower end of the Price Band;
- 7) Bids at a price more than the higher end of the Price Band;
- 8) Bids at cut-off price by Non-Institutional and QIB Bidders;
- 9) Bids for number of Equity Shares which are not in multiples of 160;
- 10) Category not ticked;
- 11) Multiple bids as defined in this Red Herring Prospectus;
- 12) In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
- 13) Bids accompanied by Stock Invest/ money order/postal order/cash;



- 14) Signature of sole and / or joint Bidders missing;
- 15) Bid-cum-Application Form does not have the stamp of the BRLM or Syndicate Member;
- 16) Bid-cum-Application Form does not have Bidder's depository account details;
- 17) In case no corresponding record is available with the Depository that matches three parameters: name of Bidder (including sequence of names of joint holders), Depository Participant identification number and beneficiary account number;
- 18) Bid-cum-Application Forms are not delivered by the Bidders within the time prescribed as per the Bid-cum-Application Form, Bid/Issue Opening Date advertisement and this Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid-cum-Application Form;
- 19) Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. See the details regarding the same at page 88 of this Red Herring Prospectus;
- 20) Bids by persons resident outside India, including FIIs, FVCIs, multilateral and bilateral institutions, NRIs and companies in which there is a majority ownership and control by persons resident outside India.;
- 21) Bids by OCBs

#### **Equity Shares in Dematerialized Form with NSDL or CDSL**

**As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form**, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among us, the respective Depositories and the Registrar to the Issue:

- a) A tripartite agreement dated 13/10/2006 with NSDL, us and Registrar to the Issue;
- b) A tripartite agreement dated 26/10/2006 with CDSL, us and Registrar to the Issue.

**All Bidders can seek allotment only in dematerialized mode. Bids from any investor without relevant details of his or her Depository Account are liable to be rejected.**

- a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- b) The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing in the Bid-cum-Application Form or Revision Form.
- c) Equity Shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder
- d) 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.
- e) Non-transferable allotment advice or refund orders will be directly sent to the Bidder by the Registrar to this Issue.
- f) 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 is liable to be rejected.
- g) 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.
- h) It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- i) The trading of the Equity Shares of the Company would be in dematerialized form only for all investors.

#### **Communications**

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the 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, number and issuing bank thereof.



## **Impersonation**

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A 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 for, any shares therein, or
- (b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years.”

## **Basis of Allotment**

### **A. 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 Issue 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 Rs. 787.50 Lacs 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 Rs. 787.50 Lacs 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 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 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 Rs. 337.50 Lacs 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 Rs. 337.50 Lacs at or above the Issue Price, 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 QIB Bidders**

- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to all the QIB Bidders will be made at the Issue Price.
- The QIB Portion shall be available for allocation to QIB Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:
  - (a) In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows;
    - (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for 5% of the QIB Portion.
    - (ii) In the event that the aggregate demand for Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid Bids received above the Issue Price.
    - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below;
  - (b) In the second instance allocation to all QIBs shall be determined as follows:
    - (i) In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.



- (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.
- (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

(c) The aggregate allocation to QIB Bidders shall not be more than [●] Equity Shares.

#### **D. 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 Rs. 250.00 Lacs 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 Rs. 250.00 Lacs at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiple of 160 Equity Shares thereafter. For the method of proportionate basis of allocation, refer below.
- Only Employees may apply under the Employee Reservation Portion.

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 BRLM.

#### **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 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 Equity 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 [●] Equity Shares. The minimum 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 [●] per Bidder, the allotment shall be made as follows:
  - Each successful Bidder shall be allotted a minimum of [●] 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 Equity 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.

#### **Undertaking by the Company**

The Company undertake as follows:

- The complaints received in respect of the captioned Public Issue shall be attended to by the Company expeditiously and satisfactorily
- All steps for completion of the necessary formalities for listing and commencement of trading at all stock exchanges where the shares are to be listed are taken within 7 working days of finalisation of basis of allotment



- The funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the issue by the issuer.
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 30 days or 15 days of closure of the issue, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.
- The certificates of the shares/ refund orders to the non-resident Indians shall be dispatched within the specified time
- No further issue of securities shall be made till the shares offered through this prospectus are listed or till the application moneys are refunded on account of non-listing, under subscription etc.

