RED HERRING PROSPECTUS
Dated October 4, 2010
Please read Section 60B of the Companies Act, 1956
(To be updated upon ROC filing)
100% Book Building Issue

GYSCOAL ALLOYS LIMITED

The Company was originally incorporated as Shreenath Mineral Metal Private Limited on September 29, 1999 under the Companies Act, 1956 as a private limited company by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. The name of the Company was changed to Gyscoal Alloys Private Limited and a fresh certificate of incorporation consequent to the change of name was granted by Registrar of Companies, Gujarat on June 21, 2004. The Company subsequently became a public limited Company and the name of the Company was changed to Gyscoal Alloys Limited and the fresh certificate of incorporation was granted to the Company on March 21, 2006 by the Registrar of Companies, Gujarat. For details of the change in the name of our Company and registered office, see *"***History and Certain Corporate Matters***"* on page 81. Company Incorporation Number (CIN) of the Company is U27209GJ1999PLC036656.

Regd. Office: 2nd Floor, Mrudul Tower, B/h. Times of India, Ashram Road, Ahmedabad – 380009,
Tel: 91-79-26574878, 26577998; **Fax:** +91-79-26579387; **E-mail:** ipo@gyscoal.com; **Website**: www.gyscoal.com,
Contact Person: Ms. Neha Choksi, Company Secretary & Compliance Officer

PROMOTERS: MR. VIRAL M. SHAH, MR. MANISH M. SHAH, MR. ZANKARSINH K. SOLANKI, MRS. GIRABEN K. SOLANKI AND GENERAL CAPITAL AND HOLDING COMPANY PRIVATE LIMITED

PUBLIC ISSUE OF 77,00,000 EQUITY SHARES OF Rs.10 EACH FOR CASH AT A PRICE OF Rs. [•] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF Rs. [•] PER EQUITY SHARE) AGGREGATING Rs. [•] LACS BY GYSCOAL ALLOYS LIMITED ('COMPANY' OR 'ISSUER' OR 'GAL') (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE ISSUE WOULD CONSTITUTE 48.65% OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF THE COMPANY.

PRICE BAND: Rs. 65 TO Rs. 71 PER EQUITY SHARE OF FACE VALUE Rs.10 EACH.

THE ISSUE PRICE IS 6.5 TIMES THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 7.1 TIMES THE FACE VALUE AT THE HIGHER END 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/Issue Period not exceeding 10 working days. Any revision in the Price band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to Bombay Stock Exchange Ltd. ("BSE") and the National Stock Exchange of India Limited ("NSE"), by issuing a press release and also by indicating the change on the website of the Book Running Lead Manager ("BRLM") and at the terminals of the Syndicate.

The Issue is being made through the 100% Book Building Process wherein up to 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers, out of which 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 Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue Price. Further, at least 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

RISKS IN RELATION TO FIRST ISSUE

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

GENERAL RISKS

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

ISSUER'S ABSOLUTE RESPONSIBILTY

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 the Issue which is material in the context of the 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 makes 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 offered through this Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Ltd (BSE) (Designated Stock Exchange) and the National Stock Exchange of India Ltd (NSE). The Company has received in-principle approval from BSE & NSE for the listing of the Equity Shares pursuant to their letter dated May 20, 2010 and June 10, 2010 respectively.

IPO GRADING

This Issue has been graded by CARE as '**CARE IPO Grade 2**', indicating 'Below Average Fundamentals'. For details see "General Information" beginning on page 13 of this Red Herring Prospectus.

BOOK RUNNING LEAD MANAGER	REGISTRAR TO THE ISSUE
Chartered Capital And Investment Limited 711, Mahakant, Opp V.S. Hospital, Ellisbridge, Ahmedabad-380 006 Tel: +91-79-2657 5337, 2657 7571 Fax: +91-79-2657 5731 E-mail: gal.ipo@charteredcapital.net Investor grievance Id: investor.relation@charteredcapital.net Website: www.charteredcapital.net Contact Person: Mr. Manoj Kumar Ramrakhyani	LINK INTIME INDIA PVT LTD (Formerly INTIME SPECTRUM REGISTRY LTD) **Link Intime India Private Limited** C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (West), Mumbai 400 078 Tel :+91-22- 25960320, Fax :+91-22- 25960329 E-mail: gal.ipo@linkintime.co.in Website: www.linkintime.co.in Contact person: Mr. Chetan Shinde

ISSUE PROGRAMME

BID / ISSUE OPENS ON : WEDNESDAY, OCTOBER 13, 2010	BID / ISSUE CLOSES ON : FRIDAY, OCTOBER 15, 2010

SECTION I- DEFINITIONS AND ABBREVIATIONS

CONVENTIONAL/ GENERAL TERMS

"Issuer" or "Company" or "GAL" or "We" or "us" or "our", unless the context otherwise requires, refers to Gyscoal Alloys Limited, a Company incorporated under the Companies Act, 1956 with its registered office at 2nd Floor, Mrudul Tower, B/h. Times of India, Ashram Road, Ahmedabad – 380009.

Term	Description
Articles/ Articles of Association	The Articles of Association of Gyscoal Alloys Limited.
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India.
BSE	Bombay Stock Exchange Limited
Companies Act	The Companies Act, 1956, as amended from time to time.
Depository	A body corporate registered under the SEBI (Depositories and Participants) Regulations, 1996, as amended from time to time.
Depositories Act	Depositories Act, 1996, as amended from time to time
Depository Participant	A depository participant as defined under the Depositories Act, 1996
FCNR Account	Foreign Currency Non Resident Account.
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the rules and regulations framed thereunder.
Financial Year /fiscal year/FY/ fiscal	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
Government/ GOI	The Government of India.
GAAP	Generally Accepted Accounting Principles
HUF	Hindu Undivided Family.
Memorandum/Memorandum of Association	The Memorandum of Association of Gyscoal Alloys Limited
Mn, mn	Million
NAV	Net asset value.
Non Residents	Non-Resident is a Person resident outside India, as defined under FEMA and who is a citizen of India or a Person of Indian Origin under Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
NRE Account	Non-Resident External Account.
NRO Account	Non-Resident Ordinary Account.
NRI/Non-Resident Indian	Non-Resident Indian, is a Person resident outside India, who is a citizen of India or a Person of Indian origin and shall have the same meaning as ascribed to such term in the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
NSE	The National Stock Exchange of India Ltd
OCB/ Overseas Corporate Body	A company, partnership firm, society and other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trust in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. OCBs are not allowed to invest in this Issue.
P/E Ratio	Price/Earnings Ratio.
PAT	Profit After Tax
PBT	Profit Before Tax
Person/Persons	Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires.
PIO/ Person of Indian Origin	Shall have the same meaning as is ascribed to such term in the Foreign Exchange Management (Investment in Firm or Proprietary Concern in India) Regulations, 2000.
RONW	Return on Networth
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992

SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI (DIP) Guidelines / SEBI Guidelines	The rescinded, SEBI (Disclosure and Investor Protection) Guidelines, 2000, issued by SEBI, as amended from time to time.
SEBI Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time.
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time.

ISSUE RELATED TERMS

Term	Description
Allotment	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue.
Allottee	The successful Bidder to whom the Equity Shares are being/ or have been issued or transferred.
Application Supported by Blocked Amount (ASBA)	means an application for subscribing to an issue containing an authorisation to block the application money in a bank account. Pursuant to SEBI circular number CIR/CFD/DIL/7/2010 dated July 13, 2010, ASBA Bid cum Application Forms are available for download from the websites of the Stock Exchanges.
ASBA Investor	means an Investor, who intends to apply through ASBA process
ASBA Form	Bid cum Application form for ASBA Investor
Bankers to the Issue	ICICI Bank Limited, Indusind Bank Limited & Kotak Mahindra Bank Limited
Bid	An indication to make an offer during the Bidding/Issue Period by a Bidder to subscribe to the Company's Equity Shares at a price within the Price Band including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue.
Bid /Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper, a Hindi national newspaper and a regional language newspaper with wide circulation.
Bid/Issue Closing Date	The date after which the Members of the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper , a Hindi national newspaper and a regional language newspaper with wide circulation.
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares and which will be considered as the application for the Issue of the Equity Shares 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.
Bidding Period/Issue 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.
Book Building Process/Method	Book building route as provided in Schedule XI of the SEBI Regulations, in terms of which this Issue is made.
Book Running Lead Manager	Chartered Capital And Investment 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 the Issue Price in accordance with the Book Building Process.
Cap Price	The higher end of the price band, above which the issue price will not be finalized and above which no bids will be accepted.
Cut off Price	Any price within the Price Band finalized by the company in consultation with the BRLM. A Bid submitted at Cut-off is a valid Bid at all price levels within the Price Band.
Designated date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful bidders.
Designated Stock Exchange	Bombay Stock Exchange Ltd
Director(s)	Director(s) of Gyscoal Alloys Limited, unless otherwise specified.

Draft Red Herring Prospectus	The Draft Red Herring Prospectus filed with the SEBI, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue.
ECS	Electronic Clearing Service
Equity Shares	Equity shares of the Company of Rs.10 each unless otherwise specified in the context thereof.
Escrow Account	Account to be 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 amongst the Company, the Registrar, the Escrow Collection Banks(s), the BRLM and the Syndicate Member for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders
Escrow Collection Banks	The banks, which are clearing members and registered with SEBI as Banker to the Issue at which the Escrow Account for the Issue will be opened.
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 finalized and below which no bids will be accepted.
IPO	Initial Public Offer.
Issue	Public Issue of 77,00,000 Equity Shares of Rs.10 Each For Cash At A Price Of Rs. [●] Per Equity Share (Including A Share Premium Of Rs. [●] Per Equity Share) Aggregating Rs. [●] Lacs
Issue Price	The final price at which Equity Shares will be allotted in terms of the Prospectus, as determined by the Company in consultation with the BRLM, on the Pricing Date.
Issue Period	The Issuer period shall be October 13, 2010, the issue opening date, to October 15, 2010, the issue closing date.
Issue size	Public Issue of 77,00,000 Equity Shares by Gyscoal Alloys Limited.
Margin Amount	The amount paid by the Bidder at the time of submission of his/her Bid, being 100% of the Bid Amount.
Mutual Fund	A fund established in the form of a trust to raise monies through the sale of units to the public or a section of the public under one or more schemes for investing in securities, including money market instrument and registered with the SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Mutual Fund Portion	5% of the QIB Portion being 1,92,500 Equity Shares of Rs.10 each for cash at a price of Rs. [●] per equity share aggregating to Rs. [●] lacs, available for allocation to Mutual Funds only, out of QIB Portion.
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers for this Issue or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 100,000.
Non-Institutional Portion	The portion of the Issue being at least 15% of the Issue i.e. 11,55,000 Equity Shares of Rs.10 each for cash at a price of Rs. [●] per equity share aggregating to Rs. [●] lacs, available for allocation to Non Institutional Bidders.
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	This term 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 Bidders whose Margin Amount is less than 100% of the Bid Amount, the period commencing on the Bid/Issue Opening Date and extending until the closure of the Pay-in Date, as specified in the CAN.
Price Band	Price band with a minimum price (floor of the price band) of Rs. 65 and the maximum price (cap of the price band) of Rs. 71 and includes revisions thereof.
Pricing Date	The date on which Company in consultation with the BRLM finalize the Issue Price.
Promoters	Promoters shall mean jointly Mr. Viral M. Shah, Mr. Manish M. Shah, Mrs. Giraben K. Solanki, Mr. Zankarsinh K. Solanki and General Capital And Holding Company Private Limited

Promoter Group	Promoter Group Entities and Promoter Group Individuals
Promoter Group Entities	Gyscoal Enterprise Private Limited and Torque Automotive Private Limited
Promoter Group Individuals	Ms. Mona V. Shah, Ms. Sarojben M. Shah, Mr. Mukundbhai Shah, Ms. Jacky M. Shah, Mr. Vihan V. Shah, Mr. Ridhan V. Shah, Ms. Mitaben D. Panchal, Mr. Dineshbhai A. Panchal, Ms. Hinaben I. Shah, Ms. Kunjalben R. Panchal, Ms. Dipali M. Shah, Ms. Richa M. Shah, Ms. Rekhaben K. Shah, Mr. Krishnakantbhai B. Shah, Mr. Vishalbhai K. Shah, Ms. Tejalben K. Shah, Mr. Kishorsinh H. Solanki, Ms. Manguben Patel, Mr. Chinubhai Patel, Ms. Kanaklataben Patel, Ms. Ninaben Patel, Ms. Tilottamaben Patel, Ms. Mainaben Solanki, Mr. Heduji Solanki, Mr. Bhemaji Solanki, Mr. Kaluji Solanki, Mr. Padhkhanji Solanki, Ms. Hiraben Solanki, Ms. Dharaba Z. Solanki, Mr. Tannav Z. Solanki, Mr. Tannay Z. Solanki, Ms. Jagrutiben C. Shah, Mr. Chandrakantbhai V. Shah, Mr. Julen C. Shah
Prospectus	The Prospectus, to be filed with the RoC containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information.
Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date.
Qualified QIBs	(i) a mutual fund, venture capital fund and foreign venture capital investor registered with the Board; (ii) a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board; (iii) a public financial institution as defined in section 4A of the Companies Act, 1956; (iv) a scheduled commercial bank; (v) a multilateral and bilateral development financial institution; (vi) a state industrial development corporation; (vii) an insurance company registered with the Insurance Regulatory and Development Authority; (viii)a provident fund with minimum corpus of twenty five crore rupees; (ix) a pension fund with minimum corpus of twenty five crore rupees; (x) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; (xi) insurance funds set up and managed by army, navy or air force of the Union of India;
QIB Margin	An amount representing 100% of the Bid Amount that QIBs are required to pay at the time of submitting their Bid.
QIB Portion	The portion of this Issue being up to 50% of the Issue, i.e 38,50,000 Equity Shares of Rs.10 each for cash at a price of Rs. [●] per equity share aggregating to Rs. [●] lacs, available for allocation to QIBs, of which 5% shall be reserved for Mutual Funds.
Registrar/Registrar to the Issue	Registrar & Transfer Agent, Viz. Link Intime India Private Limited
Red Herring Prospectus or RHP	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 issued and the size of the Issue. The Red Herring Prospectus will become the Prospectus after filing with the RoC after the pricing date.
Retail Individual Bidder	Individual Bidders (including HUFs and NRIs) who have Bid for Equity Shares for an amount less than or equal to Rs.100,000, in any of the bidding options in the Issue.
Resident Retail Individual Investor	means a Retail Individual Investor who is a person resident in India as defined in Foreign Exchange Management Act, 1999
Retail Portion	The portion of the Issue being at least 35% of the Issue i.e. 26,95,000 Equity Shares of Rs.10 each for cash at a price of Rs. [●] per equity share aggregating to Rs. [●] lacs, 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).
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended.
Self Certified Syndicate Bank (SCSB)	SCSB is a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of making an Applications

	Supported by Blocked Amount and recognized as such by the Board
Stock Exchanges	Bombay Stock Exchange Limited & The National Stock Exchange of India Ltd
Syndicate	The BRLM and the Syndicate Member
Syndicate Agreement	The agreement to be entered into among the Company and the members of the Syndicate, in relation to the collection of the Bids in the Issue.
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.
Underwriters	The BRLM and Syndicate Member.
Underwriting Agreement	The Agreement between the members of the Syndicate and the Company, on its own behalf to be entered into on or after the Pricing Date.

COMPANY AND INDUSTRY RELATED TERMS

Auditors	The statutory auditors of the Company, being M/s Rangani & Patel, Chartered Accountants, Ahmedabad.
Board	The Board of Directors of Gyscoal Alloys Limited or a committee thereof.
ESIC	Employees' State Insurance Corporation
ICAI	The Institute of Chartered Accountants of India
Project	The proposed project of the Company
Registered Office/ Registered office of the Company	The Registered Office of the Company at 2nd Floor, Mrudul Tower, B/h. Times of India, Ashram Road, Ahmedabad – 380009
ROC	Registrar of Companies, Gujarat, Ahmedabad.

ABBREVIATIONS

AGM	Annual General Meeting.
ASBA	Application Supported by Blocked Amount
A.Y	Assessment Year
A/C	Account
BSE	Bombay Stock Exchange Limited.
BV / NAV	Book value / Net asset value
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Ltd.
DP	Depository Participant.
EGM	Extraordinary General Meeting
EPS	Earnings Per Share.
ESOP	Employees Stock Option Plan
FDI	Foreign Direct Investment
FIPB	Foreign Investment Promotion Board.
FVCI	Foreign Venture Capital Investor
FIIs	Foreign Institutional Investors
GOI	Government of India.
I.T.Act	Income-Tax Act, 1961.
MAT	Minimum Alternate Tax
MRK	Metal Refining Konvertor
MW	Mega Watt
NRI(s)	Non-Resident Indian (s)
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Ltd
N.A.	Not Applicable
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
QC	Quality Control
QIB	Qualified Institutional Buyer
RBI	Reserve Bank of India.
SCSB	Self Certified Syndicate Bank
SIA	Secretariat for Industrial Assistance
The Act	The Companies act, 1956 (as amended from time to time)
UK	United Kingdom
U.S./U.S.A.	United States of America

SECTION II – RISK FACTORS

CERTAIN CONVENTIONS - USE OF MARKET DATA

Unless stated otherwise, the financial data in this Red Herring Prospectus is derived from our financial statements prepared in accordance with Indian GAAP, Companies Act and the SEBI Regulations included elsewhere in this Red Herring Prospectus. Our fiscal year commences on April 1 every year and closes on March 31 of the next year. In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

In this Red Herring Prospectus, unless the context otherwise requires, all references to one gender also refers to another gender and the word "lacs" means "one hundred thousand" and the word "million" means "ten lac" and the word "Crore" means "ten million". Throughout this Red Herring Prospectus, all figures have been expressed in lacs. Unless otherwise stated, all references to "India" contained in this Red Herring Prospectus are to the Republic of India.

Industry data used throughout this Red Herring Prospectus has been obtained from industry publications and other authenticated published data. 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 the Company believes that industry data used in this Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources

For additional definitions, please refer to the section titled 'Definitions and Abbreviations' on page no. i of this Red Herring Prospectus. In the section titled 'Main Provisions of the Articles of Association' on page no. 194 of this Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association of the Company.

FORWARD LOOKING STATEMENTS

We have included statements in this Red Herring Prospectus, that contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions that are “forward-looking statements”. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding our expected financial condition and results of operations, business, plans and prospects are forward looking statements. These forward looking statements include statements as to our business strategy, planned projects and other matters discussed in this Red Herring Prospectus regarding matters that are not historical fact. These forward-looking statements and any other projections contained in this Red Herring Prospectus (whether made by us or any third party) involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements expressed or implied by such forward-looking statements or other projections.

All forward looking statements are subject to risks, uncertainties and assumptions about the 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:

- Our ability to retain and attract trained employees;
- Changes in the value of the Rupee and other currency changes;
- Loss or decline in the business from any of our key clients;
- General economic and business conditions in India and other countries;
- Our ability to successfully implement the strategy, growth, new projects and expansion plans;
- Changes in the Indian and international interest rates;
- Social or civil unrest or hostilities with neighboring countries or acts of international terrorism;
- Changes in laws and regulations that apply to steel industry, including laws that impact our ability to enforce our collateral.
- Changes in political conditions in India.

For further discussion of factors that could cause actual results to differ, please see the section entitled “Risk Factors” beginning on page viii of this Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company, the Directors, any member of the Book Running Lead Manager team nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, 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.

RISK FACTORS

An investment in equity shares involves a high degree of risk. One should carefully consider all of the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares of the Company. If any of the following risks actually occur, the business, financial condition and results of operations could suffer, the trading price of the 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 implications of any of the risks mentioned herein.

Materiality

The Risk factors have been determined on the basis of their materiality. The following factors have been considered for determining the materiality:

a) Some events may not be material individually but may be found material collectively.

b) Some events may have material impact qualitatively instead of quantitatively.

c) Some events may not be material at present but may be having material impacts in future.

A. SPECIFIC TO THE PROJECT AND INTERNAL TO THE COMPANY

1) There are certain criminal proceedings pending against the Company, the promoters and directors of the company which if decided against us, could have a material adverse effect on our reputation, business prospects, financial conditions and results of operations. The details of criminal proceedings are given below:

Sr. No.	Case No.(s)	Institution Date	Parties	Authority	Subject Matter and Relief sought	Amount Involved (Rs. in lacs)	Present Status	Likely adverse effect on the financials of issuer company
1.	Cr. Case No.709/09	Nov. 20, 2008	Tribhuvan Industries Pvt. Ltd. vs. 1.Gyscoal Alloys Limited. 2. Manish M. Shah	Metropolitan Magistrate Court, Ahmedabad	The present complaint is filed against the company by the supplier for offence under section 138 of the Negotiable Instruments Act as the Cheque issued to the said party was dishonoured / returned unpaid. The said Cheque was issued to the said party towards the purchase of goods from them.	17.85	Matter is pending with the Metropolitan Magistrate Court, Ahmedabad. Next hearing on November 1, 2010.	If the case does not turn out in favour of the company, the financials will get affected by the amount involved in the case.
2.	Cr. Case No. 198/08	April 2009	Nakoda Metal Corporation vs. 1.Gyscoal alloys Limited 2. Manish M. Shah	Metropolitan Negotiable instrument Act Magistrate, Ahmedabad.	The present complaint is filed against the company by the supplier for offence under section 138 of the Negotiable Instruments Act as the Cheque issued to the said party was dishonoured / returned unpaid. The said Cheque was issued to	23.40	Matter is pending with the Metropolitan Negotiable instrument Act Magistrate, Ahmedabad. Next hearing on September 27, 2010.	If the case does not turn out in favour of the company, the financials will get affected by the amount involved in

					the said party towards the purchase of goods from them.			the case.
3.	Cr. Case No. 527/07	Nov. 20, 2007	Siddheshwari Trading Company vs. 1. Gyscoal Alloys Limited 2. Manish M. Shah	Judicial Magistrate court, Vijapur	The present complaint is filed against the company by the supplier for offence under section 138 of the Negotiable Instruments Act as the Cheque issued to the said party was dishonoured / returned unpaid. The said Cheque was issued to the said party towards the purchase of goods from them.	0.89	Matter is pending with Judicial Magistrate court, Vijapur. Next hearing on September 24, 2010.	If the case does not turn out in favour of the company, the financials will get affected by the amount involved in the case.
4.	Cr. Case No.13/ 2010	Feb. 11, 2010	MSTC Ltd Vs. 1. Gyscoal Alloys Limited. 2. Viral Mukundbhai Shah. 3. Giraben Kishorbhai Solanki. 4. Zankarsinh Solanki.	9th Judicial Magistrate, Alipore Court	The present complaint is filed against the company under sec.138 of the Negotiable Instruments Act by the MSTC Limited for 12 post dated cheques issued by the company worth Rs.9,75,85,036=00. The said Cheques were issued to the party for the purchase of various scrap for GAL from various suppliers	Rs. 975.85	The case was pending for its admission hearing before the Chief Judicial Magistrate, Alipore Court, The hearing was fixed on 10 August 2010 in which the matter has been transferred to 9th Judicial Magistrate, Alipore for trial. The. 9th Judicial Magistrate after receiving the court record from CJM, Alipore has fixed the matter on 8 December 2010 for summons report and appearance of the accused	If the case does not turn out in favour of the company, the financials will get affected by the amount involved in the case.

Note: A petition has also been filed by MSTC Ltd in the Hon'ble High Court at Calcutta regarding the dispute of payment with issuer Company. As it is a commercial dispute between the two parties, MSTC Limited has appointed an Arbitrator and has filed petition under sec. 9 of the Arbitration and Conciliation Act, 1996 against the company restraining the company and, its directors, officers, agents etc. from selling, transferring or disposing or dealing with the property and to appoint receiver with respect to the property and further directing the company to furnish security of Rs.9,00,71,234, to issue direction to the receiver to take possession of the goods and sell the said assets and property by way of public auction or privately and hand over the sale proceeds to the MSTC Ltd. The case is pending in the Court and the company is at the stage of filing the reply. If the case is decided against the company, financial condition and results of operations will get affected to the extent of amount involved in the case

2) **We, our Directors, our Promoter and our Group Companies are involved in a number of legal and regulatory proceedings, which if determined against us, could adversely affect our operations.**

We, our directors, our Promoter and our Group Companies are party to various legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts, tribunals, statutory and regulatory, authorities/ other judicial authorities, and if determined against us, could have an adverse impact on the business, financial condition and results of operations. No assurances can be given as to whether these legal proceedings will be decided in our favour or have no adverse outcome, nor can any assurance be given that no further liability will arise out of these claims.

A summary of the cases filed against the Company, Directors, Promoters and Group Companies of the Company is as follows:

Litigation against the Company

Sr. No.	Nature of Litigation	No of Outstanding Litigation	Aggregate amount involved (Rs. in lacs)
1	Criminal	4	1017.99
2	Central Excise	2	Not quantifiable
3	Civil laws	4	2292.40

Litigation against the Directors

Sr. No.	Name of the Director	Nature of Litigation	No of Outstanding Litigation	Aggregate amount involved (Rs. in lacs)
1	Mr. Manish M. Shah	Criminal	3	42.14
		Civil laws	1	5.56
2	Mr. Viral M. Shah	Civil laws	1	5.56
		Criminal	1	975.85
3	Mrs. Giraben K. Solanki	Criminal	1	975.85
4	Mr. Zankarsinh K. Solanki	Criminal	1	975.85
5	Mr. Kuren M Amin	-	Nil	Nil
6	Mr. Dharmendra Deo Mishra	-	Nil	Nil
7	Mr. Sunil H. Talati	-	Nil	Nil
8	Mr. Prem S. Malik	-	Nil	Nil

Litigation against the Promoters

Sr. No.	Name of the Director	Nature of Litigation	No of Outstanding Litigation	Aggregate amount involved (Rs. in lacs)
1	Mr. Manish M. Shah	Criminal	3	42.14
		Civil laws	1	5.56
2	Mr. Viral M. Shah	Civil laws	1	5.56
		Criminal	1	975.85
3	Mrs. Giraben K. Solanki	Criminal	1	975.85
4	Mr. Zankarsinh K. Solanki	Criminal	1	975.85

Litigation against the Group Companies

Sr. No.	Name of the Director	Nature of Litigation	No of Outstanding Litigation	Aggregate amount involved (Rs. in lacs)
1	Gyscoal Enterprise Private Limited	Central Excise	1	2.85

For further details of outstanding litigation against us, our Directors, our Promoter and our Group Companies, see "Outstanding Litigations and Material Developments" on page 132 of this Red Herring Prospectus.

3) **We are required to obtain and maintain certain governmental and regulatory licenses and permits and the failure to obtain and maintain such licenses and permits in a timely manner, or at all, may adversely affect our business and operations.**

We are required to obtain and maintain certain approvals, licenses, registrations and permits in connection with its business and operations. There can be no assurance that we will be able to obtain and maintain such approvals, licenses, registrations and permits in the future. An inability to obtain or maintain such registrations and licenses in a timely manner, or at all, and comply with the prescribed conditions in connection therewith may adversely affect our ability to carry on our business and operations, and consequently our results of operations and financial condition.

List of major approvals or licenses yet to be obtained by the Company is as under:

For the proposed manufacturing unit, the Company shall require the following approvals/licenses/certificates:

1. License under Factories Act, 1948.
2. Sanction for power connection from Division Office –
3. Certificate of Registration under the Standards of Weighs & Measures (Enforcement) Act, 1985 from Inspector, Weights and Measurement Department.
4. The Certificate of Registration under sub section (3) of section 7 of the Building & Other Construction Workers (Regulation of Employment & Conditions of Services) Act, 1996 issued by the Deputy Director of Industrial Safety & Health & Registration officer under BOCW (RE & S) Act, 1996.
5. Central Excise Registration for the new unit.
6. Service Tax Code for the new unit.
7. CST Registration for new unit
8. VAT registration for new unit.

The Company has not made any application for any of the above licenses or approvals.

4) **In the past 12 months we have issued Equity shares to our Promoter Group at a price which may be lower than the issue price. The details of the same are as under:**

Allottees	Date of Allotment/ Transfer	No. of Shares	Issue Price (Rs) (Face Value of Rs 10 Each)	Nature of Payment	Reason of allotment
General Capital And Holding Company Pvt Ltd	December 1, 2009	1538460	Rs.65	Cash	Preferential Allotment

Shares were issued on December 1, 2009 as “promoter contribution” in the proposed project. The basis of valuation for shares issued on December 1, 2009 is tentative issue price in the proposed IPO of the Company.

5) **We have experienced negative cash flows in prior periods. Any operating losses or negative cash flows in the future could adversely affect our results of operations and financial condition.**

The details of the cash flows of the Company are as follows:

						(Rs. in Lacs)
Particulars	**Period Ended 30.06.10**	**Year Ended 31.03.10**	**Year Ended 31.03.09**	**Year Ended 31.03.08**	**Year Ended 31.03.07**	**Year Ended 31.03.06**
Net Cash from Operating activities	(480.56)	349.26	(4.82)	418.94	107.12	(390.78)
Net cash flow (used in) / from investing activities	(1.15)	(1159.05)	(441.28)	(585.09)	(622.90)	(498.25)
Net cash flow (used in) / from financing activities	844.10	555.90	717.64	222.68	511.75	897.59
Net (decrease) / increase in cash and cash equivalents	362.38	(253.89)	271.54	56.53	(4.03)	8.55

Source: Restated Financial Statement

For detailed cash flow statement, please refer page no. 106 of the RHP.

6) The Company is dependent on few customers for its products and the top 10 customers constitutes around 94% of the total income for the year 2009-10. The company is also dependent on its suppliers and the top 10 suppliers constitute 67% of the total purchases for the year 2009-10. The loss of one or more significant clients or suppliers for any reason may have an adverse effect on our results of operations.

The Company is largely dependent on single and few customers, as the top one and top ten customers constitutes around 33% and 94% of the total income for the year 2009-10. In addition, company is also dependent on few suppliers as top one and top ten suppliers constitutes 29% and 67% of the total purchases for the year 2009-10. The loss of one or more significant clients or suppliers for any reason may have an adverse effect on our results of operations.

7) Our company has unsecured loans which are repayable on demand, which may hamper liquidity of the company if recalled.

As on June 30, 2010 the Company has outstanding unsecured loans of Rs.439.33 lacs which are repayable on demand. In the event that the lenders of such loans demand the repayment of these loans, we would need to find alternative sources of financing, which may not be available on commercially reasonable terms or at all because of which we may face the liquidity crunch in the future.

8) Other ventures promoted by our promoters are engaged in a similar line of business and conflict of interest cannot be ruled out which may have adverse effect on our operations and financial conditions.

One of the group companies i.e. Gysocal Enterprise Private Limited, is engaged in the business of trading of iron & steel products which is also a business which can be carried on by the issuer company and there is no assurance that it will not compete with us. This could lead to a potential conflict of interest for us and could adversely affect our results of operations and financial condition. In addition, attention to the other Group entities may distract or dilute management attention from our business, which could adversely affect our results of operations and financial condition.

For further information, see the section entitled “Our Promoters and Promoter Group” on page 96 of this Red Herring Prospectus.

9) Remuneration paid to the Executive Directors and relatives of the director for some period was without any authorization. Any action by the regulatory authority can affect the financials of the Company to that extent. The details of unauthorized remuneration are given below:

- Remuneration was paid to Mrs. Giraben K Solanki, Executive Director of the Company for the financial year 2005-06, 2006-07 and for the period April 1, 2007 to January 1, 2008 without any authorization. Total amount of unauthorized remuneration paid to her is Rs.5.16 lacs.
- Remuneration was paid to Mr. Viral M Shah, Managing Director of the Company for the financial year 2005-06, 2006-07 and for the period April 1, 2007 to November 29, 2007 without any authorization. Total amount of unauthorized remuneration paid to him is Rs.7.50 lacs.
- Remuneration was paid to Mr. Manish M Shah, Whole Time Director of the Company for the financial year 1999-2000, 2005-06, 2006-07 and for the period from April 1, 2007 to November 29, 2007 without any authorization. Total amount of unauthorized remuneration paid to him is Rs.3.39 lacs.
- Remuneration was paid to Ms. Mona Shah who is relative of the Directors, during financial year 2004-05, 2005-06 and for the period April 1, 2006 to April 30, 2006 without any authorization. Total amount of unauthorized remuneration paid to her is Rs.3.00 lacs.
- Remuneration was to paid Ms. Sarojben Shah who is relative of the Directors, during financial year 2003-04, 2005-06 and for the period April 1, 2006 to April 30, 2006 without any authorization. Total amount of unauthorized remuneration paid to her is Rs.1.99 lacs.

10) Gyscoal Enterprise Private Limited, a promoter group company has incurred loss of Rs. 38.03 lacs for the year ended March 31, 2007 and may incur losses in coming years also.

The details of the profit/(loss) after tax for the last 4 years of Gyscoal Enterprise Private Limited are as below:

(Rs. In Lacs)

Profit /(Loss) After Tax for the year Ending			
March 31, 2007	**March 31, 2008**	**March 31, 2009**	**March 31, 2010**
(38.03)	6.78	0.18	0.43

For details about this Company and its business, please refer page 96 of the RHP.

11) There has been a reschedulement of repayment of quarterly installments of the term loan to UCO Bank in the financial year 2009-10 because of which the interest cost will increase.

There has been a reschedulement of repayment of quarterly installments of the term loan to UCO Bank in the financial year 2009-10. The Original installment was for Rs.31.25 lacs per Quarter which was relaxed to Rs.6.25 lacs per Quarter for the year 2009-10. The additional interest cost for the same will be Rs 13.50 lacs and to that extent it will adversely affect our results of operations and financial condition.

12) Land on which the proposed project is to be set is an agricultural land and it is still not registered in the name of the company. In addition, Mr. Ratuji Bhemaji Solanki who is one of the key managerial personnel is an interested party in the transaction relating to acquisition of land.

Land on which the proposed project is to be set up, is still not registered in the name of the Company. The company has entered into an agreement for sale without possession of agricultural land situated at Village Magodi**,** District Gandhinagar for the proposed project and has made the part payment only. One of the sellers of the land on which expansion project is proposed and for which an Agreement for sale has been executed i.e. Mr. Ratuji Bhemaji Solanki is a key managerial personnel of the Company and to that extent he is interested in the transaction relating to the acquisition of land. The land on which proposed unit is to be established is an agricultural land and for using this land for establishing industrial unit, company will have to get it converted to “non-agriculture land”. In case, the land is not converted to “non-agriculture land”, Company will have to find some alternate land which will involve additional time and additional cost.
For details regarding transaction of acquisition of land, please refer page no.28 of RHP.

13) Even after this public issue, the Company may continue to be controlled by our promoters who will collectively hold approximately 50.89% of the outstanding Equity Shares and our other shareholders may not be able to affect the outcome of shareholder voting.

After the completion of the Issue, our promoters will collectively hold approximately 50.89% of the outstanding Equity Shares. Consequently, our Promoters, may exercise substantial control over the Company and *inter alia* may have the power to elect and remove a majority of our Directors and/or determine the outcome of proposals for corporate action requiring approval of our Board of Directors or shareholders, such as lending and investing policies, revenue budgets, capital expenditure, dividend policy and strategic acquisitions/joint ventures.

14) Our indebtedness and the conditions and restrictions imposed on us by our financing agreements and any acceleration of amounts due under such arrangements could adversely affect our ability to conduct our business.

We at present have fund based and non fund based facilities from bank & other entities and may also incur additional indebtedness in the future. The use of borrowings presents the risk that our Company may be unable to service interest payments and principal repayments or comply with other requirements of any loans, rendering borrowings immediately repayable in whole or in part. Additionally, our Company might be forced to sell some of its assets to meet such obligations, with the risk that borrowings will not be able to be refinanced or that the terms of such refinancing may be less favourable than the existing terms of borrowing.

The agreements for debt financing contain certain restrictive covenants that restrict Company’s right and Company can do certain activities only with prior permission of Banks/Financing entities, which includes, but not limited to, the following:

a) Effect any change in the company’s capital structure.
b) Formulate any scheme of amalgamation or re-construction or restructuring of any kind.

c) Undertake guarantee obligations on behalf of any other company, firm or person.
d) Declare dividends for any year except out of profits relating to that year after making all due necessary provisions and provided further that no default had occurred in any repayment obligations.

For details, please refer section "Our Indebtedness" on page no.69 of RHP.

15) Income tax for the assessment years 2008-09 and 2009-10 was paid by the company in the year 2010-11 and consequently interest has also been paid on the income tax dues which has affected the financial condition of the company.

As the company was facing liquidity crunch due to economic slow down and increased lead time in realization of Debtors, company had not paid the income tax for the assessment years 2008-09 and 2009-10. This had lead to the liability of interest on unpaid income tax dues u/s 234A, 234B & 234C of the Income Tax Act, 1961. However, company has paid the income tax dues for the assessment years 2008-09 & 2009-10 in the year 2010-11 alongwith the interest thereon of Rs.28.50 lacs & Rs.3.73 lacs respectively. To that extent, it has affected the financial condition of the company.

16) There has been a Search operation by the Commercial tax Department at factory premises and registered office premises of the company on April 13, 2007.

There has been a Search operation by the Commercial tax Department at factory premises and registered office premises of the company on April 13, 2007. The Department determined input tax credit for the year 2006-07 at Rs.76437 and a Demand was raised by them for Rs.76437 which was paid by the company immediately.

17) We are yet to place orders for entire plant & machinery required for the project. Any delay in placing orders, procurement of plant and machinery may delay our implementation schedule which may also lead to increase in price of these equipments, further affecting our revenue and profitability.

The Company is yet to place orders for Rs.4405.11 lacs being 100% of the plant & machinery cost relating to project. For details, please refer page 29 of Red Herring Prospectus. Any delay in placing the order for procurement of the same and its delivery will inadvertently delay the completion of project and will lead to the increase in price of these equipments, which in turn will have its effect on the revenue and profitability of the Company.

18) Though the Company has been hiring contract labours since financial year 2004-05, the Company did not have any registration under contract labour act prior to January, 2008.

Though the Company has been hiring contract labours since financial year 2004-05, the Company did not have any registration under contract labour act prior to January, 2008. The Company may be liable to incur any liability financial or otherwise, if any, of whatsoever nature for the period of non registration under the Contract Labour (Regulation and Abolition) Act, 1970. As on date there is no such liability financial or otherwise payable by the company.

19) Though at present the Company is carrying on manufacturing activities on 10 nos. of plots, all these plots are not covered by some of the government approvals granted to the company, which include approvals mentioned hereunder:

Particulars of Approvals	Address mentioned
Factory license bearing no. 019295	Plot no. 1, 1-A
Central Excise Registration Certificate No.AAECS6731MXM001 dated May 9, 2008	Plot no.1, 1A & 356/2

The Company is carrying on manufacturing activities on 10 nos. of plots but all these plots are not covered by government approvals mentioned above which was granted to the company. The company has made an application for all the plots but in the approval only the above mentioned plots are mentioned. Further, in future if some dispute arises between the government department and the Company in this regard, it will involve its procedural formalities and cost to the Company.

20) Electricity connection for all the plots, except plot no 356/2, at the existing manufacturing unit is still in the name of entities of Shah Steel Group, from which units were acquired in the year 2005. For transfering these connections to the Company's name, there will be additional cost to the company.

Electricity connection for all the plots, except plot no 356/2, at the existing manufacturing unit is still in the name of entities of Shah Steel Group, from which units were acquired in the year 2005. For transferring these connections to the Company's name, there will be additional cost to the company and to that extent, it will affect the financial conditions of the Company.

21) Our management will have flexibility in applying the Proceeds of the Issue and the deployment of the Proceeds is not subject to any monitoring by any independent agency. The purposes for which the Proceeds of the Issue are to be utilized are based on management estimates and have not been appraised by any banks or financial institutions.

We intend to use the Proceeds of the Issue for the purposes described in "*Objects of the Issue*" on page 27. Our management may revise estimated costs, fund requirements and deployment schedule owing to factors relating to our business and operations and external factors which may not be within the control of our management.

The utilization of the Proceeds of the Issue and other financings will be monitored only by the Board and is not subject to any monitoring by any independent agency. Proceeds of the Issue allocated to general corporate purposes will be used at the discretion of the management. Further, pending utilization of the Proceeds of the Issue, we intend to invest such Proceeds in high quality interest-bearing liquid instruments including money market mutual funds and bank deposits as approved by our Board of Directors.

Our funding requirements and the deployment of the Proceeds of the Issue are based on management estimates and have not been appraised by any banks or financial institutions. In view of the highly competitive nature of the industry in which we operate, we may have to revise our management estimates from time to time and, consequently, our funding requirements may also change.

22) Any penalty or action taken by any regulatory authorities in future for non-compliance of Section 383A of the Companies Act, 1956 could impact financial position of the Company to that extent.

The Company has not complied with the provisions of Section 383A of the Companies Act, 1956 during the period March 31, 2006 to November 30, 2007 (for 610 days) and again for the period November 3, 2008 to November 4, 2009 (for 367 days) as the Company had not appointed any Company Secretary during the said period. Thereby there was a non-compliance of Section 383A of the Companies Act, 1956 for a total period of 977 days. This may attract a maximum liability of Rs.4,88,500. No show cause notice in respect of the above has been received by the Company from the office of Registrar of the Companies till date. Any penalty in future by any regulatory authorities could affect Company's financials to that extent.

23) There has been Search Operations by the Central Excise Department at the premises of the Company in the past.

There has been a Search operation by the Central Excise Department at factory premises of the company on March 14, 2007 for the alleged misuse of CENVAT credit. As per the Panchnama dated March 14, 2007, a shortage of 209.6 MT of MS ingots and 57.425 MT of TMT/CTD bars was detected by the excise officials.
In addition, there has been a Search operation by the Central Excise Department at registered office premises of the company located at Mrudul Tower on March 15, 2007 and some documents/information of the Company as well as of the group company Gyscoal Energy Private Limited were retained by them for further investigation
There has been no communication from the department since then.

24) There has been a Search operation by the Central Excise Department at factory premises of the group company Gyscoal Energy Private Limited located at Viramgam on October 29, 2001. Thereafter a Show cause Notice was issued to that Company and Mr. Viral M Shah, its Director, as mentioned hereunder *Inter alia* that two separate invoice books were found to be used simultaneously by the Company.

Allegations were made in the show cause notice dated June 30, 2005 that

a. GEPL has contravened the provision of Notification 8/2001 dated 01.03.2001 in as much as though they have declared that they are availing full exemption contained in the notification referred to above, they have collected amount representations as Central Excise Duty from their customers.

b. GEPL has also contravened provisions of section 11D (1) of the Central Excise Act, 1944 in as much as they failed to forthwith deposit the amount collected representing as duty of excise, to the credit of the Central Government.
c. GEPL has further contravened provisions of rule 10 of the Central Excise (No.2) Rules, 2001 in as much as they failed to maintain proper accounting of the goods being manufacturing by them.
d. GEPL has further contravened provisions of rule 11(4) of the Central Excise (No.2) Rules, 2001 which stipulated that only one copy of invoice book shall be in use at a time and the said unit was using two invoice books simultaneously.
e. Show cause notice further alleged that Mr. Viralbhai M Shah, appears to be involved in manufacturing, transporting, removing, depositing, keeping and selling the excisable goods which he knew or had reason to believe were liable for confiscation under the Central Excise Act, 1944 and rules framed there under and thereby he has rendered himself liable for appropriate penal action under the provisions of rule 26 of Central Excise Rules, 2002.

The GEPL has paid duty amount Rs.50,000 only against the total demand of Rs.2,84,821 raised by the Excise department.

25) Expansion project for which funds are being raised is substantially large in Capacity in comparison to our existing operations. If we are not able to operate effectively, our operations and result may suffer, which may have a material adverse impact on our financial condition.

Promoters commenced business in 1999 but the scale of operation till few years back was very low. The present installed capacity is 18000 MT per annum which the Company proposes to increase to 1,18,000 MT per annum i.e. the scale of operations is being increased to manifold in this project, which is a substantial increase over its current size of operations. Although the promoters have experience in the steel industry, their competence in handling a project of this magnitude in Steel Sector remains to be tested.

26) The Company does not have a track of record for payment of dividend on equity shares and may not pay dividend in future also.

The Company has not declared or paid any cash dividends on the Equity Shares in the past. Whether our Company pays dividends in the future and the amount of any such dividends, if declared, will depend upon a number of factors, including our results of operations and financial condition, contractual restrictions (including the terms of some of our financing arrangements that restrict our ability to pay dividends) and other factors considered relevant by our Board of Directors and shareholders. There is no assurance that our Company will declare and pay, or have the ability to declare and pay, any dividends on Equity Shares at any point in the future.

27) Our operations will have significant raw material requirements, and we may not be able to ensure the availability of the raw materials at competitive prices, which may adversely affect results of our operations.

Steel industry being a raw material intensive industry, the Company is constantly exposed to possible unpredictability in the supply of raw materials. Lack of any backward linkage exposes the company to volatility inherent in availability of the critical raw material which may affect our operations. The row material cost constitutes 93.37% of the total expenditure for the year 2009-10.

28) There is risk associated with price fluctuation of raw material and finished product which may affect the result of our operations.

In the recent past, there have been fluctuations in the prices of critical raw materials. Such fluctuations in prices of raw material and the Company's inability to negotiate at optimum market rates may affect its profitability. Similarly, the prices of finished products have also shown price variations, which may impact its profitability.

29) The present project is funded mainly from the proceeds of present public issue. Due to the delay in the public issue there may be a delay in the schedule of implementation of the project that the company proposes to undertake which may affect the business and results of operations of the Company.

The cost of project is to be funded mainly from the IPO. Any delay/failure of the IPO will impact the completion of project. Failure to complete the project according to its schedule, may give rise to potential liabilities as a result, our returns on investments may be lower than originally expected, which may have a material adverse impact on the business operations and profitability of our Company.

30) **Our success depends upon our senior management team and skilled personnel and our ability to attract and retain such persons. Any failure to attract and retain such personnel could have an adverse impact on our business, financial conditions and result of operations.**

We are highly dependent on our executive directors, our senior management, and our other key managerial personnel for our business. Attracting and retaining talented professionals is key to our business growth. Our business model is reliant on the efforts and initiatives of our senior level management and our key managerial personnel. If one or more members of our senior management team were to leave their present positions, it may be difficult to find adequate replacements and our business could be adversely affected. In this regard, we cannot assure you that we will be able to retain our skilled senior management or managerial personnel or continue to attract new talents in the future. Failure to effectively manage labour or failure to ensure availability of sufficient labour could also affect the business operations of the Company.

31) **We face substantial competition in the steel industry, both from Indian and international companies, which may affect our revenues in case we are not able to obtain customers and orders.**

We will face significant competition from existing players and potential entrants in the Indian steel industry. In foreign markets, where we are new entrant; we will face competition from internationally established players. Further, we will face significant competition mainly from large vertically integrated and diversified companies in Steel industry. Some of our Indian and International competitors are larger than us and have greater financial resources.

The current high demand and prospects for steel manufacturing businesses could lead to other companies increasing their production capacity in these segments. Some existing and new players are already in the process of expanding capacity or setting up plants in the country. This could result in excess capacity in the market.

32) **The Company may not be fully insured for business losses, which the Company might incur.**

The Company has not taken any insurance for protecting us from future business losses and in the event of such losses occurring, the operations of our Company may be affected significantly.

33) **The Company has in the past entered into related party transactions and may continue to do so in the future**

The Company has entered into transactions with its promoter, certain directors & promoter group entities. There can be no assurance that the Company could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that the Company will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on the Company's financial condition and results of operations. For further information on the common pursuits and the our transactions with the promoter, certain directors & promoter group entities, please refer "Common Pursuits" and "Details of related party transaction" on pages 95 and 120, respectively, of this Red Herring Prospectus.

B. EXTERNAL RISK FACTORS BEYOND THE CONTROL OF THE COMPANY

Certain factors beyond the control of the Company could have a negative impact on the Company's performance, such as:

34) **There may be further equity offerings in the Company which will dilute the shareholding of existing shareholders and may affect the market price of the Equity Shares.**

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

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

A failure on our part to adequately comply with applicable environmental laws, rules and regulations, could hamper or adversely impact the operations of our Company, and consequently, could adversely affect the Company and its cash flows and profitability.

36) Changes in Government Policies and political situation in India could adversely affect our business operations.

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

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

Any adverse change in Government policies relating to the steel industry in general and stainless steel, ferro alloys, iron ore in particular may have an impact on the profitability of the industry. Such changes are not limited to but may be in respect of:
(i) Sales Tax/ VAT
(ii) Customs Duty
(iii) Import/ Export restriction
(iv) Excise Duty/ CENVAT

37) Changes in regulations could adversely affect our business operations.

Changes in regulatory environment relating to manufacturing and marketing M.S. Ingots/ Billet, and TMT Bars/ Wire Rods in and outside the country will significantly impact the business of the Company.

38) Changes in regulation of Exports and Imports could adversely affect our business operations.
Any change in regulations, domestic or international, having an impact on the steel market in general, will affect the industry as a whole. Such changes may be in the nature of introduction of quota, tariff barrier, subsidies etc.

39) Changes in taxation policies could adversely affect our business operations & results of operations.

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

40) Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect financial markets and our business.

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets on which our Equity Shares trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, making travel and other services more difficult and ultimately adversely affecting our business.

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

The exchange rate between the Rupee and other currencies is variable and may continue to fluctuate in the future. Fluctuations in the exchange rates may affect the Company to the extent of cost of imported raw material being bought from overseas vendors for the Company's products. Any adverse fluctuations with respect to the exchange rate of any foreign currency for Indian Rupees may affect the Company's profitability, since a part of its raw material will be purchased in foreign currency.

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

Changes in interest rates could significantly affect our financial condition and results of operations. If the interest rates for our existing or future borrowings increase significantly, our cost of servicing such debt will increase. This may adversely impact our results of operations, planned capital expenditures and cash flows.

43) Any withdrawal of Government incentives could adversely affect our business, financial condition and results of operations.

Various incentives are offered by the Government for development of infrastructure, particularly in development of roads & housing, in which steel is a major raw material. Adverse change in the focus of the Government may affect the future business prospects of the Company.

44) Any downgrading of India's debt rating by an international rating agency could have a negative impact on our business.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing, and the interest rates and other commercial terms at which such additional financing may be available. This could have an adverse effect on our business and future financial performance, our ability to obtain financing for capital expenditures and the trading price of our Equity Shares.

45) Any disruption in infrastructural facilities could adversely affect our business and production process of the Company.

Any disruption in supply of power, basic infrastructural facilities, telecom lines could adversely affect the business and production process of the Company or subject it to excess cost.

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

The Company's performance is highly dependent upon the growth of business and economy in the Country, which generates the demand for construction and development. An economic down turn may negatively impact the operating results of the Company.

47) Trading of Equity Shares will be permitted only in Dematerialised form and shareholders holding Equity Shares in physical form will not be able to trade in such Equity Shares.

Since the Equity Shares of the Company are required to be traded compulsory in demat form, shareholders who hold shares in Physical Form may not be able to trade in such Equity Shares unless they get their holding dematerialized.

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

After this Issue, the price of our Equity Shares may be highly volatile, or an active trading market for our Equity Shares may not develop. The prices of our Equity Shares on the Stock Exchanges may fluctuate as a result of several factors, including:

- Volatility in the Indian and global securities market;
- Our results of operations and performance, in terms of market share;
- Performance of the Indian economy;
- Changes in Government policies;
- Changes in the estimates of our performance or recommendations by financial analysts;
- Significant developments in India's economic liberalization and deregulation policies; and
- Significant developments in India's fiscal and environmental regulations

C. PROMINENT NOTES

1. Public issue of 77,00,000 Equity Shares of Rs.10 each for cash at a price of Rs. [•] per Equity Share (including a share premium of Rs.[•] per Equity Share) aggregating Rs.[•] lacs by Gyscoal Alloys Limited. The issue would constitute 48.65% of the fully diluted post issue paid up capital of the company.

2. The Issue is being made through the 100% Book Building Process wherein up to 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers, out of which 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 Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue Price. Further, at least 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.
3. Under-subscription, if any, in any category would be met with spill over from other categories or combination of other categories at the sole discretion of our Company in consultation with the BRLM. In case of inadequate demands from the Mutual Funds, the Equity Shares would be made available to QIBs other than Mutual Funds.
4. In the event of the Issue being oversubscribed, the allocation shall be on a proportionate basis to QIB Bidders, Retail Individual Bidders and Non-Institutional Bidders (Refer to the paragraph entitled "Basis of Allotment" on page no. 175 of this Red Herring Prospectus).
5. Net worth of the Company as on June 30, 2010 is Rs.3509.34 lacs. The book value of the Equity Shares of the Company as on June 30, 2010 is Rs.43.18 per Equity Share.
6. Except as stated in the section "Capital Structure" on page no.19 of Red Herring Prospectus, the Company has not issued any Equity Shares for consideration otherwise than for cash.
7. Investors are advised to refer the paragraph on "Basis for Issue Price" on page no. 35 of this Red Herring Prospectus before making an investment in the Issue.
8. Investors are free to contact the Book Running Lead Manager or Compliance Officer for any clarification or information or complaints pertaining to the Issue.
9. Investors may note that allotment and trading in shares of the Company shall be done only in dematerialized form.
10. All information shall be made available by the Book Running Lead Manager and the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.
11. The average cost of acquisition of Equity Shares of face value of Rs.10 each by our promoters is given below:

Sr. No.	Name of Promoter	Avg. Cost of Acquisition (Rs.)
1.	Mr. Viral M. Shah	5.29
2.	Mr. Manish M. Shah	2.71
3.	Mrs. Giraben K Solanki	6.25
4.	Mr. Zankarsinh K Solanki	13.24
5.	General Capital And Holding Pvt. Ltd.	65.00

12. There has been no transaction in the Company's Equity Shares by the Promoters/Promoter Group and the Directors of the Promoter Company during a period of six months preceding the date of filing of this Red Herring Prospectus with SEBI.
13. There has been no financing arrangements whereby the promoter group, the directors of the company which is a promoter of the issuer, the directors of the issuer and their relatives have financed the purchase by any other person of securities of the issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing Red Herring Prospectus with the Board.
14. For information on change in Company's name, please refer to the section "History And Certain Corporate Matters" on page no. 81 of Red Herring Prospectus.
15. For Related party transactions, please refer page 120 under heading "Related Party transactions" of the Red Herring Prospectus. The total value of transactions with related parties for the year ended March 31, 2010 was Rs.1183.43 lacs.

SECTION III - INTRODUCTION

SUMMARY

The Investor should read the following summary with the Risk Factors included from* page no viii *to xix and the more detailed information about the Company and the financial statements included in the Prospectus.

Industry Overview

INDIAN STEEL SECTOR: DEVELOPMENT AND POTENTIAL

At the time of independence in 1947, India had only three steel plants – the TATA Iron & Steel Company, the Indian Iron and Steel Company and Visveswaraya Iron & Steel Ltd and a few electric arc furnace-based plants. The period till 1947 thus witnessed a small but viable steel industry in the country, which operated with a capacity of about 1 million tonne and was completely in the private sector. From the fledgling one million tonne capacity status at the time of independence, India has now risen to be the 5th largest crude steel producer in the world and the largest producer of sponge iron.

As per official estimates, the Iron and Steel Industry contributes around 2% of the Gross Domestic Product (GDP) and its weight in the Index of Industrial Production (IPP) is 6.20%. From a negligible global presence, the Indian steel industry is now acknowledged for its product quality, reflected by trends of rising exports.

As it traversed its long history during the past 60 years, the Indian steel industry has responded to the challenges of the highs and lows of business cycles. The first major change came during the first three Five-Year Plans (1952-1970) when in line with the economic order of the day, the iron and steel industry was earmarked for state control. From the mid-50s to the early 1970s, the Government of India set up large integrated steel plants in the public sector at Bhilai, Durgapur, Rourkela and Bokaro.
The policy regime governing the industry during these years involved:

- Capacity control measures: Licensing of capacity, reservation of large-scale capacity creation for the public sector units.
- A dual-pricing system: Price and distribution control for the integrated, large-scale producers in both the private and public sectors, while the rest of the industry operated in a free market.
- Quantitative restrictions and high tariff barriers.
- Railway freight equalisation policy: To ensure balanced regional industrial growth.
- Controls on imports of inputs, including technology, capital goods and mobilisation of finances and exports.

The large-scale capacity creation in the public sector during these years contributed to making India the 10th largest steel producer in the world as crude steel production grew markedly to nearly 15 million tonnes in the span of a decade from a mere 1 million tonne in 1947. But the trend could not be sustained from the late 1970's onwards, as the economic slowdown adversely affected the pace of growth of the Indian steel Industry. However, this phase was reversed in 1991-92, when the country replaced the control regime by liberalisation and deregulation in the context of globalisation. The provisions of the New Economic Policy initiated in the early 1990's impacted the Indian steel industry in the following ways:

- Large-scale capacities were removed from the list of industries reserved for the public sector. The licensing requirement for additional capacities was also withdrawn subject to locational restrictions.
- Private sector came to play a prominent role in the overall set-up.
- Pricing and distribution control mechanisms were discontinued.
- The iron and steel industry was included in the high priority list for foreign investment, implying automatic approval for foreign equity participation up to 50%, subject to the foreign exchange and other stipulations governing such investments in general.
- Freight equalisation scheme was replaced by a system of freight ceiling.
- Quantitative import restrictions were largely removed. Export restrictions were withdrawn.

The system, therefore, underwent marked changes. For steel makers, opening up of the economy opened up new channels of procuring their inputs at competitive rates from overseas markets and also new markets for their products. It also led to greater access to information on global operations/techniques in manufacturing. This, along with the pressures of a competitive global market, increased the need to enhance efficiency levels so as to become internationally competitive. The steel consumer, on the other hand, was now able to choose items from an array of goods, be it indigenously manufactured or imported.

This freedom to choose established the sovereignty of the consumer and galvanised steel producers to provide products/service levels in tune with the needs of the consumers. With the opening up of the economy in 1992, the country experienced rapid growth in steel making capacity. Large integrated steel plants were set up in the Private Sector by Essar Steel, Ispat Industries, Jindal Group etc. TATA Steel also expanded its capacity. To sum up, some of the notable milestones in the period were:

- Emergence of the private sector with the creation of around 9 million tonnes of steel capacity based on state-of-the-art technology.
- Reduction/ dismantling of tariff barriers, partial float of the rupee on trade account, access to best-practice of global technologies and consequent reduction in costs – all these enhanced the international competitiveness of Indian steel in the world export market.

After 1996-97, with the steady decline in the domestic economy's growth rate, the Indian steel industry's pace of growth slowed down and in terms of all the performance indicators – capacity creation, production, consumption, exports and price/ profitability – the performance of the industry fell below average.

In foreign trade, Indian steel was also subjected to anti-dumping/ safeguard duties as most developed economies invoked non-tariff barriers. Economic devastation caused by the Asian financial crises, slowdown of the global economy and the impact of glut created by additional supplies from the newly steel-active countries (the steel-surplus economies of erstwhile USSR) were the negative factors.

However, from the year 2002, the global industry turned around, helped to a great extent by China, whose spectacular economic growth and rapidly-expanding infrastructure led to soaring demand for steel, which its domestic supply could not meet. At the same time, recoveries in major markets took place, reflected by increase in production, recovery of prices, return of profitability, emergence of new markets, lifting of trade barriers and finally, rise in steel demand – globally. The situation was no different for the Indian steel industry, which by now had acquired a degree of maturity, with emphasis on intensive R&D activities, adoption of measures to increase domestic per capita steel consumption and other market development projects, import substitution measures, thrust on export promotion and exploring global avenues to fulfil input requirements.

The rapid pace of growth of the industry and the observed market trends called for certain guidelines and framework. Thus was born the concept of the National Steel Policy, with the aim to provide a roadmap of growth and development for the Indian steel industry. The National Steel Policy (NSP) was announced in November 2005 as a basic blueprint for the growth of a self-reliant and globally competitive steel sector. The long-term objective of the National Steel Policy is to ensure that India has a modern and efficient steel industry of world standards, catering to diversified steel demand. The focus of the policy is to attain levels of global competitiveness in terms of global benchmarks of efficiency and productivity. The national policy seeks to facilitate removal of procedural and policy bottlenecks that affect the availability of production inputs, increased investment in research and development, and creation of road, railway and port infrastructure. The policy focuses on the domestic sector, but also envisages a steel industry growing faster than domestic consumption, which will enable export opportunities to be realised.

(Source: Annual Report for the year 2008-09, Ministry of Steel)

Business Overview

Gyscoal Alloys Limited (GAL), a public limited company, was incorporated in the year 1999 as a private limited company. Initially, the Company started its business with the trading of iron and steel scraps, billets and steel long products. The company also decided to trade in mild steel products namely CTD Bars and TMT Bars. The company took over a steel rolling mill business with a capacity of 6000 MT per annum from Shah Alloys Group at Ubkhal, Mehsana and started manufacturing of rolled products in the year 2005. The rolling mill capacity was increased by another 12000 MT per annum to take the total rolling mill capacity to 18000 MT per annum in the financial year 2005-06. In the financial year 2006-07, the Company further started its Steel Melting Shop with a capacity of 12,000 MT per annum which was further increased to 18,000 MT per annum in the year 2008-09. Looking to the potential higher value addition in case of stainless steel products, the Company decided to manufacture Stainless Steel long Products in the year 2006-07. At present, the plant has the capacity to manufacture different grades of Stainless Steel products ranging between 200 series to 400 series.

The Company has expanded in various ways keeping its focus on steel. At this stage, the company was able to provide its clientele a broad spectrum of products. In pursuance of its objectives, the company is committed to maintain high standards of quality, efficient delivery schedules, and competitive prices. At present, Company's products portfolio includes Angles, Bright Bars, Black Bars, Flats, Hexagonal and Round Corner Squares (RCS) products which include channels, sections, pata-patti, full line of Round Corner Squares (RCS) and rectangles in standard sizes. The Company also manufactures squares, and Flat in sizes of the specification as per requirement of its customers.

The Company's products adhere to high quality standards and it has got ISO 9001:2008 certification for "the manufacture and supply of stainless steel and mild steel based angles, channels, flats, round, square, bright, twisted bars, billets and ingots" adhering to IS 2062 & IS 1786" from BSI Management Systems

The Company explored the possibility of exports of its products to different countries outside India. During the past couple of years the Company has been successful in producing goods according to needs and specifications of its foreign buyers. The Company has been exporting a wide range of products to various Countries namely Thailand, Philippines, Malaysia, Kenya etc. Company's products are utilized in various industries such as real estate development, Pharmaceutical Plants, etc. With the experience of the running secondary steel units of our company and looking to the growth in the consumer sectors like construction, railway, manufacturing (Pharma, Chemicals, Mechanicals etc.), IT etc Steel Long Products are in huge demand. In order to meet this increasing demand of our products, our company proposes to increase its melting capacity from existing 18,000 MT per annum by 1,00,000 MT per annum to 1,18,000 MT per annum.

SUMMARY FINANCIAL INFORMATION

STATEMENT OF ASSETS AND LIABLITIES, AS RESTATED **(All amounts are in lacs)**

No.	Particulars	As At					
		30.06.10	31.03.10	31.03.09	31.03.08	31.03.07	31.03.06
A.	**FIXED ASSETS**						
	Gross Block	3172.03	3161.26	2308.97	1972.92	1380.29	406.41
	Less : Accumulated Depreciation	1104.84	1033.74	773.68	565.72	290.58	149.55
	Net Block	**2067.19**	**2127.53**	**1535.29**	**1407.21**	**1089.72**	**256.87**
	Less : Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Net Block after adjustment for Revaluation Reserve	2067.19	2127.53	1535.29	1407.21	1089.72	256.87
	Capital Work-in-Progress	452.87	450.83	115.33	0.00	0.00	345.45
	Total Fixed Assets (A)	**2520.06**	**2578.36**	**1650.62**	**1407.21**	**1089.72**	**602.32**
B.	**INVESTMENT (B)**	**2.09**	**2.09**	**2.09**	**2.09**	**2.09**	**2.09**
C.	**CURRENT ASSETS, LOANS AND ADVANCES**						
	Inventory	4029.34	3510.49	3076.46	3225.75	1826.02	860.32
	Sundry Debtors	3188.52	2604.97	2536.84	1345.49	2092.28	436.27
	Cash and Bank Balances	442.62	80.24	334.14	62.60	6.07	10.10
	Loans and Advances	255.42	276.33	297.82	583.83	301.03	98.08
		7915.90	**6472.03**	**6245.26**	**5217.67**	**4225.40**	**1404.77**
	Deffered tax Assets	0.00	0.00	0.00	0.00	0.00	2.85
	Total (C)	**7915.90**	**6472.03**	**6245.26**	**5217.67**	**4225.40**	**1407.62**
D.	**LIABLITIES AND PROVISIONS**						
	Secured loans	3406.07	2421.39	1956.70	1522.98	1135.76	600.30
	Unsecured loans	439.33	454.30	518.51	177.70	293.94	117.26
	Deffered tax Liabilities	337.80	341.49	199.05	111.89	57.49	0.00
	Current liablities and Provisions	2745.51	2478.87	2953.86	3089.26	3048.38	722.72
	Total (D)	**6928.71**	**5696.05**	**5628.12**	**4901.82**	**4535.57**	**1440.28**
E.	**TOTAL (A+B+C-D)**	**3509.34**	**3356.42**	**2269.85**	**1725.15**	**781.63**	**571.75**
F.	**REPRESENTED BY :**						
1	**SHARE CAPITAL**	**812.76**	**812.76**	**658.91**	**658.91**	**297.18**	**257.18**
	Share Capital	812.76	812.76	658.91	658.91	297.18	257.18
2	**RESERVES AND SURPLUS**	**2756.12**	**2603.21**	**1265.38**	**1086.52**	**355.85**	**75.67**
	Accumulated Profit	1674.84	1521.93	1030.25	851.40	120.85	65.67
	General Reserve	7.45	7.45	7.45	7.45	235.00	10.00
	Share Premium	1073.83	1073.83	227.68	227.68	0.00	0.00
3	Miscellaneous Expenditure	59.55	59.55	23.69	20.28	0.00	0.00
	NETWORTH (1+2-3)	**3509.34**	**3356.42**	**1900.60**	**1725.15**	**653.03**	**332.85**
	Share Application Money	0.00	0.00	369.25	0.00	128.61	238.91
	TOTAL	**3509.34**	**3356.42**	**2269.85**	**1725.15**	**781.64**	**571.76**

Note: The above summary statement of Assets and Liabilities is to be read with Notes to Restated Financial Statement and significant Accounting Policies as appearing in Annexure IV.

STATEMENT OF PROFITS AND LOSSES, AS RESTATED							
							(All amounts are in lakhs)
No.	**Particulars**	**For the Year / Period Ended on**					
		30.06.10	**31.03.10**	**31.03.09**	**31.03.08**	**31.03.07**	**31.03.06**
A.	**INCOME**						
	Sales	4,512.63	16,839.50	13,537.23	14,046.18	8,465.68	3,654.10
	of products manufactured by the company	4,512.63	16,839.50	13,537.23	14,045.81	8,462.07	3,517.08
	of products traded in by the company	-	-	-	0.37	3.61	137.02
	Less : Duties & Taxes	496.41	1,635.17	1,589.58	2,210.75	1,478.70	499.44
	Net Sales	4,016.22	15,204.33	11,947.65	11,835.43	6,986.98	3,154.66
	Income from Operation/Job Work	103.17	692.44	801.93	357.50	389.96	10.63
	Other Income	11.78	35.62	49.73	16.97	11.35	2.19
	Increase / (Decrease) in Stock	430.33	(54.80)	(241.16)	1,028.28	387.97	81.48
	TOTAL INCOME	**4,561.50**	**15,877.58**	**12,558.15**	**13,238.18**	**7,776.26**	**3,248.96**
B.	**EXPENDITURE**						
	Raw Material Consumed	3,902.75	13,457.04	10,816.67	10,597.82	6,670.41	2,721.85
	Manufacturing Expenses	187.13	800.27	602.18	745.69	303.77	211.57
	Employee's Remuneration and Benefits	16.44	57.64	41.11	30.96	25.60	15.58
	Administrative and other Expenses	26.15	97.11	162.70	178.39	68.18	46.43
	Preliminary Expenses Written Off.	-	-	-	-	-	-
	TOTAL EXPENDITURE	**4,132.48**	**14,412.06**	**11,622.66**	**11,552.87**	**7,067.96**	**2,995.45**
C.	**PROFIT BEFORE INTEREST, DEPRECIATION & TAX**	**429.02**	**1,465.51**	**935.49**	**1,685.32**	**708.29**	**253.52**
	Depreciation	71.10	260.06	207.96	275.14	141.03	124.10
	PROFIT BEFORE INTEREST & TAX	**357.92**	**1,205.45**	**727.53**	**1,410.18**	**567.26**	**129.42**
	Finance Charges / Interest	125.62	439.48	422.73	261.26	130.09	39.57
D.	**PROFIT BEFORE TAX**	**232.30**	**765.97**	**304.80**	**1,148.92**	**437.17**	**89.85**
	Provision for Taxation						
	- Current	83.08	131.85	36.14	361.54	95.64	28.83
	- Deffered Tax	(3.70)	142.45	87.16	54.39	60.34	3.56
	- Fringe Benefit Tax	-	-	2.64	2.44	1.01	0.98
E.	**PROFIT AFTER TAX BUT BEFORE EXTRA ORDINARY ITEMS**	**152.92**	**491.67**	**178.86**	**730.55**	**280.18**	**56.48**
	Prior Period Items	-	-	-	-	-	(0.24)
F.	**NET PROFIT AS RESTATED**	**152.92**	**491.67**	**178.86**	**730.55**	**280.18**	**56.24**
G.	**APPROPRIATION**						
	Add : Balance Brought from Previous Period	1,521.93	1,030.25	851.40	120.85	65.67	18.03
	Less : Transfer to General Reserve	**-**	**-**	**-**	**-**	225.00	8.60
H.	**BALANCE C/F. TO BALANCE SHEET**	**1,674.84**	**1,521.93**	**1,030.25**	**851.40**	**120.85**	**65.67**

Notes : The above summary statement of Profit and Losses is to be read with Notes to Restated Financial Statements and Significant Accounting Policies as appearing in Annexure IV.

SUMMARY STATEMENT OF CASH FLOWS, AS RESTATED						
(All amounts are in Lacs)						
Particulars	**Period Ended 30.06.10**	**Year Ended 31.03.10**	**Year Ended 31.03.09**	**Year Ended 31.03.08**	**Year Ended 31.03.07**	**Year Ended 31.03.06**
A. Cash Flow from Operating Activities						
Net Profit After Tax	152.91	491.68	178.86	730.55	280.18	56.48
Add: Interest Cost	125.62	439.48	422.73	261.26	130.09	39.57
	278.54	931.16	601.59	991.81	410.27	96.05
Adjustments In:						
Depreciation on Fixed Assets	71.10	260.05	207.96	275.14	141.03	124.10
Provision for Gratuity	1.16	2.91	1.96	1.93	3.44	-
Provision for Taxation	-	129.65	125.94	418.37	157.00	33.37
Provision for Exps.	0.83					
Preliminary Expenses W/off	-	-	-	-	-	-
Change in Accounting policies	-	-	-	-	-	-
Prior period Item	-	-	-	-	-	-
Income on Exchange Fluctuation	(1.36)	(2.02)	(30.62)	(2.55)	-	-
Interest Income	(10.28)	(26.72)	(10.10)	(7.54)	(5.52)	-
ISO Subsidy	-	-	-	-	-	-
Operating Profit before Working Capital changes	**339.99**	**1,295.03**	**896.73**	**1,677.16**	**706.21**	**253.52**
(Increase)/Decrease in sundry debtors	(583.55)	(68.13)	(1,159.65)	746.78	(1,656.00)	(129.02)
(Increase)/Decrease in inventories	(518.85)	(434.02)	149.29	(1,399.72)	(965.69)	(743.36)
(Increase)/Decrease in Loans and Advances	20.92	21.49	286.01	(282.80)	(202.95)	(82.14)
Increase/(Decrease) in current liabilities and provisions	181.58	(607.56)	(135.40)	40.58	2,325.66	339.94
Cash generated from operations	**(559.91)**	**206.81**	**36.98**	**782.00**	**207.23**	**(361.05)**
Provision for Income Tax (Including Deferred Taxation)	79.35	142.45	53.84	(334.68)	(100.11)	(29.73)
Cash flow before Extra-ordinary item	**(480.56)**	**349.26**	**90.82**	**447.33**	**107.12**	**(390.78)**
Proceeds from Extra-ordinay items	-	-	-	-	-	-
Direct tax Paid	-	-	(95.64)	(28.39)		
Net Cash from Opearting activities	**(480.56)**	**349.26**	**(4.82)**	**418.94**	**107.12**	**(390.78)**
B. Cash flows (used in) / from investing activities						
Purchase of Fixed Assets	(12.80)	(1,187.79)	(451.38)	(592.63)	(1,261.40)	(498.75)
Sales of Fixed Assets	-		-	-	632.97	0.50
Investments	-		-	-	-	(0)
Interest received	11.65	28.74	10.10	7.54	5.52	-
Net cash flow (used in) / from investing activities	**(1.15)**	**(1,159.05)**	**(441.28)**	**(585.09)**	**(622.90)**	**(498.25)**
C. Cash flows from financing activities						
Term Loans (repaid)/availed	(31.56)	(49.43)	(109.85)	(116.27)	307.89	286.19
Working Capital Loan (repaid)/availed	1,016.91	518.76	548.11	499.96	224.60	188.78
Vehicle Loan (repaid)/availed	(0.68)	(4.64)	(4.54)	3.52	2.97	4.20
Unsecured Loans(repaid)/availed	(14.96)	(64.21)	340.81	(116.24)	176.68	102.76

Increase/(Decrease) in Share Capital	-	153.85	0.00	134.18	40.00	131.41
Increase/(Decrease) in Share application money	-	(369.25)	369.25	(128.61)	(110.30)	223.82
Interest expenses	(125.62)	(439.48)	(422.73)	(261.26)	(130.09)	(39.57)
Expenses for the increase in capital	-	(35.85)	(3.41)	(20.28)		
Share Premium	-	846.15	0.00	227.68	-	-
Net cash flow (used in) / from financing activities	**844.10**	**555.90**	**717.64**	**222.68**	**511.76**	**897.59**
Net (decrease) / increase in cash and cash equivalents	362.38	(253.89)	271.54	56.53	(4.03)	8.55
Cash and cash equivalents at the beginning of the year / period	80.24	334.14	62.60	6.07	10.10	1.54
Cash and cash equivalents at the end of the year / period	442.62	80.24	334.14	62.60	6.07	10.10

Source: Restated Financials Statements
Notes:

Reason for sharp increase in Sundry Debtors between March 31, 2006 & March 31, 2007 and also between March 31, 2008 & March 31, 2009

The reason for increase in Sundry Debtors between March 31, 2006 and March 31, 2007 was mainly due to the increase in company’s turnover. The company’s turnover during the year ended 31.03.2006 was Rs.3654.10 lacs and during the year ended 31.03.2007 was Rs.8465.68 lacs.

The increase in turnover was due to the starting of steel melting unit by the company as a result of which the turnover increased during the last quarter. As per prevailing industry norms and competition, the company had to extend credit limit to its customers from 45-60 days which was the main reason for increased in Sundry Debtors during the year ended March 31, 2007. The Sundry Debtors outstanding during the financial year ended March 31, 2007 were realized during the next financial year.

During the year 2008-09, there was major economic slowdown and as a result of which the routine business cycle was affected. The reason for increase in Sundry Debtors between March 31, 2008 and March 31, 2009 was mainly due to increase in the lead time for payment receivable from debtors which increased up to 90 days.

Reason for sharp increase in inventories between March 31, 2006 & March 31, 2008.

The company started its Melting unit during 2006-07. The main raw material for the melting unit is stainless steel scrap. After the starting of steel melting unit, the company maintained raw material inventory with a lead time of 45-50 days. Out of the total inventory, 50% comprised of raw material stock and 50% comprised of finished goods. The melting unit during the year 2007-08 was running at 24 hours basis and therefore the company had to maintain the inventory level as per the lead time.

During the financial year 2007-08, there was sharp increase in the prices of Nickel which is one of the metals present in stainless steel scrap as a result of which the prices of raw material increased substantially compared with the previous financial years. Due to above, valuation of stock of finished goods as well as raw materials increased.

Reason for sharp increase in Secured Loans between March 31, 2006 & September 30, 2009

The company has taken term loan of Rs.625.00 lacs from UCO bank during financial year 2005-06 for purchase of steel melting unit. The loan was sanctioned on Nov 2005 and the melting unit installation was completed during financial year 2006-07. The company’s turnover increased from Rs.3654.10 lacs in March 31, 2006 to Rs.13537.23 lacs in March 31, 2009 which is almost 4 times of the turnover as on March 31, 2006. To fulfill the working capital gap and to maintain the inventory level as well as increased lead time of debtors, the company had applied for additional working capital loan with UCO Bank and Axis Bank between March 31, 2006 and September 30, 2009 amounting to Rs.1600.00 lacs.

Reason for sharp increase in Unsecured Loans between March 31, 2008 & March 31, 2009

There was increase in unsecured loans between March 31, 2008 and March 31, 2009 of Rs.340.83 lacs. Banks allow drawing power on working capital after deducting 25% margin on stock and 30% margin on book debts. It is one of the terms of sanction received from the bank that the working capital gap is to be fulfilled through unsecured loans from promoters and others.

Reasons for decrease in depreciation between March 31, 2008 & March 31, 2009

Total Fixed Assets addition during the year 2008-09 was Rs.451.38 lacs out of which fixed assets of Rs.115.33 lacs was reflected as capital work in progress and also remaining fixed assets were installed during the year for expansion of melting capacity from 12000 MT to 18000 MT and commercial production commenced during last few months of the above financial year. Depreciation was calculated on put to use basis and no depreciation was calculated on capital work in progress. The depreciation in respect of all fixed assets has been calculated on WDV Method.

Table showing the details of fixed assets as on March 31, 2008 and 2009 is given below for your reference:

Fixed Assets	**As at 31.03.2009**	**As at 31.03.2008**
Gross Block	2308.97	1972.92
Less : Accumulated Depreciation	773.68	565.72
Net Block	1535.29	1407.21
Add : Capital Work in Progress	115.33	0.00
Total Fixed Assets	1650.62	1407.21

Reasons for increase in “Advance recoverable in cash or kind or value to be received” between the financial year ended March 31, 2009 an September 30, 2009

Details of the “Advance recoverable in Cash or Kind or value to be received” during the period ended September 30, 2009 was as under:

Advances to suppliers for Plant & Machinery	Rs. 74.38 lacs
Advances to Contractors & Others	Rs. 8.29 lacs
Advances to Creditors for goods	Rs. 53.87 lacs
Advances to Shankarsinh Vaghelabapu Charitable Trust	Rs. 200.00 lacs
Total	**Rs. 336.54 lacs**

The increase in “Advance recoverable in Cash or Kind or value to be received” between March 31, 2009 and September 30, 2009 was due to loan given to Shankarsinh Vaghelabapu Charitable Trust for Rs.200.00 lacs. The loan was fully recovered during the financial year ended March 31, 2010.

THE ISSUE

Equity Shares offered	
Public Issue	**77,00,000 Equity Shares**
Of Which	
QIB Portion	Up to 50% of the Issue, i.e 38,50,000 Equity Shares of Rs.10 each for cash at a price of Rs. [●] per equity share aggregating to Rs. [●] lacs, (Allocation on proportionate basis) out of which 5% of the QIB Portion i.e. 1,92,500 Equity Shares 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 Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue Price
Non Institutional Portion	At least 15% of the Issue i.e. 11,55,000 Equity Shares of Rs.10 each for cash at a price of Rs. [●] per equity share aggregating to Rs. [●] lacs, available for allocation to Non Institutional Bidders. (Allocation on proportionate basis)
Retain Portion	At least 35% of the Issue i.e. 26,95,000 Equity Shares of Rs.10 each for cash at a price of Rs. [●] per equity share aggregating to Rs. [●] lacs, available for allocation to Retail Individual Bidder(s). (Allocation on proportionate basis)
Equity Shares outstanding prior to the Issue	81,27,556 Equity shares of Rs.10 each
Equity Shares outstanding after the Issue	1,58,27,556 Equity Shares of Rs.10 each
Objects of the Issue	Please see the section entitled "Objects of the Issue" on page 27 of this Red Herring Prospectus.

- Under-subscription, if any, in any category would be met with spill over from other categories or combination of other categories at the sole discretion of our Company in consultation with the BRLM. In case of inadequate demands from the Mutual Funds, the Equity Shares would be made available to QIBs other than Mutual Funds.

GENERAL INFORMATION

GYSCOAL ALLOYS LIMITED

Regd. Office: 2nd Floor, Mrudul Tower, B/h. Times of India, Ashram Road, Ahmedabad – 380009,
(Originally the Registered Office of our Company was situated at 5, Khadayata Colony, Netaji Road, Ellisbridge, Ahmedabad – 380 006 since incorporation which was shifted to B-701, Shiromani, S M Road, Opp. Ocean Park, Ahmedabad – 380 015 w.e.f. October 30, 2001. Thereafter, it has been shifted to the present address w.e.f. June 22, 2004)
Tel: 91-79-26574878, 26577998; **Fax:** +91-79-26579387;
E-mail: ipo@gyscoal.com; **Website**: www.gyscoal.com,
Contact Person: Ms. Neha Choksi, Company Secretary & Compliance Officer

The Company was originally incorporated as Shreenath Mineral Metal Private Limited on September 29, 1999 under the Companies Act, 1956 as a private limited company by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. The name of the Company was changed to Gyscoal Alloys Private Limited and a fresh certificate of incorporation consequent to the change of name was granted by Registrar of Companies, Gujarat on June 21, 2004. The Company subsequently became a public limited Company and the name of the Company was changed to Gyscoal Alloys Limited and the fresh certificate of incorporation was granted to the Company on March 21, 2006 by the Registrar of Companies, Gujarat.

Company Registration Number: 04-36656. (Company Incorporation Number (CIN) of the Company is U27209GJ1999PLC036656.)

The Company is registered with the Registrar of Companies, Gujarat, situated at "ROC Bhavan",Opp Rupal Park Society, Behind Ankur Bus Stop, Naranpura, Ahmedabad – 380 013, Gujarat.

BOARD OF DIRECTORS OF THE COMPANY

Sr. No.	Name	Designation
1.	Mr. Viral M. Shah	Chairman & Managing Director
2.	Mr. Manish M. Shah	Wholetime Director
3.	Mrs. Giraben K. Solanki	Executive Director
4.	Mr. Zankarsinh K. Solanki	Non Executive Director
5.	Mr. Kuren M Amin	Non Executive Independent Director
6.	Mr. Dharmendra Deo Mishra	Non Executive Independent Director
7.	Mr. Sunil H. Talati	Non Executive Independent Director
8.	Mr. Prem S. Malik	Non Executive Independent Director

Brief profile of the Directors

Brief profile of directors are given hereunder:

Mr. Viral M. Shah

Mr. Viral M. Shah, aged 34 years, is a Commerce Graduate (B.Com) from Gujarat University and is having experience of more than 10 years in the steel & alloys business. He is presently the Chairman & Managing Director of the Company.

Mr. Viral Shah is associated with Company since 2004 and over a period of time, he has gained in-depth knowledge and experience in steel manufacturing as well as international sourcing and marketing. He handles all the production as well as marketing related activities of the company.

Mr. Manish M. Shah

Mr. Manish M. Shah, aged 36 years, is a Commerce Graduate (B.Com) from Gujarat University. He is associated with the Company since inception & presently the Whole-time Director of the Company.

He has gained experience of over 10 years in steel and alloys industry. Mr. Manish Shah looks after Company's Administration and Accounts & Finance related matters in the Company. He is responsible for running the Company's administrative and financial operations.

Mrs. Giraben K. Solanki

Mrs. Giraben K. Solanki aged 54 years is Graduate in Arts (B.A.) from Gujarat University. She is an Executive Director of the company and helps in marketing the products and developing the business of the company. Mrs. Giraben has experience of over 6 years in the steel industry.

Mr. Zankarsinh K. Solanki

Mr. Zankarsinh Solanki aged 33 years, is Non-Executive Promoter Director of the company. He is the director of Torque Automotive Private Limited (which is a group company of Gyscoal Alloys Ltd.) and is looking after the administrative work of Torque Automotive Private Limited for last 3 years which is engaged in the business of dealership & service center of Skoda Auto.

Mr. Prem Malik

Mr. Prem Malik aged 68 years, is Non-Executive Independent Director of the company. He is having more than 40 years of experience in Textile Industry. He has worked in top management level with companies like Bombay Dyeing Manufacturing Co. Ltd., Mafatlal Industries Ltd., Mafatlal Spinning Mills Ltd., GTN Textiles Ltd. etc.

He provides his valuable knowledge & experience to boost up exports of the company and other business development activities.

Mr. Kuren M. Amin

Mr. Kuren Amin aged 35 years, is Non-Executive Independent Director of the company. He is Bachelor of Commerce from MS University of Baroda. He is having an experience of about 8 years in the automobile business. He is Non-Executive Independent Director of the company.

Mr. Sunil Talati

Mr. Sunil Talati, aged 59 years, is Non-Executive Independent Director of the company. He is a Fellow Member of The Institute of Chartered Accountants of India (FCA). Mr. Sunil Talati is having more than 30 years experience in the feild of Accounts, Audit, Finance, Taxation, etc. During 2007-08 he was the President of Institute of Chartered Accountants of India.

He provides guidance to the Company in the matters of audit, finance and taxation.

Mr. Dharmendra Deo Mishra

Mr. Dharmendra Deo Mishra, aged 66 years, is an Non-Executive Independent Director of the company.

<u>COMPANY SECRETARY AND COMPLIANCE OFFICER</u>

Ms. Neha Choksi
Gyscoal Alloys Limited
2nd Floor, Mrudul Tower,
B/h. Times of India,
Ashram Road,
Ahmedabad – 380009,
Tel: 91-79-26574878, 26577998; Fax: +91-79-26579387;
E-mail: ipo@gyscoal.com; Website: www.gyscoal.com,

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 accounts or refund orders etc.

<u>BANKERS TO THE COMPANY</u>

UCO Bank
Mid Corporate Branch,
UCO Bhavan, Near Sanyas Ashram,
Ashram Road, Ahmedabad – 380 009

Tel: 91-79-2658 1389;
Fax: +91-79-2657 8477;
Contact person: Mr. Ajay Jain
Email address: uco_ashram@vsnl.net

Axis Bank Limited
2nd Floor, 3rd Eye One,
Nr. Panchvati Crossing,
C G Road,
Ahmedbaad – 380 0009
Tel: 91-79-6614 7100;
Fax: +91-79-6614 7130;
Contact person: Mr. Bhargav Vaghela
Email address: bhargav.vaghela@axisbank.com

State Bank of Patiala
Midcorporate Branch, Vishwa Complex,
Opp. Jain Derasar,
Navrangpura,
Ahmedbaad – 380 0009
Tel: 91-79-2644 8710;
Fax: +91-79-2644 8713;
Contact person: Mr. S. K. Jain
Email address: b5879@sbp.co.in

ISSUE MANAGEMENT TEAM

BOOK RUNNING LEAD MANAGER

Chartered Capital And Investment Limited
711, Mahakant, Opp V.S. Hospital, Ellisbridge, Ahmedabad-380 006
Tel: +91-79-2657 5337, 2657 7571
Fax: +91-79-2657 5731
E-mail: gal.ipo@charteredcapital.net
Investor grievance Id: investor.relation@charteredcapital.net
Website: www.charteredcapital.net
Contact Person: Mr. Manoj Kumar Ramrakhyani

SYNDICATE MEMBER

Chartered Capital And Investment Limited
711, Mahakant, Opp V.S. Hospital, Ellisbridge, Ahmedabad-380 006
Tel: +91-79-2657 5337, 2657 7571
Fax: +91-79-2657 5731
E-mail: gal.ipo@charteredcapital.net
Investor grievance Id: investor.relation@charteredcapital.net
Website: www.charteredcapital.net
Contact Person: Mr. Manoj Kumar Ramrakhyani

REGISTRAR TO THE ISSUE

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West), Mumbai 400 078
Tel :+91-22- 25960320, Fax :+91-22- 25960329
E-mail: gal.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact person: Mr. Chetan Shinde

STATUTORY AUDITORS OF THE COMPANY

Rangani & Patel
Chartered Accountants

(Firm Registration No with ICAI: 114847W)
22, Swastik Chamber,
Near C. U Shah College,
Navjivan Press Lane,
Off. Ashram Road,
Ahmedabad – 380 014.
Tel: +91-79- 2754 2491 / 3008 2491-95
Fax: +91-79- 2754 4314
Email: ca.deepakpatel@gmail.com

BANKERS TO THE ISSUE AND ESCROW COLLECTION BANKS

ICICI Bank Limited
Capital Markets Division,
30, Mumbai Samachar Marg,
Mumbai – 400 001
Tel: +91-22-6631 0311, 6631 0312
Fax: +91-22-2261 1138, 6631 0350
E-mail: viral.bharani@icicibank.com
Contact Person: Mr. Viral Bharani

Indusind Bank Limited
Cash Management Services,
IBL House, 1st Floor,
Cross "B" Road, MIDC,
J.B. Nagar, Off-Andheri-Kurla Road,
Andheri (East), Mumbai-400 059
Tel: +91-22-6772 8721
Fax: +91-22-6641 2349
E-mail: suresh.esaki@indusind.com
Contact Person: Mr. Suresh Esaki

Kotak Mahindra Bank Limited
5th Floor, Dani Corporate Park,
158, CST Road, Kalina,
Santacruz (E),
Mumbai – 400 098
Tel: +91-22-6759 5336
Fax: +91-22-6759 5374
E-mail: amit.kr@kotak.com
Contact Person: Mr. Amit Kumar

SELF CERTIFIED SYNDICATE BANKS

The list of banks that have been notified by SEBI to act for the ASBA Process are provided on http://www.sebi.gov.in. For details on designated branches of SCSBs collecting the ASBA Bid cum Application Form, please refer the above mentioned SEBI website.

STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITIES BETWEEN BRLMs

Since Chartered Capital And Investment Limited is the sole BRLM for this Issue, all the Issue related activities are handled by Chartered Capital And Investment Limited.

CREDIT RATING

As this is an Issue of Equity Shares, credit rating is not required.

IPO GRADING

The Company has appointed CARE for the purpose of IPO Grading. Their contact detail is as under:
Credit Analysis & Research Limited
4th Floor, Godrej Coliseum,

Somaiya Hospital Road,
Off Eastern Express Highway,
Sion (East), Mumbai – 400 022
Tel: +91-22-6754 3465
Fax: +91-22-6754 3457
Email: revati.kasture@careratings.com
Contact Person: Ms. Revati Kasture

This Issue has been graded by CARE as "CARE IPO Grade 2", indicating "Below Average Fundamentals" vide its letter dated August 31, 2010. For details in relation to the report of CARE furnishing rationale for the IPO grading, please refer to Annexure beginning on page 216 of this Red Herring Prospectus. Attention of the Investors is drawn to the disclaimer of CARE appearing on page 150 of the Red Herring Prospectus.

TRUSTEES

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

MONITORING AGENCY

As the net proceeds of the Issue will be less than Rs. 50,000 Lacs, as per the SEBI Regulations it is not required that a monitoring agency be appointed by our Company.

APPRAISING ENTITY

None of the objects of the issue has been apprised by any entity.

WITHDRAWAL OF THE ISSUE

The Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime after the Bid/Issue Opening Date but before Allotment. If our Company withdraws from the Issue, it shall issue a public notice within two days of the closure of the Issue informing the reason. The notice shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company shall also promptly inform the Stock Exchanges. If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh Red Herring Prospectus with the SEBI.

BOOK BUILDING PROCESS

Book building refers to the collection of Bids from investors, which is based on the Price Band, with the Issue Price being finalized after the Bid/Issue Closing Date, The principal parties involved in the Book Building Process are:

1. The Company.
2. The Book Running Lead Manager; and
3. The Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the Stock Exchange (s) and eligible to act as underwriters. The BRLM appoints the Syndicate Members, and
4. The Registrar to the issue.
5. Self Certified Syndicate Banks

The SEBI Regulations has permitted an issue of securities to the public through the 100% Book Building Process, wherein (i) up to 50 % of the Issue shall be allocated on a proportionate basis to QIBs, including upto 5% of the QIB portion that 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 QIB Bidders, including Mutual Funds. Further, (ii) at least 15% of the Issue shall be available for allotment on a proportionate basis to Non Institutional Bidders and (iii) at least 35% of the Issue shall be available for allotment on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. We will comply with the SEBI Regulations for this Issue. In this regard, we have appointed the BRLM to procure subscriptions to the Issue.

QIBs are not allowed to withdraw their Bid(s) after the Bid /Issue Closing Date. In addition as per the recent amendments to the SEBI Regulations, QIBs are required to pay 100% margin amount upon submission of their Bids and the allocation to QIBs will be on a proportionate basis. For further details please refer the section titled "Issue Structure" on page 157 of the Red Herring Prospectus.

Book Building Process under the SEBI Regulations is subject to change and the investors are advised to make their own judgment about investment through this process prior to making a Bid in the Issue.

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; and
- Ensure that the Bid cum Application Form/ASBA Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form/ASBA Form.

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 1800 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) and NSE (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	27.77%
1000	23	1500	83.33%
1500	22	3000	166.67%
2000	21	5000	277.77%
2500	20	7500	416.66%

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.22 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.22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Though the process of Book Building is not new now, investors are advised to make their own judgment about investment through this process prior to making a Bid or Application in the Issue. Pursuant to SEBI Regulations, QIBs are not allowed to withdraw their Bids after Bid/ Issue Closing Date.

Bid/Issue Programme

BID/ISSUE OPENS ON	**October 13, 2010**
BID/ISSUE CLOSES ON	**October 15, 2010**

1. Closure time of the Stock Exchange bidding platform for entry of bids is 5.00 P.M..
2. On the day of closing, extension of time will be granted by Stock Exchange only for uploading the bids received from Retail Investors after taking into account the total number of applications received upto the closure of timings for acceptance of application forms as stated in Offer Document and reported by BRLM to the Exchange within half an hour of such closure.
3. Bids not uploaded in the book, would be rejected.
4. In case of discrepancy in the data entered in the electronic book vis a vis the data contained in the physical bid form, for a particular bidder, the details as per physical application form of that bidder may be taken as the final data for the purpose of allotment.
5. Standardization of cut-off time for uploading of bids on the bid / issue closing date.
   a) A standard cut-off time of 3.00 P.M. for acceptance of bids
   b) A standard cut-off time of 4.00 P.M. for uploading of bids received from non retail applicants i.e. QIBs and HNIs.
   c) A standard cut-off time of 5.00 P.M. for uploading of bids received from only retail applicants, which may be extended up to such time as deemed fit by Stock Exchanges after taking into account the

total number of applications received upto the closure of timings and reported by BRLM to the Exchange within half an hour of such closure.

Bids and any revision in Bids shall be accepted **only between 10.00 a.m and 5.00 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, when Bids shall be accepted only between 10.00 a.m and 3.00 p.m (Indian Standard Time).**

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).

Our Company reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Regulations. 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 advertised at least one day prior to the Bid /Issue Opening Date.

In case of revision in the Price Band, the 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 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 the BSE and the 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.

UNDERWRITING AGREEMENT

After the determination of the Issue Price and prior to filing of the Prospectus with RoC, the Company, on its behalf, will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be issued through the Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the members of the Syndicate do not fulfill their underwriting obligations.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:
(This portion has been intentionally left blank and will be filled in before filing of the Prospectus with RoC)

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in lacs)
Chartered Capital And Investment Ltd 711, Mahakant, Opp V S Hospital, Ellisbridge, Ahmedabad 380 006, Tel: +91-79-26575337, 26577571 Fax No. : +91-79-26575731 Email: gal.ipo@charteredcapital.net Website: www.charteredcapital.net Contact person: Mr. Manoj Kumar Ramrakhyani	[●]	[●]
[●]	[●]	[●]

The above-mentioned amount is indicative underwriting and would be finalized after pricing and actual allocation. The above Underwriting Agreement is dated [●].