#### **Utilisation of Issue proceeds**

The Board of Directors of our Company certifies that:

- (a) all monies received out of the Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- (b) details of all monies utilised out of this 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 utilized and
- (c) Details of all unutilised monies out of this Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested.

The Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

#### **Procedure and Time Schedule for Allotment of Equity Shares**

We, the BRLM reserve the right to reject any Bid without assigning any reason thereof in case of QIBs. In case of Non-Institutional Bidders and Retail Individual Bidders we have a right to reject Bids based on technical grounds. In case a Bid is rejected in full, the whole of the Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. In case a Bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. We shall ensure allotment of the Equity Shares within 15 days from the Bid/Issue Closing Date, and we shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if Equity Shares are not allotted, refund orders are not dispatched and/ or demat credits are not made to investors within two working days from the date of allotment.

#### **Disposal of Applications and Applications Money**

We shall ensure dispatch of allotment advice, transfer advice or refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within two working days of date of finalisation of allotment of Equity Shares. We shall dispatch refund orders, if any, of value up to Rs. 1,500, "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 except for Bidders who have opted to receive refunds through the ECS facility or RTGS or Direct Credit.

We shall use best efforts to ensure that all steps for completion of the necessary formalities for allotment and 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, we further undertake that:

- Allot Equity Shares only in dematerialized form within 15 days of the Bid/Issue Closing Date;
- Dispatch refund orders, except for Bidders who have opted to receive refunds through the ECS facility, within 15 working days of the Bid/Issue Closing Date would be ensured: and
- **Interest in Case of Delay in Dispatch of Allotment Letters/ Refund Orders in Case of Public Issues** - we shall pay interest at 15% per annum (for any delay beyond the 15-day time period as mentioned above), if allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within the 15-day time prescribed above.

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

No separate receipts shall be issued for the money payable on the submission of Bid-cum-Application Form or Revision Form. However, the collection center of the 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.

### **Mode of Making Refunds**

Bidders must note that on the basis of name of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid-cum-Application Form, the Registrar will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. 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 despatch of refund order or refunds through Electronic Transfer of Funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither the Company, the Registrar, Escrow Collection Bank(s), Bankers to the Issue nor the BRLM shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

The payment of refund, if any, would be done through various modes in the following order of preference:

- I. ECS - Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centers: Ahmedabad, Bangalore, Bhubaneswar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned fifteen centers, except where the applicant, being eligible, opts to receive refund through direct credit or RTGS.

The Company, in consultation with the BRLM and the Registrar may decide to use the National Electronic Funds Transfer ("NEFT") facility for payment of refunds.

- II. Direct Credit - Applicants having bank accounts with the Refund Banker(s) shall be eligible to receive refunds through direct credit. The refund amount, if any would be credited directly to the eligible applicant's bank account with the Refund Banker. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
- III. RTGS - Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 10 Lacs, have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.

**Please note that only applicants having a bank account at any of the 15 centres where clearing houses for ECS are managed by the RBI are eligible to receive refunds through the modes detailed in I, II and III hereinabove. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value upto Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks 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 centers 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 if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the GoI, Ministry of Finance pursuant to their letter No.F/8/S/79 dated July 31, 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 SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

### **Rectification of Register of Members**

The Company, under Section 111A of the Companies Act will have the right to rectify the register of members to comply with the Companies Act.



## SECTION VIII - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

Pursuant to the provisions of Schedule II of the Companies Act and the SEBI Guidelines, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares and other main provisions are as detailed below. Each provision hereinbelow is numbered as per the corresponding article number in the Articles of Association and capitalized terms used in this section have the meaning that has been given to such terms in the Articles of Association of our Company