In the opinion of our Board of Directors (based on a certificate dated [●] given by the Underwriters), the resources of 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 or registered as brokers with the Stock Exchange(s). The above Underwriting Agreement has been accepted by the Board of Directors acting through our Chairman and Managing Director, at their meeting held on [●], and we have issued letters of acceptance to the Underwriters.

In addition, in the opinion of the BRLM, the underwriters' assets are adequate to meet their underwriting obligations.

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 defined in the underwriting agreement, will also be required to procure/subscribe to the extent of the defaulted amount. Allocation to QIBs is proportionate as per the terms of this Red Herring Prospectus.

CAPITAL STRUCTURE

The Share Capital Structure of our Company as on date of filing this Red Herring Prospectus with SEBI is as below:

(Rs in lacs)

	Share Capital	Aggregate Nominal Value	Aggregate Value at issue price
A.	**Authorised Share Capital** 1,70,00,000 Equity Shares of Rs.10 each	1700.00	
B.	**Issued, Subscribed and Paid-Up Share Capital before the Issue** 81,27,556 Equity Shares of Rs.10 each	812.76	
C.	**Issue in terms of this Red Herring Prospectus** 77,00,000 Equity Shares of Rs.10 each	770.00	**[•]**
	Of which (i) QIB Portion of up to 38,50,000 Equity Shares (ii) Non-Institutional Portion at least 11,55,000 Equity Shares (iii) Retail Portion of at least 26,95,000 Equity Shares	 385.00 115.50 269.50	 **[•]** **[•]** **[•]**
D.	**Equity Share Capital after the Issue** 1,58,27,556 Equity Shares of Rs.10 each	1582.76	**[•]**
E.	**Share Premium Account** Before the Issue After the Issue	 1073.83 **[•]**	

History of change in Authorised Capital

Date of passing General Meeting resolution	No. of Shares	Face Value (Rs.)	Authorised Capital (Rs. In Lacs)	Particulars
September 29, 1999	50,000	10	5	On Incorporation
February 26, 2005	13,00,000	10	130	Increase
March 16, 2006	20,00,000	10	200	Increase
March 31, 2006	50,00,000	10	500	Increase
June 2, 2007	75,00,000	10	750	Increase
November 30, 2007	1,20,00,000	10	1200	Increase
May 30, 2009	1,50,00,000	10	1500	Increase
January 13, 2010	1,70,00,000	10	1700	Increase

Our current authorised capital is sufficient to meet the requirements of the Public Issue.

Notes to Capital Structure

1. Share Capital history of the Company.

The current capital structure of the Company is built up as under.

Date of Allotment of Equity Shares	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of payment	Reasons for allotment	Cumulative Total Shares	Cumulative paid up capital (Rs. In Lacs)	Cumulative Share Premium (Rs. In Lacs)
September 29, 1999	2	10	10	Cash	Subscription to Memorandum	2	0.00	Nil
November 29, 2000	22000	10	10	Cash	Further Issue of Equity Shares	22002	2.20	Nil
February 26, 2005	1235688	10	10	Cash	Further Issue of Equity	1257690	125.77	Nil

					Shares			
March 31, 2006	1314100	10	10	Cash	Further Issue of Equity Shares	2571790	257.18	Nil
May 5, 2006	400000	10	10	Cash	Further Issue of Equity Shares	2971790	297.18	Nil
July 3, 2007	1150000	10	10	Cash	Further Issue of Equity Shares	4121790	412.18	Nil
August 6, 2007	50000	10	40	Cash	Further Issue of Equity Shares	4171790	417.18	15.00
November 30, 2007	2275520	10	NA	Bonus	Bonus Issue in ratio 6:11	6447310	644.73	15.00
November 30, 2007	141786	10	160*	Cash	Further Issue of Equity Shares	6589096	658.91	227.68
December 1, 2009	1538460	10	65**	Cash	Further Issue of Equity Shares	8127556	812.76	1073.83

*Basis of valuation for the shares issued on November 30, 2007 was then prevailing profitability of the Company & other relevant factors including financial requirements of the Company.
**Basis of valuation for shares issued on December 1, 2009 is tentative issue price in the proposed IPO of the Company.

2. Promoters Contribution and Lock-in

(a) Details of the build up of our promoters' shareholding

Sr. No.	Name of Promoter	Date of Allotment/ Transfer/ Date when made fully paid up	No of Shares	Nature of Allotment (Rights, Bonus, Preferential etc.)	Consideration	Face Value	Issue / Purchase / Transfer Price	% Of Pre Issue Capital	% Of Post Issue Capital
1	Mr. Manish M Shah	September 29, 1999	1	Subscription to Memorandum	Cash	10	10	0.00	0.00
		November 29, 2000	11000	Preferential Allotment	Cash	10	10	0.14	0.07
		February 26, 2005	54248	Preferential Allotment	Cash	10	10	0.67	0.34
		October 30, 2006	90350	Gift[1]	Nil	10	Nil	1.11	0.57
		November 30, 2007	84872	Bonus	Nil	10	Nil	1.04	0.54
		Total (A)	**240471**					**2.96**	**1.52**
	[1]On October 30, 2006, Ms. Dipali Shah gifted 90350 Equity Shares to Mr. Manish M Shah								
2	Mr. Viral M Shah	February 26, 2005	672530	Preferential Allotment	Cash	10	10	8.27	4.25
		March 31, 2005	11001	Transfer[2]	Cash	10	10	0.14	0.07
		October 30, 2006	702460	Gift[3]	Nil	10	Nil	8.64	4.44
		October 30, 2006	749550	Transfer[4]	Cash	10	10	9.22	4.74
		November 13, 2006	13550	Transfer[5]	Cash	10	10	0.17	0.09

		June 30, 2007	400000	Transfer[6]	Cash	10	10	4.92	2.53
		October 30, 2007	575000	Transfer[7]	Cash	10	10	7.07	3.63
		November 30, 2007	1704050	Bonus	Nil	10	Nil	20.97	10.77
		November 30, 2007	6618	Preferential Allotment	Cash	10	160	0.08	0.04
		August 30, 2009	61743	Transfer[8]	Cash	10	10	0.76	0.39
		Total (B)	**4896502**		Cash			**60.25**	**30.94**
	[2]On March 31, 2005, Mr. Masribhai Odedra transferred 11001 Equity Shares to Mr. Viral M Shah								
	[3]On October 30, 2006, Ms. Mona Shah, Ms. Jacky Shah, Mr. Mukund Shah, Ms. Saroj Shah, Ms. Hina Panchal and Ms. Mita Panchal gifted 164070, 62540, 57500, 65250, 32000 and 321100 Equity Shares respectively to Mr. Viral M Shah								
	[4]On October 30, 2006, B D Patel, Ms. Bhavna Shah, Ms. Binal H Patel, Mr. Hemant Parikh, Ms. Hina Shah, Mr. Hitesh Patel, Mr. Jayesh Shah, Mr. J H Shah, Mr. K J Shah, K S Shah, Mr. Rakesh Patel, Mr. Raval Munnalal, Mr. S D Solanki, Mr. V C Dave, Mr. Viral A Shah, Mr. V N Sheth and Mr. V R Shah transferred 150000, 43000, 50500, 10000, 16150, 45000, 105000, 3300, 7000, 31300, 25000, 87800, 34000, 10000, 34000, 80000 and 17500 Equity Shares respectively to Mr. Viral M Shah								
	[5]On November 13, 2006, Mr. Ajit Mangaldas, Ms. Ami Shah and Y K Rajput transferred 3000, 8550 and 2000 Equity Shares respectively to Mr. Viral M Shah								
	[6]On June 30, 2007, Shri Mahalaxmi Agricultural Development Ltd and Tribhuvan Housing Ltd transferred 150000 and 250000 Equity Shares respectively to Mr. Viral M Shah								
	[7]On October 30, 2007, Mrs. Giraben K Solanki transferred 575000 Equity Shares to Mr. Viral M Shah								
	[8]On August 30, 2009, Mr. Ganesh Shah, Mr. Giriraj Pandya, Mr. Samarth Thakkar and H R Patel transferred 3383, 2500, 8375 and 47485 Equity Shares respectively to Mr. Viral M Shah								
3	Mrs. Giraben K Solanki	February 26, 2005	190100	Preferential Allotment	Cash	10	10	2.34	1.20
		October 30, 2006	27000	Gift[9]	Nil	10	Nil	0.33	0.17
		October 30, 2007	1150000	Transfer[10]	Cash	10	10	14.15	7.27
		October 30, 2007	-575000	Transfer[11]	Cash	10	10	-7.07	-3.63
		November 30, 2007	432053	Bonus	Nil	10	Nil	5.32	2.73
		Total (C)	**1224153**		Cash			**15.06**	**7.73**
	[9]On October 30, 2006, Ms. Kanakben Patel gifted 27000 Equity Shares to Mrs. Giraben Solanki								
	[10]On October 30, 2007, Nirbhay Capital Services Pvt. Ltd transferred 1150000 Equity Shares to Mrs. Giraben Solanki								
	[11]On October 30, 2007, Mrs. Giraben Solanki transferred 575000 Equity Shares to Mr. Viral Shah								
4	Mr. Zankarsinh K Solanki	October 30, 2006	50000	Gift[12]	Nil	10	Nil	0.62	0.32
		August 6, 2007	50000	Preferential Allotment	Cash	10	40	0.62	0.32
		November 30, 2007	54545	Bonus	Nil	10	Nil	0.67	0.34
		November 30, 2007	312	Preferential Allotment	Cash	10	160	0.00	0.00
		Total (D)	**154857**					**1.91**	**0.98**
	[12]On October 30, 2006, Mr. Prakash Solanki and R B Solanki gifted 40000 and 10000 Equity Shares respectively to Mr. Zankarsinh K Solanki								
5	General Capital And Holding Company Pvt Ltd	December 1, 2009	1538460	Preferential Allotment	Cash	10	65	18.93	9.72
		Total (E)	**1538460**					**18.93**	**9.72**
		Total (A+B+C+D+E)	**8054443**					**99.10**	**50.89**

As on date of this Red Herring Prospectus, none of the Equity Shares held by our Promoters have been pledged to any person, including banks and financial institutions.

(b) Details of Promoters Contribution Locked in for 3 Years

Pursuant to the Regulation 36(a) of the SEBI Regulations, an aggregate of 20.23% of the Post-Issue Equity Share capital of our Company shall be lock in by our Promoter for a period of three years from the date of commencement of commercial production or date of allotment in the public issue, whichever is later. The details of the Promoters' Equity Shares locked-in for a period of three years are as follows:

Sr. No.	Name of Promoter	Date of Allotment/ Transfer/ Date when made fully paid up	No of Shares	Nature of Allotment (Rights, Bonus, Preferential etc.)	Consideration	Face Value	Issue / Purchase / Transfer Price	% Of Post Issue Capital
1	Mr. Viral M Shah	February 26, 2005	672530	Preferential Allotment	Cash	10	10	4.25
		June 30, 2007	250000	Transfer	Cash	10	10	1.58
		October 30, 2007	575000	Transfer	Cash	10	10	3.63
		November 30, 2007	1704050	Bonus*	Nil	10	Nil	10.77
		Total	**3201580**					**20.23**

*The bonus shares considered for the promoters' contribution to be locked in for 3 years are eligible under regulation 33 of the SEBI (ICDR) Regulations, 2009.

The above Equity Shares are eligible for computation of Promoter's contribution and lock-in in terms of Regulation 33 (1) of the SEBI Regulations as discussed below:

Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from persons defined as promoters under the SEBI Regulations. Our Promoter has given their written consent for inclusion of the aforesaid Equity Shares as a part of Promoter's contribution which is subject to lock-in for a period of 3 years.

The Equity Shares that are being locked-in are not ineligible for computation of minimum Promoters contribution under Regulation 33 of the ICDR Regulations. In this connection, the Company confirms that the Equity Shares being locked-in do not consist of:

(i) Equity Shares acquired during the preceding three years (a) for consideration other than cash and revaluation of assets or capitalization of intangible assets or (b) arising from bonus issue by utilization of revaluation reserves or unrealized profits of the Company or from a bonus issue against Equity Shares which are ineligible for computation of Promoters contribution;
(ii) Equity Shares acquired by the Promoters during the one year preceding the date of the Red Herring Prospectus , at a price lower than the price at which Equity Shares are being offered to the public in the Issue;
(iii) Equity Shares issued to the Promoters upon conversion of a partnership firm; and
(iv) Equity Shares pledged with any creditor.

(c) Details of Shares locked-in for one year:

Pursuant to Regulation 37 of the SEBI Regulations, in addition to the Promoters' contribution to be locked-in for a period of 3 years, as specified above, the entire Pre-Issue issue Equity Share capital will be locked in for a period of one (1) year from the date of commencement of commercial production or date of allotment in the public issue, whichever is later.

The share certificates which are subject to lock-in will carry an inscription "nontransferable" along with the duration of specified non – transferable period mentioned on the face of the share certificate as per Regulation 35(2) of the SEBI Regulations.

(d) *Other requirements in respect of lock-in*

Pursuant to Regulation 39 of the SEBI Regulations, the 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 that the pledge of shares is one of the terms of sanction of such loan. Further, the Equity Shares which have been lock-in for a period of three years as minimum Promoter's contribution can be pledged with banks or financial institutions only if, in addition to fulfilling the aforesaid requirements, the loan (for which the Equity Shares are pledged) is towards financing one or more objects of this Issue. However, as on date of this Red Herring Prospectus, none of the Equity Shares held by our Promoters have been pledged to any person, including banks and financial institutions.

Pursuant to Regulation 40 of the SEBI Regulations, Equity Shares held by the Promoters, which are locked in as per Regulation 36 of the SEBI Regulations, may be transferred to and amongst the Promoters/ Promoter Group or to a new promoter or persons in control of the Company subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable Pursuant to Regulation 40 of the SEBI Regulations, Equity Shares held by shareholders other than the Promoters, which are locked-in as per Regulation 37 of the SEBI Regulations, may be transferred to any other person holding shares, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.

3. Shareholding pattern of the Company.

The table below presents our pre & post issue equity shareholding pattern.

Cate-gory code	**Category of shareholder**	**No. of shareholders**	**Pre-Issue Shareholding**				**Post-Issue Shareholding#**				**Shares Pledged or otherwise encumbered**	
											Number of Shares	**As a percentage**
(I)	**(II)**	**(III)**	**(IV)**				**(V)**				**(VI)**	**(VII) = (VI) / (IV)(a) * 100**
			Total no. of shares (a)	**No. of shares held in dematerialized form (b)**	**Total Shareholding as % of total No. of shares (c)**		**Total No. of Shares (a)**	**No. of shares held in dematerialized form (b)**	**Total Shareholding as % of total No. of shares (c)**			
					As a % of (A+B)	**As a % of (A+B+C)**			**As a % of (A+B)**	**As a % of (A+B+C)**		
(A)	Promoter and Promoter Group											
(1)	Indian											
(a)	Individuals/ Hindu Undivided Family	7	6573597	6573597	80.88	80.88	6573597	6573597	41.53	41.53	NIL	NIL
(b)	Central Government/ State Government(s)	----	----	----	----	----	----	----	----	----		
(c)	Bodies Corporate	1	1538460	1538460	18.93	18.93	1538460	1538460	9.72	9.72	NIL	NIL
(d)	Financial Institutions/ Banks	----	----	----	----	----	----	----	----	----		
(e)	Any Other (specify)	----	----	----	----	----	----	----	----	----		
	Sub-Total (A)(1)	8	8112057	8112057	99.81	99.81	8112057	8112057	51.25	51.25	NIL	NIL
(2)	Foreign											
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	----	----	----	----	----	----	----	----	----		
(b)	Bodies Corporate	----	----	----	----	----	----	----	----	----		
(c)	Institutions	----	----	----	----	----	----	----	----	----		
(d)	Any Other (specify)	----	----	----	----	----	----	----	----	----		
	Sub-Total (A)(2)	----	----	----	----	----	----	----	----	----		

Cate-gory code	Category of shareholder	No. of shareholders	Pre-Issue Shareholding				Post-Issue Shareholding[#]				Shares Pledged or otherwise encumbered	
											Number of Shares	As a percentage
(I)	(II)	(III)	(IV)				(V)				(VI)	(VII) = (VI) / (IV)(a) * 100
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	8	8112057	8112057	99.81	99.81	8112057	8112057	51.25	51.25	NIL	NIL
(B)	Public shareholding										N.A	N.A
(1)	Institutions										N.A	N.A
(a)	Mutual Funds/UTI	----	----	----	----	----	----	----	----	----		
(b)	Financial Institutions/ Banks	----	----	----	----	----	----	----	----	----		
(c)	Central Government/ State Government(s)	----	----	----	----	----	----	----	----	----		
(d)	Venture Capital Funds	----	----	----	----	----	----	----	----	----		
(e)	Insurance Companies	----	----	----	----	----	----	----	----	----		
(f)	Foreign Institutional Investors	----	----	----	----	----	----	----	----	----		
(g)	Foreign Venture Capital Investors	----	----	----	----	----	----	----	----	----		
(h)	Any Other (specify)	----	----	----	----	----	----	----	----	----		
	Sub-Total (B)(1)	----	----	----	----	----	----	----	----	----		
(2)	Non-institutions										N.A	N.A
(a)	Bodies Corporate	----	----	----	----	----	----	----	----	----		
(b)	Individuals - Individual shareholders holding nominal share capital up to Rs. 1 lakh.	1	2187	2187	0.03	0.03	2187	2187	0.01	0.01		
	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	1	13312	13312	0.16	0.16	13312	13312	0.08	0.08		
(c)	Any Other (specify)	----	----	----	----	----	----	----	----	----		
	Sub-Total (B)(2)	2	15499	15499	0.19	0.19	15499	15499	0.09	0.09	NIL	NIL
	Total Public Shareholding (B)= (B)(1)+(B)(2)	2	15499	15499	0.19	0.19	15499	15499	0.09	0.09	N.A	N.A
	TOTAL (A)+(B)	10	8127556	8127556	100.00	100.00	15827556[##]	15827556[##]	100.00[##]	100.00[##]	NIL	NIL
(C)	Shares held by Custodians and against which Depository Receipts have been issued	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	N.A	N.A
	GRAND TOTAL (A)+(B)+(C)	10	8127556	8127556	100.00	100.00	15827556[##]	15827556[##]	100.00[##]	100.00[##]	NIL	NIL

[#] On the assumption that none of the existing shareholders participate in this issue.
[##] Including 77,00,000 Equity Shares to be issued and allotted in this Issue.

The table below presents our shareholding pattern before and after the proposed Issue.

Particulars	Before the issue	After the issue

	No. of shares	%	No. of shares	%
Promoters & Promoter's Group				
Promoters				
Mr. Viral M Shah	4896502	60.25	4896502	30.94
General Capital And Holding Company Pvt Ltd	1538460	18.93	1538460	9.72
Mrs. Giraben K Solanki	1224153	15.06	1224153	7.73
Mr. Manish M Shah	240471	2.96	240471	1.52
Mr. Zankarsinh K Solanki	154857	1.91	154857	0.98
Sub Total (A)	**8054443**	**99.10**	**8054443**	**50.89**
Promoter's Group				
Ms. Mona Shah	28284	0.35	28284	0.18
Ms. Dipali Shah	28081	0.35	28081	0.18
Mr. Mukund Shah	1249	0.02	1249	0.01
Sub Total (B)	**57614**	**0.71**	**57614**	**0.36**
Sub Total (A +B)	**8112057**	**99.81**	**8112057**	**51.25**
Other Pre-IPO Shareholders				
Mr. Prakash Solanki	13312	0.16	13312	0.08
Mr. R B Solanki	2187	0.03	2187	0.01
Public other than Pre-IPO Shareholders	**0**	**0**	**7700000**	**48.65**
Sub Total (C)	**15499**	**0.19**	**7715499**	**48.75**
Total (A + B + C)	**8127556**	**100**	**15827556**	**100**

4. Equity Shares held by top ten shareholders

The list of top 10 shareholders of the Company and the number of Equity Shares held by them on the date of filing of this Red Herring Prospectus with SEBI is as under:

Sr. No.	Shareholder	No. of Equity Shares	% of shareholding
1	Mr. Viral M Shah	4896502	60.25
2	General Capital And Holding Company Pvt Ltd	1538460	18.93
3	Mrs. Giraben K Solanki	1224153	15.06
4	Mr. Manish M Shah	240471	2.96
5	Mr. Zankarsinh K Solanki	154857	1.91
6	Ms. Mona Shah	28284	0.35
7	Ms. Dipali Shah	28081	0.35
8	Mr. Prakash Solanki	13312	0.16
9	Mr. R B Solanki	2187	0.03
10	Mr. Mukund Shah	1249	0.02
	Total	**8127556**	**100.00**

The list of top 10 shareholders of the Company and the number of Equity Shares held by them 10 days prior to the date of filing of this Red Herring Prospectus with SEBI is as under:

Sr. No.	Shareholder	No. of Equity Shares	% of shareholding
1	Mr. Viral M Shah	4896502	60.25
2	General Capital And Holding Company Pvt Ltd	1538460	18.93
3	Mrs. Giraben K Solanki	1224153	15.06
4	Mr. Manish M Shah	240471	2.96

5	Mr. Zankarsinh K Solanki	154857	1.91
6	Ms. Mona Shah	28284	0.35
7	Ms. Dipali Shah	28081	0.35
8	Mr. Prakash Solanki	13312	0.16
9	Mr. R B Solanki	2187	0.03
10	Mr. Mukund Shah	1249	0.02
	Total	**8127556**	**100.00**

The list of our top 10 shareholders and the number of Equity Shares held by them two years prior to the date of filing of this Red Herring Prospectus with SEBI is as under:

Sr. No.	Shareholder	No. of Equity Shares	% of shareholding
1	Mr. Viral M Shah	4834759	73.38
2	Mrs. Giraben K Solanki	1224153	18.58
3	Mr. Manish M Shah	240471	3.65
4	Mr. Zankarsinh K Solanki	154857	2.35
5	Mr. H R Patel	47485	0.72
6	Ms. Dipali Shah	28081	0.43
7	Ms. Mona Shah	25031	0.38
8	Mr. Prakash Solanki	13312	0.20
9	Mr. Samarth D Thakkar	8375	0.13
10	Mr. Ganesh M Shah	3383	0.05
	Total	**6579907**	**99.86**

5. There have been no transactions in the Company's Equity Shares by the Promoters/Promoter Group and the Directors of the Promoter Company during a period of six months preceding the date of filing of this Red Herring Prospectus with SEBI.

6. Save and except as disclosed below, our Company has not issued Equity Shares at a price which may be less than the Issue Price during the last one year:

Sr. No.	Name of the Investor	Category	Reasons for issue	No. of Shares	Issue Price (Rs.)
1	General Capital And Holding Company Pvt Ltd	Promoter Group	Preferential Allotment	1538460	65

The above mentioned shares were issued as a "promoter contribution" in the proposed project, the details of which are mentioned on page no 19 of RHP. The above shares will not be part of the minimum promoters contributions to be locked in for a period of 3 years.

7. Save and except as disclosed below, none of our Promoters, Promoter Group, Directors or Key Managerial Personnel holds any of our Equity Shares as on date of this Red Herring prospectus:

Sr. No.	Shareholder	No. of Equity Shares	% of shareholding
1	Mr. Viral M Shah	4896502	60.25
2	General Capital And Holding Company Pvt Ltd	1538460	18.93
3	Mrs. Giraben K Solanki	1224153	15.06
4	Mr. Manish M Shah	240471	2.96
5	Mr. Zankarsinh K Solanki	154857	1.91
6	Ms. Mona Shah	28284	0.35
7	Ms. Dipali Shah	28081	0.35
8	Mr. Prakash Solanki	13312	0.16
9	Mr. R B Solanki	2187	0.03
10	Mr. Mukund Shah	1249	0.02
	Total	**8127556**	**100.00**

8. Shareholding of directors of the promoter company:

Sr.	Shareholder	No. of Equity	% of

No.		Shares	shareholding
1	Mrs. Giraben K Solanki	1224153	15.06
2	Mr. Zankarsinh K Solanki	154857	1.91
	Total	**1379010**	**16.97**

9. There has been no financing arrangements whereby the promoter group, the directors of the company which is a promoter of the issuer, the directors of the issuer and their relatives have financed the purchase by any other person of securities of the issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing Red Herring Prospectus with the Board.

10. Neither the Company, its Promoters, its Directors, nor the BRLM have entered into any buy-back and/or standby arrangements for purchase of Equity Shares of the Company offered through this Red Herring Prospectus.

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

12. Up to 50% of the issue, i.e. 38,50,000 Equity Shares aggregating to Rs. [●] lacs shall be available for allocation to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for Allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. At least 15% of the Issue, i.e. 11,55,000 Equity Shares aggregating upto Rs. [●] lacs shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Issue, that is 26,95,000 Equity Shares aggregating upto Rs. [●] lacs 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.

13. Under-subscription, if any, in any category would be met with spill over from other categories or combination of other categories at the sole discretion of our Company in consultation with the BRLM. In case of inadequate demands from the Mutual Funds, the Equity Shares would be made available to QIBs other than Mutual Funds.

14. In case of over-subscription, allotment will be on proportionate basis as detailed in Para on "Basis of Allotment" on page no 175 of RHP. An over- subscription to the extent of 10% of the Issue Size can be retained for the purpose of rounding off to the nearer multiple of 90 Equity Shares (which is minimum allotment lot), while finalizing the allotment.

15. The BRLM or their associate does not hold any Equity Shares of our Company.

16. The Company has not raised any bridge loan against the proceeds of the Issue.

17. Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any shares to our employees under ESOS/ESPS scheme from the proposed issue. As and when, options will be granted to our employees under the ESOP scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

18. The company presently does not have any intention or proposal to alter its capital structure for a period of six months from the date of opening of the issue, by way of split/consolidation of the denomination of Equity Shares or further Issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except that the company may issue options to its employee pursuant to any employee stock option plan, or if the company goes for acquisitions, joint ventures or strategic alliances, subject to necessary approvals, it might consider raising additional capital to fund such activity or use share as currency for acquisition and/or participation in such joint venture or strategic alliance or for regulatory compliances.

19. All the existing Equity Shares of the Company are fully paid up. The Equity Shares issued pursuant to the Issue shall be fully paid-up at the time of Allotment.

20. There would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Red Herring Prospectus to SEBI until the Equity Shares issued/ to be issued pursuant to the Issue have been listed.

21. Except as stated in the section "Capital Structure" on page no.19 of Red Herring Prospectus, the Company has not issued any Equity Shares for consideration otherwise than for cash.

22. At any given point of time, there shall be only one denomination for the Equity Shares of the Company. The Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.

23. The company has 10 members as on the date of filing of the Red Herring Prospectus with SEBI.

24. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares.

OBJECTS OF THE ISSUE

The objects of the Issue are set forth below:

- To finance the capital expenditure for enhancing the production capctiy of melting section by 100,000 MT per annum.
- To meet the Long Term Working Capital requirements of the Company
- To meet General Corporate Purpose: and
- To meet Issue Expenses

Additionally we are seeking to achieve the benefits of listing, which we believe, would enhance our brand equity and provide liquidity to our shareholders.

The main objects clause of our Memorandum of Association enables us to undertake the activities proposed pursuant to the objects of the Issue, for which the funds are being raised pursuant to this Issue. Our existing activities are within the ambit of the objects clause of the Memorandum of Association of our Company.

The fund requirements and the intended use of the Issue Proceeds as described herein are based on management estimates and our current business plans. The fund requirements and intended use of Issue Proceeds have not been appraised by any bank or financial institution. In view of the competitive and dynamic nature of the industry, we may have to revise our expenditure and fund requirements as a result of variations in the cost structure, changes in estimates and external factors, which may not be within the control of our management. This may entail rescheduling and revising the planned expenditure and fund requirement and increasing or decreasing the expenditure for a particular purpose from its planned expenditure at the discretion of our management subject to compliance of various applicable rules & regulations. In addition, the estimated dates of completion of various projects as described herein are based on management's current expectations and are subject to change due to various factors, some of which may not be in our control.

In case of any variation in the actual utilization of funds earmarked for the above activities, including on account of cost overruns in the project for which the investment is being made, increased fund deployment for a particular activity may be met with surplus funds, if any, available in the other activities, or from internal accruals, debt or equity.

Funds Requirement

The proceeds of this Issue are to be utilized for the following activities (collectively referred to as the "Project"):

(Rs in Lacs)

Activity	Total Fund requirement	Fund already deployed*	Estimated schedule of deployment of Balance fund	
			2010-11	2011-12
To finance the capital expenditure for enhancing the production capctiy of melting section by 100,000 MT per annum.	5770.49	428.75	5341.74	Nil
To meet the Long Term Working Capital requirements of the Company	500.00	Nil	500.00	Nil
To meet General Corporate Purpose	[●]	Nil	[●]	[●]
To meet Issue Expenses	[●]	28.85	[●]	[●]
Total	**[●]**	**457.60**	**[●]**	**[●]**

***** Certified as per Auditor's Certificate dated August 31, 2010.

Means of finance

We intend to finance the fund requirement for Objects of the Issue in the following manner:

(Rs. in Lacs)

Manner of Funding	Amount of Funding
Promoter Contribution	1000.00*
IPO Proceeds	[●]
Internal Accruals	[●]

Total	[•]

* Promoter Contribution of Rs.1000.00 lacs has already been received from General Capital And Holding Company Private Limited and against that 15,38,460 Equity Shares has been allotted on December 1, 2009 at an issue price of Rs.65 per Equity Share (Including a share premium of Rs.55 per Equity Share).

Pursuant to Regulations (VII)(C)(1) of Schedule VIII of SEBI (ICDR) Regulations, 2009 we confirm that firm arrangements of finance through verifiable means towards 75% of the stated means of finance excluding the amount to be raised through proposed public issue and existing identifiable internal accruals have been made.

(A) TO FINANCE THE CAPITAL EXPENDITURE FOR ENHANCING THE PRODUCTION CAPCTIY OF MELTING SECTION BY 100,000 MT PER ANNUM.

The main Object of the Issue is to utilize the Net Proceeds of the Issue to finance the capital expenditure to enhance the production facilities of melting section of our Company. Presently our Company is having a production capacity of 18000 MT per annum for melting section. Our Company proposes to enhance its production capacities of melting section from 18000 MT per annum to 118000 MT per annum.

OBJECTIVE

The proposed manufacturing process using MRK (Metal Refining Konvertor) will result in the following advatanges for the company:

- Saving on material cost
- Reducing the energy consumption
- Increasing the productivity
- Improving the product quality
- Introducing automation, computer aided quality control and production planning
- Reducing the investment cost

Cost of Capital Expenditure

Sr. No.	Particulars	Amount (Rs. In Lacs)
1	Land Cost	765.38
2	Civil Work	600.00
3	Plant and Machinery - Induction Melting Furnace	4405.11
	TOTAL	**5770.49**

Cost of Land

The Company proposes to set up the proposed expansion facilities at Village Magodi, Sub-district Gandhinagar, District-Gandhinagar, Gujarat State. The Company has entered into an “Agreement for Sale” for purchase of 44841 square metres of agricultural land at Revenue Survey / Block No. 260, 271 273/ A-B Village Magodi, Sub-district Gandhinagar, District-Gandhinagar, Gujarat State from Mr Dalaji Bhemaji Rajput (Solanki) (Occupation: Farmer) and Mr. Ratuji Bhemaji Rajput (Solanki) (Occupation: Service) both residing at Village Magodi, Dist: Gandhinagar, who are not relative in terms of Companies Act, 1956, of our promoters or directors of our company, at a total consideration of Rs. 700 lakhs. One of the sellers of the land i.e. Mr. Ratuji Bhemaji Solanki is a key managerial personnel of the Company. We will apply for conversions of the entire agricultural land into industrial land. The cost of the Land is as under:

Sr. No.	Particulars	Amount (Rs. In Lacs)
1	Cost for the purchase of the Land	700.00
2	Add: Estimated stamp duty at an applicable rate	47.88
3	Add: Land Development Cost	10.50
4	Add: Legal And Registration Expenses	7.00
TOTAL		**765.38**

The proposed factory location is well connected with road and rail network. The Company has paid part payment of Rs.428.75 lacs to the sellers and balance will be paid to him in due course of time. The registration of land in the name of the Company will be made after making the full and final payment.

Details of the Civil Construction Work are as under:

Construction	Area	Estimated Cost (Rs in Lacs)
Steel Melting Shop cum Scrap Yard	Approx 3000m^2	145.00
Flooring	Approx 3500m^2	32.00
Furnace Foundation	2 Nos.	45.00
MRK Foundation	2 Nos.	45.00
Caster Foundation and Scalle Pit	1 No.	43.00
Underground and Overhead Tanks	1 each	40.00
Other Misc foundation work like DG Set, Compressors, Pre heaters and panel rooms etc.		80.00
Boundary wall	Approx 1200 running meter	40.00
Plant internal roads	1000 running meters	130.00
Total Estimated construction cost		**600.00**

*The Estimate for civil work to be constructed at the premises has been provided by Architech & Interior Designer Mr. Shailesh Chauhan as per their Proposal dated December 22, 2009. Our Company has yet to appoint the agency for execution of the aforesaid civil work.

Plant and Machinery (Induction Melting System)

Sr. No.	Description	Qty.	Estimated Cost (Rs. In Lacs)
A.	**MAIN EQUIPMENT** Induction Melting Furnace of 4500 kW x 2 – 12 MT x 3 capacity		210.00
01.	**4500 KW / 500 HZ Medium Frequency Solid State Power Supply Unit**	2 Nos.	
02.	**12000 KGs Steel Frame Melting Furnace** complete with refractory top & bottom, Copper Coil with Cooling Turns, Lamination Packets secured in a Frame Structure, Hydraulic Cylinders and Inlet & Outlet Sub-Manifolds etc.	3 Nos.	
03.	**Capacitor Rack fitted with Capacitor Bank** suitable for above Power supply unit complete with connecting Bus bars and Capacitor Switch.	2 Nos.	
04.	**D. C. Choke** suitable for above Solid State Generator Panel.	2 Nos.	
05.	**D. M. Water Circulation Unit** complete with Plate Type Heat Exchanger, Non-Ferrous Pump, Mix-bed Resin Cartridge, DM Water Storage PVC Tank with Pressure Gauge, Valves and inter-connecting pipeline.	2 Nos.	
06.	**Hydraulic Power Pack** consisting of 3 phase Induction Motor, Hydraulic Gear Pump, Oil Storage Tank, Pressure Gauge, Valves.	2 Nos.	
07.	**Operator Control Desk** with stand consisting of On/Off push buttons, Indicators & Meters for ON / OFF and Power Control operations from Furnace Platform.	2 Nos.	
08.	**Inter Connecting Materials** including: (a) Bus bars from Power supply unit to Capacitor Rack with insulators. (b) Outgoing busbars from Capacitor Rack to Melting furnaces along with Water Cooled Cables, cable guide with bakelite supports. (c) Pipeline with fittings such as bends, collars, stubends, tee for water connections between DM water circulation unit, Capacitor Rack and Solid State Generator. (d) Hydraulic Pipeline, with equal tees, equal bends along with Directional Control Valves with stand. (e) Main Inlet & outlet water manifolds complete with valves, temperature sensors, temperature gauges, pressure gauge, Carbon rubber hoses for making water connections.	2 lots	
09.	Change Over Switches for immediate switchover of Power from one Crucible to other.	2 Sets	
Sub-total A			**210.00**
B.	**ELECTRICAL SUBSTATION**		

	25 MVA substation comprising of lighting arrestor, 66 KV, 66/SQ. RT.(3) / 110/SQ. RT (3), PT for EB Metering, 200/1 A 3 Core Line CT (Metering, Protection & Diffe.) FOR EB Metering. 400A Motorised Isolator with Earth Switch for EB Metering, 66 KV SF6 Breakers for EB Metering. 66/SQ. RT. (3) / 110/SQ. RT (3), Line PT for Customer, 200/1 A 3 Core Line CT (Metering, Protection & Diffe.) for customer. 400A Motorised Isolator with Earth Switch for customer, 66 KV SF6 Breaker for Customer, Lighting Arrestor, 66 KV for 25 MVA transformer, 66/11 KV, 40 MVA transformer with RTCC, C & R panel for 66/11 KV switch yard. battery charger, misc. switch yard equipment like structure, control cables, insulators, conductor, NGR for 40 MVA transformer, 11KV breaker panel with 1 I/C, & 8 O/G, 11 KV, harmonic filter & capacitor bank, Earthing pits for 66 KV switch yard, 3C X 300 SQ. MM. AL HT XLPE cable from transformer secondary to 11 KV main breaker panel & capacitor bank. 3C X 300 SQ. MM. end termination kit for main cable.		**400.00**
Sub-total B			**400.00**
C.	**ELECTRICAL BASED ON 11 KV LINE**		
1.	11 kV VCB (HT) with CT/PT, Trivector Meter and IDMT Relay Panel 11 KV / 350 MVA / 400 AMPS	1 + 3 Nos.	15.00
2.	Rectifier Duty Furnace Transformer 5500 KVA, 11 kV / 1000 V x 2	2 Nos.	80.00
3.	Auxiliary Transformer 3500 KVA, 11 kV/415 V	1 Nos.	24.00
4.	HT Cable from VCB to Furnace Transformer and from VCB to Auxiliary transformer with Termination kits	3 Lots	7.00
5.	Bus bar from Furnace Transformer to M.F. Generator and ducting (max. distance 5 meters)	2 Nos.	11.00
6.	LT Cable assorted for pumps, Cooling Tower and other auxiliary loads	1 Lot	60.00
7.	Main Distribution Board with its LV Bus duct from Auxiliary Transformer and Motor Control Centre.	1 Lot	80.00
Sub-total C			**277.00**
D.	**OPEN LOOP WATER COOLING SYSTEM**		
1.	Cooling Tower - Induced Draft, FRP Type, 3000 LPM, Temp. drop 42 to 32^0 C	2 Nos.	6.00
2.	Water Circulating Pumps fitted with Motors, with standby pumps and diesel pump set	11 Nos.	11.00
3.	Pipelines, fittings, valves, elbows, tees, strainers, etc. (considering maximum distance between centre of furnace room and water complex 30 meters)	1 Lot	40.00
4.	DM plant up-flow type	1 No.	0.90
5.	Water Softening Plant up-flow type	1 No.	10.00
Sub-total D			**67.90**
E.	**18 MT METAL REFINING KONVERTOR**	02 sets	500.00
1	MRK Vessel complete with suitable for taking 13 MT of liquid metal from Induction Furnace and 25% additions.	02 Sets	
2	Tunion Ring with shafts	02 Sets	
3.	MRK Pedestals	02 sets	
4.	Sperical Bearing with housing	02 Sets	
5.	Open Gear set with Pinion and bearings	02 Sets	
6.	Torque Arm Assembly.	02 Sets	
7.	Reduction Gear Box.	02 Sets	
8.	A. C. Motor.	02 Sets	
9.	Brakes.	02 Sets	
10.	Gas Mixing Station Comprising of pipes, flanges, glands, flow Meters, Flow Control Valves, Pressure Switches, I/P Converter, Flow On/Off Valves, Coupling Mounted on Structure.	02 Sets	

11.	Microprocessor Based Instrumentation and control desk for individual control of process / shroud gas of each tuyer, complete with flow controllers and indicators, Pressure controller and indicator, Totalizers, Accumalators, wiring and cables, Control Desk with PLC suitable for 2 Tuyers.	02 Sets	
12.	Uninterrupted Power Supply (UPS)	02 Sets	
13.	Motorized Sampling Trolley.	02 Sets	
14.	Motor Control Centre.	02 Sets	
15.	Spare Vessel.	02 Sets	
16.	Computer Control For Gas Mixing Control Desk (1st Level)	02 Sets	
17.	M.R.K. Preheating System.	02 Sets	
18.	Brick Cutting Machine	01 Set	
19.	Air Drier, Air Receiver Tanks, Micro Filters, LDO / Furnace Oil Tanks, Brick Cutting machine, Liquid Oxygen Storage Tanks of 20 kL and Vaporizers	02 Lots	
20.	Documentation & Manuals.	02 Sets	
Sub-total E			**500.00**
F.	**MATERIAL HANDLING & SCRAP PROCESSING EQUIPMENT**		
1.	EOT Crânes 50/20T -2 Nos, 15/5 – 5 No (4 in SMS and 1 in Scrap Bay), 15 T – 2 (Scrap Bay) 10 T – 1 No. (for Billet).	09 Nos.	600.00
2.	Electromagnets & Billet Magnets	3+1 Nos.	60.00
3.	Scrap Charging Bucket	4 Nos.	14.00
4.	Slag Pot with Lugs	8 Nos.	24.00
5.	Scrap Transfer Trolley	2 Nos.	15.00
6.	MS Ladles	2 + 4 Nos.	45.00
7.	Slide Gate	4 Nos.	8.00
8	Ladle Pre-heater	2 Nos.	15.00
9.	Lifting Bails	3 Nos.	5.00
10.	Air Compressors (100 m3/hr)	2 Nos.	8.00
11.	Rails	Approx 500 meters	22.00
12.	DSL	2 Lots	8.00
Sub-total F			**824.00**
G.	**Continuous Billet Casting Machine and related Electrical System, PLC BASED Secondary Cooling System & Complete Water Cooling System. (6/11 Meter radius, 2-Strand)**	1 No.	350.00
Sub-total G			**350.00**
H.	**MISCELLANEOUS**		
1.	Chemical Lab	1 Lot	9.00
2.	Spectrometer	1 Set.	35.00
3.	Sample polishing and cutting Machine	1 Set.	5.00
3.	Temp. Recorder	6 Nos.	7.50
3.	Tools & Tackles	2 Lot.	10.00
4.	DG Set – 1200VA	1 No.	150.00
5.	Weigh Bridge 50 T (16*3 mts.)	1 No.	10.00
6.	Weigh Scale 5 T	2 Nos.	6.00
7.	Spares	1 Lot.	75.00
8.	Project Consultancy		100.00
9.	Supervision of Erection & Commissioning		100.00
Sub-total H			**507.50**
I.	**GAS CLEANING PLANT**		
	Gas Cleaning Plants comprising of Primary Fume capturing hoods, Water Cooled duct from Metal Refining Konvertors, Motorized Dampers, Spark arrestor, Poppet Dampers, Bag House, rotary Air Lock Valves, ID Fans, Motors, Ducting, Stack and supporting structures.	2 Lots (one each for MRKs and one for Induction Furnaces)	500.00
Sub-Total I			**500.00**
Sub-Total (A+B+C+D+E+F+G+H+I)			**3636.40**

Add: Excise @ 16.48%	**599.28**
Sub-Total	**4235.68**
Add: VAT @ 4%	**169.43**
GRAND TOTAL	**4405.11***

***The Estimate for Plant and Machinery to be installed at the site has been provided by Electotherm (India) Limited as per their Proposal No. ET/I/ABD/SQ/5864/R1/08-09 dated June 7, 2008. The validity of the proposal letter dated June 7, 2008 was confirmed by the supplier again vide their letter Ref no. ET/IMF/ABD/GAL/350/09-10 which is valid till date. Our Company has identified the suppliers, and shall be placing orders for the purchase of machineries on receipt of the Proceeds of the Issue.

No order has been placed for any of the machineries mentioned above.

(B) TO MEET THE LONG TERM WORKING CAPITAL REQUIREMENTS OF THE COMPANY

Presently our company is availing the working capital facilities for the existing operations from the UCO Bank, State Bank of Patiala and Axis Bank as stated in the section "Financial information" on page no.113 of this Red Herring Prospectus. These limits and our internal accruals are adequate to meet our existing working capital requirement. However, the Company will utilize a part of the Issue proceeds to meet part of the long term working capital requirement which has been estimated as under:

(Rs. In Lacs)

Particulars	**Months**	**F.Y. 2008-09**	**F.Y. 2009-10**	**F.Y. 2010-11**
		Audited	**Audited**	**Projected**
CURRENT ASSETS				
Raw Material & Packing Material	1.8	1934	2424	2641
Work in progress		0	0	0
Finished Goods	1.00 - 1.14	1141	1086	1626
Total Inventories (A)		**3075**	**3510**	**4267**
Receivable	1.75	2536	2605	3072
Advance & Deposits		297	276	746
Total Receivable (B)		**2833**	**2881**	**3818**
Other Current Assets (C)		**333**	**80**	**334**
Total Current Assets (D)		**6241**	**6471**	**8419**
CURRENT LIABILITIES				
Creditors	1.80	2261	1901	2488
Other Current Liabilities		774	761	353
Total Current Liabilities (E)		**3035**	**2662**	**2841**
Net Working Capital Requirement (D-E)		**3206**	**3809**	**5578**
Funding Pattern				
Bank Borrowing (Existing)		1511	2030	3775
Bank Borrowing (Additional Proposed)		0	0	0
Internal Cash Accrual		1695	1779	1303
Proposed to be funded from Public Issue		0	0	500
Total Funding		**3206**	**3809**	**5578**

We are currently having bank sanctions for our working capital limits to the extent of Rs. 4000 Lacs (Fund Based) and Rs. 2775 Lacs (Non-Fund Based) by our Bankers, UCO Bank, State Bank of Patiala and Axis Bank. However, we intend to avail the additional need based bank finance for the working capital requirements. And hence we are proposing to raise Margin Money from the public issue to the extent of about Rs. 500.00 Lacs. We will approach our existing bankers for the additional working capital facilities at the appropriate time as and when the project is nearing completion.

1. **Reasons for raising additional working capital:**

   With the increase in scale of operations, we will require additional money for working capital. As seen from the table above, the total requirement of working capital for the FY 2010-11 is Rs.5578.00 lacs, of which the company has bank finance to the extent of Rs.3775.00 lacs, Rs.1303.00 lacs through internal cash accruals and balance amount of Rs.500.00 lacs from the proposed public issue.

2. **Basis of estimation of working capital requirement:**

   We have prepared a detailed business plan covering estimated working capital requirements to achieve the desired growth objectives for financial year 2008-09 onwards. The said estimation of working capital requirements has been worked out based on past experience of the Company in respect of current assets turnover ratio and regular position of current liabilities, which assumptions appear as above. Based on the said estimation and current financial position, we have worked out the requirement of working capital which would help us in achieving projected turnover and profitability. The said working capital shall be partly funded through banking sources by way of bank borrowings and partly by us as in the form of internal cash accrual as well as proceeds from the proposed public issue.

(C) GENERAL CORPORATE PURPOSES

In accordance with the policies set up by the Board, the Company proposes to retain flexibility in applying Issue Proceeds for general corporate purpose, including strengthening of our marketing capabilities, working capital requirements and upgradation of Infrastructure.

Our management will have the flexibility in utilizing these proceeds under the overall guidance and policies laid down by our Board.

ISSUE EXPENSES

The total expenses of the Issue are estimated to be approximately Rs. [●] lacs. The expenses of the Issue include, among others, underwriting and issue management fees, selling commission, printing and distribution expenses, advertisement expenses and listing fees. All expenses with respect to the Issue will be allocated on the following basis:

Sr. No.	Activity	Total (Rs. in Lacs)
1.	Lead management fees, underwriting and selling commission*	[●]
2.	Advertising and marketing expenses*	[●]
3.	Printing and stationery, including transportation costs*	[●]
4.	Others (Registrar's fee, Legal Advisor, listing fees etc.)*	[●]
5.	Fees payable to Grading Agency*	[●]
	Total estimated Issue expenses*	**[●]**

** will be incorporated after the issue price is finalized.*

Schedule of Implementation

No	Particulars	Commencement	Completion
1	Land Acquisition	Agreement of Sale completed	October, 2010
2	Development of Land	October 2010	December 2010
3	Civil Works:- Factory building and machinery foundation work and installation of machineries	December 2010	March 2011
4	Plant and Machinery :		
	Placement of Order	December 2010	
	Delivery	-	March 2011
5	Installation of Equipment	March 2011	July 2011
6	Procurement of Raw Materials	Juy 2011	July 2011
7	Trial Runs	August 2011	August 2011
8	Commercial Production	September 2011	

Details of funds already deployed & Sources of funds deployed

The funds deployed as on August 31, 2010, towards the object of this issue on the project as certified by the Statutory Auditors of our Company, viz. M/s Rangani & Patel, Chartered Accountants vide their certificate dated August 31, 2010 is given below:

Particulars	Amount (Rs. In lacs)
Funds Deployed	
Land	428.75
Issue Expenses	28.85
Total	**457.60**
Sources of Funds	
Internal accruals	28.85
Promoter Contribution	428.75
Total	**457.60**

Promoter contribution- cash flow statement of funds utilized

Particulars	Amount (Rs. In lacs)
Funds Deployed	
Land	428.75
Working Capital*	571.25
Total	**1000.00**

* Balance amount of the Promoters' Contribution has been, for the time being, utilized for the Working Capital requirement and will be utilized for the proposed project as and when required.

Appraisal Report

None of the projects for which Issue Proceeds will be utilized have been financially appraised and the estimates of the costs of projects mentioned above are based on internal estimates of the Company.

Bridge Loan

We have not entered into any bridge loan facility that will be repaid from the Issue Proceeds.

Interim use of Issue proceeds

Pending utilisation of the Issue proceeds for the purposes described above, we intend to invest the funds in high quality interest bearing liquid instruments including money market mutual funds and deposits with the banks for the applicable period.

Monitoring of utilisation of funds

Our Board will monitor the utilization of the Issue proceeds. We will disclose the details of the utilization of the Issue proceeds, including interim use, under a separate head in our financial statements for Financial Years 2010-11 and 2011-12 specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements of our listing agreements with the Stock Exchanges and in particular Clause 49 of the Listing Agreement.

One of the sellers of the land on which proposed project is proposed to be established and for which an Agreement for sale has been executed i.e. Mr. Ratuji Bhemaji Solanki is a key managerial personnel of the Company. Total Amount to be paid to the sellers for the land is Rs.700.00 lacs. Other that this payment, no part of the proceeds of the Issue will be paid by us as consideration to our Promoters, our Directors, key management personnel or companies promoted by our Promoters except in the usual course of business.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by the Company in consultation with the BRLM on the basis of assessment of market demand for the issued Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs.10/- and the Issue Price is 6.5 times the face value of the Equity Shares at the lower end of the price band and 7.1 times the face value at the higher end of the price band.

Investors should read the following summary with the Risk factors included in page no viii and the details about the Company and its financial statements included in this Red Herring Prospectus.

QUALITATIVE FACTORS

For some of the qualitative factors which form the basis for computing the price, see “Business Overview” on page 65 of this Red Herring Prospectus.

QUANTITATIVE FACTORS

Information presented in this section is derived from the Company’s audited financial statements.

1. Adjusted Earning Per Share (EPS)

Year ended	Basic and Diluted EPS (Rs.)	Weight
March 31, 2008	11.82	1
March 31, 2009	2.71	2
March 31, 2010	6.93	3
Weighted Average	6.34	
Three months ended June 30, 2010 (Not Annualised)	1.88	

Note

$$\text{Earnings per share (Rs.)} = \frac{\text{Net profit as restated, attributable to equity shareholders}}{\text{Weighted Average number of equity shares outstanding during the year/period.}}$$

2. Price/Earning (P/E) ratio in relation to Issue Price of Rs. [●] per share of Rs.10 each

a. Based on year ended March 31, 2010 Basic & Diluted EPS of Rs.6.93, the P/E Ratio is [●]
b. Based on weighted average EPS of Rs.6.34, the P/E Ratio is [●]
c. Industry P/E

Particulars	Name of Company	P/E
i) Highest	Odyssey Corpn.	96.6
ii) Lowest	Vardhman Inds.	4.4
iii) Industry Composite		16.6

Source: Capital Market Sep 06 – 19, 2010, Category: Steel – Medium / Small.

3. Average Return on Net Worth (RONW %)

Year ended	RONW (%)	Weight
March 31, 2008	42.35	1
March 31, 2009	9.41	2
March 31, 2010	14.65	3
Weighted Average	17.52	
Three months ended June 30, 2010 (Not Annualised)	4.36	

$$\text{Return on Net Worth (\%)} = \frac{\text{Net profit after tax, as restated}}{\text{Net worth as at the end of the year / period}}$$

4. Minimum Return on Total Net Worth Required to Maintain Pre- Issue EPS: [●]%.

5. Net Asset Value per Equity Share

(i) As on March 31, 2010 – Rs. 41.30

(ii) As on June 30, 2010– Rs. 43.18
(iii) After the Issue: Rs. [●]
(iv) Issue Price: Rs. [●]

6. Comparison of Accounting Ratios

The comparable ratios of the companies which are to some extent similar in business are as given below:

	Face Value (Rs.)	EPS (Rs.)	P/E	RONW(%)	NAV (Rs.)	Sales (Rs. Cr.)
Gallant Metal	10	2.9	11.3	15.5	20.1	433.1
Ratnamani Metals	2	17.2	7.4	25.2	78.1	852.0
Panchmahal Steel	10	7.6	14.0	16.7	67.7	290.1
Gyscoal Alloys Limited	10	6.93	[●]	14.65	41.3	159.32

Source: Capital Market Sep 06 – 19, 2010, Category: Steel – Medium / Small.

The Face value of the Share is Rs.10 per Equity Share and the Issue Price is [•] time of the face value.

The issue Price will be determined on the basis of the demand from the investors in accordance with the SEBI Regulations. The BRLM believe that the Issue Price of Rs. [●] per share is justified in view of the above qualitative and quantitative parameters. The investors should peruse the risk factors and the financials of the Company including important profitability and return ratios, as set out in the Auditors' report on page no. 111 of the Red Herring Prospectus to have a more informed view of the investment.

STATEMENT OF TAX BENIFITS

To,
The Board of Directors,
Gyscoal Alloys Limited
2nd Floor, Mrudul Towers,
Nr. Times of India, Ashram Road,
Ahmedabad-380009

Dear Sirs,

We hereby confirm that the enclosed statement, prepared by the Company, and states the possible tax benefits available to GYSCOAL ALLOYS LIMITED ('the Company') and its shareholders under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company may or may not choose to fulfill.

The benefits discussed in the enclosed statement are not exhaustive and the preparation of the contents stated is the responsibility of the Company's management. We are informed that this statement is only intended to provide general information to the investors and hence is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences, the changing tax laws and the fact that the Company will not distinguish between the shares offered for subscription and the shares offered for sale by the selling shareholders, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

Our confirmation is based on the information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of the current tax laws in force in India.

We do not express any assurance as to whether:

• The Company or its shareholders will continue to obtain these benefits in future; or
• The conditions prescribed for availing the benefits, where applicable have been/ would be met.

For RANGANI & PATEL
Chartered Accountants
Firm Reg. No. 114847W

S.G.Patel
Partner
Membership No.: 45886

Place: Ahmedabad
Date: 14th September, 2010

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO GYSCOAL ALLOYS LIMITED ("THE COMPANY") AND ITS SHAREHOLDERS

I. SPECIAL TAX BENEFIT AVAILABLE TO THE GYSCOAL ALLOYS LIMITED AND ITS SHAREHOLDERS:

No special tax benefits are available to GYSCOAL ALLOYS LIMITED and its Shareholders.

II. GENERAL TAX BENEFITS AVAILABLE TO GYSCOAL ALLOYS LIMITED ("THE COMPANY") AND ITS SHAREHOLDERS

1. Benefits to the Company under the Income Tax Act, 1961 ("The Act"):

The Company will be entitled to deduction under the sections mentioned hereunder from its total income chargeable to Income Tax.

1.1 Dividends exempt under Section 10(34)

Under Section 10(34) of the Act, the Company will be eligible for exemption of income by way of dividend from domestic Company referred to in Section 115-O of the Act.

1.2 Income from units of Mutual Funds exempt under Section 10(35)

The Company will be eligible for exemption of income received from units of mutual funds specified under Section 10(23D) of the Act, income received in respect of units from the Administrator of specified undertaking and income received in respect of units from the specified Company in accordance with and subject to the provisions of Section 10(35) of the Act.

1.3 Computation of Capital Gains

1.3.1 Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a Company, listed securities or units of UTI or unit of Mutual Fund specified under Section 10(23D) or a Zero Coupon Bond will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains". Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains"
.

1.3.2 Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deducation of cost of acquisition/improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition/improvement, which adjusts the cost of acquisition / improvement by a cost inflation index as prescribed from time to time.

1.3.3 As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

1.3.4 As per the provisions of Section 111A of the Act, short-term capital gains on sale of equity shares or units of an equity oriented fund where the transaction of sale is chargeable to Securities Transaction tax ("STT") shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess).

Exemption of capital gain from Income Tax

- Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.

However, such income shall be taken into account in computing the book profit tax payable under Section 115JB.

- According to the provisions of Section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under Section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

1.4 Other Specified Deductions

Subject to fulfillment of conditions, the Company will be eligible, inter alia, for the following specified deductions in computing its business income:-

1.4.1 Section 35(1)(i) and (iv) of the Act, in respect of any revenue or capital expenditure incurred, other than expenditure on the acquisition of any land, on scientific research related to the business of the Company.

1.4.2 Section 35(1)(ii),(iia) and (iii) of the Act, in respect of any sum paid to a Scientific Research Association or to a company registered in India and approved by the prescribed authority which has as its object, the undertaking of scientific research or to any approved university, college or other institution to be used for scientific research or for research in social sciences or Statistical Research to the extent of a sum equal to one and one fourth times the sum so paid.

1.4.3 Subject to compliance with certain conditions laid down in Section 32 of the Act, the Company will be entitled to deduction for depreciation:

- In respect of tangible assets (being buildings, machinery, plant or furniture) and intangible assets (being know-how, patents, copyrights, trademarks, licenses, franchises or any other business or commercial rights of similar nature acquired on or after 1st day of April, 1998) at the rates prescribed under the Income-tax Rules, 1962;

- In respect of any new machinery or plant which has been acquired and installed after 31st March 2005 by an assessee engaged in the business of manufacture or production of any article or thing, a further sum of 20% of the actual cost of such machinery or plant;

1.4.4 Under Section 115 JAA (1A) of the Act, tax credit shall be allowed of any tax paid (MAT) under Section 115 JB of the Act. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. Such MAT credit shall not be available for setoff beyond 10 years succeeding the year in which the MAT becomes allowable.

2. Benefits available to resident shareholders

2.1 Dividends exempt under Section 10(34)

Under Section 10(34) of the Act, income earned by way of dividend from domestic Company referred to in Section 115-O of the Act is exempt from income tax in the hands of the shareholders.

2.2 Computation of capital gains

2.2.1 Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a Company, listed securities or units of UTI or unit of Mutual Fund specified under Section 10(23D) of the Act or a zero coupon bond will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as “long term capital gains”.

Capital gains arising on sale of these assets held for 12 months or less are considered as “short term capital gains”.

2.2.2 Section 48 of the Act, which prescribes the mode of computation of capital gains, provides for deduction of cost of acquisition / improvement and expenses incurred in connection with the transfer of a capital asset, from the sale consideration to arrive at the amount of capital gains. However, in respect of long term capital gains, it offers a benefit by permitting substitution of cost of acquisition / improvement with the indexed cost of acquisition / improvement, which adjusts the cost of acquisition /improvement by a cost inflation index as prescribed from time to time.

2.2.3 As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

2.2.4 As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess).

2.2.5 Exemption of capital gain from income tax

- Under Section 10(38) of the Act, Long Term Capital Gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.

- According to the provisions of Section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. In such a case, the cost of such long term specified asset will not qualify for deduction under section 80C of the Act. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

- According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a Hindu Undivided Family ('HUF'), gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

2.3 Deduction of STT paid

Deduction of STT paid of an amount equal to the securities transaction tax paid by the assessee in respect of the taxable securities transaction entered into the course of his business during the previous year, if the income arising from such taxable securities transactions is included in the income computed under the head "Profits and gains of business or profession".

3. Benefits available to Non-Resident Indian shareholders (Other than Foreign Institutional Investors and Foreign Venture Capital Investors)

3.1 Dividends exempt under Section 10(34)

Under Section 10(34) of the Act, income earned by way of dividend from domestic Company referred to in Section 115-O of the Act is exempt from income tax in the hands of the shareholders.

3.2 Computation of capital gains

3.2.1 Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a Company, listed securities or units of UTI or unit of Mutual Fund specified under Section 10(23D) of the Act or a Zero Coupon Bond will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as "long term capital gains".

Capital gains arising on sale of these assets held for 12 months or less are considered as "short term capital gains".

3.2.2 Section 48 of the Act contains special provisions in relation to computation of capital gains on transfer of shares of an Indian Company by non-residents. Computation of capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/ improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange.

According to the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess).

3.2.3 In case investment is made in Indian rupees, the long-term capital gain is to be computed after indexing the cost.

According to the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or Zero Coupon Bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long-term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

3.2.4 As per the provisions of Section 111A of the Act, short-term capital gains on sale of equity shares where the transaction of sale is chargeable to STT shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess).

3.2.5 Options available under the Act

Where shares have been subscribed to in convertible foreign exchange –

Option of Taxation under Chapter XII-A of the Act:

Non-Resident Indians [as defined in Section 115C(e) of the Act], being shareholders of an Indian Company, have the option of being governed by the provisions of Chapter XII-A of the Act, which inter alia entitles them to the following benefits in respect of income from shares of an Indian Company acquired, purchased or subscribed to in convertible foreign exchange:

- According to the provisions of Section 115D read with Section 115E of the Act and subject to the conditions specified therein, long term capital gains arising on transfer of shares in an Indian Company not exempt under Section 10(38), will be subject to tax at the rate of 10 percent (plus applicable surcharge and education cess), without indexation benefit.

- According to the provisions of Section 115F of the Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset being shares in an Indian Company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset. If part of such net consideration is invested within the prescribed period of six months in any specified asset the exemption will be allowed on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

  Further, if the specified asset in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

- As per the provisions of Section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under Section 139(1) of the Act, if their source of income is only investment income and / or long term capital gains defined in Section 115C of the Act, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

- Under Section 115H of the Act, where the Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 of the Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from any foreign exchange asset being asset of the nature referred to in sub clause (ii), (iii), (iv) & (v) of Section 115C(f) for that year and subsequent assessment years until such assets are converted into money.

As per the provisions of Section 115-I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under Section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

3.2.6 Exemption of capital gain from income tax

- Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.

- According to the provisions of Section 54EC of the Act and subject to the conditions specified therein, capital gains not exempt under Section 10(38) and arising on transfer of a long term capital asset shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately.

In such a case, the cost of such long term specified asset will not qualify for deduction under Section 80C of the Act. However, if the said bonds are transferred or converted into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

- According to the provisions of section 54F of the Act and subject to the conditions specified therein, in the case of an individual, gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately. For this purpose, net consideration means full value of the consideration received or accruing as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

3.3 Deduction of STT paid

Deduction of STT paid of an amount equal to the securities transaction tax paid by the assesses in respect of the taxable securities transaction entered into the course of his business during the previous year, if the income arising from such taxable securities transactions is included in the income computed under the head “Profits and gains of business or profession”.

4. Benefits available to other Non-resident Shareholders (Other than Foreign Institutional Investors and Foreign Venture Capital Investors)

4.1 Dividends exempt under Section 10(34)

Under Section 10(34) of the Act, income earned by way of dividend from domestic Company referred to in Section 115-O of the Act is exempt from Income Tax in the hands of the shareholders.

4.2 Computation of Capital Gains

4.2.1 Capital assets may be categorized into short term capital assets and long term capital assets based on the period of holding. Shares in a Company, listed securities or units of UTI or unit of Mutual Fund specified under Section 10(23D) of the Act or a Zero Coupon Bond will be considered as long term capital assets if they are held for a period exceeding 12 months. Consequently, capital gains arising on sale of these assets held for more than 12 months are considered as “long term capital gains”. Capital gains arising on sale of these assets held for 12 months or less are considered as “short term capital gains”.

4.2.2 Section 48 of the Act contains special provisions in relation to computation of capital gains on transfer of shares of an Indian Company by non-residents. Computation of capital gains arising on transfer of shares in case of non-residents has to be done in the original foreign currency, which was used to acquire the shares. The capital gain (i.e., sale proceeds less cost of acquisition/ improvement) computed in the original foreign currency is then converted into Indian Rupees at the prevailing rate of exchange.

As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess).

4.2.3 In case investment is made in Indian rupees, the long-term capital gain is to be computed after indexing the cost.

As per the provisions of Section 112 of the Act, long term gains as computed above that are not exempt under section 10(38) of the Act would be subject to tax at a rate of 20 percent (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1), if the tax on long term capital gains resulting on transfer of listed securities or units or zero coupon bond, calculated at the rate of 20 percent with indexation benefit exceeds the tax on long-term gains computed at the rate of 10 percent without indexation benefit, then such gains are chargeable to tax at a concessional rate of 10 percent (plus applicable surcharge and education cess).

4.2.4 As per the provisions of section 111A of the Act, short-term capital gains on sale of equity shares, where the transaction of sale is chargeable to STT, shall be subject to tax at a rate of 15 per cent (plus applicable surcharge and education cess).

4.2.5 Exemption of capital gain from income tax

- Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.

- According to the provisions of Section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately.

In such a case, the cost of such long term specified asset will not qualify for deduction under Section 80C of the Act. However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

- According to the provisions of Section 54F of the Act and subject to the conditions specified therein, in the case of an individual or a HUF, gains arising on transfer of a long term capital asset (not being a residential house) are not chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period in a residential house. If only a part of such net consideration is invested within the prescribed period in a residential house, the exemption shall be allowed proportionately. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.

4.3 Deduction of STT paid

Deduction of STT paid of an amount equal to the securities transaction tax paid by the assesses in respect of the taxable securities transaction entered into the course of his business during the previous year, if the income arising from such taxable securities transactions is included in the income computed under the head “Profits and gains of business or profession”.

5. Benefits available to Foreign Institutional Investors (‘FIIs’)

5.1 Dividends exempt under section 10(34)

Under Section 10(34) of the Act, income earned by way of dividend from domestic Company referred to in Section 115-O of the Act is exempt from income tax in the hands of the shareholders.

5.2 Taxability of capital gains

5.2.1 Under Section 10(38) of the Act, long term capital gains arising out of sale of equity shares or a unit of equity oriented fund will be exempt from tax provided that the transaction of sale of such equity shares or unit is chargeable to STT.

5.2.2 The income by way of short term capital gains or long term capital gains [in cases not covered under section 10(38) of the Act] realized by FIIs on sale of shares of the Company would be taxed at the following rates as per section 115 AD of the Act-

- Short term capital gains, other than those referred to under section 111A of the Act shall be taxed @ 30% (plus applicable surcharge & education cess).

- Short term capital gains, referred to under section 111A of the Act shall be taxed @ 15% (plus applicable surcharge and education cess)

- Long Term capital gains @ 10% (plus applicable surcharge and education cess) (without cost indexation)

- It may be noted here that the benefits of indexation and foreign currency fluctuation protection as provided by section 48 of the Act are not applicable.

5.2.3 According to the provisions of Section 54EC of the Act and subject to the conditions specified therein, long term capital gains not exempt under Section 10(38) shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so reinvested, the exemption shall be allowed proportionately. However, if the assessee transfers or converts the notified bonds into money within a period of three years from the date of their acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money.

5.4 Deduction of STT paid

Deduction of STT paid of an amount equal to the securities transaction tax paid by the assesses in respect of the taxable securities transaction entered into the course of his business during the previous year, if the income arising from such taxable securities transactions is included in the income Computed under the head “Profits and gains of business or profession”.

6. Benefits available to Mutual Funds

As per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions or authorized by the Reserve Bank of India would be exempt from income tax.

7. Benefits available to Venture Capital Companies

As per the provisions of Section 10(23FB) of the Act, any income of Venture Capital Company which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1922 and notified as such in the Official Gazette; and Venture Capital Fund, Operating under a registered trust deed or a venture capital scheme made by a Unit Trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1922 and notified as such in the Official Gazette set up for raising funds for investment in a Venture Capital Undertaking are eligible for exemption from income tax on all their income, including dividend from and income from sale of shares of the company.

8. Tax Treaty benefits

An investor has an option to be governed by the provisions of the Act or the provisions of a Tax Treaty that India has entered into with another country of which the investor is a tax resident, which ever is more beneficial.

9. Benefits available 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 Wealth Tax Act, 1957, hence no Wealth Tax will be payable on the market value of shares of the Company held by the shareholder of the Company.

Notes:

1. All the above benefits are as per the current tax law as amended by the Finance Act, 2010 and will be available only to the sole/first named in case the shares are held by joint holders.

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

3. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the issue.

4. Tax implications of an investment in the Equity Shares, particularly in view of the fact that certain recently enacted legislations may not have direct legal precedent or may have a different interpretation on the benefits which an investor can avail.

5. Our views expressed herein are based on the facts and assumptions indicated above. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes.

SECTION IV – ABOUT THE ISSUER COMPANY

INDUSTRY OVERVIEW

HIGHLIGHTS

STEEL SECTOR TRENDS

- India remained the fifth largest producer of crude steel in the world during 2008.
- India also maintained its lead position as the world's largest producer of direct reduced iron (DRI) or sponge iron with nearly 20 million tonnes production in 2008-09.
- As per the revised estimates, the country is likely to achieve a steel production capacity of nearly 124 million tonnes by the year 2011-12.
- The steel sector is expected to generate additional employment of around 4 million by 2020 for production of around 295 million tonnes of crude steel by 2019-2020.
- 222 MoUs have been signed with various States for planned capacity of around 276 million tonnes.
- Major investment plans are in the States of Orissa, Jharkhand, Chattisgarh, West Bengal, Karnataka, Gujarat and Maharashtra. The details of the break-up of the MoUs signed by the State Governments of Orissa, Chattisgarh, Jharkhand and Other States are given in the table below:

State	**No. of MoUs signed**	**Capacity (in million tonnes per annum)**
Orissa	49	75.66
Jharkhand	65	104.23
Chattisgarh	74	56.61
West Bengal	12	21.00
Other States	22	18.20
Total	**222**	***275.70**
**** approximate***		

Highlights of 2008-09

- Crude steel production was at 54.52 million tonnes, a growth of 1.23% over last year with capacity utilisation at 89% during the year. It grew at more than 9% annually from 38.72 million tonnes (MT) in 2003-04.
- Production for sale of total finished steel was at 56.39 million tonnes, a growth of 0.6% as compared to last year. As against 40.71 MT in 2003-04, an average annual growth of 7.3% was registered.
- Total finished steel exports decreased by 26 % as it reached an estimated 3.75 million tones while imports were at an estimated 5.77 million tonnes, a decline of 18 %.
- At 51.85 million tonnes, domestic consumption of total finished steel declined marginally by 0.53%.
- The growth was driven by capacity expansion from 43.91 million tonnes per annum (MTPA) in 2003-04 to 64.40 MTPA in 2008-09.
- The induction furnace route accounted for 32% of total crude steel production during 2008-2009.

Action taken to control inflation in the steel sector

Government took the following measures to contain steel prices to control inflation during the period April-June 2008:

- Reduction in Custom Duty in respect of non-alloy steel products and Zinc, Metcoke and Ferro alloys.
- The Counter Vailing Duty (CVD) on TMT rods and bars was reduced from 14% to NIL.
- Export duty was imposed on the following steel categories w.e.f. May 10, 2008:
  - ❖ Export Duty of 15% on Pig iron, sponge iron, steel scrap, steel ingots, and all categories of non-alloy semi-finished steel
  - ❖ Export Duty of 15% on non-alloy Hot Rolled (HR) steel
  - ❖ Export Duty of 10% on non-alloy Cold Rolled (CR) steel
  - ❖ Export Duty of 5% on non-alloy Galvanised and Coated steel
  - ❖ Export Duty of 10% on bars, rods, wire rods, angles shapes

    - ❖ Export Duty of 10% on pipes and tubes
- Export duty was modified on June 13, 2008 as follows:
    - ❖ Export duty in respect of flat steel products was reduced from previous levels to NIL
    - ❖ Export duties on bars and rods of non-alloy steel increased from 10% to 15%
    - ❖ An ad-valorem export duty of 15% levied on iron ore of all categories and grades

Action taken to control demand and supply of steel

- Action taken in October-November 2008 consequent upon the global financial crisis:
    - ❖ Export duty on steel exports withdrawn w.e.f. October 31, 2008
    - ❖ Duty Entitlement Pass Book benefit restored on steel exports w.e.f. November 14, 2008
    - ❖ Import duty @ 5 % imposed on import of non-alloy steel (except melting scrap) w.e.f. November 18, 2008
    - ❖ Excise duty on steel products reduced from 14 % to 10 % w.e.f., December 07, 2008
    - ❖ Excise duty on steel has been further reduced to 8 % on February 24, 2009

Action taken to facilitate conservation of iron ore resource

As a result of consistent efforts of Ministry of Steel, export duty on iron ore was imposed. Imposition of Export duty on iron ore has been an important step for enhancing raw material security for the domestic steel industry.

- Following rates of duty were imposed on iron ore exports in the Finance Bill 2007-08:
    - ❖ Iron ore fines (iron content upto 62%) — Rs. 50 Per Metric Tonne (PMT)
    - ❖ Iron ore fines (iron content 62% and above) — Rs. 300 PMT
    - ❖ Iron ore lumps (all sorts) — Rs. 300 PMT
    - ❖ Iron ore concentrates (all sorts) — Rs. 300 PMT

- The matter of export of iron ore was further deliberated by a Group of Ministers (GoM) constituted to consider the National Mineral Policy. In the GoM meeting to consider National Mineral Policy, there was an agreement that iron ore resources of the country should be conserved for the use of domestic steel industry. It was decided that although conservation of iron ore resources of the country is of paramount importance, the same may not be achieved by banning or capping the export of iron ore but by taking recourse to appropriate fiscal measures. Accordingly, Government of India imposed an ad-valorem export duty of 15% on all varieties of iron ore, irrespective of Fe content w.e.f. June 13, 2008.
- Subsequently, export duty on iron ore fines was amended to Rs. 200/Metric Tonne (MT) with effect from October 31, 2008, which was further modified to 8% ad-valorem with effect from November 7, 2008. The export duty on iron ore lumps remained at 15% ad-valorem.
- Ministry of Finance vide notification dated December 7, 2008 has revised the rates of duty on iron ore exports in the following manner:
    a) Iron ore fines (all sorts): NIL
    b) Iron ore other than fines(including lumps and pellets) - 5% ad-valorem

INDIAN STEEL SECTOR: DEVELOPMENT AND POTENTIAL

At the time of independence in 1947, India had only three steel plants – the TATA Iron & Steel Company, the Indian Iron and Steel Company and Visveswaraya Iron & Steel Ltd and a few electric arc furnace-based plants. The period till 1947 thus witnessed a small but viable steel industry in the country, which operated with a capacity of about 1 million tonne and was completely in the private sector. From the fledgling one million tonne capacity status at the time of independence, India has now risen to be the 5th largest crude steel producer in the world and the largest producer of sponge iron.

As per official estimates, the Iron and Steel Industry contributes around 2% of the Gross Domestic Product (GDP) and its weight in the Index of Industrial Production (IPP) is 6.20%. From a negligible global presence, the Indian steel industry is now acknowledged for its product quality, reflected by trends of rising exports.

As it traversed its long history during the past 60 years, the Indian steel industry has responded to the challenges of the highs and lows of business cycles. The first major change came during the first three Five-Year Plans (1952-1970) when in line with the economic order of the day, the iron and steel industry was earmarked for state control. From the mid-50s to the early 1970s, the Government of India set up large integrated steel plants in the public sector at Bhilai, Durgapur, Rourkela and Bokaro.
The policy regime governing the industry during these years involved:

- Capacity control measures: Licensing of capacity, reservation of large-scale capacity creation for the public sector units.
- A dual-pricing system: Price and distribution control for the integrated, large-scale producers in both the private and public sectors, while the rest of the industry operated in a free market.
- Quantitative restrictions and high tariff barriers.
- Railway freight equalisation policy: To ensure balanced regional industrial growth.
- Controls on imports of inputs, including technology, capital goods and mobilisation of finances and exports.

The large-scale capacity creation in the public sector during these years contributed to making India the 10th largest steel producer in the world as crude steel production grew markedly to nearly 15 million tonnes in the span of a decade from a mere 1 million tonne in 1947. But the trend could not be sustained from the late 1970's onwards, as the economic slowdown adversely affected the pace of growth of the Indian steel Industry. However, this phase was reversed in 1991-92, when the country replaced the control regime by liberalisation and deregulation in the context of globalisation. The provisions of the New Economic Policy initiated in the early 1990's impacted the Indian steel industry in the following ways:

- Large-scale capacities were removed from the list of industries reserved for the public sector. The licensing requirement for additional capacities was also withdrawn subject to locational restrictions.
- Private sector came to play a prominent role in the overall set-up.
- Pricing and distribution control mechanisms were discontinued.
- The iron and steel industry was included in the high priority list for foreign investment, implying automatic approval for foreign equity participation up to 50%, subject to the foreign exchange and other stipulations governing such investments in general.
- Freight equalisation scheme was replaced by a system of freight ceiling.
- Quantitative import restrictions were largely removed. Export restrictions were withdrawn.

The system, therefore, underwent marked changes. For steel makers, opening up of the economy opened up new channels of procuring their inputs at competitive rates from overseas markets and also new markets for their products. It also led to greater access to information on global operations/techniques in manufacturing. This, along with the pressures of a competitive global market, increased the need to enhance efficiency levels so as to become internationally competitive. The steel consumer, on the other hand, was now able to choose items from an array of goods, be it indigenously manufactured or imported.

This freedom to choose established the sovereignty of the consumer and galvanised steel producers to provide products/service levels in tune with the needs of the consumers. With the opening up of the economy in 1992, the country experienced rapid growth in steel making capacity. Large integrated steel plants were set up in the Private Sector by Essar Steel, Ispat Industries, Jindal Group etc. TATA Steel also expanded its capacity. To sum up, some of the notable milestones in the period were:

- Emergence of the private sector with the creation of around 9 million tonnes of steel capacity based on state-of-the-art technology.

- Reduction/ dismantling of tariff barriers, partial float of the rupee on trade account, access to best-practice of global technologies and consequent reduction in costs – all these enhanced the international competitiveness of Indian steel in the world export market.

After 1996-97, with the steady decline in the domestic economy's growth rate, the Indian steel industry's pace of growth slowed down and in terms of all the performance indicators – capacity creation, production, consumption, exports and price/ profitability – the performance of the industry fell below average.

In foreign trade, Indian steel was also subjected to anti-dumping/ safeguard duties as most developed economies invoked non-tariff barriers. Economic devastation caused by the Asian financial crises, slowdown of the global economy and the impact of glut created by additional supplies from the newly steel-active countries (the steel-surplus economies of erstwhile USSR) were the negative factors.

However, from the year 2002, the global industry turned around, helped to a great extent by China, whose spectacular economic growth and rapidly-expanding infrastructure led to soaring demand for steel, which its domestic supply could not meet. At the same time, recoveries in major markets took place, reflected by increase in production, recovery of prices, return of profitability, emergence of new markets, lifting of trade barriers and finally, rise in steel demand – globally. The situation was no different for the Indian steel industry, which by now had acquired a degree of maturity, with emphasis on intensive R&D activities, adoption of measures to increase domestic per capita steel consumption and other market development projects, import substitution measures, thrust on export promotion and exploring global avenues to fulfil input requirements.

The rapid pace of growth of the industry and the observed market trends called for certain guidelines and framework. Thus was born the concept of the National Steel Policy, with the aim to provide a roadmap of growth and development for the Indian steel industry. The National Steel Policy (NSP) was announced in November 2005 as a basic blueprint for the growth of a self-reliant and globally competitive steel sector. The long-term objective of the National Steel Policy is to ensure that India has a modern and efficient steel industry of world standards, catering to diversified steel demand. The focus of the policy is to attain levels of global competitiveness in terms of global benchmarks of efficiency and productivity. The national policy seeks to facilitate removal of procedural and policy bottlenecks that affect the availability of production inputs, increased investment in research and development, and creation of road, railway and port infrastructure. The policy focuses on the domestic sector, but also envisages a steel industry growing faster than domestic consumption, which will enable export opportunities to be realised.

Production, consumption and growth of steel

The National Steel Policy 2005 had projected consumption to grow at 7% based on a GDP growth rate of 7-7.5% and production of 110 million tonnes by 2019-2020. These estimates will be largely exceeded and it is envisaged that in the next five years, demand will grow at a considerably higher annual average rate of over 10% as compared to around 7% growth achieved between 1991-92 and 2005-06. It has been assessed that, on a 'most likely scenario' basis, the steel production capacity in the country by the year 2011-2012 will be nearly 124 million tonnes.

The table below shows the trend in production for sale, import, export and consumption of total finished steel (alloy + non-alloy) in the country during the last six years:

Year	**Total finished steel (alloy + non-alloy) ('000 tonnes)**			
	Production for sale	**Import**	**Export**	**Consumption**
2003-04	40709	1753	5207	33119
2004-05	43513	2293	4705	36377
2005-06	46566	4305	4801	41433
2006-07	52529	4927	5242	46783
2007-08	56075	7029	5077	52125
2008-09	56393	5775	3750	51850
Source: JPC				

Crude steel production has shown a sustained rise since 2003-04 along with capacity. Data on crude steel production, capacity and capacity utilisation is given in the table below:

Year	**Crude steel**		
	Capacity '000 tonnes)	**Production ('000 tonnes)**	**Capacity utilisation (%)**
2003-04	43910	38727	88
2004-05	47995	43437	91
2005-06	51171	46460	91
2006-07	56843	50817	89
2007-08	59845	53857	91
2008-09	64400*	54520	85
Source: JPC * = 3 million tonne capacity added in December 2008			

- The growth was driven by capacity expansion from 43.91 million tonnes per annum (MTPA) in 2003-04 to 64.4 MTPA in 2008-09.
- Crude steel production grew at more than 8.16% annually from 38.72 million tonnes in 2003-04 to 54.52 million tonnes in 2008-09.
- Production of finished steel at 56.39 million tonnes during 2008-09 as against 40.71 million tones in 2003-04 at average annual growth rate of 7.7%.

- With growth in production for sale lagging behind consumption growth, India has turned into a net importer of finished steel in 2008-09. Exports also declined to ensure greater domestic availability.

The above performance has been contributed largely by the strong trends in growth of the electric route of steel making, particularly the induction furnace route, which accounted for 32 per cent of total crude steel production in the country during 2008-09 and has emerged as a key driver of crude steel production.

The process route-wise production of crude steel in the country during 2003-04 and 2008-09 are shown in the table below and indicates the emergence of the electric route of production compared to the oxygen route:

Crude steel production by Process Route	**Percentage share (%)**	
	2003-04	**2008-09***
Basic Oxygen Furnace (BOF)	57	47
Electric Arc Furnace (EAF)	16	20
Induction Furnace (IF)	27	33
Total	100	100
Source: JPC, * = Provisional		

India is also a leading producer of sponge iron with a host of coal based units, located in the mineral-rich states of the country. Over the years, the coal based route has emerged as a key contributor to overall production; its share has increased from 60% in 2003-04 to 75% in 2008-09. Capacity in sponge iron making has also increased over the years and currently stands at 31 million tonnes. The table below shows the production of sponge iron in the country in the last five years, indicating the break-up of the share of coal and gas based route of production:

	Production of sponge iron ('000 tonnes)					
Year	**2003-04**	**2004-05**	**2005-06**	**2006-07**	**2007-08**	**2008-09***
Coal based	5901	7897	10280	13080	14531	15520
Gas based	3976	4640	4545	5265	5845	5280
Total	**9877**	**12357**	**14825**	**18345**	**20376**	**20800**
Source: JPC, * = provisional						

India is also an important producer of pig iron. Post-liberalisation, with setting up several units in the private sector, not only imports have drastically reduced but also India has turned out to be a net exporter of pig iron. The private sector accounts for nearly 87% of total production for sale of pig iron in the country. The domestic availability situation of pig iron is given in the table below:

	Pig iron domestic availability scenario ('000 tonnes)					
Year	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09*
Production for sale	3764	3228	4690	4953	5284	5285
Import	2	8	3	3	11	8
Export	518	393	440	707	560	350
Consumption	3263	2791	4136	4336	4621	4909
Source: JPC, * = provisional						

Global ranking of Indian steel

Global crude steel production reached 1.33 billion tonnes in 2008, a decline of 1.2 percent over 2007. China was the largest crude steel producer in the world with production reaching 502 million tonnes, a growth of 2.6% over 2007. India, which was the eighth largest producer in 2003, had emerged as the fifth largest producer in 2006. In 2008, the country retained its rank as the fifth largest crude steel producing country in the world. India also emerged as the largest sponge iron producing country in the world in 2008, a rank it has held on since 2002. If proposed expansions plans are implemented as per schedule, India may become the second largest crude steel producer in the world by 2015-16.

World crude steel production

Country	Rank	2008 (in million tonnes)
China	1	502
Japan	2	119
United States	3	92
Russia	4	69
India	5	55
South Korea	6	54
Germany	7	46
Ukraine	8	37
Brazil	9	34
Italy	10	31
Source: World Steel Association		

Plan outlay for 11th Five-Year Plan (2007-12)

- For the 11th Five Year Plan (2007-12), the Planning Commission has approved total outlay of Rs. 45607.08 crore (i.e. Internal and Extra Budgetary Resources [I&EBR] of Rs. 45390.08 crore and Gross Budgetary Support [GBS] of Rs. 217 crore).
- During the 11th Five Year Plan, a new scheme viz. "Scheme for promotion of Research and Development in Iron & Steel sector" has been approved with a budgetary provision of Rs. 118 crore for implementation. The objective of the scheme is to develop path-breaking technologies in an environment friendly manner. The scheme has been approved by Expenditure Finance Committee/Ministry of Finance with the observation that the scheme may be initiated in the Financial Year 2009-10.

  The Working Group on Steel Industry set up by the Planning Commission for the 11^{th} Five-Year Plan (2007-12) has projected a total demand of 70.34 million tonnes for finished steel and a total production of 80.23 million tonnes of crude steel by the end of the 11th Plan, that is, 2011-12. Both the 11^{th} Plan projections and the NSP targets are likely to be considerably surpassed.

  The 11th Plan would be crucial for realising the objectives pronounced in the National Steel Policy 2005 of building a modern and efficient domestic steel industry of global standards with a capacity to cater to diversified product demands. The Working Group on Steel Industry has made recommendations consistent with the targets/objectives of the National Steel Policy, 2005.

  The rejuvenated steel market in the country has already witnessed the announcements of mega expansion plans of leading domestic producers in the form of Greenfield and/or Brownfield projects in different parts of the country. The decision of Posco, South Korea, to set up their 12 million tonnes integrated steel plant in Orissa has given the Indian steel industry a feel of what 'globalisation' is all about. This was soon followed by Mittal Group's announcement of plans to set up their 12 million tonnes integrated steel unit in Orissa.

  However, the domestic Indian steel producers did not lag behind. Indian conglomerate TATA Steel's $12 billion takeover of Anglo-Dutch giant Corus Group Plc, transformed TATA Steel Ltd. into the world's 5th largest steel producer, which may well be regarded as a benchmark even in the history of the Indian steel industry. Such developments only prove that the Indian steel industry has entered a mature phase.

Steel: Key facts

Indian steel scene: 2008-09*		
Item	**Qty (mt)**	**% change**
Total Finished Steel Production for sale	56.39	0.6
Import	5.72	-19
Export	3.66	-28
Capacity Utilisation	89%	-
Source: JPC; * = provisional		

Besides achieving the rank of the 5th largest global crude steel producer, India has also made a mark globally in the production of Sponge Iron/Direct Reduced Iron. Courtesy a mushrooming growth of coal-based sponge iron units in key mineral-rich pockets of the country, domestic production of sponge iron increased rapidly, enabling the country to achieve and maintain the number one position in the global market. With a series of mega projects, either being implemented or at the proposal stage, which once operational will re-write the structure of the steel industry and its dynamics; and a domestic economy carrying forward the reform process further, the future of the Indian steel industry is definitely optimistic.

In this journey of progress, the Indian steel industry has also taken significant steps in improvement of productivity, conservation of natural resources and energy, import substitution, quality upgradation; environment management and research and development. Some of the notable developments are:

- **Introduction of Stamp Charging and Partial Briqueting of Coal Charge (PBCC) for production of metallurgical coke:** In this process, it has been made possible to replace part of the metallurgical coal requirements by non-coking/ semi-coking coal, with higher strength of the coke and less emission.
- **Installation of energy recovery coke ovens to meet power requirements as well as to reduce emission:** Energy recovery type coke ovens have been set up by many steel companies like Sesa Goa, JSW Steel, VISA Steel, Neelachal Ispat Nigam Ltd. (NINL) and Gujarat NRE Coke Limited.
- **Use of non-coking coal in iron making:** Processes such as Corex have now been introduced in some of the steel plants to produce hot metal by predominantly using non-coking coal. The Coal Dust/ Pulverised Coal Injection System has been introduced in several blast furnaces to partially substitute coke. In addition, there has been large-scale growth of sponge iron units based on non-coking coal.
- **Use of Direct Reduced Iron (DRI)/Sponge iron in steel making:** Earlier, only scrap could be used as a feed material in electric arc furnaces. With growing scarcity of scrap, a replacement could be found in the form of DRI produced from iron ore with reformed natural gas/ non-coking coal as reductant.
- **Use of hot metal in electric arc furnaces:** Setting up of Basic Oxygen Furnaces is capital intensive and successful only at a large scale. However, with the advent of modern electric arc furnaces, steel could be produced in electric arc furnace by use of hot metal that substantially replaces steel scrap and results in huge savings in electricity consumption.
- **Adoption of continuous casting:** The first solidified form of steel in the melting shops used to be ingots. With the advent of continuous casting in the late 1970s, continuous cast blooms/ billets/ slabs resulted in significant energy savings as well as improved productivity. Adoption of thin slab casting has further resulted in additional energy savings in the hot strip mills.
- **Import substitution:** Till the early 1980s, Indian steel production was centered mostly on non-flat products. Critical flat products such as thin gauge Hot Rolled coils, Deep Drawing/ Extra Drawing grade Cold Rolled coils, thin gauge Galvanised Plain/ Galvanised Corrugated sheets and Tin Mill Black Plate used to be mostly imported. With the setting up of modern hot strip mills in the 1990s; cold rolling mills and galvanizing lines from the 1980s; and colour coating lines from the 1990s, India is now well equipped to produce various grades of flat products.
- **Value-added production:** Earlier, integrated steel plants had to earmark part of the hot metal production for production of pig iron for foundries. From the early 1990s, mini-blast furnaces were set up in the country that supplied pig iron to the foundries and enabled the integrated steel plants to concentrate on production of value-added steel items.
- **Increasing size/volume of blast furnaces:** Most of the blast furnaces of the steel plants were of small volume. In order to increase productivity, the blast furnaces in the steel plants have gradually been revamped or newly set up with bigger volumes. The biggest blast furnace in India at present is with JSW (4013 cubic metres), followed by TATA Steel Limited (TSL) (3814 cubic metres), and RINL (3200 cubic metres).
- **Reducing coke consumption in blast furnaces and improving productivity:** Indian blast furnaces used to consume as high as 850 kilograms of coke per tonne of hot metal and Blast Furnace productivity was hovering at less than one tonne per cubic meter per day. Introduction of modern technologies and practices, viz. high top pressure, high blast temperature, pulverized coal injection; attention to burden preparation and distribution; higher use of sinter in place of lumps etc. have resulted in reduced coke consumption and improved productivity. Today, coke rate in some of the blast furnaces is less than 500 kg/tonne hot metal and productivity exceeds 2 tonnes per cubic metre per day.
- **Enhancing steel quality:** Earlier, the steel making furnaces used to complete the steel making within the furnaces themselves. With the introduction of modern steel making technologies/ practices and secondary refining technologies such as ladle metallurgy, vacuum degassing etc., it is now possible to produce steel of much lower inclusion and much lower content of oxygen, nitrogen and hydrogen. The ladle furnace technology has also made it possible to cut down the steel-making time in converters or Electric Arc Furnaces and to enable production of steel of low sulphur and phosphorus content.
- **Efforts to reduce energy consumption and emissions:** Iron and Steel making involves energy intensive processes. The international norm of energy consumption is 4.5 to 5.5 Giga calories per tonne of crude steel. With adoption of modern technology and equipment, beneficiation of raw materials and use of high grade imported coking coal, Indian Steel plants have been able to achieve energy consumption at the level of 6.5 to 7.0 Giga Calories only. Further, steps are being taken to achieve

much lower energy consumption and corresponding lower Green House Gas (GHG) emission by the end of 11th Five Year Plan. With the growth of steel industry, increasing attention is being paid to environment management. Steps such as afforestation, installation of pollution-control equipment are likely to abate the pollution emanating from steel industry. The Indian iron and steel industry is taking advantages of the Clean Development Mechanism under the Kyoto Protocol, thereby improving energy efficiency and reducing GHG emission.

Present growth scenario and future outlook

India ranks as the fifth largest producer of crude steel in the world. Domestic crude steel production grew at a compounded annual growth rate of 7 per cent during 2004-05 to 2008-09. The increase in production came on the back of capacity expansion, mainly in the private sector plants, and higher utilisation rates. This growth was driven by both capacity expansion (from 47.99 million tonnes in 2004-05 to approximately 64 million tonnes in 2008-09) and improved capacity utilisation. India, the world's largest producer of direct reduced iron (DRI) or sponge iron, is also expected to maintain its lead in the near future. Sponge iron production grew at a CAGR of 16% to reach a level of 20.80 million tonnes in 2008-09 compared to 12.36 million tonnes in 2004-05. India is expected to become the second largest producer of steel in the world by 2015-16, provided all requirements for fresh capacity creation are met.

Trends in production, private/public sector

Traditionally, Indian steel industry has been classified into Main Producers (SAIL plants, TATA Steel and Vizag Steel/RINL), Major Producers (plants with crude steel making capacity above 0.5 million tonnes — Essar Steel, JSW Steel and Ispat Industries) and Other Producers. The latter comprises of numerous steel making plants producing crude steel/finished steel (long product/flat product)/ pig iron/ sponge iron and are spread across the different states of the country.

The following table highlights the total as also the contribution of the private and public sector in crude steel production in the country:

	Indian Crude Steel production			**(in million tonnes)**	
	2004-05	**2005-06**	**2006-07**	**2007-08**	**2008-09***
Public Sector	15.912	16.964	17.003	17.091	16.374
Private sector	27.525	29.496	33.814	36.766	38.146
Total Production	43.437	46.46	50.817	53.857	54.52
% share of public sector	36.60%	36.50%	33.50%	32%	30%
Source: JPC; * = provisional					

Foreign investments and private sector participation

Domestic and foreign investors have shown a great deal of interest in setting up steel capacities in the country. Prospective investors include the existing public sector as well as private sector manufacturers, reputed foreign manufacturers, sponge iron makers going in for forward integration, as well as small rolling mills trying to get into backward integration, among others. As per the latest information available in the Ministry of Steel, 222 MoUs have been signed in various states with intended capacity of around 275.70 million tonnes, with an investment of over Rs. 11 lakh crore. It appears that with major investment plans in the states of Orissa, Jharkhand, West Bengal and Chattisgarh, actual production may considerably exceed the 110 million tonnes annual steel production by 2019-20 envisaged in the National Steel Policy of November 2005.

The Indian Steel Industry has withstood international competition despite the reduction of basic customs duty on steel from 25-30% in 2002-03 to 5% currently. The industry now operates in an open economy where exports and imports respond to increases or decreases in the domestic demand driven primarily by market signals.

While exports of finished steel were sustained at a level of 4-5 million tonnes per annum during the 10th Plan, imports sharply increased from about 1.75 million tonnes in 2003-04 to 5.78 million tones in 2008-09, not because of fall in competitiveness but to fill up supply-demand gap in the domestic market.

However, industry slipped into a slowdown phase in latter half of 2008, prompted by a massive sub-prime crisis which originated in the USA and impacted global operations in varying degrees throughout the world. Steel industry globally, saw cutbacks in production, decline in price and profitability, slowdown in demand

and delays/shelving of proposed expansion projects. However, the steel industry in the country has successfully overcome the adverse effects of a global economic slowdown to register a positive growth in the January-March quarter of 2009. As a matter of fact, India and China are the ony countries to have registered positive growth in steel production in January-March quarter of 2009. The financial year 2009-10 for the Indian steel sector has begun on a promising note, with production growth estimated at least in the range of 5-7%.