	<b>CAPITAL</b>
Article 4	The Company in General Meeting may, 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 amount as the resolution shall prescribe. The new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereof as the General Meeting shall resolve upon the creation, direct and if no direction be given as the Directors shall determine and in particular such shares may be issued with a preferential or qualified right to dividends and in distribution of assets of the company and with a right of voting at General Meeting of the company in conformity with Section 87 and 88 of the Act.
Article 6	The company may, subject to the provisions of Sections 77A and 77B of the Act from time to time by passing a Special Resolution in this regard, purchase its own shares and other securities out of its free reserves, securities premium account of the proceeds of any shares or other specified securities, except the proceeds of an earlier issue of the same kind of shares or same kind of other specified securities.
Article 7	The Company may (subject to the provisions of Section 77, 80 and 100 to 105 of the Act) from time to time by Special Resolution reduce its capital out of any Capital Redemption Reserve Account or Share Premium Account in any manner for the time being authorized by law, and in particular capital may be paid off on the footing that it may be called up again or otherwise. The Articles shall not derogate from any power the Company would have, if it were omitted.
Article 8	The rights conferred upon the holders of the shares (including Preference Shares, if any) of any class issued with preferred or other rights or privileges shall, unless, otherwise expressly provided by the terms of the issue of shares of that class, be deemed not be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further shares ranking pari passu therewith.
	<b>SHARES &amp; CERTIFICATES</b>
Article 10	(1) Subject to the provisions of these Articles and of the Act, the shares including any shares forming part of any increased capital of the company) in the capital shall be under the control of the Board of Directors who may issue, allot or otherwise dispose of the same to such persons on such terms and conditions and at such time as the Board of Directors think fit or be allotted shares of any class of the company either at a premium or at par of (subject to the provisions of section 79 of the Act) at a discount and for such time and for such consideration as the Board of Directors think fit.
	PROVIDED THAT option or right to call of shares shall not be given to any person or persons except with the sanction of the company in General Meeting.
	(2) Notwithstanding anything contained in these Articles, the company shall have powers to dematerialise its shares, debentures and other securities to rematerialize the same and to offer and issue new shares, debentures or other securities in a dematerialized form in accordance with the provisions of the Depositories Act. The rights and obligations of the concerned persons with regards to the shares, debentures and other securities in the dematerialized form and all matters in connection therewith and/or incidental thereto shall be governed by the provisions of the Depositories Act and relevant provisions of the Act.
	(3) All securities of the company held by a Depository shall be dematerialized and be in fungible form and no certificate shall be issued for the securities held by the Depository.
	(4) Every person subscribing to or holding shares, debentures and other securities of the company will have the option to receive certificate therefore or to hold the same with a Depository in dematerialized form. A beneficial owner i.e. a person whose name is recorded in a Depository in respect of the securities can at any time opt out of the Depository, if permitted by law and in that case the Company shall in the manner and within the prescribed time limit issue the required certificates in respect of the said securities to the beneficial owner.





Article 17	Every member shall be entitled, without payment, to one or more certificates in marketable , lots for all the shares of each class or denomination registered in his name, or if the Directors so approved (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the company shall complete and ready for delivery such certificate within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation, or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive number of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, PROVIDED THAT in respect of share or shares held jointly by several persons, the Company shall not be borne to the issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all such holders.
Article 21	If any share stands in the name of two or more persons, the persons first named in the Register shall, as regards receipt of dividends or bonus or service of notice and all or any other matter connected with the company, shares, voting at a meeting and the transfer of the shares, be deemed to be the sole holder thereof but the joint holders of a share, shall severally as well as jointly be liable for the payment of all instalments and calls due in respect of such share and for all incidents thereof.
Article 27	(1) The Board, may from time to time, subject to the terms on which any shares may have been issued and subject to the conditions of allotment, by a resolution passed at a meeting of the Board and not by circular resolution, make such calls as it think fit upon the Members in respect of all moneys unpaid on the shares held by them respectively and each Member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Board.
	(2) A call may be revoked or postponed at the discretion of the Board.
	(3) A call may be made payable by installments.
	<b>LIEN</b>
Article 36	(1) 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 repayable at a fixed time in respect of such shares and no equitable interest in any share shall be created except upon the footing and condition that Article 20 hereof will have full effect and such lien shall extend to all dividends and bonus from time to time declared in respect of such shares. Unless otherwise agreed, registration of a transfer of such shall will 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 provisions of this clause.
	(2) Fully paid shares shall be free from all lien and that in the case of partly paid shares, the company's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares.
Article 37	(1) For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as they shall think fit and for that purpose may caused to be issued a duplicate certificate in respect of such shares and may authorize one of their members to execute a transfer thereof on behalf of and in the name of such Member.
	(2) No sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such member or his representative and default shall have been made by him or them in payment, fulfillment or discharge of such debts, liabilities or engagement for fourteen days after service of such notice.
	<b>FORFEITURE OF SHARES</b>
Article 38	If any member fails to pay any call or installment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board of Directors may, at any time thereafter, during such time as the call or installment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have been accrued and all expenses that may have been incurred by the Company by reason of such non-payment