- **Production**

The production of electric arc furnace units as reported to the Joint Plant Committee is as under:

(in million tonnes)					
Category	**2004-05**	**2005-06**	**2006-07**	**2007-08**	***2008-09**
Mild steel	4.37	4.31	5.06	6.05	5.84
Medium/high carbon steel	1.35	1.5	1.76	2.72	2.63
Alloy steel	0.95	1.53	1.8	1.16	1.12
Stainless steel	0.84	0.92	1.08	0.69	0.67
Others	0.05	0.04	0.05	0.05	0.05
Total reported	7.56	8.3	9.75	10.67	10.31
Total estimated	0.28	0.13	0.13	0.13	0.12
Grand total	7.84	8.43	9.88	10.8	10.43
*Provisional					

Steel wire drawing units

- **Status**

(in million tonnes)		
	Number	**Capacity**
Total units	100	1.44
Closed units	65	0.73
Working units	35	0.71

Hot rolled steel sheets/strips/plates units

- **Status**

(in million tonnes)		
	Number	**Capacity**
Commissioned units	10	11.65
Closed units	Nil	Nil
Working units	10	11.65

(Source: Annual Report for the year 2008-09, Ministry of Steel)

SWOT ANALYSIS OF THE INDUSTRY

The strengths, weaknesses, opportunities and threats for the Indian steel industry have been tabulated below. The national steel policy lays down the broad roadmap to deal with all of them.

Strengths	**Weaknesses**
1. Availability of iron ore and coal 2. Low labour wage rates 3. Abundance of quality manpower 4. Mature production base	1. Unscientific mining 2. Low productivity 3. Coking coal import dependence 4. Low R&D investments 5. High cost of debt 6. Inadequate infrastructure
Opportunities 1. Unexplored rural market 2. Growing domestic demand 3. Exports 4. Consolidation	**Threats** 1. China becoming net exporter 2. Protectionism in the West 3. Dumping by competitors

STEEL DEMAND

Urban Areas: The present steel consumption per capita per annum is about 30 kg in India, compared to 150 kg in the world, and 350 kg in the developed world. 2 The estimated urban consumption per capita per annum is around 77 kg in the country, expected to reach approximately 165 kg in 2019-20, implying a CAGR of 5 percent. Apart from the anticipated growth in the construction, automobile, oil and gas transportation, and infrastructure sectors of the economy, conscious promotion of steel usage among architects, engineers and students by the Institute of Steel Development and Growth (INSDAG) and the large producers will drive this additional consumption. Steps would be taken to encourage usage of steel in bridges, crash barriers, flyovers and building construction. Benefits of steel usage would be added to the technical education curricula in the country.

Rural Areas: The rural consumption of steel in India remains at around 2 kg per capita per annum, primarily because steel is perceived to be expensive among the village folks. Based on the promotional efforts mentioned above, and an active focus on opening new block level rural stock points, a target is set for raising the per capita rural consumption of steel to 4 kg per annum by 2019-20, implying a CAGR of 4.4 percent.

Exports: Although the focus of Indian steel industry is on the domestic market, export will be another window on the demand side. The growth of exports of steel from India has been around 10 percent per annum over the past decade. That speaks for the international cost competitiveness of the steel sector. It takes assiduous effort to create, and hold on to export markets. While the business decision to export will depend on the prevailing relative prices, the Government would encourage strategic alliances with buyback arrangements and dedicated export production through 100% export-oriented units. A growth rate of around 13 percent per annum is envisaged up to 2019-20.

STEEL SUPPLY

While the country has rich endowments of iron ore and non-coking coal, and has cheap labour, this advantage is neutralized considerably by low material and energy efficiency, poor quality, poor productivity, and high cost of coking coal, power, freight and finance. The policy for making the critical inputs available to the industry is outlined in the following paragraphs.

Critical Inputs: In order to support steel production of 110 mT by 2019-20, at 100 percent capacity utilization, the required quantities of critical inputs such as iron ore, coking and non-coking coal can be seen in Table 2 below. The projected requirements are based on the assumption that new capacities will be 60 percent through the Blast Furnace (BF) route, 33 percent through the Sponge Iron – Electric Arc Furnace (EAF) route and 7 percent through other routes.

Critical Inputs for Steel Production

(in million tonnes)

	Iron Ore	Coking Coal	Non-Coking Coal
2019-20	190	70	26
2004-05	54	27	13

Iron ore: At present, the in-situ reserves of relatively rich iron ore in India are 11.43 billion tonnes of haematite and 10.68 billion tonnes of magnetite ores. Though the reserves of haematite ore appear to be large, high-grade lumpy reserves constitute only 8.7 percent of the total. Further, the present commercial mining capacity for iron ore is only 175 mT3. Production of iron ore in 2004-05 was 145 mT, of which 54 mT was domestically consumed and 78 mT was exported. Of the 600 mining leases, only 246 were operated in 2003-04.

In order to ensure availability of 190 mT of iron ore for domestic production of steel by 2019-20, Government would encourage investments in creation of an additional modern mining and beneficiation capacity of 200 mT. The size of these investments will be around Rs. 20,000 crore. The current policy of captive mining leases for the private sector would continue, but it is necessary that investment plans be put in place for idle mining leases. State governments would recommend renewal of existing leases only against credible mining investment plans in a specified period. The Government would lay down priorities and guidelines for the State governments to recommend fresh mining leases, having regard to the entrepreneur's mining investment plans, and technical and financial capabilities. Environmental and forest clearances would be granted within a pre-specified time frame. Though local value addition would be given priority, the Government would encourage iron ore trading in order to make this essential raw material available to the iron and steel industry throughout the country. The Government would encourage investments in adding value to iron ore fines. Scientific mining and economies of scale would also be encouraged through consortia of small users and by prescribing a minimum economic size for mines.

Exports of iron ore: After remaining stagnant at around 35 mT for about a decade (between 1991-92 to 1999-2000), exports of iron ore from India have grown in the last 4 years to 78 mT in 2004-05 on the back of large exports of iron ore fines to China. Fines and concentrates, which have little use in India except as a negative environmental externality, make up about 90 percent of Indian iron ore exports currently. As investments are made into beneficiation, sintering and pelletization in the country, which will use these fines, the growth in exports of iron ore is likely to decline. Exports have thus been estimated to be around 100 mT by 2019-20. In terms of future policy, exports of iron ore, especially high-grade lumps, would be leveraged for imports of coking coal or for investment in India. Long-term export supply of iron ore would be confined to a maximum of five-year contracts. This duration would be reviewed from time to time. A judicious balance would continue to be maintained between exports and domestic supply of iron ore.

Coking coal: The proven reserves of prime coking coal are only 4.6 billion tonnes. The quality of Indian coking coal is also not suitable for steel. The production of coal during 2001-02 was 328 mT**,** out of which coking coal amounted to only 29 mT. The low ash coking coals required by steel makers was around 10 mT in 2001-02. Coking coal production has declined at an annual rate of 4.7 percent during the decade ending 2001-02.

Poor quality domestic prime coking coal has to be blended with imported coal. Currently the steel industry imports around 19 mT of coking coal annually, and procures 7.5 mT from indigenous sources including captive mines. By 2019-20, about 70 mT of coking coal will be required, of which 85 percent will have to be imported.

The imperatives of coking coal security require that new sources of coking coal be tapped. Accordingly, the Government would aim for the coal sector to become market-driven, but in the meantime continue allocation of captive coking coal blocks to steel plants, and establish mechanisms to share their surplus resource with other steel plants. The Government would encourage joint ventures and equity participation abroad by steel and coal companies. Simultaneously, efforts would be made to develop and adapt technologies, which have synergy with the natural resource base (non-coking coal) of the country. The steel industry would be encouraged to make investments in washing and beneficiation of coal.

Non-Coking Coal: With proven reserves of 74 billion tonnes, non-coking coal constitutes around 82 percent of the total coal reserves in India. Production of non-coking coal at 294 mT during 2001-02 was 91 percent of the total coal production of 328 mT. In 2004-05, the steel sector consumed about 8 mT of non-coking coal, excluding thermal coal for captive power plants.

Sponge iron grade non-coking coal: The sponge iron industry using non-coking coal as input material will play an important role in future as a substitute input for coke. The capacity of sponge iron industry would increase from the current 13 mT to 20 mT by the end of 2010-11, at a growth rate of 6.5 percent per annum, and thereafter, till 2020, grow to 38 mT. The current trends indicate that a large number of sponge iron based steel units may come up in the states of Orissa and Jharkhand. By 2019-20 the steel industry will demand around 26 mT of non-coking coal of higher grades.

Available data show a declining rate of growth in production of non-coking coal in India. In the decade of 1980s, the growth rate was 6.5 percent, which fell to 3.9 percent in the 1990s. In the last five years the growth rate has been 4.7 percent. The power plants are, therefore, planning to import large quantities of thermal coal. Further, Indian coal is high in ash content, which will force non-coking coal based steel production also to go for some imports.

While market forces should allocate resources to their most efficient uses, which would require the coal sector to be deregulated, a strategy for the transitional period would be needed. Accordingly, the sponge iron and steel industry would get first priority in the allocation of higher grades of non-coking coal of below 12 percent ash content, being essential feedstock. Greater flexibilities would be introduced in the form of sale of surplus coal, re-allocation of existing unused linkages with Coal India Limited, and allocation to consortia of small users. Joint ventures of public sector companies with the private sector would be explored in order to finance the required investments.

Natural Gas: The pricing mechanism for natural gas, taking into account the cyclical nature of the steel industry, needs to move gradually towards market-determined prices. It would also be desirable to put in place the regulatory framework, as natural gas stocks are limited in the country and sufficient level of competition has to be ensured in this sector. Further the industry needs time for adjustment as price shocks lead to loss of business confidence.

Considering the importance of gas based steel plants due to (a) environmental cleanliness, (b) shortages of coking coal required for other major routes, and (c) natural gas being a feedstock for sponge iron plants and not just a heating source, the present system of allocation and pricing of natural gas to the steel sector would remain under continual review.

Refractories: Refractories are used to line various high temperature vessels used in the steel manufacturing process. India has a refractory industry of 80 units with 1.6 mT capacity, and utilization of just 55 percent in 2004-05. It needs modernizing and upgrading. The Government would foster closer technical interaction between the steel industry and the refractory industry so as to achieve fewer breakdowns, reduced down time and prompt hot repairs. The Government would also support basic and applied research in utilizing indigenous refractory raw materials through partnerships between steel and refractory producers.

(Source: National Steel Policy – 2005)

BUSINESS OVERVIEW

Gyscoal Alloys Limited (GAL), a public limited company, was incorporated in the year 1999 as a private limited company. Initially, the Company started its business with the trading of iron and steel scraps, billets and steel long products. The company also decided to trade in mild steel products namely CTD Bars and TMT Bars. The company took over a steel rolling mill business with a capacity of 6000 MT per annum from Shah Alloys Group at Ubkhal, Mehsana and started manufacturing of rolled products in the year 2005. The rolling mill capacity was increased by another 12000 MT per annum to take the total rolling mill capacity to 18000 MT per annum in the financial year 2005-06. In the financial year 2006-07, the Company further started its Steel Melting Shop with a capacity of 12,000 MT per annum which was further increased to 18,000 MT per annum in the year 2008-09. Looking to the potential higher value addition in case of stainless steel products, the Company decided to manufacture Stainless Steel long Products in the year 2006-07. At present, the plant has the capacity to manufacture different grades of Stainless Steel products ranging between 200 series to 400 series.

The Company has expanded in various ways keeping its focus on steel. At this stage, the company was able to provide its clientele a broad spectrum of products. In pursuance of its objectives, the company is committed to maintain high standards of quality, efficient delivery schedules, and competitive prices. At present, Company's products portfolio includes Angles, Bright Bars, Black Bars, Flats, Hexagonal and Round Corner Squares (RCS) products which include channels, sections, pata-patti, full line of Round Corner Squares (RCS) and rectangles in standard sizes. The Company also manufactures squares, and Flat in sizes of the specification as per requirement of its customers.

The Company's products adhere to high quality standards and it has got ISO 9001:2008 certification for "the manufacture and supply of stainless steel and mild steel based angles, channels, flats, round, square, bright, twisted bars, billets and ingots" adhering to IS 2062 & IS 1786" from BSI Management Systems

The Company explored the possibility of exports of its products to different countries outside India. During the past couple of years the Company has been successful in producing goods according to needs and specifications of its foreign buyers. The Company has been exporting a wide range of products to various Countries namely Thailand, Philippines, Malaysia, Kenya etc. Company's products are utilized in various industries such as real estate development, Pharmaceutical Plants, etc. With the experience of the running secondary steel units of our company and looking to the growth in the consumer sectors like construction, railway, manufacturing (Pharma, Chemicals, Mechanicals etc.), IT etc Steel Long Products are in huge demand. In order to meet this increasing demand of our products, our company proposes to increase its melting capacity from existing 18,000 MT per annum by 1,00,000 MT per annum to 1,18,000 MT per annum.

The Company is in the process of expanding its present steel manufacturing capabilities by way of setting up a steel melting shop with additional installed capacity of 100,000 MT per annum. The Proposed project shall have the following facilities:-

Facility	Proposed Additional Installed Capacity
Steel Melting Shop - consisting of 3 Induction Furnaces with capacity 12 MT/heat each. - 2 MRK with capacity of 18 MT/heat each and continuous casting.	1,00,000 MT per annum

LOCATION

Registered Office

At present, our Registered Office is situated at 2nd Floor, Mrudul Tower, B/h. Times of India, Ashram Road, Ahmedabad – 380009.

Existing Production Facility

The existing manufacturing unit is located at Ubkhal, Kukarwada, Taluka: Vijapur, District: Mehsana, Gujarat.

Proposed Production Facility

The Company proposes to set up the proposed expansion facilities at Village Magodi, Sub-district Gandhinagar, District-Gandhinagar, Gujarat State. The Company has entered into an "Agreement for Sale" for purchase 44841 square metres of agricultural land at Revenue Survey / Block No. 260, 271, 273/ A-B, Village Magodi, Sub-district Gandhinagar, District-Gandhinagar, Gujarat State from Mr Dalaji Bhemaji Rajput (Solanki) and Mr. Ratuji Bhemaji Rajput (Solanki) at a total consideration of Rs.700 lacs. The Company has paid part payment of Rs.428.75 lacs to the sellers. One of the sellers of the land i.e. Mr. Ratuji Bhemaji Solanki is a key managerial personnel of the Company. The registration of land in the name of the Company will be made after making the full and final payment.

PLANT AND MACHINERIES

The company possesses the equipment required in scrap melting, rolling, straightening, process controlling, and testing such as Induction furnace, rolling mills, reheating furnace, controller, Universal Testing Machine, Diesel Generator Set etc.

The Company is proposing to purchase new plant and machineries for the expansion plan through this issue. For details of the plant and machineries required to be brought for the proposed expansion kindly refer to the para on "Plant and Machinery" in section "Object of the Issue" on page no.29 of this Red Herring Prospectus.

TECHNOLOGY

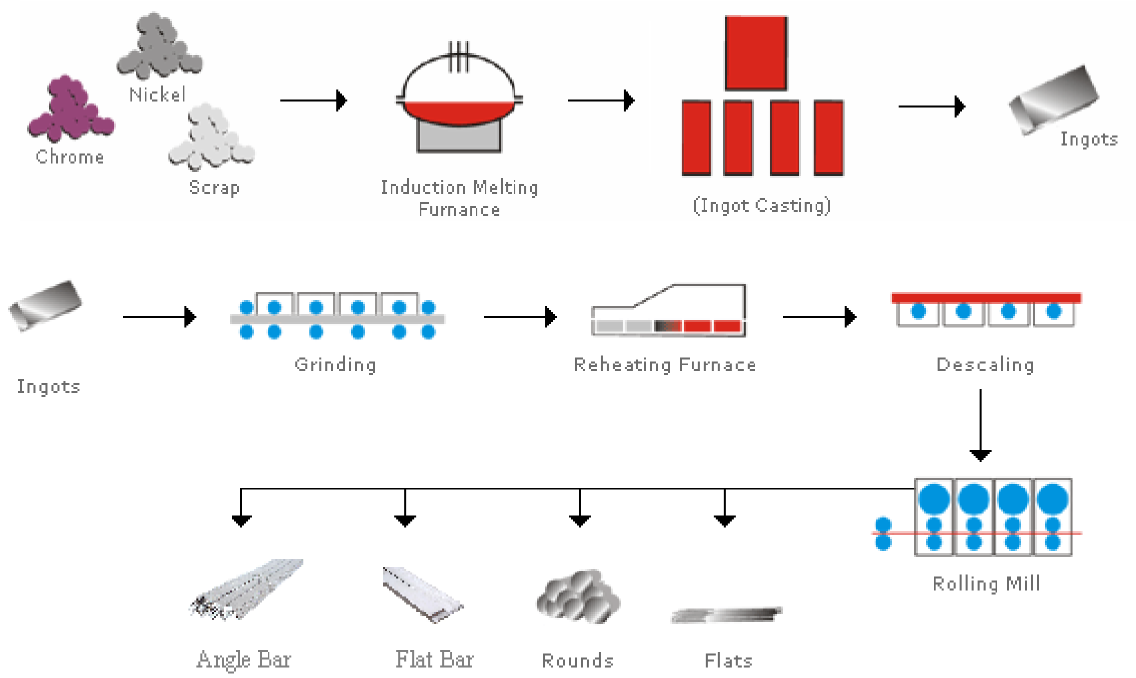
The Company is using indigenous technology available in the Industry. The choice of the technology was based on the merits and demerits of various technologies, the status of technology, flexibility of operation, availability of raw materials, capital investment and economics of operations.

PROCESS

The existing detailed manufacturing process for the integrated stainless steel plant is given below.

Production process starts from the scrap melting in the induction furnace. Detailed stage-wise process descriptions as follows,

Steel Melting Shop (Billets/Ingot Production)



1. **Sorting of the scrap and Melting**

   Graded Steel scrap is melted with the help of electrical energy in the Induction Furnace. Stainless Steel Scrap is fed into induction furnace for melting at the temp of 1550 degree Celsius. Suitable quantity of Ferro Alloys i.e. Ferro Silicon, Ferro manganese aluminum sorts, etc. are added as per required chemical composition.

2. Melting of Scrap (Induction Furnace)

The company manufactures the ingot from the scrap mostly for captive consumption and for this function our company has three induction furnaces. The medium Frequency Coreless Induction Furnace, basically, consists of a refractory lined crucible surrounded by a conductor coil. The coil is made out of a specially designed extruded section of copper. The coil is surrounded by a number of lamination packets made from transformer iron to guide the external magnetic field. Static Frequency Converter produces Medium Frequency Current and Voltage. Three Phase 50 Hz power, at desired voltage, is fed at the input of static frequency converter and output from the same is of single phase at desired voltage and frequency. DM (Dematerialized Water) is used for cooling the Thyristors, DC Choke and other parts of Static Frequency Converter. MF CT and PT feed the instruments i.e. MF Voltmeter, Ammeter, Kilowatt meter to indicate these outputs and Frequency is indicated by Frequency meter. The relays provide the necessary protection against over voltage, over current and frequency etc. The furnace coil has lagging power factor, which varies as the melt proceeds. The power factor is corrected by MF capacitors connected in parallel to the coil and the frequency shifts to resonance frequency as melting progresses. Medium Frequency Power is fed to the furnace crucible through the flexible Water Cooled cables. This medium frequency current is passed through the coil, producing a powerful magnetic field, which induces currents in the metal charge (Scrap) inside the crucible, causing the charge to become heated and eventually to melt. Soft water is passed through the coil; water-cooled cables and bus bar etc. to prevent damage due to overheating.

The complete furnace comprises of:

- Circuit Breaker
- Transformer
- Static Frequency Converter
- Furnace Crucibles
- Hydraulic Power Pack for tilting of furnaces
- Remote Control Desk
- DM Water Cooling System
- Water Cooled Leads
- Erection Materials
- Manual change over switches for selecting the crucible to be operated

Billets/Ingots from SMS are received in the Storage Bay and are stacked size-wise as well as grade-wise. These are then inspected for surface defects. Minor defects, particularly for stainless steel, are rectified by grinding.

Depending on the product being rolled, blooms are lifted by the EOT crane and placed on the Charging Gate of the Reheating Furnace. After this, following operation is carried out to produce finished products.

3. Reheating

The Ingots/Billets are charged to reheating furnace for further rolling process. Ingots are heated at the temperature of 1200 to 1250 degree Celsius in oil fired reheating furnace. Hot ingot at the temperature of 1200 degree Celsius is taken out from the furnace through discharge door and is fed through to roughing mill.

4. Rolling

Steel ingots/billets are heated in a Reheating Furnace and then rolled through a sequence of rolling stands (Rolling Mills), which progressively reduce the ingot/billet to the final size and shape of the product. After rolling materials cut as per required size.

5. Quenching

This stage consists of a drastic water cooling applied to the product as it leaves the last finishing stand. The efficiency of the water cooling equipment used at this stage has to be as high as to produce a very hard cooling, on the bar surface, faster than the critical rate to get desired surface.

6. **Straightening**

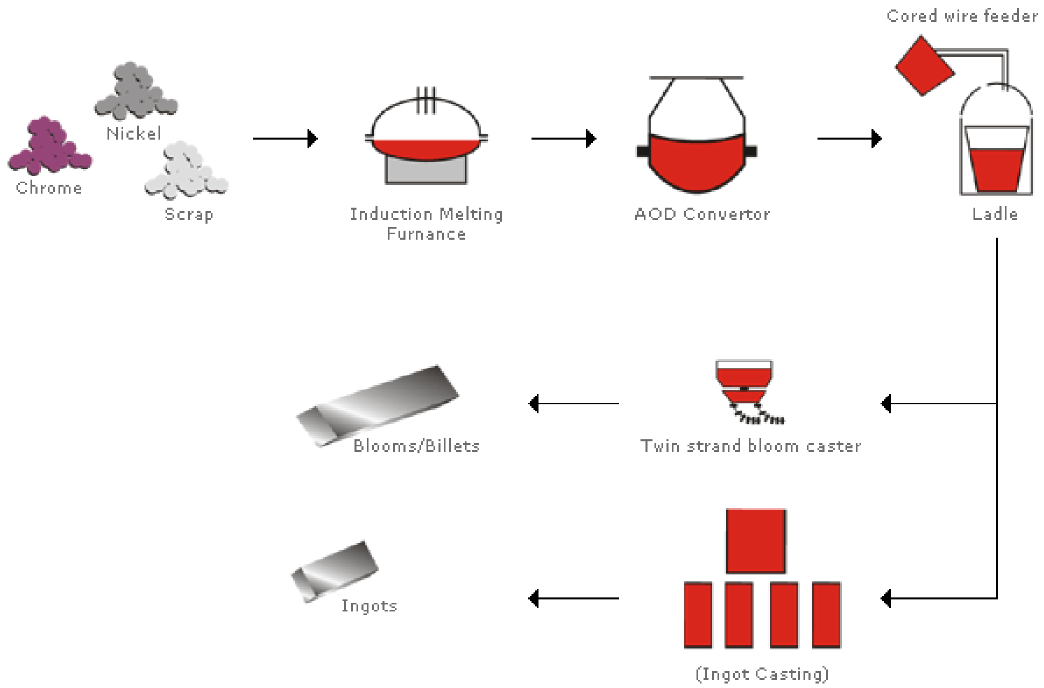
Straightening operation is taken place after the quenching where materials get the desired product shape In straightening steel long products a machine is used having straightening rollers and pressing rollers each formed with a contact surface and arranged oppositely on vertical line of the straightening rollers. The cross-section of the steel section to be straightened is held between the contact surfaces of the rollers, and the pressing rollers are displaced in the reduction direction as well as in the axial direction to adjust the amount of displacement.

7. **Packing and Dispatch**

The surface of the product is cleaned with water, dried and the product is ready for packing and dispatch.

FUTURE PROCESS

After executing the expansion project, the manufacturing process will be as under:



1. **Metal Refining Konvertor (MRK)**

In MRK, decarburization process is carried out which is basically done for further refinement of steel through reduction of carbon content. The process is required because the amount of carbon in stainless steel must be lower than that in carbon steel or lower alloy steel (i.e., steel with alloying element content below 5%). While Induction Furnaces (IF) is the conventional means of melting steel, MRK is an economical supplement for refining the same. In addition, using MRK for refining stainless steel increases the availability of the IF for melting purposes.

In the process, molten, unrefined steel is transferred from the IF into a separate vessel. A mixture of Argon and Oxygen is blown from the bottom of the vessel through the melted steel. Cleaning agents are added to the vessel along with these gases to eliminate impurities, while the oxygen combines with carbon in the unrefined steel to reduce the carbon level. The presence of Argon enhances the affinity of Carbon for Oxygen and thus facilitates the removal of Carbon.

2. **Continuous Casting**

The casting ladle after treatment at the ladle furnace MRK is picked up by the ladle handling crane and placed on the ladle stand of the continuous casting machine. In the mean time a tundish lined with refractory materials, reheated to about 1100 ºC and mounted on the tundish car is moved from the reserve position to the casting position. The ladle slide gate is opened to allow flow of liquid steel into the tundish. The liquid steel stream from the ladle to tundish is protected by ceramic tube to avoid oxidation and formation of inclusions in the steel.

Prior to start of casting operation, dummy bars are introduced into the moulds. The gap between dummy bar head and mould walls is sealed with asbestos chord and small pieces of steel scrap are placed over the dummy bar head for chilling of initial liquid steel.

Water supply to moulds, secondary cooling zone and machine cooling is then switched on. When the liquid steel level in the tundish reaches a predetermined level, the nozzles of the tundish are opened for flow of metal into the moulds. The liquid steel stream from tundish to mould is protected by shroud system to ensure superior quality of cast products.

When the liquid steel level in the mould reaches about 100-150 mm from its top, the drives of the mould oscillating mechanisms and withdrawal and straightening units are switched on. The withdrawal of dummy bar begins at the minimum speed and gradually increases to normal casting speed within a few minutes. The lubrication of mould walls is done by adding requisite quantity of mould lubrication oil.

During casting operation, the metal level in mould is maintained within predetermined limits by adjusting the strand withdrawal speed. The liquid steel level in the tundish is also kept within permissible range by adjusting the opening of ladle slide gate.

The partially solidified strand after leaving the mould passes through the strand guide rollers segments where intensive but controlled cooling of the strands is achieved by direct water spray with the help of nozzles. The solidified strand is guided through strand guides, withdrawal and straightening unit before entering in the cutting zone. The dummy bars are separated from the cast strands of billet caster when dummy bars reach beyond the withdrawal and straightening unit and are stored in a dummy bar storage device till their introduction is required for the next cast. The cast strands are cut into predetermined length by automatic oxy-LPG cutting torches. The cut billets / blooms are delivered to cooling bed through run-out roller tables. Pushers are provided for pushing billets / blooms on the cooling bed where these billets will be marked. The marked billets are lifted by billet handling magnet crane for storage in the billet storage bay.

COLLABORATIONS

Except availing financial assistance from banks and others, we have not entered into any technical or financial collaboration in India/abroad.

INFRASTRUCTURE FACILITIES FOR RAW MATERIALS AND UTILITIES

Raw materials

The major raw material required is stainless steel scrap and Ferro alloys. These are used in Billets/ Ingots production. The Company manufacturers about eighty to eighty five percent of Ingot in house by melting scrap and other raw material components like ferro alloys for captive consumption. At Present Company produces approximately 18000 MT of ingots/billets per year. And after expansion plan total billet/ingot production capacity will be 118000 MT per annum. Most of the raw material required is procured from domestic market and the balance raw material requirements are met through import of scrap from international suppliers.

(a) Scrap

Scrap act as a raw material for production of steel products through the induction furnace route. This route is good for the moderate sized plants especially where scrap and electricity is easily available. Large scale plants generally opt for the blast furnace method because of economies of scale using in this route. Our company has multiple suppliers for the scrap both domestic as well as international that mitigates the dependency on one supplier.

(b) Ferro Alloys

Ferro Alloys, as the name indicates are the alloys of Nickel, Chromium, Manganese, Silicon etc. Ferro Alloys are used in steel making as an additive for imparting strength and quality required in a particular grade of Steel. Ferro Manganese, Silicon Manganese & Ferro Silicon are used in the Steel making in different proportion depending upon the grade of the Steel. Ferro Alloys is used for the manufacturing of various grades of Stainless Steel and other chromium bearing Alloy Steel. It is imported from China. The same is also procured from local sources with in India who import Ferro alloys and then sell in the local market as per manufacturer's requirement. Presently the company acquires Ferro alloys through both sources.

Manpower

The employees comprising of skilled & semi- skilled assistants, who all are involved in day to day operations at factory. The manufacturing process of Steel Industry requires an appropriate mix of skilled, semi-skilled and Un-skilled labour, which is readily available. The Company recruits people from the Industry depending on its requirement. Company also engages labors on contract basis for doing non-routine type of work as and when required. The Company has maintained good relationship with the employees. There is easy availability of labors around the towns where our factory is located and we do not foresee any problem in hiring more manpower for our expansion project. Currently the people employed in the Company are as follows:

Sr. No.	Particulars	Permanent		On Contract
		Plant	Office	Plant
1	Supervisory & Managerial	13	7	Nil
2	Executive	17	13	Nil
3	Company Secretary		1	
4	Semi Skilled / Un Skilled	50		45
	Total	**80**	**21**	**45**

The manpower requirement for the expansion project shall be as follows:-

Sr. No.	Particulars	Nos.
1.	Plant Manager	5
2.	Supervisor	10-12
3.	Skilled Workers	15-25
4.	Semi / Unskilled Workers	100-120

Power

The Company has been sanctioned a load of 2000 KVA from Uttar Gujarat Vij Company Ltd. The Company proposes to apply for an additional load of 12000 KVA for meeting its additional power to be required after completion of the proposed expansion plans which will be sourced from Uttar Gujarat Vij Company Ltd for which application will made in due course of time.

Fuel

Furnace Oil is required for reheating in reheating furnace. The requirement of furnace oil is 400 Ltr. per MT of finished products. Underground storage tanks are sufficient to keep the stock of furnace oil. Furnace oil is being procured from local suppliers near the existing unit.

Water

Water is being used for our manufacturing facility as well as for general drinking and sanitary purposes. Water requirement at our unit is being met from underground sources through deep tube wells. Water purifier has been installed for obtaining the desired level of quality of water for the manufacturing process as well as for the purpose of drinking. The existing approximate requirement of water is 6000-7500 litres per day and proposed requirements after expansion will be around 25,000 litres per day.

Quality Assurance

The main raw material is SS or MS Ingots/Billets. The Ingots weigh around 100 Kgs. per piece. Samples are obtained from every batch of ingots/billets and sent to the in-house laboratory situated within the factory premises. The samples are then tested for inherent chemical composition and if it meets the specified standards then the entire batch is sent for further processing. The products are then checked for other sorts of physical manufacturing defects. For the same intent laboratory with UTM (Universal Testing Machine), Hardness tester, Impact tester, chemical laboratory with Spactro analyzer with advanced technology situated within the factory premises.

PRODUCTS OF THE COMPANY

Our company manufactures the steel long products which include the angles, round, pata-patti, channels, section, flat, and bars. “Rolling” is the main method used to shape steel into different products. Rolling the steel by passing it between a set of rolls revolving at the same speed but in opposite directions makes the otherwise coarse grain structure of cast steel re-crystallize into a much finer grain structure, giving greater toughness, shock resistance and tensile strength. In addition to hot rolling, in which the steel is rolled at a high temperature, steel may also be rolled at ambient temperatures, resulting in a different set of physical and metallurgical properties.

Detail Description of the Products

GAL manufactures the steel long products which include

(I) Bars and Rods

The main raw material for manufacturing of steel bars is MS Ingots/Billets. Details of our products are as under:-

CTD Bars	TMT Bars
CTD Bars are called Cold Twisted Bars which are made by twisting the bars after hot rolling. Having various advantages, CTD Bars differ from the TMT Bars in: (a) **Ductility:** CTD Bars derive their strength from hardening where strength gain results in decrease of ductility. Decreased ductility has an adverse effect on the ease of fabrication, earthquake resistance etc. (b) **Resistance from Rust, Corrosion and Fire:** Since CTD Bars are made after hot rolling, they have less resistance to rust as well as fire. (c) **Affordable:** CTD Bars are quite affordable for using in construction. But are less economical than TMT Bars.	TMT Bars are called Thermo Mechanically Treated Bars which are made of a newer variety of steel solely used for construction purpose. Having varied advantages over the conventional TOR steel, TMT Bars are superior in: (a) **Bendability:** TMT Bars have lower carbon content and higher elongation which makes them bendable as well as re-bendable. With internal diameters of 1D and 4D, TMT Bars can withstand bending & re-bending respectively. (D = Diameter). This feature helps in working with TMT Bars. (b) **Weldability:** TMT Bars do not loose strength at welded points and hence can be easily welded. The process of welding TMT Bars doesn't require pre-heating or post-heating as well. Pre-welded meshes can be used for construction avoiding time consuming manual bindings due to good weldability feature. (c) **Resistance from Rust & Corrosion:** TOR steel when used in the concrete of any structure corrodes over a period of time because of the chloride ions. This results in the failure of TOR steel in most concrete structure building. Due to its thermo mechanical treatment, TMT Bars are highly rust and corrosion resistant and hence are best suited in humid as well as coastal regions too.

(d) **Bendability:** CTD Bars are flexible as they are manufactured through hot rolling process. However, TMT Bars are preferred because of their bending and re-bending ability.	(d) **Fire Resistance:** The presence of tempered martensitic layer in the outer surface of TMT Bars, helps them retain significant strength at extremely high temperatures. This makes TMT Bars comparatively safe in case of fire hazards where temperature rises up to 600º C. (e) **Affordable:** Since TMT Bars have higher tensile strength as compared to TOR steel, the support required is low, leading to low cost of construction. Therefore, TMT Bars are more affordable and save steel upto 20% in construction. (f) **Usage:** Several engineering properties of TMT Bars make them much more superior than the usual TOR steel. Hence these TMT Bars can be used for a variety of purposes like Residential Buildings, Bridges, Industrial Establishment, Dams and all other types of concrete support purposes.

(II) Structural

The Company's main concentration is stainless steel long products. Broadly, there are three distinct grades of stainless steels that are produced world-wide, comprising the 200 series, the 300 series and the 400 series.

The Company manufactures rolled steel angles, rolled from S.S. Billet/Ingot or flats or RCS

Besides the regular sizes of the above mentioned products, any specialized requirement from the client is also fulfilled at this plant.

(III) Bright bars

Bright bars are used for mass production of high precision machined components required for automobiles, auto ancillaries, railways and other miscellaneous industry. Cold processing imparts the bar close tolerances. Due to this there is a considerable demand for bright bars in automobile industry. The company supplies Bright bars in Straight / HL Polishing / Pealing / Drawing / Centre-Less conditions with diameter or sizes ranging from 16 MM to 80 MM and maximum length of 6 meters.

COMPETITION

With the growing markets, competition is bound to increase. The Company faces competition with other rolling mills located in the markets to which we cater. Our Competitors includes names like Visa Steel Ltd., Shah Alloys Ltd., Panchmahal Steel Ltd., Chandan Steel Ltd. etc. The Company is focusing on maintaining the quality of our final product to sustain the competition. The Company believes that we enjoy certain key competitive strengths which will help us to grow in future and will enable us to perform still better, once our expansion programme is implemented.

COMPETITIVE STRENGTHS

The Company differentiate itself from its competitors owing to the following intangible and tangible factors:-

1. **CONSISTENCY IN THE QUALITY OF THE PRODUCTS**

   The Company believes that Quality maintains the reputation of our company. The Company strictly adheres to stringent quality control measures aided by modern process controls, inspection & testing certificates.

   The Quality of products at Gyscoal is controlled at the in-house laboratory. It is well equipped with Universal Testing Machine, Hardness Tester, Impact Tester, Full Chemical & Physical testing equipments. All products manufactured at Gyscoal are 100% tested for Quality Assurance to maintain quality standards.

2. DIVERSIFIED CLIENT BASE

The Company caters to various customers. Customers are based in different geographical locations, both in India and abroad, and are from different industry groups. Company's strategy is to cater our products to a wider spectrum of customers, which insulates us from the risks associated with dependency on any particular class and or limited industrial customers.

3. WELL POSITIONED TO CAPITALIZE ON THE RAPID GROWTH IN THE INDIAN ECONOMY

India is one of the growing economies today and provides significant opportunities for the Company's growth. By virtue of being a supplier to the sectors/ customers having a strong base in infrastructure market in the real-estate, manufacturing industries and automotive industry the Company is well-positioned to capitalize on the rapid growth of the Indian economy and the increasing demand for steel in the country.

4. EFFICIENT DELIVERY SCHEDULE

The customers' requirement in context to timely delivery is always satisfied by GAL. Being steel manufacturer, delivery commitment is very crucial as price of product is highly volatile in nature. The company firmly adheres to its policy to deliver within time.

WEAKNESSES

1) Low scale of operations of the Company
The Size of the Company in the industry in which Company is operating is considered to be very low which has its own economic disadvantages. Due to small scale of operations, the operating cost of the unit is comparatively high. Similarly, the salability of its products is also low in comparison to other big names in the same industry.

2) The Company is dependent on few customers and loss of any or some of these customers will adversely affect its financials.
As top one and top ten customers of the Company constitutes 33% and 94% of the total income of the Company for the year 2009-2010. In case, company looses one or some of these clients, the income & profitability of the Company will be badly affected.

3) The company is not managed by the professionals and highly dependent on its promoters.
The Company is managed by the promoters along with management below the board level, but there is hardly any professional and experienced person in the top management of the Company. Lack of professional and experienced management personnel will affect the operations of the company which in turn, will affect the revenues of the Company.

MARKETING STRATEGY

Currently the product portfolio of the Company includes Alloy Ingots/Billets and Stainless steel long products. The major portion of the output from the melting divisions shall be used in house as input for the production of steel long products. These products are manufactured according to technical specifications desired by the buyers.

Company's sales promotion methods include attending various trade fairs, promoting our product through dealers /commission agents in India and abroad thereby widening the areas covered. The company also promotes the products through its website as well as brochures to various potential buyers. Moreover, the company also posts trade leads on various web portals which is now one of the most important source of receiving international inquiries.

BUSINESS STRATEGY

The Company's strategy is to operate the business in an efficient & effective way so as to supply quality products that satisfy its customer's needs and add value to its stakeholders. The focus of the Company will be to increase the contribution on the products by reducing the cost of production, control over logistics, ensure uninterrupted raw material supply, command high prices through gradual shifting to value added products and to ensure long term sustainability of the Company. In order to achieve our dominant position in the key segment in the domestic market and to establish an international presence, the company is aiming to enhance steel capacity by 2011.

The company plans to scale along the following dimensions to capitalize on the increasing demand for its products.

Capitalize on the forecasted demand of SS and MS Long Products
As mentioned the details regarding the forecasted demand in the chapter "Industry Overview" on page no 55, we would like to capitalize on the forecasted demand of SS and MS Long Products.

Expand our range of products
Since inception the Company believes in improvisation and delivering the products as per the customer's requirements. The Company has been continuously increasing our range of products starting from MS Products like CMT and TMT Bars than diversification to SS Products such as bars, pata patti, RCS etc. to value added products such as Bright Bars, etc.

Strengthen our position in Indian Markets
The long term strategy of the company is to focus on two key segments, viz. Automotive and Construction (mainly pharmaceutical, chemical sector and other industry). The Company considers the domestic automotive market as an attractive segment for the growth and opportunity. The infrastructure and housing sector is expected to grow at faster pace in the future. In construction and general engineering segments, efforts have been made to innovate and improve product quality, develop premium brands and provide technical support to enhance the value experience of the customers.

Expansion of our global capabilities
The Company intends to further expand our global presence, which the Company believes will provide us with greater competitive advantages in acquiring global clients.

Continue to explore arrangements with foreign players and add value to the Company's existing products
The Company intends to add value to its existing product portfolio and hone its competitive edge by being alert to the opportunities of entering into similar alliances.

Reduce Operational cost thereby increasing our cost competitiveness.
One way to increase the profitability of the company is by reducing the operational cost. We have been making various efforts to reduce the operational cost of our company thus increasing the profitability of our company.

Increase profitability by proper product mix
We plan to increase our profitability by concentrating on our product mix as stainless steel products have higher margin compare to mild steel products. We also intend to maintain our other existing products which had high demand but at optimal levels.

Expand into new geographies
We are reasonably positioned in the key segment in the domestic market and also exporting in international market in some specific countries. But we intended to expand our market presence through communications and promotional, interaction with industry research organizations, participation in industry events, public relations and investor relations efforts.

Existing Capacity Utilization

The year wise Capacity Utilization and Production have been given as under: -

Melting Plant

Year	Production (MT per annum)	Installed Capacity (MT per annum)	% Utilization
2007-08 (Melting Section)	8693.765	12000	72.45
2007-08 (Rolling Section)	12873.66	18000	71.52

2008-09 (Combined for Melting & Rolling Section)	17688	18000	98.27
2009-10 (Combined for Melting & Rolling Section)	16176.75	18000	89.87

Proposed Capacity utilization

The year wise proposed Capacity Utilization has been given as under: -

Exisitng Unit

At the existing manufacturing unit, the Company expects to work at 100% capacity during next three years i.e.

Particulars	2010-11	2011-12	2012-13
Utilization	100%	100%	100%

Proposed Unit
Installed Capacity: - 1,00,000 MT per annum

In addition the existing unit, the Company expects that capacity utilization at the proposed unit will be as under

Particulars	2011-12*	2012-13	2013-14
Utilization	27%	53%	65%

* Commercial production in the new manufacturing unit will commence w.e.f. September, 2011.

With the proposed capacity expansion and through the proposed manufacturing process, there will be production of Billets which can be sold directly in the market. Moreover, the billets / Ingots can also be rolled and steel long products like angles, flat bars, rounds bars etc can be manufactured and sold in the market

Property

The details of the properties occupied/owned by the Company are as under:

Sr. No.	Particulars	Area	Nature of ownership	Current usage
1.	2nd Floor, Mrudul towers, B/h Times of India, Ashram road, Ahmedabad	2284 sq feets (super built up) & open terrace of 2284 sq. feets	Owned	Registered office
2.	Plot No:356/2, Kukarwada, Ubkhal, Tal: Vijapur, Dist: Mehsana	8712 Sq. Wal	Owned	Existing Plant
3.	Plot No.2 & 3, GIDC, Kukarwada Industrial Estate, Ubkhal, Tal: Vijapur, Dist: Mehsana	1779.84 Sq. Mtrs (plot no.2) and 2119.58 sq mtrs (plot no.3)	Leasehold	Existing Plant
4.	Plot No.14, 15 & 16, GIDC, Kukarwada Industrial Estate, Ubkhal, Tal: Vijapur, Dist: Mehsana	541.53 sq mtr(plot no14) & 1083.06 sq mtrs(plot no15 & 16)	Leasehold	Existing Plant
5.	Plot No.17 & 18, GIDC, Kukarwada Industrial Estate, Ubkhal, Tal: Vijapur, Dist: Mehsana	1590.78 sq mtrs	Leasehold	Existing Plant
6.	Plot No.1A & 1, GIDC,	1831.68 sq mtrs	Leasehold	Existing Plant

	Kukarwada Industrial Estate, Ubkhal, Tal: Vijapur, Dist: Mehsana	(plot 1A) and 1088.64 sq mtrs (Plot 1)		
7.	Block No.260, 271, 273/A-B, Maghodi, Taluka: Gandhinagar, Dist: Gandhinagar	44841 square metres	Agreement for sale*	Proposed Unit for Expansion

* The Company proposes to set up the proposed expansion facilities at Village Magodi, Sub-district Gandhinagar, District-Gandhinagar, Gujarat State. The Company has entered into an "Agreement for Sale" for purchase of 44841 square metres of agricultural land at Revenue Survey / Block No. 260, 271 273/ A-B Village Magodi, Sub-district Gandhinagar, District-Gandhinagar, Gujarat State from Mr Dalaji Bhemaji Rajput (Solanki) (Occupation: Farmer) and Mr. Ratuji Bhemaji Rajput (Solanki) (Occupation: Service) both residing at Village Magodi, Dist: Gandhinagar, who are not relative in terms of Companies Act, 1956, of our promoters or directors of our company, at a total consideration of Rs. 700 lakhs. One of the sellers of the land i.e. Mr. Ratuji Bhemaji Solanki is a key managerial personnel of the Company. We will apply for conversions of the entire agricultural land into industrial land. The Company has paid part payment of Rs.428.75 lacs to the sellers and balance will be paid to him in due course of time. The registration of land in the name of the Company will be made after making the full and final payment.

Our Indebtedness

Name of the bank	Type of the Loan facility	Amount Sanctioned (Rs. In Lacs)	Amount outstanding as on June 30, 2010 (Rs. In lacs)	Interest / Commission	Re-payment	Security
Uco Bank	Term Loan-II	625.00	358.33	BPLR+0.50% with a minimum 13.50% p.a. with monthly rest.	4 Quarterly instalments of Rs.6.25 Lacs each in the year 2009-10. 4 Quarterly instalments of Rs.31.25 Lacs each for 2010-11. 4 Quarterly instalments of Rs.25.00 Lacs each for 2011-12. Balance amount in 4 quarterly instalments of 2012-13.	First charge over the Land & Building, plant and machinery and other immovable and movable fixed assets (both existing & future) of the company at 1. Plot no 2,3,14,15 & 16 at GIDC Kukarwada Estate survey no. 387 at village Ubkhal. (L&B for TL-1 Rs.1.94 cr P&M for TL-1 Rs.3.00 cr. 2. Survey no 356/2 paiki at at village Ubkhal, Mehasana (L&B for TL-2 Rs.2.51cr P&M for TL-2 Rs.7.00 cr. 3. Office Premises of 2nd Floor , Mrudul Tower, Ahmedabad Rs.0.53 crore. **Second charge in favour of Axis Bank.**
	WC-Fund Based	1500.00	1519.97	BPLR+0.50% with a minimum 13.50% p.a. with monthly rest.		First Pari Passu charge on company's entire current assets including stocks of raw material, WIP,

						Finished Goods. Book Debts, both present and future along with Axis Bank except Company's receivables for which factoring allowed with SBI Caps.
	WC-Non Fund Based	1300.00	1298.77			Documents of title of goods and 1st pari passu charge along with Axis Bank by way of hypo. of material to be procured under L/C and imported under L/C. Extension of charge on the current and fixed assets of the company, present and future. i) First charge by way of hypothecation of the company's entire stocks of Raw Material and Finished Goods purchased out of Foreign /inland letter of credit issued by UCO Bank and stored/lying with stevedoring agent at different ports or wherever else the same may be or in course in transit and on all other company's present and future book debts, outstanding monies, receivable claims, contracts, securities, investments, goodwill, rights & assets etc arising out of the foreign/inland L/c issued by UCO Bank. ii) Extension of charge on current assets. iii) Bills under L/C to be accompanied

						by documents of title of goods such as BLs/AW Bills/RRs /MTRs issued /endorsed in favour of bank covering consignment of raw material and to be insured against prescribed risks. iv) Application cum Indemnity Letter.
Axis Bank	WC-Fund Based WC-Non Fund Based	1000.00 Cash Credit 475.00 Letter of Credit	158.24 114.48	BPLR - 2.25%. 13.50% p.a. at present.		First Pari Passu charge on the current assets of the company's present and future along with UCO Bank. **COLLATERAL** a) Extension of Pari Passu first charge by way of Hyp./EM on the entire movable & immovable fixed assets of the company (including office premises) present and future. **EQUITABLE MORTGAGE** b) Pari Passu charge on flat no 602, Panchvilla Flat, Memnagar owned by Mr. Viral Shah and Mrs. Mona Shah, along with UCO Bank.Ahmedabad c) Pari Passu charge on Flat no E11, Bhasker Apartment Flat, Ahmedabad owned by Mr. Zankarsinh Solanki along with UCO Bank. d) Pari Passu charge on Industrial Land situated at survey no 410 at Bhojva Dist, Viramgam, Gujarat admeasuring 5950 sq yards standing in the name of Gyscoal Energy Pvt. Ltd. e) Pari Passu on NA land situated at Block no 950,

						Khatraj Taluka, Mahemdabad, adadmeasuring 5183 sq. mtr standing in the name of Mr. Pravinsinh Fulsinh Solanki. f) FDR of Rs 15.00 Lacs g) Personal Guarantee of all the directors and property owners. Corporate Gurantee of M/s Gyscoal Energy Pvt. Ltd.
State Bank of Patiala	Term Loan	500.00	0.00	BPLR+0.50% present effective rate is 12.75% to be charged at monthly rests.	Repayable in 16 quarterly instalments of Rs 0.32 crores each after a drawndown and moratorium period of one year. (door to door tenor 5 years)	Primary Security :- 1st paripassu charge on fixed assets of the company Collateral Security:- 1st charge paripassu charge and equitable mortgage of land and building as detailed below Co. will arrange fresh valuation before release of limits. In case the value of security is less than the given value the company will make good the deficit by providing additional security. 2nd Hypothecation charge on stocks of raw materials, packing materials, consumable stores and spares, stock in process, finished goods, book debts and other current assets of the company on pari-passu basis with UCO bank. Guarantee:- Third Party guarantee of Viral M Shah Manish M Shah Zankarsinh K

						Solanki Giraben K. Solanki Mona V Shah Pravinsinh F. Solanki Shailesh Ramanlal Prajapati Corporate Guarantee of Gyscoal Enterprise Pvt. Ltd TNW 3.35 crores General Capital Holdings P Ltd. TNW 3.84 crores
	WC-Fund Based	1500.00	1368.70	BPLR+0.50% present effective rate is 12.75% to be charged at monthly rests.		Primary Security :- 1st paripassu charge on fixed assets of the company Collateral Security:- 1st charge paripassu charge and equitable mortgage of land and building as detailed below Co. will arrange fresh valuation before release of limits. In case the value of security is less than the given value the company will make good the deficit by providing additional security. 2nd Hypothecation charge on stocks of raw materials, packing materials, consumable stores and spares, stock in process, finished goods, book debts and other current assets of the company on pari-passu basis with UCO bank. Guarantee:- Third Party guarantee of Viral M Shah Manish M Shah Zankarsinh K

						Solanki Giraben K. Solanki Mona V Shah Pravinsinh F. Solanki Shailesh Ramanlal Prajapati Corporate Guarantee of Gyscoal Enterprise Pvt. Ltd TNW 3.35 crores General Capital Holdings P Ltd. TNW 3.84 crores Details of land and building 1. Land@ 2,3,14 to 18, Ubkhal GIDC and S.No. 356/paiki/2, village Kukarwada, Mehasana. 2. Building Structure at above site. 3. Office at 2nd floor, Mrudul tower, Ashram Road, Ahmedabad 4. Industrial Land @ block no 950, Khatraj Road, Memdabad Road, Khtraj, Dist Kheda. 5. Industrial land @S.no. 410/p, Viramgam-Mandal Road, Village Bhojva, Viramgam, Dist Ahmedabad 6. Flat @ B/7/104, tenth floor, , Goyal Intercity, Thaltej, Ahmedabad 7. Unit no 4 & 5, Ground Floor, Devanandan Meghamall, Ashram Road, Ahmedabad 8. Flat no 602, 6th Floor, Panchvilla Tower, Bhuyngdev Char Rasta, Ahmedabad. 9. Flat @ E-11,2nd Floor, Bhaskar Aprtment, Naranpura, Ahmedabad
	WC-Non	1000.00	548.49			Goods covered by

	Fund Based	Letter of Credit				RR/MTR/B/L under L/C. However, charge on entire primary and the collateral security will be extended to cover l/c limit also.

Restrictive Covenants in Loan Agreements

As per the terms of the loan agreements, the company can not do the certain activities, during the Currency of the bank's credit facilities, without the bank's/lead arranger's prior permission in writing of the Banks, which amongst other, includes:

a) Effect any change in the company's capital structure.
b) Formulate any scheme of amalgamation or re-construction or restructuring of any kind.
c) Invest by way of share capital in, or lend or advance funds to, or place deposits with any other concern: (normal trade credit or security deposits in the normal course of business or advance to employees, can, however, be extended).
d) Undertake guarantee obligations on behalf of any other company, firm or person.
e) Declare dividends for any year except out of profits relating to that year after making all due necessary provisions and provided further that no default had occurred in any repayment obligations.
f) Monies brought in by principal share holders/directors/depositors will not be allowed to be withdrawn without the Bank's/consortium's permission.
g) The company should not make any major change in their management set up without the bank's permission.
h) Pay consideration/commission to the guarantors whose guarantees have been stipulated /furnished for the credit limits sanctioned by the Bank.
i) Create any further charge, lien or encumbrance over the assets and properties of the company charged to the bank in favor of any other Banks, Financial Institution, Company, Firm or Person.
j) Sell, assign mortgage or otherwise dispose off any of the fixed assets charges to the bank and
k) Undertake any activity other than that for which the facilities has been sanctioned.
l) The Company will route it's entire dealings with the existing lenders as well as with the lenders participating in the project including our bank and will not make any financial arrangement (term loan/WC) for the proposed project with any other Bank without our bank/Consortium's prior consent.

In accordance with the loan agreements, the Company has received following consents for coming out with an IPO from the Banks:

Sr. No.	Name of the Lender	Ref. No and date of NOC
1	UCO Bank	AMD/MC/605/09-10, dated January 20, 2010
2	State Bank of Patiala	GAL/301, dated September 6, 2010

Insurance Policies

The Company has insured its assets and stocks through various insurance policies, details of which are as under:

Sr. No.	**Policy No.**	**Policy Type**	**Insurance details including properties covered**	**Sum Insured (Rs.in lacs)**	**Premium Paid (Rs.)**	**Date of Expiry of Policy**
1	1602392111820131 (with Reliance General Insurance Co. Ltd)	Standard Fire & Special Perils Policy	Stock / Stock in process at unit located at Plot no.356/2, Furnace Divisin, Ubkhal, Kukarwada, Tal:	500.00	34469.00	October 23, 2010

			Vijapura, Dist: Mehsana - 382830			
2	1602392111820 130 (with Reliance General Insurance Co. Ltd)	Standard Fire & Special Perils Policy	Building, Plant, Machinery & Accessories at unit located at Plot no.356/2, Furnace Divisin, Ubkhal, Kukarwada, Tal: Vijapura, Dist: Mehsana - 382830	200.00 425.00	49980.00	October 23, 2010
3	1602302111000 120 (with Reliance General Insurance Co. Ltd)	Standard Fire & Special Perils Policy	Building, Plant, Machinery & Accessories, Stock / Stock in Process located at plot no-3,14,15 & 16, GIDC Estate, Kukarwada, Tal: Vijapur, Dist Mehasana,	15.00 200.00 500.00	51459.00	February 21, 2011
4	301200/11/07/31 00000140 (with National Insurance Company Ltd)	Standard Fire & Special Perils Policy	Building located at 602, Shree Panchvilla Tower, Memnagar, Ahmedabad-380052	8.76	2458.00	April 4, 2017
5	301200/11/07/31 00000141 (with National Insurance Company Ltd)	Standard Fire & Special Perils Policy	Building located at E-11, Bhasker Apt, Naranpura, Ahmedabad-380013	4.86	1364.00	April 4, 2017
6	OG-10-2202-4001-00008441 (with Bajaj Allianz General Insurance Co. Ltd)	Standard Fire & Special Perils and addons	Stock (raw materials and finished goods located at plot no.3 & 4 GIDC Estate, Ubkhal, Kukarwada, Tal: Vijapura, Dist: Mehsana)	1000.00	63974.00	March 16, 2011
7	067500/11/10/11 /00000422 (with United India Insurance Company Limited)	Standard Fire & Special Perils Policy	Stock (on stocks of every type of iron including raw materials, semi-finished and finished material, packing material located at plot no.2, 3, 14, 15, 16 & 356/2, Ubkhal, Kukarwada, Tal: Vijapura, Dist: Mehsana)	700.00	44782.00	June 27, 2011
8	1602302111000 202 (with Reliance General Insurance Co. Ltd)	Standard Fire & Special Perils Policy	Building located at 2nd Floor, Mrudul Tower, B/h Times of India, Ashram Road, Ahmedabad.	75.00	2978.00	March 23, 2011

Intellectual Property Rights

The Company had applied for registration of trade mark "Gyscoal" along with its logo in the name of the Company on December 24, 2007 and the Office of the Registrar of the Trade Marks has issued Certificate of

Registration of Trade Mark on March 31, 2010 (Trade Mark No.1633844) for Trademark **"GYSCOAL"** under Trade Marks Act, 1999 in Class 6 in respect of SS BARS, SS ANGLES, SS SECTIONS, SS RODS, COMMON METALS, THEIR PRODUCTS INCLUDED IN CLASS 6. Other than this, the Company does not have any trade mark registered/applied for, in its name.

Export Obligation

With reference to export obligation, the Company has taken advance licence (Advance Authorisation) no. 0810076112 dated November 20, 2008 from office of the Joint Director General of Foreign Trade, Ahmedabad wherein the export obligation against imports is as under:

Export

1	Hot Rolled Stainless Steel Angle AISI 201 Grade	50 MT
2.	Hot Rolled Stainless Steel Angle AISI 202 Grade	50 MT
3.	Hot Rolled Stainless Steel Angle AISI 304 Grade	50 MT

Import

1	Stainless Steel Melting Scrap AISI 201 Grade	35 MT
2.	Stainless Steel Melting Scrap AISI 202 Grade	35 MT
3.	Stainless Steel Melting Scrap AISI 304 Grade	35 MT

Against the said license, we have imported 26.880 MT scrap under Stainless Steel AISI 202 Grade on July 17, 2009 and the export obligation therefore comes to 38.40 MT to be fulfilled within a time period of 24 months from the date of issue of authorization. Against this import, the company has already exported 23.938 MT Hot Rolled Stainless Steel Angle AISI 202 Grade on May 15, 2010.

REGULATIONS AND POLICIES

There are several legislations, which apply to companies engaged in the steel industry in India. The Company is subjected to all such laws and regulations.

The new industrial policy was formulated in 1991 to implement the Government's liberalization programme and consequent industrial policy reforms relaxed the industrial licensing requirements and restrictions on foreign investment.

In relation to the steel industry, licensing requirement for capacity creation has been abolished, except for certain locational restrictions. Price and distribution controls as well as restrictions on external trade, both in import and export, have been removed.

Under the provisions of various Central Government and State Government Statutes / Legislations, the Company is required to obtain and regularly renew certain licenses / registrations and / or to seek statutory permissions to conduct the business and operations.

The list set out below is by way of an illustration and is not an exhaustive list of all statutes applicable to the Company's operations. In addition to this, the Company is required to comply with various laws including labour laws and the rules framed thereunder.

A summary of the regulations and policies currently applicable/that would become applicable to the Company pursuant to the Project are as follows:

National Steel Policy, 2005

The National Steel Policy, 2005 (hereinafter referred to as the "Policy") is not a regulation but a policy document which lays down a broad policy framework for India's steel industry, and aspires India to have a modern and efficient steel industry of world standards, catering to diversified steel demand.

The Policy envisages a compounded annual growth of 7.3 per cent per annum in the steel sector. To achieve this, it aims to increase production from 38 MTPA in 2004-05 to over 110 MTPA by 2020, through a multi-pronged strategy.

The Policy focuses on achieving global competitiveness not only in terms of cost, quality and product mix, but also in terms of global benchmarks of efficiency and productivity.

The Government proposes to create incremental demand for domestic consumption via promotional efforts, awareness drives and strengthening the delivery chain, particularly in rural areas. On the supply side the strategy would be to facilitate creation of additional capacity, remove procedural and policy bottlenecks in the availability of inputs such as iron ore and coal, make higher investments in R&D and HRD and encourage the creation of infrastructure such as roads, railways and ports.

The Essential Commodities Act, 1955

The Essential Commodities Act, 1955 (hereinafter referred to as the Act) provides for the control of the production, supply and distribution of, and trade and commerce, in certain commodities. Coal including coke and other derivatives as well as iron and steel including manufactured products of iron and steel are essential commodities as per Section 2 of the Act. Section 3 of the Act confers extensive powers on the Central Government to make orders for achieving the primary objective of exercising effective control over the supply and equitable distribution of the essential commodity at fair prices. The order made, under Section 3, by the Central Government may provide *inter alia* for regulating by licenses, permits or otherwise the production or manufacture of any essential commodity.

Environment Regulation

The three major statutes in India that seek to regulate and protect the environment against pollution related activities in India are the Water (Prevention and Control of Pollution) Act 1974, the Air (Prevention and Control of Pollution) Act, 1981 and the Environment Protection Act, 1986. The basic purpose of these statutes is to control, abate and prevent pollution. In order to achieve these objectives, Pollution Control Boards (PCBs), which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking investigations to ensure that industries are functioning in compliance with the standards prescribed. There authorities also have the power of search, seizure and investigation if the authorities are aware if or suspect pollution. All industries and factories are required to obtain consent orders form the PCBs, which are indicative of the fact that the factory or industry in question is functioning in compliance with the pollution control norms laid down. These are required to be renewed annually.

Labour laws

India has stringent labour legislations more in favour of the employees. Some of the labour laws applicable to the Company are:

- Contract Labour (*Regulation and Abolition*) Act, 1970;
- Employees' Provident Funds and Miscellaneous Provisions Act, 1952;
- Payment of Gratuity Act, 1972;
- Payment of Bonus Act, 1965;
- Payment of Wages Act, 1936; and
- Industrial Disputes Act, 1947 and Industrial Disputes (*Central*) Rules, 1957.

Labour laws ensure and regulate the employment terms, minimum compensation, health, safety and welfare of all employees working in an industry or factory. Labour laws also provide for detailed procedures for the resolution of disputes between employers and employees and the termination or severance of the employee. The applicability of labour laws also depends on the number of workers employed in an industrial establishment (working with or without the aid of power) and their monthly remuneration.

Factories Act, 1948

The said Act is applicable to all factories employing 10 or more persons and working with the aid of power or employing 20 persons and working without the aid of power. The Act covers all workers employed in the factory premises or precincts directly or through an agency including a contractor, involved in any manufacture.

According to section 7(1) of the Factories Act, 1948, the occupier shall at least 15 days before he begins to occupy or use any premises as a factory, send to the Chief Inspector, a written notice containing particulars of the factory, its occupier, owner of premises, nature of manufacturing process, number of workers and such other information.

According to section 7A, every occupier is required to ensure, so far as is reasonably practicable, the health, safety and welfare of all workers while they are at work in the factory. Every occupier is required to prepare, and, as often may be appropriate, revise, a written statement of his general policy with respect to the health and safety of the workers at work and the organization and arrangements for the time being in force for carrying out that policy, and to bring the statement and any revision thereof to the notice of all the workers in such manner as may be prescribed.

Standards of Weights and Measures Act, 1976

The act provides to prescribe specification of measuring instruments used in commercial transaction, industrial production and measurement involved in public health and human safety. The Act regulates inter-state trade and commerce in weights and measures and commodities sold, distributed or supplied by weights or measures, pre-packed commodities sold or intended to be sold in the course of inter-state and commerce, inspection of weighing and measuring instruments during their use to prevent fraudulent practices. The Act also empowers the inspectors appointed under the provision of this Act to search, seize and forfeit non-standard weight or measure and to file case in the court for prosecution.

The Building & Other Construction Workers (Regulation of Employment and Conditions of Services) Act, 1996

The Building & Other Construction Workers (Regulation of Employment and Conditions of Services) Act, 1996 applies to every establishment which employs, or had employed on any day of the preceding twelve months, ten or more building workers in any building or other construction work.

According to section 7 of The Regulation of Employment and Conditions of Services Act, 1996, the employer is required to obtain a certificate of registration of the establishment from the Registering officer within a period of sixty days from the date when the provisions of the act become applicable to an establishment.

Foreign Trade Policy

Under the Foreign Trade (*Development and Regulation*) Act, 1992, the Indian Government is empowered to periodically formulate the Export Import Policy (the "***EXIM Policy***") and amend it thereafter whenever it deems fit. All exports and imports must be in compliance with the EXIM Policy. The iron and steel industry has been extended various schemes for the promotion of exports of finished goods and imports of inputs. The major schemes available are the Duty Exemption and Remission Scheme and the Export Promotion of Capital Goods (*EPCG*) Scheme.

The Duty Exemption Scheme enables duty free imports of inputs required for the production of exports by obtaining an advance license. The Duty Remission Scheme enables post export replenishment/remission of duty on inputs used in the export product. This scheme consists of a Duty Free Replenishment Certificate ("***DFRC***"), the Duty Drawback Scheme ("***DBK***") and the Duty Entitlement Pass Book (the "***DEPB***"). While a DFRC enables duty free replenishment of inputs used for the manufacture of exports, under the DEPB Scheme, exporters on the basis of notified entitled rates are granted duty credit, which would entitle them to import goods, except capital goods, without duty. The current DEPB rates for saleable products manufactured by the Company range from 2% to 5%. The EPCG Scheme permits the import of capital goods at a concession rate of duty of 5% subject to additional export obligation.

Excise Regulations

The Central Excise Act, 1944 seeks to impose an excise duty on excisable goods which are produced or manufactured in India. The rate at which such a duty is imposed is contained in the Central Excise Tariff Act, 1985. However, the Indian Government has the power to exempt certain specified goods from excise duty by notification. Steel products are classified under Chapter 72 of the Central Excise Tariff Act and presently attract an ad-valorem excise duty at the rate of 8% and also an education cess of 2% and higher education cess of 1% over the duty element.

Customs Regulations

All imports into India are subject to duties under the Customs Act, 1962 at the rates specified under the Customs Tariff Act, 1975. However, the Indian Government has the power to exempt certain specified goods from excise duty by notification. The customs duty on iron and steel items falling under Chapter 72 of the Custom Tariff Act, 1975 has been reduced sharply during the last five years. The current basic custom duty on imported steel scrap is 2.5%.

HISTORY AND CERTAIN CORPORATE MATTERS

The Company was originally incorporated as Shreenath Mineral Metal Private Limited on September 29, 1999 under the Companies Act, 1956 as a private limited company by the Registrar of Companies, Gujarat, Dadra & Nagar Haveli. The name of the Company was changed to Gyscoal Alloys Private Limited and a fresh certificate of incorporation consequent to the change of name was granted by Registrar of Companies, Gujarat on June 21, 2004. The Company subsequently became a public limited Company and the name of the Company was changed to Gyscoal Alloys Limited and the fresh certificate of incorporation was granted to the Company on March 21, 2006 by the Registrar of Companies, Gujarat.

Previously the company was engaged in trading of mineral metals and afterwards the company started the manufacturing of the steel alloys. Hence in order to give the effect of above change, the name of the Company was changed from "Shreenath Mineral Metal Private Limited" to "Gyscoal Alloys Private Limited". Thereafter, at the time of change in the status of the company from public limited to private limited, word "private" was deleted from its name and name of the Company was changed to Gyscoal Alloys Limited".

Gyscoal Alloys Limited (GAL), a public limited company, was incorporated in the year 1999 as a private limited company. Initially, the Company started its business with the trading of iron and steel scraps, billets and steel long products. The company also decided to trade in mild steel products namely CTD Bars and TMT Bars. The company took over a steel rolling mill business with a capacity of 6000 MT per annum from Shah Alloys Group at Ubkhal, Mehsana and started manufacturing of rolled products in the year 2005. The rolling mill capacity was increased by another 12000 MT per annum to take the total rolling mill capacity to 18000 MT per annum in the financial year 2005-06. In the financial year 2006-07, the Company further started its Steel Melting Shop with a capacity of 12,000 MT per annum which was further increased to 18,000 MT per annum in the year 2008-09. Looking to the potential higher value addition in case of stainless steel products, the Company decided to manufacture Stainless Steel long Products in the year 2006-07. At present, the plant has the capacity to manufacture different grades of Stainless Steel products ranging between 200 series to 400 series.

The Company has expanded in various ways keeping its focus on steel. At this stage, the company was able to provide its clientele a broad spectrum of products. In pursuance of its objectives, the company is committed to maintain high standards of quality, efficient delivery schedules, and competitive prices. At present, Company's products portfolio includes Angles, Bright Bars, Black Bars, Flats, Hexagonal and Round Corner Squares (RCS) products which include channels, sections, pata-patti, full line of Round Corner Squares (RCS) and rectangles in standard sizes. The Company also manufactures squares, and Flat in sizes of the specification as per requirement of its customers.

Change in Registered Office:

The Registered Office of the Company was originally situated at 5, Khadayata Colony, Netaji Road, Ellisbridge, Ahmedabad – 380 006. Thereafter, it was shifted to B-701, Shiromani, S M Road, Opp. Ocean Park, Ahmedabad – 380 015 w.e.f. October 30, 2001. Thereafter the Registered Office of the Company was shifted to the present address i.e. 2nd Floor, Mrudul Tower, B/h Times of India, Ashram Road, Ahmedabad – 380 009 w.e.f. June 22, 2004.

Major Events

Following are the key events and major milestones achieved by the company:

Financial Year	Events
1999-00	• Incorporation of the company
2000-01	• Equity Share Capital of Rs. 2.20 lacs raised by issuing 22,000 equity shares.
2004-05	• The name of the company was changed from Shreenath Mineral Metal Private Limited to Gyscoal Alloys Private Limited. • Purchased of a steel rolling unit from Shah Alloys Group with an Installed Rolling Capacity of 6,000 MTPA. • Rs. 95 lacs raised by way of Term loan with UCO Bank. • Equity Share Capital of Rs. 123.57 lacs raised by issuing 12,35,688 equity shares.
2005-06	• The Status of the company changed from Private Limited Company to Public Limited Company with the name "Gyscoal Alloys Limited" • Rs. 625 lacs raised by way of Term Loan with UCO Bank. • Equity Share Capital of Rs. 131.41 lacs raised by issuing 13,14,100 equity shares.

	• The rolling mill capacity was increased by another 12000 MT per annum to take the total rolling mill capacity to 18000 MT per annum in the financial year 2005-06.
2006-07	• Gyscoal alloys Limited got ISO 9001:2000 certification from BSI Management Systems • The Company started its Steel Melting Shop with a capacity of 12,000 MT per annum • Equity Share Capital of Rs. 40 lacs raised by issuing 4,00,000 equity shares.
2007-08	• Changes in the Main Objects of the Object Clause of the Memorandum of Association of the Company. • Company has initiated direct exports to various Far East Asian Countries. • Equity Share Capital of Rs. 115.00 lacs raised by issuing 11,50,000 equity shares. • Rs. 20 Lacs raised by the company by issuing 50,000 equity shares at a premium of Rs. 30 per share. • Bonus issue in the ratio of 6:11 was made by the company by issuing 22,75,520 equity shares. • Rs. 226.86 lacs raised by the company by issuing 1,41,786 equity shares at a premium of Rs. 150 per share.
2008-09	• The Company increased the Capacity of its Steel Melting Shop to 18,000 MT per annum.
2009-10	• Company has developed the Bright Bar Unit and started the operation of the unit during the year. • Reschedulement of the quarterly installments of the term loan with UCO Bank. • Gyscoal alloys Limited got ISO 9001:2008 certification for "the manufacture and supply of stainless steel and mild steel based angles, channels, flats, round, square, bright, twisted bars, billets and ingots" adhering to IS 2062 & IS 1786" from **BSI** Management Systems • Rs.1000.00 Lacs raised by the company by issuing 15,38,460 equity shares at a premium of Rs.55 per share. • Certificate of Registration of Trade Mark was issued on March 31, 2010 (Trade Mark No.1633844) for Company's Trademark **"GYSCOAL"** under Trade Marks Act, 1999 in Class 6 in respect of SS BARS, SS ANGLES, SS SECTIONS, SS RODS, COMMON METALS, THEIR PRODUCTS INCLUDED IN CLASS 6 by the Office of the Registrar of the Trade Marks.
2010-11	• State Bank of Patiala, Midcororate Branch, Ahmedabad sanctioned vide their letter dated April 13, 2010, the credit facilities of Rs.3000.00 lacs to the Company which includes Cash Credit facility of Rs.1500.00 lacs, Term Loan of Rs.500.00 lacs and Letter of Credit of Rs.1000.00 lacs.

For details regarding Capacity/facility creation, location of plant, products, marketing, competition etc. please refer "**Business Overview"** on page no 58 of RHP. For details regarding raising of Capital in the form of Equity please refer "**Capital Structure"** on page no 18 of RHP. For details regarding raising of Capital in the form of Debt please refer "**Business Overview"** on page no 69 of RHP. For details regarding Corporate profile of the issuer regarding its history, the description of the activities, services, products, market of each segment, the growth of the issuer, exports, Competition, management, the technology, market, managerial competence and capacity built-up etc., please refer to "**Business Overview"** and "**Our Management"** on page no 58 & 84 respectively of RHP. The number of shareholders of the Company are 10 as on the date of RHP.

MAIN OBJECTS OF THE COMPANY:

The main objects of the Company as contained in our Memorandum of Association are as set forth below:

1.To carry on in India or elsewhere the business of manufacturing, producing, altering, converting, processing, treating, improving, manipulating, extruding, milling, slitting, cutting, casting, forging, rolling and re rolling of all shapes, sizes, varieties, specifications, dimensions, descriptions and strength of iron and steel products including sponge iron, iron ore, hot rolled coil, billets, slabs, bars, rods, structures, profiles, pipes, sheets, castings, wires, rolling metals, girders, channels, angels, rolls, ingots, flats, slabs, torsheels, bright bars, shaftings, beams, rounds, squares, hexagons, octagons, foils, joints, de-formed bars, their products, by-products and other allied materials, goods, articles and things made of all grades of iron and steel including steel rolling products, mild steel, carbon steel, stainless steel, electrical steel, alloy steel, special steel or any combination thereof with any other ferrous or non-ferrous materials and to act as agent, distributor, stockist, importer, exporter, buyer, seller, jobworker, convertor, consultant, supplier, vendor.

2.To carry on in India or elsewhere the business of manufacturing, producing, altering, converting, processing, casting, treating, improving of all varieties, shapes, sizes, specifications, descriptions and strengths of Ferro Alloys inclusive of but not restricted to Ferro Chrome, Ferro Manganese, Ferro Silicon Manganese, Ferro Molyblenum, Ferro Titanium, Ferro Aluminum or any combination thereof and any other ferrous and non-ferrous materials and to act as agent, distributor, stockiest, importer, exporter, buyer, seller, job worker, converter, consultant, supplier, vendor.

3.To impart education and training to entrepreneurs, professionals and technicians for innovation, design, production and marketing of products out of stainless steel sheet, aluminum sheet and other metal sheets, through its own training centre or through a network of franchises in India or any other country of the world.
4.To take & execute the tender and contract for design, application, development, production, erection, promotion, marketing and use of products out of stainless steel sheet, aluminum sheet and other metal/alloy sheet and auto-parts, scotch brite finish, material for white goods industry, auto-industry, architectural finish, precision strip market, retail market (small tonnages) and other allied sectors.
5.To manufacture, deal, import and export pig iron, sponge iron, ferro silicon, ferro chrome and other ferrous substances and metals of every description and grades and manufacture, deal, import and export all kinds and varieties of non-ferrous raw metals such as aluminum, copper, tin, lead, silico-manganese etc. and the by-products obtained in the processing and manufacturing these raw metals.

CHANGES IN MEMORANDUM OF ASSOCIATION

Since the date of Incorporation the following changes have been made to the Memorandum of Association:

Date of passing General Meeting resolution	Amendment
March 11, 2004	Change in the Name of the Company from “Shreenath Mineral Metal Private Limited” To “Gyscoal Alloys Private Limited”
February 26, 2005	Increase in Authorized Share Capital from Rs. 5 Lacs to Rs. 130 Lacs.
February 3, 2006	Change in the Status of the Company from private limited company to public limited company along with change in name of the Company i.e. “Gyscoal Alloys Private Limited” To “Gyscoal Alloys Limited”
March 16, 2006	Increase in Authorized Share Capital from Rs. 130 Lacs to Rs. 200 Lacs.
March 31, 2006	Increase in Authorized Share Capital from Rs. 200 Lacs to Rs. 500 Lacs.
June 2, 2007	Increase in Authorized Share Capital from Rs. 500 Lacs to Rs. 750 Lacs.
November 30, 2007	Increase in Authorized Share Capital from Rs. 750 Lacs to Rs. 1200 Lacs.
November 30, 2007	Changes in the Main Objects of the Object Clause of the Memorandum of Association of the Company.
May 30, 2009	Increase in Authorised Share Capital from Rs. 1200 Lacs to Rs. 1500 Lacs.
January 13, 2010	Increase in Authorised Share Capital from Rs. 1500 Lacs to Rs. 1700 Lacs.

Subsidiaries

The company does not have any subsidiary company.

Joint Venture Agreements

As on date of filing this Red Herring Prospectus with SEBI, the company has not entered into any joint venture agreements with any other company or entity.

Shareholders Agreements

There is no Shareholder agreement.

Other Agreements / Arrangements

Except the Agreements/Contracts entered in the ordinary course of business carried on and intended to be carried on by the Company, the Company has not entered into any other agreement/contract.

Strategic Partners

As on date of filing this Red Herring Prospectus with SEBI there are no strategic partner agreements entered into by the Company.

Financial Partners

As on date of filing this Red Herring Prospectus with SEBI there are no financial partnership agreements entered into by the Company.

OUR MANAGEMENT

Board of Directors

The following table sets forth the details regarding the Board of Directors.

Sr. No	Name, Father's/Husband's Name, Age, Address, Occupation, Designation & DIN No.	Qualification	Date of Appointment and Term	Other Directorships
1	Mr. Viral M Shah, S/o Mr. Mukundbhai Shah Aged 34 Years Address: B/701, Shiromani Appt. Haridas Park, Nr. Nehrunagar, Satellite Road, Ahmedabad – 380 015 Occupation :Business Designation: Chairman Cum Managing Director DIN No. 00014182	B.Com.	June 22, 2004. 5 years from November 30, 2007.	1. Gyscoal Enterprise Private Limited (Previously known as Gyscoal Energy Private Limited)
2	Mr. Manish M Shah, S/o Mr. Mukundbhai Shah Aged 36 Years Address: B/701, Shiromani Appt. Haridas Park, Nr. Nehrunagar, Satellite Road, Ahmedabad – 380 015 Occupation :Business Designation: Whole Time Director DIN No. 00014195	B.Com.	September 29, 1999. 5 years from November 30, 2007.	1. Gyscoal Enterprise Private Limited (Previously known as Gyscoal Energy Private Limited)
3	Mrs. Giraben K Solanki W/o Mr. Kishorsinh Solanki Aged 54 Years Address: 43, Tirthnagar Part – I, Memnagar, Ahmedabad – 380 052 Occupation :Business Designation: Executive Director DIN No. 00014248	B.A.	June 22, 2004. 5 years from January 2, 2008.	1. Gyscoal Enterprise Private Limited (Previously known as Gyscoal Energy Private Limited) 2. General Capital And Holding Company Private Limited
4	Mr. Zankarsinh K Solanki S/o Mr. Kishorsinh Solanki Aged 33 Years Address: 43, Tirthnagar Part – I, Memnagar, Ahmedabad – 380 052 Occupation : Business Designation: Director DIN No. 00014226		June 22, 2004	1. Gyscoal Enterprise Private Limited (Previously known as Gyscoal Energy Private Limited) 2. General Capital And Holding Company Private Limited 3. Torque Automotive Private Limited
5	Mr. Prem S Malik S/o Mr. Sardarilal Malik Aged 68 Years Address: 501, Akhand Abharr Appartment, 21st Road, Nr. Khar Gymkhana, Bandra (West), Mumbai – 400 050 Occupation : Business Designation: Independent Director DIN No. 00023051		February 18, 2008	1. Spentex Industries Limited. 2. Smilesville Care Private Limited 3. Alder Trading Co Private Limited 4. CLC Textiles Park Private Limited
6	Mr. Kuren M Amin S/o Mr. Manishbhai Amin Aged 35 Years Address: 9, Parishram Society, Subhanpura, Vadodara - 390023,	B.Com.	November 5, 2009	1. Torque Automotive Private Limited 2. Ontime Infrasolution Private Limited 3. Autogem LLP

	Gujarat Occupation: Business Designation: Independent Director DIN No.:01554056			4. Tectone Motors Private Limited
7	Mr. Sunil H Talati S/o Mr. Himatlal Talati Aged 59 Years Address: 7, Rushil Bunglows Opp Preyas Bunglow, Bodakdev Ahmedabad – 380 054 Occupation : Professional Designation: Independent Director DIN No. 00621947	F.C.A	February 18, 2008	1. Karnavati Club Limited 2. Hipolin Limited 3. Seven Leisure Private Limited
8	Mr. Dharmendra Deo Mishra S/o Mr. Ram Kishore Shashtri Aged 66 Years Address: House No 60, Sector 15A, Noida – 201 301 Occupation : Business Designation: Independent Director DIN No. 02100260		February 18, 2008	NIL

Mr. Viral Mukundbhai Shah and Mr. Manish Mukundbhai Shah are brothers. In addition, Mrs. Giraben Kishorsinh Solanki is mother of Mr. Zankarsinh Kishorsinh Solanki. Other than this, there is no relationship between any of the directors of the Company.

No service contracts have been entered into by the directors with the company except for providing provident fund and gratuity benefits upon the termination of their employment.

Details of the compensation & benefits in kind granted during the last financial year to the executive directors:

Name of executive director	Compensation during last year	Benefits granted during last year
Mr. Viral M. Shah	Rs. 4,71,008	NIL
Mr. Manish M. Shah	Rs. 2,76,008	NIL
Mrs. Giraben K. Solanki	Rs. 2,02,900	NIL

Note: No compensation is payable to other non-executive directors of the Company.

Brief profile of the Directors

Brief profile of directors are given hereunder:

Mr. Viral M. Shah

Mr. Viral M. Shah, aged 34 years, is a Commerce Graduate (B.Com) from Gujarat University and is having experience of more than 10 years in the steel & alloys business. He is presently the Chairman & Managing Director of the Company.

Mr. Viral Shah is associated with Company since 2004 and over a period of time, he has gained in-depth knowledge and experience in steel manufacturing as well as international sourcing and marketing. He handles all the production as well as marketing related activities of the company.

Mr. Manish M. Shah

Mr. Manish M. Shah, aged 36 years, is a Commerce Graduate (B.Com) from Gujarat University. He is associated with the Company since inception & presently the Whole-time Director of the Company.

He has gained experience of over 10 years in steel and alloys industry. Mr. Manish Shah looks after Company's Administration and Accounts & Finance related matters in the Company. He is responsible for running the Company's administrative and financial operations.

Mrs. Giraben K. Solanki

Mrs. Giraben K. Solanki aged 54 years is Graduate in Arts (B.A.) from Gujarat University. She is an Executive Director of the company and helps in marketing the products and developing the business of the company. Mrs. Giraben has experience of over 6 years in the steel industry.

Mr. Zankarsinh K. Solanki

Mr. Zankarsinh Solanki aged 33 years, is Non-Executive Promoter Director of the company. He is the director of Torque Automotive Private Limited (which is a group company of Gyscoal Alloys Ltd.) and is looking after the administrative work of Torque Automotive Private Limited for last 3 years which is engaged in the business of dealership & service center of Skoda Auto.

Mr. Prem Malik

Mr. Prem Malik aged 68 years, is Non-Executive Independent Director of the company. He is having more than 40 years of experience in Textile Industry. He has worked in top management level with companies like Bombay Dyeing Manufacturing Co. Ltd., Mafatlal Industries Ltd., Mafatlal Spinning Mills Ltd., GTN Textiles Ltd. etc.

He provides his valuable knowledge & experience to boost up exports of the company and other business development activities.

Mr. Kuren M. Amin

Mr. Kuren Amin aged 35 years, is Non-Executive Independent Director of the company. He is Bachelor of Commerce from MS University of Baroda. He is having an experience of about 8 years in the automobile business. He is Non-Executive Independent Director of the company.

Mr. Sunil Talati

Mr. Sunil Talati, aged 59 years, is Non-Executive Independent Director of the company. He is a Fellow Member of The Institute of Chartered Accountants of India (FCA). Mr. Sunil Talati is having more than 30 years experience in the feild of Accounts, Audit, Finance, Taxation, etc. During 2007-08 he was the President of Institute of Chartered Accountants of India.

He provides guidance to the Company in the matters of audit, finance and taxation.

Mr. Dharmendra Deo Mishra

Mr. Dharmendra Deo Mishra, aged 66 years, is an Non-Executive Independent Director of the company.

Details of Borrowing Powers

The Company at its 11th Annual General Meeting held on September 18, 2010, passed a resolution authorizing the Board of Directors pursuant to the provisions of section 293(1)(d) for borrowing from time to time all such sum of money as they may deem requisite, notwithstanding that the moneys to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up Capital of the Company and its free reserves, that is to say, reserve not set apart for any specific purpose, provided that the total amount upto which the moneys may be borrowed by the Board of Directors shall not exceed Rs.200 Crores (Rupees Two hundred Crores only).

Terms of Appointment and Compensation of Managing Director / Whole Time Director

1. Mr. Viral M. Shah, Managing Director

At the Board Meeting held on October 30, 2007, Mr. Viral M. Shah was appointed as Managing Director of the Company with effect from November 30, 2007 subject to the approval of the members of the Company at the general meeting. At the EGM held on November 30, 2007 the shareholders of the Company approved the appointment and terms of remuneration of Mr. Viral M. Shah as Managing Director of the Company for a period of five years with effect from November 30, 2007.

The terms and conditions of his appointment and remuneration were determined through an agreement dated December 5, 2007 entered into between Mr. Viral M. Shah and the Company which are briefly outlined herein below;

A. Appointment

1. Subject to the provisions of the Companies Act, the Managing Director shall not, while he continues to hold office of the Managing Director, be subject to retirement by rotation and he shall not be reckoned as a Director for the purpose of determining the rotation or retirement of Director or in fixing the number of Directors to retire, but he shall ipso facto and immediately cease to be the Managing Director if he ceases to hold office of Director for any cause.

2. The Managing Director shall not during the continuance of his employment or at any time thereafter divulge or disclose to any person whomsoever or make any use whatsoever for his own or for whatsoever purpose, of any confidential information or knowledge obtained by him during his employment as to business or affairs of the Company or as to any trade secrets or secret processes of the Company and the Managing Director shall during the continuance of his employment hereunder also use his best endeavors to prevent any other person from doing so.

B. Remuneration:

Mr. Viral M. Shah shall draw remuneration in the scale of 40,000-10,000-80,000 p.m. inclusive of all perks but he will be entitled to the PF, ESI and Gratuity as per the rules of the company. The above remuneration falls within the limits prescribed in schedule XIII of the Companies Act, 1956.

2. Mr. Manish M. Shah, Whole Time Director

At the Board Meeting held on October 30, 2007, Mr. Manish M. Shah was appointed as Whole Time Director of the Company with effect from November 30, 2007 subject to the approval of the members of the Company at the general meeting. At the EGM held on November 30, 2007 the shareholders of the Company approved the appointment and terms of remuneration of Mr. Manish M. Shah as Whole Time Director of the Company for a period of five years with effect from November 30, 2007.

The terms and conditions of his appointment and remuneration were determined through an agreement dated December 5, 2007 entered into between Mr. Manish M. Shah and the Company which are briefly outlined herein below;

A. Appointment

1. Subject to the provisions of the Act, the Whole Time Director shall not while he continues to hold office of the Whole Time Director be subject to retirement by rotation and he shall not be reckoned as a Director for the purpose of determining the rotation or retirement of Director or in fixing the number of Directors to retire, but he shall ipso facto and immediately cease to be the Whole Time Director if he ceases to hold office of Director for any cause.

2. The Whole Time Director shall not during the continuance of his employment or at any time thereafter divulge or disclose to any person whomsoever or make any use whatever for his own or for whatever purpose, of any confidential information or knowledge obtained by him during his employment as to business or affairs of the Company or as to any trade secrets or secret processes of the Company and the Whole Time Director shall during the continuance of his employment hereunder also use his best endeavors to prevent any other person from doing so.

B. Remuneration:

Mr. Manish M. Shah shall draw remuneration in the scale of 20,000-5,000-40,000 p.m. inclusive of all perks but he will be entitled to the PF, ESI and Gratuity as per the rules of the company. The above remuneration falls within the limits prescribed in schedule XIII of the Companies Act, 1956.

3. Mrs. Giraben K. Solanki, Whole Time Director

At the Board Meeting held on December 2, 2007, Mrs. Giraben K. Solanki was appointed as Executive Director of the Company with effect from January 2, 2008 subject to the approval of the members of the Company at the general meeting. At the EGM held on January 2, 2008 the shareholders of the Company approved the appointment and terms of remuneration of Mrs. Giraben K. Solanki as Executive Director of the Company for a period of five years with effect from January 2, 2008.

The terms and conditions of her appointment and remuneration were determined through an agreement dated January 2, 2008 entered into between Mrs. Giraben K. Solanki and the Company which are briefly outlined herein below;

A. Appointment

1. Subject to the provisions of the Act, the Executive Director shall not while she continues to hold office of the Executive Director be subject to retirement by rotation and she shall not be reckoned as a Director for the purpose of determining the rotation or retirement of Director or in fixing the number of Directors to retire, but she shall ipso facto and immediately cease to be the Executive Director if she ceases to hold office of Director for any cause.

2. The Executive Director shall not during the continuance of her employment or at any time thereafter divulge or disclose to any person whomsoever or make any use whatever for her own or for whatever purpose, of any confidential information or knowledge obtained by her during her employment as to business or affairs of the Company or as to any trade secrets or secret processes of the Company and the Executive Director shall during the continuance of her employment hereunder also use her best endeavors to prevent any other person from doing so.

B. Remuneration:

Mrs. Giraben K. Solanki will draw minimum remuneration of Rs. 15000 per month and maximum remuneration of Rs. 30000 per month during the course of her tenure inclusive of all perks but she will be entitled to the PF, ESI and Gratuity as per the rules of the company. The above remuneration falls within the limits prescribed in Schedule XIII of the Companies Act, 1956.

Payment or benefit to officers of the Company

Except as stated in the Red Herring Prospectus, no amount or benefit has been paid or is intended to be paid or given to any of the officers of the Company except the normal remuneration for services rendered as Directors, officers or employees.

CORPORATE GOVERNANCE

The Guidelines/Regulations issued by SEBI in respect of the Corporate Governance shall be applicable to the Company immediately on listing of its equity shares on the Stock Exchanges. Accordingly, we have already undertaken steps to comply with the SEBI guidelines on Corporate Governance. Committees of the Board have been constituted in order to look into the matters in respect of compensation, shareholding, audit and grievances etc., details of which are as follows:

COMMITTEES OF THE BOARD

Audit Committee

The terms of the Audit Committee comply with the requirements of Clause 49 of the Listing agreement to be entered into with the Stock Exchange. The Audit Committee consists of two non-executive directors and one executive director, with at least $2/3^{rd}$ members being independent directors.

The members of the Audit Committee are:

Sr. No.	Name of the Members	Designation	Nature of Directorship
1.	Mr. Sunil H. Talati	Chairman	Independent & Non Executive Director
2.	Mr. Kuren Amin	Member	Independent & Non Executive Director
3.	Mr. Manish M. Shah	Member	Whole-Time Director

The Company Secretary is the Secretary to the Audit Committee.

The dates on which audit committee meetings were held during the financial year 2009-2010 are as under:

Sr. No.	Dates of Meeting
1.	April 15, 2009
2.	July 7, 2009
3.	September 5, 2009
4.	October 7, 2009
5.	November 5, 2009
6.	December 8, 2009
7.	January 11, 2010

The terms of reference of the Audit Committee are as follows:

- To investigate any activity within its terms of reference.
- To seek information from any employee.
- To obtain outside legal or other professional advice.
- To secure attendance of outsiders with relevant expertise, if it considers necessary.
- Oversight of the Company's reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Recommending the appointment and removal of external auditor, fixation of audit fee and also approval for payment for any other services.
- Reviewing with management the annual financial statements before submissions to the board, focusing primarily on:
  - Any changes in accounting policies and practices.
  - Major accountings entries based on exercise based on judgment by management.
  - Qualification in draft audit report.
  - Significant adjustments arising out of audit.
  - The going concern assumption.
  - Compliance with accounting standards.
  - Compliance with stock exchanges and legal requirements concerning financial statements.
  - Any related party transaction i.e transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives, etc, that may have potential conflict with the interest of the Company at large.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems.
- Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- Discussion with internal auditors any significant findings and follow up thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Discussion with external auditors before the audit commences nature and scope of audit as well as to have post- audit discussion to ascertain any area of concern.
- Reviewing the Company's financial and risk management policies.
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividend) and creditors.
- It shall have discussion with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the quarterly, half yearly and annual financial statements before submissions to the Board.
- It shall ensure compliance of internal control systems.
- The Chairman of the Audit Committee shall attend the Annual General Meetings of the Company to provide any clarification on matters relating to audit sought by the members of the Company.
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.

Remuneration Committee

The remuneration policy of the Company is based on several criterions which include responsibility, performance, potentials of the director and growth of the Company. The scope of remuneration Committee shall include, but shall not be restricted, to the following:

a. To determine the compensation packages of Executive Directors and Senior Managers of the company. The committee will review recommendations made to it by the company and others.
b. To Act as the duly authorized committee of the Board.
c. To determine the parameters and supervise the operation of the bonus schemes of the company.
d. To Investigate any activity within its terms of reference;
e. To seek any information from any employee of the company. Employees are directed to cooperate with any relevant request made.
f. To obtain outside legal or independent professional advice. Such advisors may attend meetings as necessary.
g. To Incur such reasonable expenditure, as it deems necessary

The Committee currently comprises of

Sr. No.	Name of the Directors	Designation	Nature of Directorship
1.	Mr. Sunil H. Talati	Chairman	Independent & Non Executive Director
2.	Mr. Dharmendra Deo Mishra	Member	Independent & Non Executive Director
3.	Mr. Prem Malik	Member	Independent & Non-Executive Director

Share Holders and Investor Grievances Committee

The Company has constituted a “Share Holders and Investor Grievances Committee” to redress the complaints of the share holders in respect of matters pertaining to transfer of shares, non-receipt of annual report, dematerialization of shares, non-receipt of dividend etc. The Committee currently comprises following persons:

Sr. No.	Name of the Members	Designation	Nature of Directorship
1.	Mr. Sunil H. Talati	Chairman	Independent & Non Executive Director
2.	Mr. Dharmendra Deo Mishra	Member	Independent & Non Executive Director
3.	Mr. Manish M. Shah	Member	Whole-Time Director

The provisions of the listing agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to us immediately upon the listing of our Equity Shares on the Stock Exchanges. We intend to comply with such provisions. We undertake to adopt the Corporate Governance in accordance with Clause 49 of the listing agreement to be entered into with the Stock Exchanges prior to obtaining the listing approval of the Stock Exchanges. We have complied with SEBI Guidelines/Regulations in respect of corporate governance, especially with respect to independency of the Board and constituting the Committees as required.

Shareholding of the Directors

The shareholding of the directors on the date of the issue of the Red Herring Prospectus is as follows:

Sr. No.	Name of the Directors	No. of Shares held
1.	Mr. Viral M. Shah	4896502
2.	Mrs. Giraben K. Solanki	1224153
3.	Mr. Manish M. Shah	240471
4.	Mr. Zankarsinh K. Solanki	154857
5.	Mr. Kuren Amin	Nil
6.	Mr. Dharmendra Deo Mishra	Nil
7.	Mr. Sunil H. Talati	Nil
8.	Mr. Prem Malik	Nil

Interests of Directors

All the non executive directors of the company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or Committee thereof as well as to the extent of other remuneration and/ or reimbursement of expenses payable to them as per the applicable laws.

The Directors may be regarded as interested in the shares & dividend payable thereon, if any, held by or that may be subscribed by and allotted/transferred to them or the companies, firms and trust, in which they are interested as Directors, Members, partners and or trustees. All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by Gyscoal Alloys Limited with any Company in which they hold Directorships or any partnership or proprietorship firm in which they are partners or proprietors as declared in their respective declarations.

The Managing Director, Whole Time Director and Executive Director of Gyscoal Alloys Limited are interested to the extent of remuneration paid to them for services rendered to the Company.