<b>TRANSFER AND TRANSMISSION OF SHARES</b>	
Article 50	The instrument of transfer shall be in writing and all provisions of Section 108 of the Act shall be duly complied with in respect of all transfer of shares and registration thereof and such instrument of transfer shall be presented to the company, duly stamped, for registration accompanied by the relative share certificate and such evidence as the Board may require to prove the title of the transfer or his right to transfer the shares and generally under and subject to such conditions and regulations as the Board shall from time to time prescribe and every registered instrument of the transfer shall remain in the custody of the company until destroyed by order of the Board of Directors.
Article 57	Subject to the provisions of section 111 of the Act and Section 22 of the Securities Contract (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 one 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 or persons indebted to the company on any account what so ever except when the company has a lien on the shares. Transfer of shares/Debentures in whatever lot shall not be refused.
Article 58	If the company refuses to register the transfer of any share or transmission of the right therein, the company shall within one month from the date on which the instrument of transfer or intimation of the transmission was lodged with the company send notice of refusal to the transferee and transferor or to the person giving intimation of the transmission as the case may be
Article 59	In case of the death of anyone or more persons named in the Register of Members as the Joint holders of any share, the survivor/s shall be the only person/s recognized by the company as having any title to or interest in such share but nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability on shares held by him jointly with any other person.
Article 61	Any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy, liquidation or winding up, as the case may be, of any member or by any lawful means other than by a transfer in accordance with these Articles, may with the consent of the Board (which it shall not be under obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under these articles or of his title as the Board shall require and upon giving such indemnity as the Directors shall require either be registered as member in respect of such shares or elect to have some person nominated by him and approved by the Board registered as a member in respect of such shares. PROVIDED NEVERTHELESS THAT if such person shall elect to have his nominee an instrument of transfer in accordance with the provision herein contained and until he does so he shall not be freed from any liability in respect of such shares. This clause is hereafter referred to as "THE TRANSMISSION CLAUSE".
<b>BORROWING POWERS</b>	
Article 65	Subject to the provisions of Section 58A, 292 and 293 of the Act and these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board, receive deposits or loans from members either in advance of call or otherwise and generally raise or borrow money by way of deposits, loans, overdrafts, cash credit or by issue of bonds, debentures or debenture stock (perpetual or otherwise) or in any other manner or from any person, firm, company, co-operative society or any corporate body, bank, institution, Government or any authority or any other body for the purpose of the company and may secure the payment of any sum or sums of money so received, raised or borrowed.
<b>VOTING RIGHTS OF MEMBERS</b>	
Article 75	A member paying the whole or a part of the amount remaining unpaid on any shares held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment become presently payable.
Article 76	No member shall exercise any voting rights in respect of any share registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the company has and had exercised any right or lien.