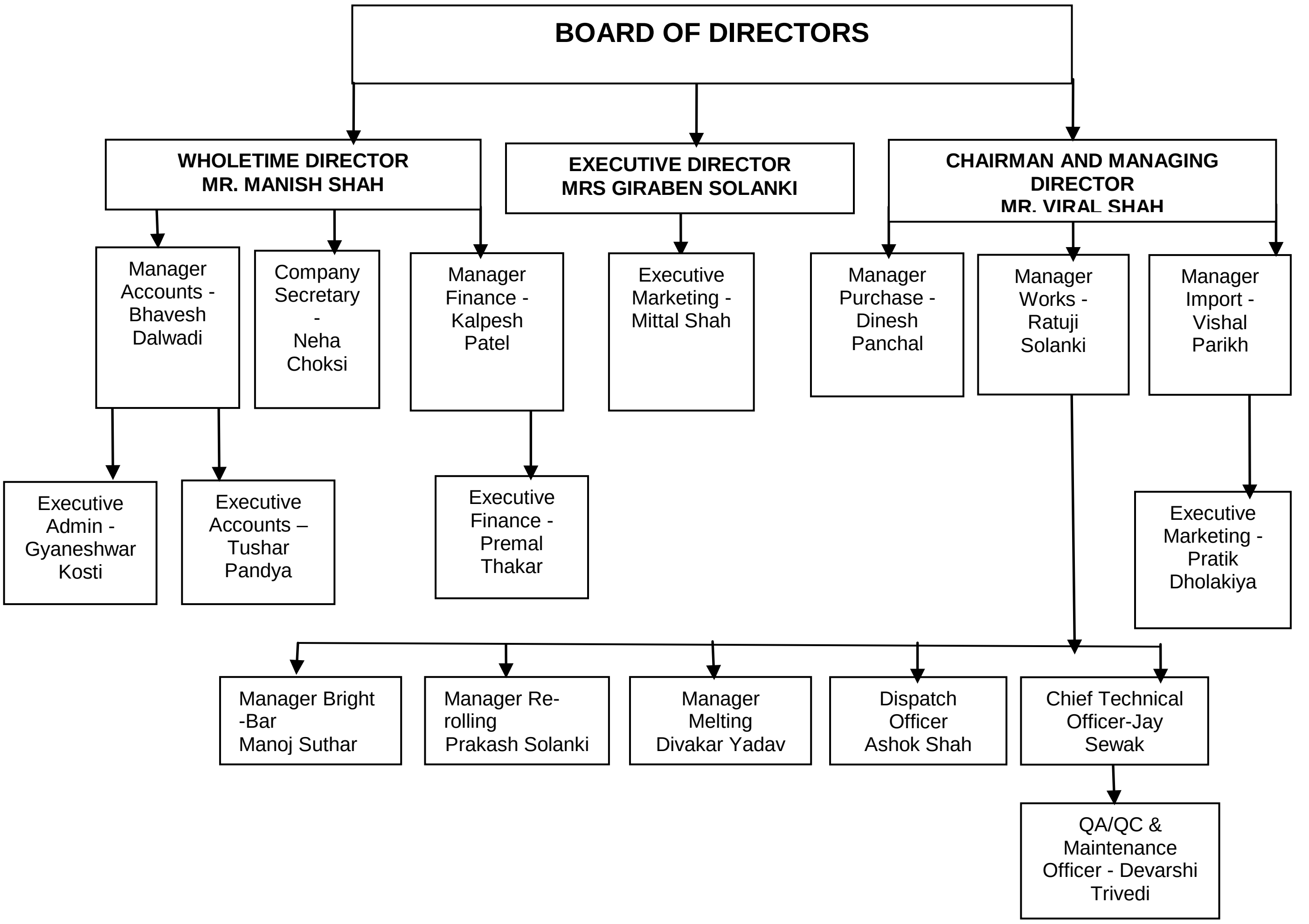
Except as stated under Related Party Transactions on page 120 of the Red Herring Prospectus, the Company has not entered into any Contract, Agreements or Arrangements during the preceding two years from the date of the Red Herring Prospectus in which the directors are interested directly or indirectly.

Changes in Directors during Last Three Years

Change in the composition of the Board of Director during the last 3 years from the date of filing of the Red Herring Prospectus is as follows:

Name	Date of Appointment	Date of Resignation	Reason of Change
Mr. Arumugam Sakthivel	February 18, 2008	November 5, 2009	Appointment as Additional Director and Resignation
Mr. Dharmendra Deo Mishra	February 18, 2008	-	Appointment as Additional Director
Mr. Sunil H. Talati	February 18, 2008	-	Appointment as Additional Director
Mr. Prem Malik	February 18, 2008	-	Appointment as Additional Director
Mr. Kuren Amin	November 5, 2009	-	Appointment as Additional Director

ORGANIZATION CHART



Key-Managerial Personnel

The following key personnel assist the Management:

Name	Qualification	Designation	Date of appointment	Experience in years	Last employment	Shareholding in the company	Compensation in the previous year (Rs.)
Ms. Neha Choksi	ACS	Company Secretary	November 5, 2009	N.A.	N.A.	Nil	63,343
Mr. Dinesh Panchal	B. Com	Purchase Manager	October 1, 2003	35 Years	N.A.	Nil	95,967
Mr. Kalpesh Patel	M.Com., Inter C.A.	Finance Manager	August 1, 2006	8 Years	Shanti Processors Ltd.,	Nil	2,86,481
Mr. Bhavesh Dalwadi	M.Com	Accounts Manager	July 1, 2003	14 Years	India Drossbach Limited	Nil	2,11,120
Mr. Ratubhai Solanki	Under SSC	Manager-Works	January 1, 2005	3 Years	N. A.	2187 shares	2,07,305
Mr. Jay Sewak	Diploma in Electric Engineering	Chief Technical Officer	September 20, 2005	10 Years	Shaifali Steels Limited	Nil	2,88,140
Mr. Vishal Parikh	B.Com, Inter C.A.	Import Manager	June 9, 2008	8 Years	Plastene India Limited	Nil	1,79,719

All the above Employees, Key Managerial Personnel are the permanent employees of the Company.

Except Mr. Dinesh Panchal, who is a Father-in-Law of Mr. Viral M Shah, no other key managerial personnel is related as per the Companies Act, 1956, to any of the promoters / directors of the company nor with any of the key managerial personnel.

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of his/her employment.

Bonus or Profit Sharing Plan for the Key Managerial Personnel

There is no Profit Sharing Plan for the Key Managerial Personnel.

Changes in the Key Managerial Personnel in the last three years:

Sr. No.	Name	Designation	Appointment /Resignation date
1.	Ms. Yesha Thakker	Company Secretary	Appointed on December 1, 2007 / Resigned on November 1, 2008
2.	Mr. Vishal Parikh	Import Manager	Appointed on June 9, 2008
3.	Ms. Neha Choksi	Company Secretary	Appointed on November 5, 2009

Other than above, there is no change in the key managerial personnel during last 3 years.

Disclosures Regarding Employees Stock Option Scheme / Employees Stock Purchase Scheme

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

Payment or Benefit to Officers of the Company

Mr. Ratuji Solanki, one of the key managerial personnel is interested in the transaction relating to transfer of land for the proposed project at Village Magodi as one of the seller. For details of the transaction relating to land, please refer para "Cost of Land" on page no. 29 of section "Objects of the Issue" of RHP. Other than this, there has been no amount or benefit paid or given within two preceding years or intended to be paid or given to any officer.

OUR PROMOTERS AND PROMOTER GROUP

PROMOTERS AND THEIR BACKGROUND

List of Promoters

1. **Mr. Viral M. Shah**
2. **Mr. Manish M. Shah**
3. **Mrs. Giraben K. Solanki**
4. **Mr. Zankarsinh K. Solanki**
5. **General Capital And Holding Company Private Limited**

Brief profile of the Promoters

Mr. Viral M. Shah

Mr. Viral M. Shah, aged 34 years, is a Commerce Graduate (B.Com) from Gujarat University and is having experience of more than 10 years in the steel & alloys business. He is presently the Chairman & Managing Director of the Company.

Mr. Viral Shah is associated with Company since 2004 and over a period of time, he has gained in-depth knowledge and experience in steel manufacturing as well as international sourcing and marketing. He handles all the production as well as marketing related activities of the company.

Mr. Manish M. Shah

Mr. Manish M. Shah, aged 36 years, is a Commerce Graduate (B.Com) from Gujarat University. He is associated with the Company since inception & presently the Whole-time Director of the Company.

He has gained experience of over 10 years in steel and alloys industry. Mr. Manish Shah looks after Company's Administration and Accounts & Finance related matters in the Company. He is responsible for running the Company's administrative and financial operations.

Mrs. Giraben K. Solanki

Mrs. Giraben K. Solanki aged 54 years is Graduate in Arts (B.A.) from Gujarat University. She is an Executive Director of the company and helps in marketing the products and developing the business of the company. Mrs. Giraben has experience of over 6 years in the steel industry.

Mr. Zankarsinh K. Solanki

Mr. Zankarsinh Solanki aged 33 years, is Non-Executive Promoter Director of the company. He is the director of Torque Automotive Private Limited (which is a group company of Gyscoal Alloys Ltd.) and is looking after the administrative work of Torque Automotive Private Limited for last 3 years which is engaged in the business of dealership & service center of Skoda Auto.

General Capital And Holding Company Private Limited

General Capital And Holding Company Private Limited was incorporated on April 1, 2008 as a private limited company. Its registered office is located at E/9, Bhaskar Appartment, Mirambika Road, Naranpura, Ahmedabad – 380013. The promoters of the company are:

- Mrs. Giraben K. Slanki
- Mr. Zankarsinh K. Solanki

[For more details about the promoters of this company, refer section "Our Promoters and Promoter Group" above.]

Company is incorporated with the main object to carry on and undertake the business of trading , hire purchase, leasing and to finance lease operations of all kinds of plants, machineries and equipments, and also to carry on the business of share broking and the business of an investment company and deal in shares, stocks, debentures, etc. Currently, company has not started any kind of operations.

Other details

1. **Permanent Account Number:** AADCG1059M
2. **Bank Account Details:**
   - Name of the Bank: Punjab National Bank
   - Branch: 5, Ashiwad Complex, Paldi, Ahmedabad – 380007
   - Account No.: 3753002100213133

Shareholding Pattern

The following is the shareholding of this Company as on August 31, 2010:

Sr. No.	Name of Shareholder	No of Shares	% to Total
1.	Mr. Zankarsinh K Solanki	7663	6.39%
2.	Mrs. Giraben K. Solanki	95000	79.24%
3.	Associated Tradecom Pvt. Ltd.	9603	8.01%
4.	Metal Enterprises Pvt. Ltd.	5949	4.96%
5.	Scrap Recycling Pvt. Ltd.	1685	1.40%
	Total	**119900**	**100%**

Board of Directors

Name	Designation
Mr. Zankarsinh K Solanki	Director
Mrs. Giraben K. Solanki	Director

Financial highlights for the last 3 years are given below:

(Rs in Lacs) (except per share data)

Particulars	For the year ending		
	March 31, 2008	March 31, 2009	March 31, 2010
Equity capital		1.00	1.20
Reserves & surplus (excluding Rev. reserves)		NIL	1393.20
Total revenue	N.A	0	209.17
Profit after tax		0	0.40
EPS (Rs.)		0	0.33
NAV per share (Rs.)		0.04	1162.33

(Source: Audited Financial Statements)

Notes:

i) Face value of each equity share is Re.1.

ii) The calculation of EPS is as per Accounting Standard – 20 issued by ICAI.

Other details of Promoters:

Name of the Promoter	**Mr. Viral M Shah**	**Mr. Manish M Shah**	**Mrs. Giraben K Solanki**	**Mr. Zankarsinh K Solanki**
Photograph of the promoter				

Driving License No.	GJ01/100686/99	GJ01/100687/99	533628AR	GJ01/911786/02
Passport No.	Z1734800	A8066012	A2099315	G2940729
Permanent Account No.	AMDPS7753D	AEQPS9207R	AMJPS3571R	ALZPS7592K
Voter's Identity No.	DDV5897780	DDV5891403	UHH1603299	LPZ5233622
Name of Bank & Branch	Axis Bank, Sunrise, The Shopping Mall, Vastrapur, Ahmedabad - 380015	Axis Bank, Sunrise, The Shopping Mall, Vastrapur, Ahmedabad - 380015	Punjab National Bank, Ashram Road, Ahmedabad.	HDFC Bank, Navrangpura Branch, Nr. Mithakali Six Road, Navrangpura, Ahmedabad- 380009
Bank Account No.	032010100784887	032010100784948	0960000105009284	00061600003098

Declaration

The Company confirms that the Permanent Account Number, Bank Account Number, Passport No., Company Registration Number and address of the Registrar of Company where the company is registered have been submitted to the NSE and BSE at the time of filing of the Draft Red Herring Prospectus with them.

Common Pursuits

There are no common pursuits among the issuer company and its Group/ Associate companies except that Gyscoal Enterprise Private Limited is involved in the business of trading of the same kind of products which is manufactured by Gyscoal Alloys Limited.

Interest of Promoters & Directors

The Promoters of the Company are interested to the extent of their shareholding in the Company. Further, Promoters who are also the Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them. Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them and their relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of this Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Further, the Promoters are also directors on the boards of certain Promoter Group entities and they may be deemed to be interested to the extent of the payments made by the Company, if any, to these Promoter Group entities. For further details, see "Our Promoters and Promoter Group" beginning on page 95. For the payments that are made by the Company to certain Promoter Group entities, please refer to the section titled "Financial Information of the Company", beginning on page 120.

Except as stated otherwise in this Red Herring Prospectus, the Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Red Herring Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by the Company other than in the normal course of business.

Payment or Benefit to Promoters of the Company

Except as stated in "Financial Information of the Company - Related Party Transactions" on page 120, no amount or benefit has been paid or given to any Promoter within the two preceding years from the date of filing of this Red Herring Prospectus or is intended to be paid.

PROMOTER GROUP

The natural persons who are part of the Promoter Group (Being immediate relative of our Promoters) are as follows:

Sr. No.	Viral M. Shah		Manish M. shah		Giraben K. Solanki		Zankarsinh K. solanki	
	Name	**Relation with Promoter**	**Name**	**Relation with Promoter**	**Name**	**Relation with Promoter**	**Name**	**Relation with Promoter**
1	Mona V. Shah	Spouse	Dipali M. Shah	Spouse	Kisharsinh H. Solanki	Spouse	Dharaba Z. Solanki	Spouse
2	Sarojben M. Shah	Mother	Sarojben M. Shah	Mother	Manguben Patel	Mother	Giraben K. Solanki	Mother
3	Mukundbhai Shah	Father	Mukundbhai Shah	Father	Chinubhai Patel	Father	Kishorsinh H. Solanki	Father
4	Manish M. Shah	Brother	Viral M. Shah	Brother	---	Brother	---	Brother
5	Jacky M. Shah	Sister	Jacky M. Shah	Sister	• Kanaklataben Patel • Ninaben Patel • Tilottamaben Patel	Sisters	---	Sister
6	• Vihan V. Shah • Ridhan V. Shah	Children	Richa M. Shah	Children	Zankarsinh K. Solanki	Children	• Tannav Z. Solanki • Tannay Z. Solanki	Children
7	Mitaben D. Panchal	Mother-in-Law	Rekhaben K. Shah	Mother-in-Law	Mainaben Solanki	Mother-in-Law	Jagrutiben C. Shah	Mother-in-Law
8	Dineshbhai A. Panchal	Father-in-Law	Krishnakantbhai B. Shah	Father-in-Law	Heduji Solanki	Father-in-Law	Chandrakantbhai V. Shah	Father-in-Law
9	---	Brother-in-Law	Vishalbhai K. Shah	Brother-in-Law	• Bhemaji Solanki • Kaluji Solanki • Padhkhanji Solanki • Late. Bhavaji Solanki	Brothers-in-Law	Julen C. Shah	Brother-in-Law
10	• Hinaben I. Shah • Kunjalben R. Panchal	Sisters-in-Law	Tejalben K. Shah	Sister-in-Law	Hiraben Solanki	Sister-in-Law	---	Sister-in-Law

Promoter Group Companies and Entities

The companies that are part of the Promoter Group have been provided below. The Companies that form part of the Promoter Group includes:

1. a company in which 10% or more of the share capital is held by our Promoters or their immediate relatives; and
2. a company in which a company specified below holds 10% or more, of the share capital; and
3. a company promoted by our Promoters.

List of Promoter Group Companies:

Sr. No.	Name of the Promoter Group Companies and entities
1.	Gyscoal Enterprise Private Limited (Previously known as Gyscoal Energy Private Limited)
2.	Torque Automotive Private Limited

FINANCIAL INFORMATION OF GROUP COMPANIES/ENTITIES

The information for the last 3 years based on the audited/unaudited statements in respect of all the Companies, firms, ventures, etc. promoted by the promoters irrespective of whether these are covered under section 370 (1)(B) of the Companies Act, 1956 or not.

1. GYSCOAL ENTERPRISE PRIVATE LIMITED (Previously known as Gyscoal Energy Private Limited)

Gyscoal Enterprise Private Limited was incorporated on July 27, 1999 as a private limited company. Its registered office is located at 2nd Floor, Mrudul Tower, B/h Times of India, Ashram Road, Ahmedabad – 380009. At present, the Company is engaged in the business of trading of Scrap of Iron & Steel.

Shareholding Pattern

The following is the shareholding of this Company as on August 31, 2010:

Sr. No.	Name of Shareholder	No of Shares	% to Total
1.	Aakruti Finance	30994	2.82
2.	B.M. Patel	2230	0.20
3.	Giraben K. Solanki	117010	10.64
4.	Hitesh Patel	1646	0.15
5.	H.R. Patel	100000	9.09
6.	Jacky Shah	10000	0.91
7.	Manish M Shah	102500	9.32
8.	Mona Shah	29500	2.68
9.	Mukund Shah	7000	0.64
10.	Sarojben M. Shah	45500	4.14
11.	Viral M Shah	653517	59.42
	Total	**1099897**	**100%**

Board of Directors

Name	Designation
Mr. Viral M Shah	Director
Mr. Manish M Shah	Director
Mr. Zankarsinh K Solanki	Director
Mrs. Giraben K Solanki	Director

Financial highlights for the last 3 years are given below:

(Rs in Lacs) (except per share data)

Particulars	For the year ending		
	March 31, 2008	March 31, 2009	March 31, 2010
Equity capital	109.99	109.99	109.99
Reserves & surplus (excluding Rev. reserves)	224.52	224.70	225.13
Total revenue	378.66	57.92	213.99
Profit after tax	6.78	0.18	0.43
EPS (Rs.)	0.62	0.02	0.04
NAV per share (Rs.)	30.41	30.43	30.47

(Source: Audited Financial Statements)

Notes:

i) Face value of each equity share is Rs.10/-.

ii) The calculation of EPS is as per Accounting Standard – 20 issued by ICAI.

2. TORQUE AUTOMOTIVE PRIVATE LIMITED

Torque Automotive Private Limited was incorporated on April 23, 2007 as a private limited company. Its registered office is located at 2nd Floor, Mrudul Tower, B/h Times of India, Ashram Road, Ahmedabad – 380009. At present, the Company is engaged in the business of dealership & service center of automobile vehicles.

Shareholding Pattern

The following is the shareholding of this Company as on August 31, 2010:

Sr. No.	Name of Shareholder	No of Shares	% to Total
1.	Mr. Zankarsinh K Solanki	37500	2.64
2.	Mr. Kuren Amin	712500	50.33
3.	Piccadilly marketing Gujarat Pvt. Ltd	45000	3.18
4.	General Capital And Holding Company Pvt. Ltd.	99000	6.99
5.	H.R. Patel	63400	4.48
6.	Gyscoal Enterprise Pvt. Ltd	458266	32.38
	Total	**1415666**	**100%**

Board of Directors

Name	Designation
Mr. Zankarsinh K Solanki	Director
Mr. Kuren Amin	Director

Financial highlights for the last 3 years are given below:

(Rs in Lacs) (except per share data)

Particulars	For the year ending		
	March 31, 2008	March 31, 2009	March 31, 2010
Equity capital	50.00	75.00	141.57
Reserves & surplus (excluding Rev. reserves)	27.45	64.67	818.88
Total revenue	4926.90	8680.93	15062.17
Profit after tax	27.45	62.22	155.11
EPS (Rs.)	5.49	8.30	12.99
NAV per share (Rs.)	15.46	18.61	66.70

(Source: Audited Financial Statements)

Notes:

i) Face value of each equity share is Rs.10/-.
ii) The calculation of EPS is as per Accounting Standard – 20 issued by ICAI.

None of the Promoter Group companies is a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 or are under winding up or have any BIFR proceedings initiated against it.

None of the Promoter Group companies has been struck off as a defunct company by any Registrar of Companies in India and no application was made to the Registrar of Companies for striking off the name of any of the group company during the five years preceding the date of filing offer document with the Board.

There are no sales or purchases between the issuer Company and any company in the Promoter Group exceeding 10% of the sales or purchases of the issuer Company.

No Group Company has business interest in Gyscoal Alloys Limited except as disclosed in the section “Related Party Transactions”.

There is no company/firm with which the promoters of the issuer company have disassociated themselves during preceding three years.

For details on litigations and disputes pending against the group companies/concerns and defaults made, please refer to section titled “Outstanding Litigations” on page no.132 of this Red Herring Prospectus.

RELATED PARTY TRANSACTIONS

For details on our related party transactions, please refer to the section titled "Financial Information of the Company" on page 120 of this Red Herring Prospectus.

CURRENCY OF PRESENTATION

In this Red Herring Prospectus, all references to "Rupees" and "Rs." and "Indian Rupees" are to the legal currency of the Republic of India.

DIVIDEND POLICY

The declaration and payment of dividends on our equity shares 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 condition. However the Company has not paid any dividend till date.

SECTION V – FINANCIAL INFORMATION

FINANCIAL INFORMATION OF THE COMPANY

To,
The Board of Directors
Gyscoal Alloys Ltd.
2nd Floor, Mrudul Tower,
B/h. Times of India,
Ashram Road,
Ahmedabad- 380009
Dear Sirs,

Re: Public Issue of Equity Shares of Gyscoal Alloys Limited

We have examined the attached financial information of Gyscoal Alloys Ltd., as approved by the Board of Directors of the Company, prepared in terms of the following requirements of :

1) Paragraph B, Part II of Schedule II of the Companies Act, 1956;

2) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulation, 2009 ('the SEBI Regulation') and

3) In terms of our engagement agreed upon with you in accordance with our engagement letter dated 30th November 2009 in connection with the proposed issue of Equity shares of the Company (IPO).

These information have been extracted by the Management from the financial statements for the year / period ended on 31.03.2006, 31.03.2007, 31.03.2008, 31.03.2009, 31.03.2010 and 30.06.2010. Audit for the financial years ended on 31.03.2006 was conducted by previous auditors, M/s Lakhia & Co., and accordingly reliance has been placed on the financial information examined by them for the said years. The financial report included for this years, i.e., 31.03.2006 is based solely on the report submitted by them. M/s Lakhia & Co has also confirmed that the restated financial information has been made after incorporating :

a) Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods

b) Adjustments for the material amounts in the respective financial years to which they relate.

c) And there are no extra-ordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments

   Based on the above, we report that in our opinion and according to the information and explanation given to us, we have found the same to be correct and the same have been accordingly used in the financial information appropriately.

In accordance with the requirements of Paragraph B of Part II of Schedule II to the Act, the SEBI Regulation and terms of our engagement agreed with you, we further report that :

A. The Restated Summary Statement of Assets and Liabilities of the Company (Annexure –I), including as at 31.03.2006 examined and reported upon by M/s Lakhia & Co., on which reliance has been placed by us and as at 31.03.2007, 31.03.2008, 31.03.2009, 31.03.2010 and 30.06.2010 examined by us, as set out in Annexure to this report are after making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Notes and Changes in Significant Accounting Policies.
[Refer Annexure IV]

B. The Restated Summary Statement of Profit or Loss of the Company (Annexure –II) for the year ended, including for the year ended 31.03.2006 examined by M/s Lakhia & Co. and who have submitted their report on which reliance has been placed by us and for the years / period ended 31.03.2007, 31.03.2008, 31.03.2009, 31.03.2010 and 30.06.2010 examined by us, as set out in Annexure to this report are after

making adjustments and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Notes and Changes in Significant Accounting Policies.
[Refer Annexure IV]

C. Based on above and also as per the reliance placed on the report submitted by the previous auditors, M/s Lakhia & Co., for the respective year, we are of the opinion that the restated financial information have been made after incorporating:

a. Adjustments for the changes in accounting policies retrospectively in respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.

b. Adjustments for the material amounts in the respective financial years to which they relate.

c. And there are no extra-ordinary items that need to be disclosed separately in the accounts and qualification requiring adjustments.

D. We have also examined the following other financial information set out in Annexure prepared by the management and approved by the Board of Directors relating to the Company for the year / period ended 31.03.2006, 31.03.2007, 31.03.2008, 31.03.2009, 31.03.2010 and 30.06.2010. In respect of the year ended 31.03.2006 these information have been included based upon the report submitted by previous auditors M/s Lakhia & Co. and same was relied upon by us.

1.	Summary Statement Of Cash Flows, As Restated	Annexure : III
2.	Significant Accounting Policies & Notes To Accounts	Annexure : IV
3.	Accounting Ratios	Annexure : V
4.	Capitalization Statement	Annexure : VI
5.	Statement Of Secured Loans And Principal Terms & Conditions	Annexure : VII
6.	Unsecured Loans, As Restated	Annexure : VIII
7.	Investment, As Restated	Annexure : IX
8.	Sundry Debtors, As Restated	Annexure : X
9.	Loans And Advances, As Restated	Annexure : XI
10.	Current Liabilities And Provisions, As Restated	Annexure : XII
11.	Deferred Tax Liability/ (Deferred Tax Assets), As Restated	Annexure : XIII
12.	Statement Giving Details Of Other Income	Annexure : XIV
13.	Details Of Related Party Transaction	Annexure : XV
14.	Statement Of Tax Shelters	Annexure : XVI

In our opinion the above financial information of the Company read with Significant Accounting Policies and Notes to Accounts enclosed in Annexure IV to this report, after making adjustments / restatements and regroupings as considered appropriate has been prepared in accordance with paragraph B(1) Part II of Schedule II of the Company Act and the SEBI Regulation.

Our report is intended solely for use of the management and for inclusion in the offer document in connection with the proposed issue of equity shares of the Company. Our report and should not be used for any other purpose except with our consent in writing.

For RANGANI & PATEL
Chartered Accountants
Firm Reg. No. 114847W

S.G.Patel
Partner
Membership No.: 45886

Place: Ahmedabad
Date: 14th September, 2010

GYSCOAL ALLOYS LTD.

ANNEXURE I : STATEMENT OF ASSETS AND LIABLITIES, AS RESTATED							
							(All amounts are in lacs)
No.	**Particulars**	**As At**					
		30.06.10	**31.03.10**	**31.03.09**	**31.03.08**	**31.03.07**	**31.03.06**
A.	**FIXED ASSETS**						
	Gross Block	3172.03	3161.26	2308.97	1972.92	1380.29	406.41
	Less : Accumulated Depreciation	1104.84	1033.74	773.68	565.72	290.58	149.55
	Net Block	**2067.19**	**2127.53**	**1535.29**	**1407.21**	**1089.72**	**256.87**
	Less : Revaluation Reserve	0.00	0.00	0.00	0.00	0.00	0.00
	Net Block after adjustment for Revaluation Reserve	2067.19	2127.53	1535.29	1407.21	1089.72	256.87
	Capital Work-in-Progress	452.87	450.83	115.33	0.00	0.00	345.45
	Total Fixed Assets (A)	**2520.06**	**2578.36**	**1650.62**	**1407.21**	**1089.72**	**602.32**
B.	**INVESTMENT (B)**	**2.09**	**2.09**	**2.09**	**2.09**	**2.09**	**2.09**
C.	**CURRENT ASSETS, LOANS AND ADVANCES**						
	Inventory	4029.34	3510.49	3076.46	3225.75	1826.02	860.32
	Sundry Debtors	3188.52	2604.97	2536.84	1345.49	2092.28	436.27
	Cash and Bank Balances	442.62	80.24	334.14	62.60	6.07	10.10
	Loans and Advances	255.42	276.33	297.82	583.83	301.03	98.08
		7915.90	**6472.03**	**6245.26**	**5217.67**	**4225.40**	**1404.77**
	Deffered tax Assets	0.00	0.00	0.00	0.00	0.00	2.85
	Total (C)	**7915.90**	**6472.03**	**6245.26**	**5217.67**	**4225.40**	**1407.62**
D.	**LIABLITIES AND PROVISIONS**						
	Secured loans	3406.07	2421.39	1956.70	1522.98	1135.76	600.30
	Unsecured loans	439.33	454.30	518.51	177.70	293.94	117.26
	Deffered tax Liabilities	337.80	341.49	199.05	111.89	57.49	0.00
	Current liablities and Provisions	2745.51	2478.87	2953.86	3089.26	3048.38	722.72
	Total (D)	**6928.71**	**5696.05**	**5628.12**	**4901.82**	**4535.57**	**1440.28**
E.	**TOTAL (A+B+C-D)**	**3509.34**	**3356.42**	**2269.85**	**1725.15**	**781.63**	**571.75**
F.	**REPRESENTED BY :**						
1	**SHARE CAPITAL**	**812.76**	**812.76**	**658.91**	**658.91**	**297.18**	**257.18**
	Share Capital	812.76	812.76	658.91	658.91	297.18	257.18

2	**RESERVES AND SURPLUS**	**2756.12**	**2603.21**	**1265.38**	**1086.52**	**355.85**	**75.67**
	Accumulated Profit	1674.84	1521.93	1030.25	851.40	120.85	65.67
	General Reserve	7.45	7.45	7.45	7.45	235.00	10.00
	Share Premium	1073.83	1073.83	227.68	227.68	0.00	0.00
3	Miscellaneous Expenditure	59.55	59.55	23.69	20.28	0.00	0.00
	NETWORTH (1+2-3)	**3509.34**	**3356.42**	**1900.60**	**1725.15**	**653.03**	**332.85**
	Share Application Money	0.00	0.00	369.25	0.00	128.61	238.91
	TOTAL	**3509.34**	**3356.42**	**2269.85**	**1725.15**	**781.64**	**571.76**

Note: The above summary statement of Assets and Liabilities is to be read with Notes to Restated Financial Statement and significant Accounting Policies as appearing in Annexure IV.

GYSCOAL ALLOYS LTD.

ANNEXURE II : STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(All amounts are in lakhs)

No.	Particulars	For the Year / Period Ended on					
		30.06.10	**31.03.10**	**31.03.09**	**31.03.08**	**31.03.07**	**31.03.06**
A.	**INCOME**						
	Sales	4,512.63	16,839.50	13,537.23	14,046.18	8,465.68	3,654.10
	of products manufactured by the company	4,512.63	16,839.50	13,537.23	14,045.81	8,462.07	3,517.08
	of products traded in by the company	-	-	-	0.37	3.61	137.02
	Less : Duties & Taxes	496.41	1,635.17	1,589.58	2,210.75	1,478.70	499.44
	Net Sales	4,016.22	15,204.33	11,947.65	11,835.43	6,986.98	3,154.66
	Income from Operation/Job Work	103.17	692.44	801.93	357.50	389.96	10.63
	Other Income	11.78	35.62	49.73	16.97	11.35	2.19
	Increase / (Decrease) in Stock	430.33	(54.80)	(241.16)	1,028.28	387.97	81.48
	TOTAL INCOME	**4,561.50**	**15,877.58**	**12,558.15**	**13,238.18**	**7,776.26**	**3,248.96**
B.	**EXPENDITURE**						
	Raw Material Consumed	3,902.75	13,457.04	10,816.67	10,597.82	6,670.41	2,721.85
	Manufacturing Expenses	187.13	800.27	602.18	745.69	303.77	211.57
	Employee's Remuneration and Benefits	16.44	57.64	41.11	30.96	25.60	15.58
	Administrative and other Expenses	26.15	97.11	162.70	178.39	68.18	46.43
	Preliminary Expenses Written Off.						

		-	-	-	-	-	-
	TOTAL EXPENDITURE	**4,132.48**	**14,412.06**	**11,622.66**	**11,552.87**	**7,067.96**	**2,995.45**
C.	**PROFIT BEFORE INTEREST, DEPRECIATION & TAX**	**429.02**	**1,465.51**	**935.49**	**1,685.32**	**708.29**	**253.52**
	Depreciation	71.10	260.06	207.96	275.14	141.03	124.10
	PROFIT BEFORE INTEREST & TAX	**357.92**	**1,205.45**	**727.53**	**1,410.18**	**567.26**	**129.42**
	Finance Charges / Interest	125.62	439.48	422.73	261.26	130.09	39.57
D.	**PROFIT BEFORE TAX**	**232.30**	**765.97**	**304.80**	**1,148.92**	**437.17**	**89.85**
	Provision for Taxation						
	- Current	83.08	131.85	36.14	361.54	95.64	28.83
	- Deffered Tax	(3.70)	142.45	87.16	54.39	60.34	3.56
	- Fringe Benefit Tax	-	-	2.64	2.44	1.01	0.98
E.	**PROFIT AFTER TAX BUT BEFORE EXTRA ORDINARY ITEMS**	**152.92**	**491.67**	**178.86**	**730.55**	**280.18**	**56.48**
	Prior Period Items	-	-	-	-	-	(0.24)
F.	**NET PROFIT AS RESTATED**	**152.92**	**491.67**	**178.86**	**730.55**	**280.18**	**56.24**
G.	**APPROPRIATION**						
	Add : Balance Brought from Previous Period	1,521.93	1,030.25	851.40	120.85	65.67	18.03
	Less : Transfer to General Reserve	**-**	**-**	**-**	**-**	225.00	8.60
H.	**BALANCE C/F. TO BALANCE SHEET**	**1,674.84**	**1,521.93**	**1,030.25**	**851.40**	**120.85**	**65.67**

Notes : The above summary statement of Profit and Losses is to be read with Notes to Restated Financial Statements and Significant Accounting Policies as appearing in Annexure IV.

GYSCOAL ALLOYS LTD

ANNEXURE III : SUMMARY STATEMENT OF CASH FLOWS, AS RESTATED

(All amounts are in Lacs)

Particulars	**Period Ended 30.06.10**	**Year Ended 31.03.10**	**Year Ended 31.03.09**	**Year Ended 31.03.08**	**Year Ended 31.03.07**	**Year Ended 31.03.06**
A. Cash Flow from Operating Activities						
Net Profit After Tax	152.91	491.68	178.86	730.55	280.18	56.48
Add: Interest Cost	125.62	439.48	422.73	261.26	130.09	39.57
	278.54	931.16	601.59	991.81	410.27	96.05
Adjustments In:						
Depreciation on Fixed Assets	71.10	260.05	207.96	275.14	141.03	124.10

Provision for Gratuity	1.16	2.91	1.96	1.93	3.44	-
Provision for Taxation	-	129.65	125.94	418.37	157.00	33.37
Provision for Exps.	0.83					
Preliminary Expenses W/off	-	-	-	-	-	-
Change in Accounting policies	-	-	-	-	-	-
Prior period Item	-	-	-	-	-	-
Income on Exchange Fluctuation	(1.36)	(2.02)	(30.62)	(2.55)	-	-
Interest Income	(10.28)	(26.72)	(10.10)	(7.54)	(5.52)	-
ISO Subsidy	-	-	-	-	-	-
Operating Profit before Working Capital changes	**339.99**	**1,295.03**	**896.73**	**1,677.16**	**706.21**	**253.52**
(Increase)/Decrease in sundry debtors	(583.55)	(68.13)	(1,159.65)	746.78	(1,656.00)	(129.02)
(Increase)/Decrease in inventories	(518.85)	(434.02)	149.29	(1,399.72)	(965.69)	(743.36)
(Increase)/Decrease in Loans and Advances	20.92	21.49	286.01	(282.80)	(202.95)	(82.14)
Increase/(Decrease) in current liabilities and provisions	181.58	(607.56)	(135.40)	40.58	2,325.66	339.94
Cash generated from operations	**(559.91)**	**206.81**	**36.98**	**782.00**	**207.23**	**(361.05)**
Provision for Income Tax (Including Deferred Taxation)	79.35	142.45	53.84	(334.68)	(100.11)	(29.73)
Cash flow before Extra-ordinary item	**(480.56)**	**349.26**	**90.82**	**447.33**	**107.12**	**(390.78)**
Proceeds from Extra-ordinay items	-	-	-	-	-	-
Direct tax Paid	-	-	(95.64)	(28.39)		
Net Cash from Opearting activities	**(480.56)**	**349.26**	**(4.82)**	**418.94**	**107.12**	**(390.78)**
B. Cash flows (used in) / from investing activities						
Purchase of Fixed Assets	(12.80)	(1,187.79)	(451.38)	(592.63)	(1,261.40)	(498.75)
Sales of Fixed Assets	-		-	-	632.97	0.50
Investments	-		-	-	-	(0)
Interest received	11.65	28.74	10.10	7.54	5.52	-
Net cash flow (used in) / from investing activities	**(1.15)**	**(1,159.05)**	**(441.28)**	**(585.09)**	**(622.90)**	**(498.25)**
C. Cash flows from financing activities						
Term Loans (repaid)/availed	(31.56)	(49.43)	(109.85)	(116.27)	307.89	286.19
Working Capital Loan (repaid)/availed	1,016.91	518.76	548.11	499.96	224.60	188.78

Vehicle Loan (repaid)/availed	(0.68)	(4.64)	(4.54)	3.52	2.97	4.20
Unsecured Loans(repaid)/availed	(14.96)	(64.21)	340.81	(116.24)	176.68	102.76
Increase/(Decrease) in Share Capital	-	153.85	0.00	134.18	40.00	131.41
Increase/(Decrease) in Share application money	-	(369.25)	369.25	(128.61)	(110.30)	223.82
Interest expenses	(125.62)	(439.48)	(422.73)	(261.26)	(130.09)	(39.57)
Expenses for the increase in capital	-	(35.85)	(3.41)	(20.28)		
Share Premium	-	846.15	0.00	227.68	-	-
Net cash flow (used in) / from financing activities	**844.10**	**555.90**	**717.64**	**222.68**	**511.76**	**897.59**
Net (decrease) / increase in cash and cash equivalents	362.38	(253.89)	271.54	56.53	(4.03)	8.55
Cash and cash equivalents at the beginning of the year / period	80.24	334.14	62.60	6.07	10.10	1.54
Cash and cash equivalents at the end of the year / period	442.62	80.24	334.14	62.60	6.07	10.10

ANNEXURE IV : SIGNIFICANT ACCOUNTING POLICIES & NOTES TO ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1.**Basis for Accounting :**

The financial statements are prepared under the historical cost convention on an accrual basis of accounting in accordance with the Generally Accepted Accounting Principles (GAAP), Accounting Standards issued by the Institute of Chartered Accountants of India, as applicable, and the relevant provisions of the Companies Act, 1956.

2. **Use of Estimates:**

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from these estimates and difference between actual results and estimates are recognized in the period in which the results are known/materialize.

3. **Inventories: (AS 2)**

Inventories are valued at the lower of cost and net realizable value. Costs of inventories comprise all cost of purchase, cost of conversion and other cost incurred in bringing the inventories to their present location and condition. Cost of inventories is generally ascertained on the ‘weighted average’ basis.

4. **Depreciation: (AS 6)**

Depreciation in respect of all fixed assets has been calculated on written down value method under section 205 (2) (b) of the Companies Act, 1956 at the rates given in schedule XIV of the Companies Act, 1956 for the period and depreciation on addition of assets during the period has been provided on prorate basis.

5. **Revenue Recognition: (AS 9)**

Revenue is recognized when it is earned and no significant uncertainty exists as to its realization or collection. Revenue from sale of goods is recognized on delivery of the products, when all significant contractual obligations have been satisfied, the property in the goods is transferred for price, significant risk and rewards of ownership are transferred to the customers and no effective ownership is retained. Sales comprises sale of goods and services, net of trade discounts and include exchange differences arising on sales transactions.

6**. Fixed Assets: (AS 10)**

Fixed Assets are stated at their acquisition cost (Net of CENVAT Credit) less accumulated depreciation and impairment losses. Cost comprises of all costs incurred to bring the assets to their location and working condition up to the date the assets are put to use where applicable together with any incidental expenses of acquisition/installation. Cost of acquisition includes borrowing costs that are directly attributable to the acquisition/construction of qualifying assets.

An assets is considered as impaired in accordance with Accounting Standard (AS) – 28 “Impairment of Assets” when at balance sheet date there are indications of impairment and the carrying amount of the assets, or wherever applicable, the cash generating unit to which the asset belongs, exceeds it recoverable amount (i.e. the higher of the assets net selling price and value in use). The carrying amount is reduced to the recoverable amount and the reduction is recognized as impairment loss in the Profit & Loss Account.

7. **Foreign Currency Transactions : (AS 11)**

Foreign currency transactions are recorded at the exchange rates prevailing on the date of the transaction. Monetary foreign currency assets and liabilities are translated into Rupees at the exchange rate prevailing at the Balance Sheet Date. All exchange differences are dealt with in Profit and Loss Account.

8. **Investments: (AS 13)**

Long term Investments are carried at cost. When there is a decline other than temporary in their value, the carrying amount is reduced on an individual investment basis and decline is charged to Profit & Loss A/c. Appropriate adjustment is made in carrying amount of Investment in case of subsequent raise in carrying value of the Investment.

9. **Retirement Benefits: (AS 15)**

Short-term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the period in which the related service is rendered.

Post employment and other long term employee benefits are recognized as an expense in the profit and loss account for the period in which the employee has rendered services. The expense is recognized as per Accounting Standard 15 (Revised 2005) at the present value of the amount payable determined using actuarial valuation techniques. Actuarial gains and losses in respect of post employment and other long term benefits are charged to the profit and loss account.

10. **Borrowing Cost: (AS 16)**

Borrowing Costs attributable to acquisition and/or construction of qualifying assets as defined in Accounting Standard (AS) – 16 on “Borrowing Cost” are capitalized as a part of the cost of such assets up to the date when such assets are ready for its intended use. All other Borrowing Costs are charged to revenue.

11. **Segmental Reporting (AS17)**

The Company is mainly engaged in the business of manufacturing of S.S. Products. Considering the nature of business and financial reporting of company, the company has only one segment, viz. S.S. Products as reportable segment. The company operates in local / export segment geographically of which the export has amounted to Rs 34.59 lacs (Net) out of total turnover of Rs. 4016.22 lacs. But due to nature of the business, the assets / liabilities and expenses for these activities cannot be bifurcated separately.

12. **Earning Per Share (AS 20)**

The Company reports basic and diluted Earning Per Share (EPS) in accordance with Accounting Standard (AS) – 20 on “Earning Per Share”. The basic EPS is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. Diluted EPS is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive. Here, as the financial statements are prepared for the quarter, the annualized EPS is calculated and disclosed on the face of Profit & Loss A/c.

13. **Taxation (AS22)**

Current Tax is determined as the amount of tax payable in respect of taxable income for the period.

Deferred Tax Assets or Deferred Tax Liability is recognized on timing difference being the difference between taxable income and accounting income. Deferred Tax Assets or Differed Tax Liability is measured using the tax rates and tax laws that have been enacted or substantively enacted at the Balance Sheet date. Deferred Tax Assets arising from timing differences are recognized to the extent there is a reasonable certainty that the assets can be realized in future.

14. **Contingent Liabilities:**

Contingent Liabilities as defined in Accounting Standard (AS) – 29 “Provisions, Contingent Liabilities and Contingent Assets” are disclosed by way of notes to the accounts. Provision is made if it is probable that an outflow of future economic benefits will be required for an item previously dealt with as a contingent liability.

B. NOTES TO ACCOUNTS

1. Earning per Share

Particulars	30.06.10	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Weighted Average Number of Equity Shares at the end of the Year/Period (face value of Rs. 10)	81.27	70.99	65.89	61.786	29.334	12.613
Net Profit after Tax available for equity shareholders (Rs. in Lacs)	152.92	491.67	178.86	730.55	280.18	56.48
Earning per share (In Rs.)	1.88	6.93	2.71	11.82	9.55	4.48
Note: EPS for the period ended 30.06.2010 is for the quarter. Annualized EPS for this period is 7.52						

2. **Change in the Status and Name of the Company**

The name of the Company has been changed from SHREENATH MINERAL METAL PVT. LTD. to GYSCOAL ALLOYS PVT. LTD. w.e.f. 21-06-2004 by complying with the provisions of the Section 21 of the Companies Act.

The status of the Company has been changed from Private Limited to Public Limited w.e.f. 21-03-2006 by complying with the provisions of the Section 31 of the Companies Act.

3. In the opinion of Board of Directors, the current assets, loans and advances are approximately of the value stated, if realized in the ordinary course of business. The provision for all liabilities is adequate and not in excess of the amounts considered reasonably necessary.

4. Previous year figures have been regrouped / recasted to make them comparative with those of the current periods.

5. In respect of the provision for deferred tax, timing difference due to depreciation adjustment has been considered.

6. The Company has filed it income tax returns for AY 2008-09 and AY 2009-10 respectively as on 21-08-2010 and 19-08-2010, and paid its income tax dues.

7. Cheques of Rs. 85 lacs received from Salvo Steels Pvt. Ltd., one of the debtors of the Company, were dishonored. So, the Company has filed a suit against it u/s. 138 of the N.I. Act and the matter is pending in court. Total outstanding amount recoverable from the party is Rs. 18127314/-

C. OTHER MATERIAL ADJUSTMENTS

1. Provision for Gratuity

The Company adopted Accounting Standard 15, Accounting for Retirement Benefit (As-15) issed by the ICAI for the first time in preparing the financial statements for the year ended March 31, 2007.

2. Prior Period Adjustments

The Company has shown prior period item for the year ended 31.03.2006. For the purpose of the restated summary statement of Assets & Liabilities (as restated) the Company has shown it in the period in which they occurred.

3. In the Audit Report for the year ended on 31-3-2005, then auditor as shown as a by way of notes to accounts that the company has purchased factory unit alongwith plant and macheneries costing approxi. Rs. 150 Crores from Shah Alloys Group under various agreement and bills. It was not approx. Rs. 150 Crores but was approx. Rs. 1.50 Crore, which was the typographical mistake by then auditor.

GYSCOAL ALLOYS LTD.

ANNEXURE V : ACCOUNTING RATIOS

Particulars	Year Ended 30.06.2010	Year Ended 31.03.10	Year Ended 31.03.09	Year Ended 31.03.08	Year Ended 31.03.07	Year Ended 31.03.06
Net Profit/Loss before extraordinary items but after tax	152.92	491.67	178.86	730.55	280.18	56.48
Net Worth	3509.34	3356.42	1900.60	1725.15	653.03	332.85
Return on Net Worth %	4.36%	14.65%	9.41%	42.35%	42.90%	16.97%
Basic and Diluted Earnings per Share (Rs.)	1.88	6.93	2.71	11.82	9.55	4.48
Net Asset Value per Equity Share (Rs.)	43.18	41.30	28.84	26.18	21.97	12.94
Total Debt / Equity Ratio	1.08	0.84	1.29	0.97	2.19	2.16
Weighted average number of equity shares outstanding during the year / period (In lacs)	81.27	70.99	65.89	61.79	29.33	12.61
Total number of equity shares outstanding at the end of the year / period (In Lacs)	81.27	81.27	65.89	65.89	29.72	25.72

Notes:

1. The ratios have been computed as below :

Earnings per share (Rs.) Net profit as restated, attributable to equity shareholders
----
Weighted Average number of equity shares outstanding during the year / period

Return on Net Worth (%)	Net profit after tax, as restated --------------------------------------- Net worth as at the end of the year / period	
Net Assets Value per Equity Share (Rs.)	Net worth as at the end of the year -- Number of equity shares outstanding during the year / period	
Total Debt/ Equity Ratio	Long term debt + Short term debt --- Equity Share Capital + Reserves and Surplus	

2. Networth means Equity Share Capital + Reserves and Surplus.

3. The figures disclosed above are based on the Restated financial statements of the Company.

GYSCOAL ALLOYS LIMITED

ANNEXURE VI : CAPITALISATION STATEMENT

(All amounts are in Lacs)

Particulars	Pre Issue as at 30.06.2010 (Rs. In Lacs)	Pre Issue as at 31.03.2010 (Rs. In Lacs)	Pre Issue as at 31.03.2009 (Rs. In Lacs)	Pre Issue as at 31.03.2008 (Rs. In Lacs)	Post Issue
Short-term debt (A)	**439.33**	**454.30**	**518.51**	**177.70**	
Long-term debt (B)	**3406.07**	**2421.39**	**1,956.70**	**1,522.98**	
Total debt (C = A+B)	**3845.40**	**2875.69**	**2,475.21**	**1,700.68**	**REFER**
					NOTE – 2
Shareholders' funds					
Equity share capital	**812.76**	**812.76**	**658.91**	**658.91**	
Reserves and surplus, as restated	**2756.12**	**2603.21**	**1,265.38**	**1,086.52**	
Less : Misc. Expenditure	**59.55**	**59.55**	**23.69**	**20.28**	
Total shareholders' funds (D)	**3509.34**	**3356.42**	**1,900.60**	**1,725.15**	
Total Capitalization	**7354.74**	**6232.11**	**4,375.81**	**3,425.83**	
Long-term debt/Shareholders' funds (B/D)	**0.97**	**0.72**	**1.03**	**0.88**	
Total debt/Shareholders' funds (C/D)	**1.10**	**0.86**	**1.30**	**0.99**	

Notes:

1. The figures disclosed above are based on the restated financial statements.

2. The Equity Share Capital and Reserves & Surplus (post Issue) can be calculated only on conclusion of Book Building Process.