Article 78	If there are joint registered holders of any shares any one of such persons may vote at any meeting personally or by proxy in respect of such shares , as if he were solely entitled thereto but the proxy so appointed shall not have any right to speak at the meeting and if more than one of such joint holders be present at any meeting either personally or by proxy, that one of the said persons so present whose name, stands, higher on the Register shall alone be entitled to speak and to vote in respect of such shares but the other or others of the joint holders shall be entitled to be present at the meeting. PROVIDED ALWAYS THAT a person present at any meeting personally shall be entitled to vote in preference to a person present by proxy though the name of such person present by proxy stands first or higher in the Register in respect of share. Several executors or administrators of a deceased member in whose name the shares stand shall, for the purpose of this Article, be deemed joint holder thereof.
	<b>DIRECTORS</b>
Article 84	Unless otherwise determined by a general meeting of the company and subject to the provisions of Section 253 of the Act, the number of Directors (including Debenture Director, Permanent Directors, Special Directors and Corporate Directors, if any) shall not be less than 3 and more than 12.
Article 89.	(1) The Board of Directors shall also have power at any time and from time to time to appoint any other person to be an Additional Directors but so that the total number of Directors shall not at any time exceed the maximum strength fixed for the Board by the Articles.
	(2) Any person so appointed as an Additional Director shall retain his office only upto the date of the next annual general meeting but shall be eligible for election at such meeting subject to the provisions of the Act.
Article 90	A Director shall not be required to hold any qualification shares.
	<b>DIVIDENDS</b>
Article 110	(1) Subject to the rights of the persons, if any, entitled to share with special rights as to dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect where of the dividend is paid but if so long as nothing is paid upon may any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.
	(2) No amounts paid or credited as paid on a share in advance of calls be treated to the purpose of these Articles as paid on the share.
Article 111	The Board of Directors may from time pay the members such interim dividends as in their judgment the position of the company justifies.
Article 112	All dividends shall be apportioned and paid proportionately to the accounts paid or credited as paid on the shares during any portion or portions of the period in the respect of which the dividend is paid but if any share is issued on terms providing that it shall rank for dividends from a particular date such share shall rank for dividend accordingly.
Article 116	No unpaid dividend shall bear interest as against the company.
	<b>WINDING UP</b>
Article 127	(1) If the company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be the losses shall be borne by the members in proportions to the capital paid-up or which ought to have been paid up at the commencement of the winding up on the shares held by them respectively.
	(2) If on the winding up the assets available for distribution among the members shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding-up, the excess shall be distributed amongst the members (other than those not entitled to a share in excess) in proportion to the capital at the commencement of the winding up or which ought to have been paid up on the shares held by them respectively.
	(3) This Article is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.



<b>INDEMNITY</b>	
Article 129	(1) Save and except so far as the provisions of this Article shall be avoided by Section 201 of the Act, the Board of Directors, Managing Director, Managers, Secretary, and other officers or other employees for the time being of the company, Auditor and the Trustees, if any, for the time being acting in relation to any of the affairs of the company and every one of their heirs, executors and administrators shall be indemnified and secured harmless out of the assets and profits of the company from and against all actions, costs, charges, losses, damages and expenses which they or any of their executors or administrator shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty or supposed duty in their respective offices or trusts except such if any as they own willful neglect or default respectively.
	(2) Save and except so far as the provisions of this Articles shall be avoided by Section 201 of the Act, none of them shall be answerable for the acts, receipts, neglect or defaults of the other or others of them or for joining in any receipt for the sake of conformity or for any bankers or other persons with whom any moneys or effect belonging to the company shall or may be lodged or deposited for safe custody or for the insufficiency or deficiency of any security upon which any moneys of or belonging to the company shall be placed out or invested or for any other loss, misfortune or damage which may happen in the execution of their respective offices or trusts or in relation thereto, except when the same shall happen by or through their own dishonesty, willful neglect or default respectively.
<b>SECRECY</b>	
Article 130	Every Director, Officer and other employee of the Company shall before entering upon his duties sign a declaration in the form as the Director may from time to time direct.
Article 131	No member or other person (not being a Director) shall be entitled to visit or inspect any property or premises of the company without the permission of the Directors or Managing Director or to require discovery of or any information respecting any detail of the company's trading or any manner which is or may in the nature of a trade secret, mystery of trade, secret process or any other matter which may relate to the conduct of the business of the company and which in the opinion of the Directors, it would be inexpedient in the interest of the company to disclose.



## SECTION IX – OTHER INFORMATION

### MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts which are or may be deemed material have been entered or to be entered into by our Company. These Contracts, copies of which have been attached to the copy of this Red Herring Prospectus, delivered to the Registrar of Companies, Ahmedabad at Gujarat for registration and also the documents for inspection referred to hereunder, may be inspected at the registered office of the our company at the Shed No. J/20, GIDC, Umbergaon, Gujarat – 396 171, from 10.00 am to 4.00 pm on working days from the date of this Red Herring Prospectus until the Bid/Issue Closing Date.

#### Material Contracts

1. Memorandum of Understanding dated 06/07/2006 between Keynote Corporate Services Limited and our Company;
2. Memorandum of Understanding dated 18/05/2006 between Bigshare Services Private Limited and our Company;
3. Escrow Agreement dated 16/11/2006 between the Company, the BRLM, Escrow Collection Bank and the Registrar to this Issue;
4. Tripartite Agreement between NSDL, our Company and the Registrar to the Issue dated 13/10/2006;
5. Tripartite Agreement between CDSL, our Company and the Registrar to the Issue dated 26/10/2006;
6. Syndicate Agreement dated 18/11/2006 between the Company, BRLM and the Syndicate Member;
7. Copy of the Underwriting Agreement dated [●] between the Company, BRLM and Keynote Capitals Limited.

#### Material Documents

1. Certified true copies of the Memorandum and Articles of Association as amended from time to time;
2. Copy of the Resolution passed at the Board meeting held on May 6, 2006, and copy of the resolution passed by the shareholders of our company at the Extra Ordinary General meeting passed under Section 81 (1A) dated May 9, 2006;
3. Copies of the Annual Report for the year ended March 31, 2006, 2005, 2004, 2003 and 2002;
4. Report of the statutory auditors Ramesh Bhatt & Co. dated November 15<sup>th</sup>, 2006 for Restated Financial Statements for the year ended March 31, 2006, 2005, 2004, 2003, 2002 and six months period ended 30<sup>th</sup> September 2006 prepared as per Schedule II Part II of the Companies Act, 1957 and mentioned in the Prospectus;
5. Report of the statutory auditors, Ramesh Bhatt & Co. Chartered Accountants dated May 26, 2006 confirming tax benefits as mentioned in this Prospectus;
6. Consents of Statutory Auditors, Bankers to the Company, BRLM, Registrar to the Issue, Banker to the Issue, Legal Advisors to the Issue, Directors of the Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities;
7. Copy of letter dated 03/08/2006, received from SBI regarding Renewal of Credit Facilities with Enhancement & Grant of Fresh Term Loan;
8. Copy of Special Resolution passed in the EGM of the members of Nissan Copper Limited held on Monday, 21<sup>st</sup> November 2005 for appointment of Mr. Ratanlal S. Mardia as Managing Director;
9. Copy of Special Resolution passed in the EGM of the members of Nissan Copper Limited held on Monday, 21<sup>st</sup> November 2005 for appointment of Mr. Sanjaykumar S. Mardia as Vice- Chairman;
10. Due Diligence report dated 25/08/2006 from Legal Advisors to the issue, India Law Alliance;
11. Copy of letter no. ILA/KK/PG/2006000505 dated 20<sup>th</sup> November, 2006 from Legal Advisors to the issue, India Law Alliance, regarding the subsequent changes effected from September to November 2006;
12. Copy of in-principle listing permission received from BSE vide their letter no. List/smg/sm/2006 dated 26/09/2006;
13. Copy of in-principle listing permission received from NSE vide their letter no. NSE/LIST/31178-W dated 13/10/2006;
14. Due diligence certificate dated 25/08/2006 to SEBI from Keynote Corporate Services Limited;
15. SEBI observation letter no. CFD/DIL/SM/79537/2006 dated November 09, 2006 and reply of Keynote Corporate Services Limited to SEBI vide letter dated 21/11/2006;

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



## DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India, as the case may be, have been complied with and no statement made in this 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. Our Company further certifies that all the statements in this Red Herring Prospectus are true and correct.

### SIGNED BY THE DIRECTORS OF THE COMPANY

Sd/-  
Shantilal Mardia,  
Chairman

Sd/-  
Sanjay Mardia,  
Vice Chairman

Sd/-  
Ratanlal Mardia,  
Managing Director

Sd/-  
Sunil Ghorawat  
Director

Sd/-  
Praveen Shah  
Director

Sd/-  
Shailesh H. Shah  
Director

### SIGNED BY THE COMPANY SECRETARY AND COMPLIANCE OFFICER

Sd/-  
Rahul Singh  
Company Secretary & Compliance Officer

**Place :** Mumbai

**Date :** November 21, 2006.