3. 3. On December 1, 2009, 15,38,460 Equity Shares of Rs.10 each were issued for cash at an issue price of Rs.65 (i.e. at premium of Rs.55 per share) aggregating to Rs.1000.00 lacs to General Capital And Holding Company Pvt. Ltd.

GYSCOAL ALLOYS LTD.

ANNEXURE VII - DETAILS OF LOANS AND PRINCIPAL TERMS AND CONDITIONS OF LOANS OUTSTANDING AS AT 30TH JUNE, 2010

(All amounts are in Lacs)

Particulars	Period Ended 30.06.10	Year Ended 31.03.10	Year Ended 31.03.09	Year Ended 31.03.08	Year Ended 31.03.07	Year Ended 31.03.06
Secured Loans	3406.07	2421.39	1956.70	1522.98	1135.76	600.30
Unsecured Loans	439.33	454.30	518.51	177.70	293.94	117.26

Details of principal terms and conditions of loans outstanding as at June 30, 2010

<table>
<tr><th>Name of the Lendor</th><th>Amount</th><th>Interest rate</th><th>Repayment Terms</th><th rowspan="2">Security</th></tr>
<tr><td colspan="4">SECURED LOANS:FROM BANKS</td></tr>
<tr><td colspan="5">A.)UCO BANK:</td></tr>
<tr><td colspan="5">Term loan:</td></tr>
<tr><td>Term loan 1:</td><td>0</td><td>13.5% p.a.(BPLR)with monthly rest</td><td>20 equal quarterly installments of Rs.475000/- each commencing from June 2005</td><td rowspan="2">(a) First charge over the Land & Building, plant and machinery and other immovable and movable fixed assets (both existing & future) of the company at 1.Plot no 2,3,14,15 &16 at GIDC Kukarwada Estate survey no. 387 at village Ubkhal. (l&B for TL-1 Rs 1.94 cr P&M for TL1 Rs 3.00 cr.

2. Survey no 356/2 paiki at at village Ubkhal, Mehasana (L&B for TL-2 Rs 2.51cr P&M for TL2 Rs 7.00 cr.

3. Office Premises of 2nd Floor , Mrudul Tower, Ahmedabad Rs 0.53 crore. Second charges in favour of Axis Bank.</td></tr>
<tr><td>Term loan 2:</td><td>358.33</td><td>13.5% p.a.(BPLR)with monthly rest</td><td>4 Quarterly instalments of 6.25 Lakh each in the year 2009. 4 Quarterly instalments of 31.25 Lakh each for 2010. 4 Quarterly instalments of 31.25 Lakh each for 2011, and the balance amount in 4 Quarterly Installment in 2012</td></tr>
<tr><td>Cash Credit</td><td>1519.97</td><td>13.5% p.a.(BPLR)with monthly rest</td><td></td><td>(b) First Pari Passu charge on company’s entire current assets including stocks of raw material, WIP, Finished</td></tr>
</table>

				Goods, Book Debts, both present and future along with Axis Bank. (c) Documents of title of goods and first 1st pari passu charge along with Axis Bank by way of hypo of material to be procured under L/C and imported under L/C. Extension of charge on the current and fixed assets of the company, present and future. i)First charge by way of hypothecation of the company's entire stocks of Raw Material and Finished Goods purchased out of Foreign /inland letter of credit issued by UCO Bank and stored/lying with stevedoring agent at different ports or wherever else the same may be or in course in transit and on ii) Extension of charge on current assets. iii)Bills under L/C to be accompanied by documents of title of goods in favour of bank covering consignment of raw material and to be insured against prescribed risks. iv) Application cum Indemnity Letter.
Non Fund Based (L/C)	**1298.77**			
B.)AXIS BANK:				
Cash Credit **Non Fund Based (L/C)**	**158.24** **114.48**	13.50% p.a. at present.		First Pari Passu charge on the current assets of the company's present and future along with UCO Bank. COLLATERAL a) Extension of Pari Passu first charge by way of Hyp./EM on the entire movable & immovable fixed assets of the company (including office premises) present and future. EQUITABLE MORTGAGE b) Pari Passu charge on flat no 602, Panchvilla Flat, Memnagar owned by Mr. Viral Shah and Mrs. Mona Shah, along with UCO Bank.Ahmedabad

				c) Pari Passu charge on Flat no E11, Bhasker Apartment Flat, Ahmedabad owned by Mr. Zankarsinh Solanki along with UCO Bank. d) Pari Passu charge on Industrial Land situated at survey no 410 at Bhojva Dist, Viramgam, Gujarat admeasuring 5950 sq yards standing in the name of Gyscoal Energy Pvt. Ltd. e) Pari Passu on NA land situated at Block no 950, Khatraj Taluka, Mahemdabad, adadmeasuring 5183 sq. mtr standing in the name of Mr. Pravinsinh Fulsinh Solanki. f) FDR of Rs 15.00 Lacs g) Personal Guarantee of all the directors and property owners. Corporate Gurantee of M/s Gyscoal Energy Pvt. Ltd.
C.)STATE BANK OF PATIALA				
Term loan of Rs.500.00 lacs	**0.00**	Concessional rate of interest at 0.50% above BPLR (floating) presently 12.75% with interest rate reset after two years of first drawl and every two years thereafter	Repayable in 16 quarterly instalments of Rs 0.32 crores each after a drawndown and moratorium period of one year. (door to door tenor 5 years)	Primary Security :- 1st paripassu charge on fixed assets of the company Collateral Security:- 1st charge paripassu charge and equitable mortgage of land and building as detailed below Co. will arrange fresh valuation before release of limits. In case the value of security is less than the given value the company will make good the deficit by providing additional security. 2nd Hypothecation charge on stocks of raw materials, packing materials, consumable stores and spares, stock in process, finished goods, book debts and other current assets of the company on pari-passu basis with UCO bank.

				Guarantee:- Third Party guarantee of Viral M Shah Manish M Shah Zankarsinh K Solanki Giraben K. Solanki Mona V Shah Pravinsinh F. Solanki Shailesh Ramanlal Prajapati Corporate Guarantee of Gyscoal Enterprise Pvt. Ltd TNW 3.35 crores General Capital Holdings P Ltd. TNW 3.84 crores
Cash Credit	**1368.70**	Concessional rate of interest at 0.50% above BPLR (floating) presently 12.75%		Primary Security :- 1st Hypothecation charge on stocks of raw materials, packing materials, consumable stores and spares, stock in process, finished goods, book debts and other current assets of the company on "pari-passu" basis with UCO Bank. Collateral Security:- 2nd Pari Passu charge on the fixed assets of the company present or future. Extension of charge on paripassu basis on equitable mortgage of land and building as also available in T.L
				Guarantee:- Third Party guarantee of Viral M Shah Manish M Shah Zankarsinh K Solanki Giraben K. Solanki Mona V Shah Pravinsinh F. Solanki Shailesh Ramanlal Prajapati Corporate Guarantee of Gyscoal Enterprise Pvt. Ltd TNW 3.35 crores General Capital Holdings P Ltd. TNW 3.84 crores.

				Details of land and building 1. Land@ 2,3,14 to 18, Ubkhal GIDC and S.No. 356/paiki/2, village Kukarwada, Mehasana. 2. Building Structure at above site. 3. Office at 2nd floor, Mrudul tower, Ashram Road, Ahmedabad 4. Industrial Land @ block no 950, Khatraj Road, Memdabad Road, Khtraj, Dist Kheda. 5. Industrial land @S.no. 410/p, Viramgam-Mandal Road, Village Bhojva, Viramgam, Dist Ahmedabad 6. Flat @ B/7/104, tenth floor, , Goyal Intercity, Thaltej, Ahmedabad 7. Unit no 4 & 5, Ground Floor, Devanandan Meghamall, Ashram Road, Ahmedabad 8. Flat no 602, 6th Floor, Panchvilla Tower, Bhuyngdev Char Rasta, Ahmedabad. 9. Flat @ E-11,2nd Floor, Bhaskar Aprtment, Naranpura, Ahmedabad
Non Fund Based (L/C)	548.49			Goods covered by RR/MTR/B/L under L/C. However, charge on entire primary and the collateral security will be extended to cover l/c limit also.
D.)PUNJAB NATIONAL BANK				
Car Loan:				
Loan1	0.83	10.5% p.a.up to Nov'2007 11.25% p.a. from Dec'2007 onwards	Monthly Installment of Rs.8800	Hypothecation on the Maruti Esteem
UNSECURED LOANS				
a.)Intercorporate Deposits	-		Repayable on demand.	
b.)From Share Holders	-			
c.)From Directors / Others	427.07			
d.)From Banks	12.27			

GYSCOAL ALLOYS LTD

ANNEXURE : VIII : UNSECURED LOANS, AS RESTATED

Particulars	30.06.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
From Directors	427.07	440.02	337.35	143.41	111.96	63.24
Intercorporate Diposits	-	-	28.99	-	115.30	52.02
From Others	12.27	14.28	152.18	34.28	66.68	2.00
Total	**439.33**	**454.30**	**518.52**	**177.69**	**293.94**	**117.26**

Notes : No interest is payable on loans taken from Directors

ANNEXURE : IX : INVESTMENT, AS RESTATED

Particulars	30.06.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Short Term Investment		**-**				
Long Term Investment (Unquoted)	2.09	2.09	2.09	2.09	2.09	2.09
(A) Investment in Unlisted Securities						
Equity Shares Navrang Organizers Pvt. Ltd. (20893 shares of Rs.10 each fully paid up at cost)	2.09	2.09	2.09	2.09	2.09	2.09
Shares of Mrudul Tower Association (1 share of Rs.100 each fully paid up at cost)	0.00	0.00	0.00	0.00	0.00	0.00
(B) Investment in Listed Securities	**-**	-	-	-	-	
Total	**2.09**	**2.09**	**2.09**	**2.09**	**2.09**	**2.09**

ANNEXURE : X : SUNDRY DEBTORS, AS RESTATED

Particulars	30.06.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Unsecured and Considered Good						
Less than six months	2,937.85	2,219.98	2,181.51	1,047.46	1,605.96	345.17
More than six months	250.68	384.99	355.33	298.04	486.32	91.10
Total	**3,188.52**	**2,604.97**	**2,536.84**	**1,345.49**	**2,092.28**	**436.27**

None of the sundry debtors is related to the directors or promoters or the issuer in any way other than those which are specifically mentioned in Annexure XV relating to related party transactions.

ANNEXURE : XI : LOANS AND ADVANCES, AS RESTATED

Particulars	30.06.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Unsecured and Considered Good						
Advance Recoverable in Cash or Kind or Value to be received	83.83	94.77	97.81	119.61	28.55	11.04
Prepaid Expenses	0.63	2.04	1.55	2.39	1.88	-
Deposits	95.78	95.78	83.05	419.06	150.14	10.63
Staff advances	2.77	2.50	1.32	1.61	0.43	0.12
Duties & Taxes	72.41	81.24	114.09	41.16	120.03	76.28
Total	**255.42**	**276.33**	**297.82**	**583.83**	**301.03**	**98.08**

None of the loans and Advances are related to the directors or promoters or the issuer in any way other than those which are specifically mentioned in Annexure XV relating to related party transactions.

ANNEXURE : XII : CURRENT LIABILITIES AND PROVISIONS, AS RESTATED

Particulars	30.06.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Creditors - Advance from customers	24.00	24.00	277.39	7.99	17.00	17.00
Sundry Creditors	2,080.46	1,901.78	2,261.62	2,460.34	2,873.20	674.50
Other Current Liabilities	11.24	8.35	2.68	154.92	26.85	-
Provision for taxation	612.60	529.53	400.31	458.06	125.96	30.32
Provision for Expenses	5.79	4.96	4.52	2.57	1.93	0.90
Provision for Gratuity	11.41	10.25	7.34	5.38	3.44	-
Total	**2,745.51**	**2,478.87**	**2,953.86**	**3,089.26**	**3,048.38**	**722.72**

ANNEXURE : XIII : DEFERRED TAX LIABILITY/ (DEFERRED TAX ASSETS), AS RESTATED

Particulars	30.06.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Tax impact of difference between carrying amount of fixed assets in the financial statements and the income tax return.	337.80	341.49	199.05	111.89	57.49	(2.85)
Total	**337.80**	**341.49**	**199.05**	**111.89**	**57.49**	**(2.85)**

GYSCOAL ALLOYS LTD.

ANNEXURE : XIV : STATEMENT GIVING DETAILS OF OTHER INCOME

(All amounts are in Lacs)

Particulars	30.06.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Other income, as per unconsolidated Summary Statement of Profits and Losses, as restated (a)	11.78	35.62	49.73	16.97	11.35	2.19
Net Profit before tax, as per Unconsolidated Summary Statement of Profits and Losses, as restated (b)	232.30	765.97	304.80	1148.92	437.17	89.85
Percentage of Other Income (a) / (b)	**5.07%**	**4.65%**	**16.32%**	**1.48%**	**2.60%**	**2.44%**
Nature of Other Income	**30.06.2010**	**31.03.2010**	**31.03.2009**	**31.03.2008**	**31.03.2007**	**31.03.2006**
Other Income	0.11	0.65	0.93	0.16	0.27	2.19
ISO Subsidy	0.00	0.00	0.00	2.00	0.00	0.00
Exchange Rate Fluctuation Income	1.37	2.02	30.62	2.55	0.79	0.00
Interest On L.C.Margin Money	3.62	6.70	3.56	4.08	0.43	0.00
Interest on UGVCL Deposit	4.95	4.89	4.88	3.46	0.80	0.00
Kasar Vatav	0.02	6.22	8.73	4.73	1.37	0.00
L.C. Usance Interest Income	0.00	0.00	1.01	0.00	4.30	0.00
FDR Interest Income	1.71	15.14	0.00	0.00	0.00	0.00
Loading & Unloading charges	0.00	0.00	0.00	0.00	3.39	0.00
Total	**11.78**	**35.62**	**49.73**	**16.97**	**11.35**	**2.19**

GYSCOAL ALLOYS LTD.

ANNEXURE : XV : DETAILS OF RELATED PARTY TRANSACTION

PARTICULARS	NATURE OF RELATIONSHIP	NAME OF RELATED PARTY	30.06.2010	31.03.2010	31.03.2009	31.03.2008	31.03.2007	31.03.2006
Purchase of Fixed Assets	Companies / Firms in which Promoters has significant interest	Gyscoal Energy Pvt. Ltd	0.00	0.00	0.00	0.00	4.63	26.50
		Torque Automotive Pvt. Ltd	0.00	16.75	0.00	35.25	0.00	0.00
	Promoter				-	-	-	-

Income & Expenses								
Sales	Companies / Firms in which Promoters has significant interest	Gyscoal Energy Pvt. Ltd	0.00	206.05	0.00	0.00	0.00	10.55
		General Capital & Holdings Pvt. Ltd	0.00	210.78	0.00	0.00	0.00	0.00
Material Purchase	Companies / Firms in which Promoters has significant interest	Gyscoal Energy Pvt. Ltd	0.00	0.00	0.00	0.00	81.20	0.91
Managerial Remunerations	Promoters	Mr. Viral Shah	1.17	4.72	4.20	3.90	3.00	2.01
		Mr. Manish Shah	0.73	2.76	2.40	2.16	1.44	0.18
		Mrs. Giraben Solanki	0.52	2.03	1.80	1.80	1.80	2.01
	Total		**2.42**	**9.51**	**8.40**	**7.86**	**6.24**	**4.20**
	Relatives of Promoters	Mrs. Mona V. Shah	0.4	1.60	1.44	1.44	1.44	1.44
		Mrs. Sarojben M. Shah	0.41	1.67	1.50	1.50	1.50	1.50
		Mrs. Dipali M. Shah	0.26	1.07	0.96	0.96	0.96	0.96
	Total		**1.07**	**4.33**	**3.90**	**3.90**	**3.90**	**3.90**
Loans taken	Promoters	Viral Shah	3.00	107.36	129.90	23.90	28.39	22.59
		Manish Shah	4.00	4.60	34.51	30.25	17.00	2.60
		Giraben Solanki	0.00	0.00	0.00	5.02	0.00	9.30
		Zankarsinh Solanki	0.00	22.50	0.00	25.35	23.24	30.03
	Total		**7.00**	**134.46**	**164.41**	**84.52**	**68.63**	**64.52**
	Relatives of Promoters	Mrs. Mona V. Shah	0.00	29.50	73.25	24.30	19.25	0.00
		Mrs. Sarojben M. Shah	0.00	0.00	0.00	0.00	0.00	0.00
		Mrs. Dipali M. Shah	0.00	10.00	20.00	8.00	40.93	0.00
		K.H.Solanki	0.00	0.00	3.74	0.00	0.00	0.00
		Mukund C Shah	0.00	0.00	0.00	0.00	0.00	2.00
	Total		**0.00**	**39.50**	**96.99**	**32.30**	**60.18**	**2.00**
	Companies / Firms in which Promoters has significant interest	Torque Automotive Pvt. Ltd	0.00	234.28	28.98	0.00	0.00	0.00
		General Capital & Holdings Pvt. Ltd	0.00	0.00	0.00	0.00	0.00	0.00
		Gyscoal Energy Pvt. Ltd	0.00	0.00	0.00	69.40	20.81	51.72
	Total		**0.00**	**234.28**	**28.98**	**69.40**	**20.81**	**51.72**
Loans repaid	Promoters	Viral Shah	16.25	48.75	25.35	13.41	5.85	8.48
		Manish Shah	0.00	10.00	15.42	0.16	5.79	1.30

		Giraben Solanki	0.00	0.00	0.00	9.50	2.32	2.50
		Zankarsinh Solanki	0.00	0.00	0.00	30.00	5.95	3.50
	Total		**16.25**	**58.75**	**40.77**	**53.07**	**19.91**	**15.78**
	Relatives of Promoters	Mrs. Mona V. Shah	0.00	0.00	27.40	40.05	3.50	0.00
		Mrs. Sarojben M. Shah	0.00	0.00	0.00	0.00	0.00	0.00
		Mrs. Dipali M. Shah	0.00	0.00	3.00	44.93	4.00	0.00
		K.H.Solanki	0.00	3.74	0.00	0.00	0.00	0.00
		Mukund C Shah	0.00	0.00	0.00	2.00	0.00	0.00
	Total		**0.00**	**3.74**	**30.40**	**86.98**	**7.50**	**0.00**
	Companies / Firms in which Promoters has significant interest	Torque Automotive Pvt. Ltd	0.00	263.26	0.00	0.00	0.00	0.00
		General Capital & Holdings Pvt. Ltd	0.00	0.00	0.00	0.00	0.00	0.00
		Gyscoal Energy Pvt. Ltd	0.00	0.00	0.00	69.40	72.53	0.00
	Total		**0.00**	**263.26**	**0.00**	**69.40**	**72.53**	**0.00**
Loans given	Companies / Firms in which Promoters has significant interest	Torque Automotive Pvt. Ltd	0.00	**1.01**	**0.00**	**0.00**	**0.00**	**0.00**
		General Capital & Holdings Pvt. Ltd	10.00	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	Total		**10.00**	**1.01**	**0.00**	**0.00**	**0.00**	**0.00**
Loans recovered	Companies / Firms in which Promoters has significant interest	Torque Automotive Pvt. Ltd	1.01	**1.01**	**0.00**	**0.00**	**0.00**	**0.00**
		General Capital & Holdings Pvt. Ltd	2.85	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
	Total		**3.86**	**1.01**	**0.00**	**0.00**	**0.00**	**0.00**
Outstanding Balance of loans taken	Promoters	Viral Shah	202.76	216.01	166.20	61.64	51.15	28.61
		Manish Shah	60.28	56.28	61.68	42.60	12.51	1.30
		Giraben Solanki	0.00	0.00	0.00	0.00	4.48	6.80
		Zankarsinh Solanki	61.68	61.68	39.17	39.17	43.82	26.53
	Total		**324.72**	**333.97**	**267.05**	**143.41**	**111.96**	**63.24**
	Relatives of Promoters	Mrs. Mona V. Shah	75.35	75.35	45.86	0.00	15.75	0.00
		Mrs. Sarojben M. Shah	0.00	0.00	0.00	0.00	0.00	0.00
		Mrs. Dipali M. Shah	27.00	27.00	17.00	0.00	36.93	0.00
		K.H.Solanki	0.00	0.00	3.73	0.00	0.00	0.00

		Mukund C Shah	0.00	0.00	0.00	0.00	2.00	2.00
	Total		**102.35**	**102.35**	**66.59**	**0.00**	**54.68**	**2.00**
	Companies / Firms in which Promoters has significant interest	Torque Automotive Pvt. Ltd	0.00	1.01	28.98	0.00	0.00	0.00
		General Capital & Holdings Pvt. Ltd	0.00	0.00	0.00	0.00	0.00	0.00
		Gyscoal Energy Pvt. Ltd	0.00	0.00	0.00	0.00	0.00	51.72
	Total		**0.00**	**1.01**	**28.98**	**0.00**	**0.00**	**51.72**
Maximum balance during the year	Promoters	Viral Shah	216.01	238.86	166.20	67.41	45.05	29.54
		Manish Shah	60.28	61.69	61.68	42.60	12.51	1.30
		Giraben Solanki	0.00	0.00	0.00	4.48	6.81	6.81
		Zankarsinh Solanki	61.68	61.68	39.17	48.20	43.83	28.24
	Total		**337.96**	**362.22**	**267.05**	**162.69**	**108.20**	**65.89**
	Relatives of Promoters	Mrs. Mona V. Shah	75.35	75.35	42.12	40.05	15.75	0.00
		Mrs. Sarojben M. Shah		0.00	0.00	0.00	0.00	0.00
		Mrs. Dipali M. Shah	27.00	27.00	20.00	45.38	36.93	0.00
		K.H.Solanki	0.00	3.73	3.73	0.00	0.00	0.00
		Mukund C Shah	0.00	0.00	0.00	2.00	2.00	2.00
	Total		**102.35**	**106.08**	**65.85**	**87.43**	**54.68**	**2.00**
	Companies / Firms in which Promoters has significant interest	Torque Automotive Pvt. Ltd	0.00	213.99	28.98	0.00	0.00	0.00
		General Capital & Holdings Pvt. Ltd	7.15	0.00	0.00	0.00	0.00	0.00
		Gyscoal Energy Pvt. Ltd	0.00	0.00	0.00	36.20	51.72	51.72
	Total		**7.15**	**213.99**	**28.98**	**36.20**	**51.72**	**51.72**

GYSCOAL ALLOYS LTD.
ANNEXURE : XVI : STATEMENT OF TAX SHELTERS

Particulars	Year Ended 31.03.2010	Year Ended 31.03.2009	Year Ended 31.03.2008	Year Ended 31.03.2007	Year Ended 31.03.2006
Profit Before Tax as per Books (A)	765.97	304.80	1,148.92	437.17	89.85
Normal Tax Rate (%)	33.99%	33.99%	33.99%	33.66%	33.66%
MAT Tax Rate (%)	16.995%	11.33%	11.33%	11.22%	11.22%
Tax at actual rate on Book Profit	260.35	103.60	390.52	147.15	30.24

Adjustments :					
Timing Differences					
Difference Between Tax Depreciation and Book Depreciation	-419.09	-256.42	-159.75	-179.28	-6.68
Other Adjustments for Timing Difference	0	0	0	-5.24	-3.29
Total	**-419.09**	**-256.42**	**-159.75**	**-184.52**	**-9.97**
Permanent Differences					
Expenses Disallowed	23.85	53.9	9.69	5.53	11.99
Set off of carry forward losses	0	0	0	0	-13.98
Deferred revenue expenditure					
Other adjustments					
Impact of Qualification					
Total	**23.85**	**53.90**	**9.69**	**5.53**	**-1.99**
Net Adjustments (B)	**-395.24**	**-202.52**	**-150.06**	**-178.99**	**-11.96**
Tax saving thereon (D)	**-134.34**	**-68.84**	**-51.01**	**-60.25**	**-4.03**
Profit & Loss as per Income Tax Returns (D) = (A-B)	**370.73**	**102.28**	**998.86**	**258.18**	**77.89**
Taxable Loss / Income	370.73	102.28	998.86	258.18	63.91
Taxable Income as per MAT	775.831	318.96		44.06	89.61
Tax as per Income Tax Return					
- As per Normal Provision			**339.51**	**86.90**	**26.22**
- As per MAT Provision	**131.85**	**36.14**			

CHANGES IN ACCOUNTING POLICIES IN THE LAST THREE YEARS

There is no change in accounting policies followed by the company in preparation of its financial accounts during the financial years, i.e. during the year 2007-08, 2008-09 & 2009-10.

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

(A) Overview of the Indian Steel Industry –

The Indian steel industry is currently going through an expansionary phase backed by a liberalized policy environment. Prospects of domestic demand appear to be excellent driven by high investment rate, accelerated growth in the manufacturing industry and expansion in physical infrastructure creation.

According to the annual report 2008-09 by the ministry of steel

- India remained the fifth largest producer of crude steel in the world during 2008.
- India also maintained its lead position as the world's largest producer of direct reduced iron (DRI) or sponge iron with nearly 20 million tonnes production in 2008-09.
- As per the revised estimates, the country is likely to achieve a steel production capacity of nearly 124 million tonnes by the year 2011-12

The growth was driven by capacity expansion from 43.91 million tonnes per annum (MTPA) in 2003-04 to 64.4 MTPA in 2008-09. Crude steel production grew at more than 8.16% annually from 38.72 million tonnes in 2003-04 to 54.52 million tonnes in 2008-09.
Production of finished steel was at 56.39 million tonnes during 2008-09 as against 40.71 million tones in 2003-04 at average annual growth rate of 7.7%.
The National Steel Policy 2005 had projected consumption to grow at 7% based on a GDP growth rate of 7-7.5% and production of 110 million tonnes by 2019-2020. These estimates will be largely exceeded and it is envisaged that in the next five years, demand will grow at a considerably higher annual average rate of over 10% as compared to around 7% growth achieved between 1991-92 and 2005-06. It has been assessed that, on a 'most likely scenario' basis, the steel production capacity in the country by the year 2011-2012 will be nearly 124 million tonnes.

Liberalization of the foreign trade regime has had a favorable effect on Indian exports. Exports have grown fast and at a rate exceeding 25% per annum between 1991-92 and 2002-03. Thereafter, till 2005-06 export levels stagnated at around 4-4.5 Million Tonnes per year. This period also coincided with a change in the country's export basket in favour of more value added and sophisticated products. The export destinations have also become diversified with the inclusion of new markets in Africa and the Middle East.

(B) Overview of the Company

Gyscoal Alloys Limited was incorporated as Shreenath Mineral Metal Private Limited on September 29, 1999 under the companies act, 1956. On June 21, 2004, the name of the company was changed to Gyscoal Alloys Private Limited. It was subsequently changed to a public limited company with the sanction of the members on March 21, 2006.

Gyscoal Alloys Limited is engaged in the business of manufacturing of Stainless Steel and Mild Steel Long Products from scrap. The plant for the production activities is located at Ubkhal, Kukarwada, Vijapur – Taluka, Mehasana - District The registered office of the company is situated at 2nd Floor, Mrudul Tower, Near Times of India, Ashram Road, Ahmedabad.

In pursuance of its objectives, Gyscoal Group is committed to maintain world-class quality standards, efficient delivery schedules, competitive price and excellent after sales service. Gyscoal Alloys Limited has the capacity to manufacture all grades of Stainless Steel Products from 200 series to 400 series. The products are primarily used in the construction in chemical plants, Pharmaceutical plants, building construction, railways and other sectors for structural purpose.

Company's Strategy:

- Capitalize on the forecasted demand of SS and MS Long Products.
- Expand the range of products.
- Strengthen the position in Indian Markets i.e. Focused Marketing.
- Maintain long term relationships with the clients
- Continue to explore arrangements with major foreign players and add value to the Company's existing products

- Technological investment.
- Reduce operational costs thereby increasing our cost competitiveness.
- Continue to focus on high quality customer service.

(a) Significant developments subsequent to the last financial year

There has been no siginificant development in the company subsequent to the last financial year.

(b) Factors affecting results of our operations

The financial condition and results of operations of the Company are affected by the following factors:

- ***Foreign currency risk***

Company has initiated direct exports in the year 2007-08. In case of appreciation of the INR against foreign currency could affect the exports of the products and this may affect the revenues of the Company.

- ***Cost of Materials***

In the recent past, domestic and international markets have shown wide fluctuations in the prices of critical raw materials such as MS / SS Scrap, Ferrous Alloys etc. which are consumed for the manufacturing activity of the company. Any wide fluctuations in the prices of such raw materials may have an adverse impact on the profitability of the Company.

- ***Withdrawal of Government incentives***

Various incentives are offered by the Government for development of infrastructure, particularly in development of roads & housing, in which steel is a major raw material. Adverse change in the focus of the Government may affect the future business prospects of the Company.

- ***Stiff Competition***

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

FACTORS THAT MAY AFFECT RESULTS OF THE OPERATIONS

Except as otherwise stated in this Red Herring Prospectus, the following important factors could cause actual results to differ materially from expectations.

- General economic and business conditions in local as well as international market, as India is well integrated with world market;
- Company's inability to successfully implement its growth and expansion plans;
- Increasing competition in the Steel industry;
- Increase in labour costs, raw materials prices and cost of plant & machineries
- Delay in recovery of debts from the customers;
- Changes in laws and regulations that apply to steel industry;
- Recent increase in the prices of raw material and government actions of asking steel industry to roll back price increase may spillover to entire steel industry and put margins under pressure

(c) Results of Operations

As a result of the various factors discussed above that affect the income and expenditure of the Company, results of operations may vary from period to period. The following table sets forth certain information with respect to the results of operations of the Company for the periods indicated read together with notes, accounting polices and report thereon which appear in Red Herring Prospectus:

(Rs in Lacs)

Particulars	Year Ended 31.03.07	Year Ended 31.03.08	Increase/ Decrease (%)	Year Ended 31.03.09	Increase/ Decrease (%)	Year Ended 31.03.2010	Increase/ Decrease (%)	Period Ended 30.06.2010
Income								
Income from Operations	7376.94	12192.93	65.28	12749.58	4.57	15896.77	24.68	4119.39
Other Income (Incl Interest Income)	11.35	16.97	49.52	49.73	193.05	35.62	-28.37	11.78
Accretion/ (Depletion) of Stocks	387.97	1028.28	165.04	-241.16	-123.45	-54.80	-77.28	430.33
Total	**7776.26**	**13238.18**	**70.24**	**12558.15**	**-5.14**	**15877.59**	**26.43**	**4561.50**
Expenditure								
Material Cost	6670.41	10597.82	58.88	10816.67	2.07	13457.04	24.41	3902.75
Employee Compensation and Related Expenses	25.60	30.96	20.94	41.11	32.78	57.64	40.21	16.44
Manufacturing and other expenses	371.95	924.08	148.58	764.88	-17.23	897.38	17.32	213.28
Interest & Financial Charges	130.09	261.26	100.83	422.73	61.80	439.48	3.96	125.62
Depreciation	141.03	275.14	95.09	207.96	-24.42	260.06	25.05	71.10
Amortization of Preliminary and Miscellaneous Expenses	0	0	0	0	0	0	0.00	0
Total	**7339.08**	**12089.26**	**64.73**	**12253.35**	**1.36**	**15111.60**	23.33	**4329.20**
Profit Before Tax	**437.17**	**1148.92**	**162.81**	**304.80**	**-73.47**	**765.97**	151.30	**232.30**
Provision for Tax	156.99	418.37	166.49	125.94	-69.90	274.30	117.80	79.38
Profit after Tax	**280.18**	**730.55**	**160.74**	**178.86**	**-75.52**	**491.67**	174.89	**152.92**

Source: Restated Financial Statements

- **Analysis of Revenue**

Revenues, referred to in the financial statements as total income comprises of income from operations which includes job work done for others and other income. The income from operations comprises of the sales of SS / MS angles, Flats, Ingots, job work done for others, etc.

Income from other sources comprises of interest, exchange rate fluctuation etc.

- **Expenditure**

Expenditure mainly comprises of Material Cost, Employee Cost, Operation & Other Expenses and Depreciation. Material cost consists of Raw Material, Packing Materials. Employee Cost consist of payments made to the employees at all levels of the hierarchy. Manufacturing and other cost comprises of expenditure incurred on power & fuel, repairs & maintenance, stores & spares, electricity expenses, sales promotion, expenses incurred for day to day routine (administrative) like Printing & Stationery, Professional Fees, insurance expenses, traveling etc.

- **Comparison of the financials for the year ended March 31, 2007 & March 31, 2008.**

Income

In respect of income from operations, company has registered a growth of 65.28% in the financial year 2007-08. Increase in the operating activities is largely on better utilization of the installed capacity of the plant and overall increasing of demand of steel products in the market.

Material Cost

The raw material consumption as percentage of Income from Operations was 87% in financial year 2007-08 as compared to 90% during 2006-07. Company has been able to achieve improvement in raw material consumption as percentage of Income from Operations. The improvement was largely on account of acquisition & utilization of the melting unit.

Manufacturing & other expenses
The manufacturing & other expenses as percentage of Income from Operations was 7.58% during financial year 2007-08 as compared to 5.04% during financial year 2006-07. This was mainly due to increase in other manufacturing expenses.

Borrowing and Finance Charges
Finance cost during the financial year 2007-08 was Rs. Rs.261.26 lacs as compared to Rs. Rs.130.09 during financial year 2006-07. It showed an increase of almost 100%.
Total borrowing both secured and unsecured showed an uptrend on account of larger need for funds due to expanded activity and higher sales. Total borrowing was Rs. 1700.68 lacs for the year ended on March 31, 2008 as compared to Rs. 1429.70 lacs for the year ending on March 31, 2007.

Depreciation
To increase its production capacity, Company made significant additions to its block of assets during 2007-08 as well 2006-07. Increase in the block of assets was Rs. 592.63 lacs during the financial year ending on March 31, 20008 and Rs. 1261.40 lacs during financial year ending on March 31, 2007. Due to increase in value of fixed assets, there has been a corresponding increase in depreciation for the financial year 2007-08 to Rs. 275.14 lacs from Rs. 141.03 lacs in the financial year 2006-07..

Profit after tax
The Profit after tax and extra-ordinary items as a percentage to total income (Income from Operations and other income) has improved from 3.79% during financial year 2006-07 to 5.98% during financial year 2007-08. Increase is contributed by overall improvement in capacity utilization, better price realization.

- **Comparison of the financials for the year ended March 31, 2008 & March 31, 2009.**

Income
In respect of income from operations, company has registered a growth of 4.57% in the financial year 2008-09 as compared to financial year 2007-08. Due to global recession, the markets had suffered reduction in demand both in domestic as well as international market.

Material Cost
The Company has been able to maintain the improvement in raw material consumption as percentage of Income from Operations. It was 85% during the financial year 2008-09. The percentage of material cost to Income from operations remained in the range of 85-90% during the years 2005-06 to 2008-09.

Manufacturing & other expenses
Manufacturing and other expenses during the financial year 2008-09 was Rs. 764.88 lacs as compared to Rs. 924.08 lacs during financial year 2007-08. The reduction in the manufacturing and other expenses was mainly on account of re-grouping of expenses under various accounting heads and excise duty adjustment which was reduced from the value of finished stock.

Borrowing and Finance Charges
Finance cost during the financial year 2008-09 was Rs.422.73 lacs as compared to Rs. 261.26 during financial year 2007-08. It showed an increase of almost 62%.
Total borrowing for the year ended on March 31, 2009 was Rs.2475.21 lacs as compared to Rs. 1700.68 lacs for the year ending on March 31, 2008.

Depreciation
To increase product range, company has made significant additions to its Block of assets during 2008-09. Depreciation during the financial year 2008-09 was Rs. 207.96 lacs as compared to Rs. 275.14 lacs during the financial year 2007-08. The majority of assets purchased during the year 2008-09 by the company were put to use after September 30, 2008 and therefore amount of depreciation was lower. The company had shown WIP (Building and Plant and Machinery) of Rs 115.33 lacs for which no depreciation was claimed in that particular year.

Reasons for decrease in depreciation between March 31, 2008 & March 31, 2009
Total Fixed Assets addition during the year 2008-09 was Rs.451.38 lacs out of which fixed assets of Rs.115.33 lacs was reflected as capital work in progress and also remaining fixed assets were installed during the year for expansion of melting capacity from 12000 MT to 18000 MT and commercial production commenced during last few months of the above financial year. Depreciation was calculated on put to use basis and no depreciation was calculated on capital work in progress. The depreciation in respect of all fixed assets has been calculated on WDV Method.

Table showing the details of fixed assets as on March 31, 2008 and 2009 is given below for your reference:

Fixed Assets	As at 31.03.2009	As at 31.03.2008
Gross Block	2308.97	1972.92
Less : Accumulated Depreciation	773.68	565.72
Net Block	1535.29	1407.21
Add : Capital Work in Progress	115.33	0.00
Total Fixed Assets	1650.62	1407.21

Profit after tax

The Profit after tax and extra-ordinary items as a percentage to total income (Income from Operations and other income) was reduced to 1.40% during financial year 2008-09 compared to 5.98% during financial year 2007-08. The major reason for lower profits was global recession as a result of which the sales were affected at very competitive rates. However, the company managed to achieve a profitability ratio of 1.40% compared with the total income.

- **Comparison of the financials for the year ended March 31, 2009 & March 31, 2010.**

Income

In respect of income from operations, company has registered a growth of 24.68% in the financial year 2009-10 as compared to financial year 2008-09. The demand both in domestic as well as international market started improving and therefore the company's sales started to increase during the financial year 2009-10.

Material Cost

The material cost during the financial year 2009-10 was Rs 13457.04 lacs compared to Rs 10816.67 lacs for the financial year 2008-09. There was increase in the material consumption to the extent of the increase in the turnover of Company. The income from operations increased by 24.68% during March 31,2010 and the raw material consumption also increased proportionately by 24.41%. The raw material consumption as percentage of Income from Operations was approx 85%during the financial year 2009-10 which remained the same compared to financial year 2008-09.

Manufacturing & other expenses

Manufacturing and other expenses during the financial year 2009-10 was Rs 897.38 lacs where as during the financial year 2008-09 was Rs. 764.88 lacs. There was increase in manufacturing and other expenses by 17.32% were mainly on account of direct costs related to increase in sales turnover. The percentage of manufacturing and other expenses was 5.65% of the income from operations during financial year 2009-10 compared to 6.00% during financial year 2008-09.

Borrowing and Finance Charges

Interest and Finance cost during the financial year 2009-10 increased marginally by 3.96%. The borrowing cost was Rs.422.73 lacs during the financial year 2008-09 compared to Rs. 439.48 lacs during financial year 2009-10.

Depreciation

Depreciation during the financial year 2009-10 was Rs. 260.06 lacs as compared to Rs. 207.96 lacs during the financial year 2008-09. This increase in amount of depreciation was due to the increase in block of fixed assets of the company during the financial year 2009-10.

Profit after tax

The Profit after tax and extra-ordinary items for the financial year 2009-10 increased by 174.89% amounting to Rs 491.67 lacs compared to Rs 178.86 lacs during the financial year 2008-09. The profit after tax margin also increased to 3.09% as a percentage of Income from Operations during the financial year 2009-10. The same was 1.40% during financial year 2008-09. The major reason for increased profitability was due to increase in Income from operations during 2009-10 and optimum use of manufacturing facilities. The direct costs as a percentage of income from operations remained same where as the income from operations increased by almost 25%.

Reasons for increase in "Advance recoverable in cash or kind or value to be received" between the financial year ended March 31, 2009 an September 30, 2009

Details of the "Advance recoverable in Cash or Kind or value to be received" during the period ended September 30, 2009 was as under:

Advances to suppliers for Plant & Machinery	Rs. 74.38 lacs
Advances to Contractors & Others	Rs. 8.29 lacs
Advances to Creditors for goods	Rs. 53.87 lacs
Advances to Shankarsinh Vaghelabapu Charitable Trust	Rs. 200.00 lacs
Total	**Rs. 336.54 lacs**

The increase in “Advance recoverable in Cash or Kind or value to be received” between March 31, 2009 and September 30, 2009 was due to loan given to Shankarsinh Vaghelabapu Charitable Trust for Rs.200.00 lacs. The loan was fully recovered during the financial year ended March 31, 2010.

An analysis of reasons for the changes in significant items of income and expenditure is given hereunder:

- ***Unusual or infrequent events or transactions***

There are no unusual or infrequent events or transactions that have significantly affected operations of the Company.

- **Significant economic changes that materially affected or are likely to affect income from continuing operations**

Any major change in policies of the Government would have a significant impact on the profitability of the Company. Further any slow down of government spending could adversely impact the profitability of the Company. Except the above, and those discussed in Chapter on “Risk Factors” there are no significant economics changes that may materially affect or likely to affect income from continuing operations.

- ***Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.***

Apart from the risks as disclosed under heading "Risk Factors" of this Prospectus, there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

- ***Future changes in relationship between costs and revenues in case of events such as future increase in labour or material cost or prices that will cause material change are known.***

Steel industry in India is well integrated with International market. Any development internationally shall have direct impact over cost of raw material it uses and price of its finished product.

- ***The extent to which material increases in net sales / revenue is due to increase in sales volume, introduction of new products or services or increased sales prices***

Increases in revenue is largely on account of optimum utilization of its capacity, increase in selling price in the market & Export orders received during last few years.

- ***Total turnover of each major industry segment in which the Company operated***

The Company is engaged in only one segment namely Steel.

- ***Status of any publicly announced New Products or Business Segment***

The Company has not announced any new products or business segment.

- ***The extent to which the company’s business is seasonal.***

The Company’s business is not seasonal in nature.

- ***Any significant dependence on a single or few suppliers or customers***

The Company is dependent on single and few customers, as the top one and top ten customers constitutes around 33% and 94% of the total income for the year 2009-10. In addition, company is also dependent on few suppliers as top one and top ten suppliers constitutes 29% and 67% of the total purchases for the year 2009-10. The Company is trying to increase the customer and suppliers base to reduce the dependency of the Company on a particular customer/supplier or group of customers/suppliers.

- ***Competitive conditions***

The Company faces stiff competition from medium and larger well-established players. The Company is smaller in size compared to the market leaders. However with proposed capital expenditure company intends to make it good and face competition more confidently.

SECTION VI - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

The Issuer Company certifies that except as stated herein, there is no:

a. Pending litigations in which the Promoters are involved, defaults to financial institutions/banks, non-payment of statutory dues and dues towards instrument holders like debenture holders, fixed deposits, and arrears on cumulative preference shares by the Promoters and the companies/firms/ventures promoted by the Promoters.

b. Pending litigations, defaults, etc. in respect of companies/firms/ventures with which the Promoters was associated in the past but is no longer associated, where his name continues to be associated with particular litigation(s).

c. i) Litigations against our Company or against any other company whose outcome could have a materially adverse effect of the position of our Company.
ii) Litigations against the Promoters or directors involving violation of statutory regulations or criminal offence.

d. i) Pending proceedings initiated for economic offences against the directors, the Promoters, companies /firms/ventures promoted by the Promoters.
ii) Past cases in which penalties were imposed by the concerned authorities against the directors, the Promoters, companies /firms/ventures promoted by the Promoters.

e. Outstanding litigations, defaults, etc., pertaining to matters likely to affect operations and finances of our Company including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII to the Companies Act, 1956

f. Pending litigations, defaults, non payment of statutory dues, proceedings initiated for economic offences/Civil offences (including the past cases, if found guilty), any disciplinary action taken by the Board/ stock exchanges against our Company/Promoters and his other business ventures (irrespective of the fact whether they fall under the purview of Sec 370 (1B) of the Companies Act, 1956) / Directors.

1. Under Criminal Laws

a) Cases filed by the Company

Sr. No.	Case No.(s)	Institution Date	Parties	Authority	Subject Matter and Relief sought	Amount Involved (Rs. in lacs)	Present Status	Likely adverse effect on the financials of issuer company
1.	919/08	April 12, 2007	Gyscoal Alloys Ltd. vs. Salvo Steels Pvt. Ltd	City Civil Court Ahmedabad	The present complaint is filed by the company against Salvo Steels Pvt. Ltd. for offence under section 138 of the Negotiable Instruments Act as the Cheque issued by the said party was dishonoured / returned unpaid. The said Cheque was issued by the said party towards the purchase of goods from the company.	10	The matter is still pending with Metropolitan Magistrate Court, Ahmedabad. Next hearing on September 30, 2010.	If the case does not turn out in favour of the company, the financials will get affected by the amount involved in the case.
2.	920/08					10		
3.	921/08					10		
4.	922/08					5		
5.	923/08					10		
6.	924/08					5		
7.	925/08					10		
8.	926/08					10		
9.	927/08					5		
10.	928/08					10		

b) Cases filed against the Company

Sr. No.	Case No.(s)	Institution Date	Parties	Authority	Subject Matter and Relief sought	Amount Involved (Rs. in lacs)	Present Status	Likely adverse effect on the financials of issuer company
1.	Cr. Case No.709/09	Nov. 20, 2008	Tribhuvan Industries Pvt. Ltd. vs. 1.Gyscoal Alloys Limited. 2. Manish M. Shah	Metropolitan Magistrate Court, Ahmedabad	The present complaint is filed against the company by the supplier for offence under section 138 of the Negotiable Instruments Act as the Cheque issued to the said party was dishonoured / returned unpaid. The said Cheque was issued to the said party towards the purchase of goods from them.	Rs. 17.85	Matter is pending with the Metropolitan Magistrate Court, Ahmedabad. Next hearing on November 1, 2010.	If the case does not turn out in favour of the company, the financials will get affected by the amount involved in the case.
2.	Cr. Case No. 198/08	April 2009	Nakoda Metal Corporation vs. 1.Gyscoal alloys Limited 2. Manish M. Shah	Metropolitan Negotiable instrument Act Magistrate, Ahmedabad.	The present complaint is filed against the company by the supplier for offence under section 138 of the Negotiable Instruments Act as the Cheque issued to the said party was dishonoured / returned unpaid. The said Cheque was issued to the said party towards the purchase of goods from them.	Rs. 23.40	Matter is pending with the Metropolitan Negotiable instrument Act Magistrate, Ahmedabad. Next hearing on September 27, 2010.	If the case does not turn out in favour of the company, the financials will get affected by the amount involved in the case.
3.	Cr. Case No. 527/07	Nov. 20, 2007	Siddheshwari Trading Company vs. 1. Gyscoal Alloys Limited 2. Manish M. Shah	Judicial Magistrate court, Vijapur	The present complaint is filed against the company by the supplier for offence under section 138 of the Negotiable Instruments Act as the Cheque issued to the said party was dishonoured / returned unpaid. The said Cheque was issued to the said party towards the purchase of goods from them.	Rs. 0.89	Matter is pending with Judicial Magistrate court, Vijapur. Next hearing on September 24, 2010.	If the case does not turn out in favour of the company, the financials will get affected by the amount involved in the case.

4.	Cr. Case No.13/ 2010	Feb. 11, 2010	MSTC Ltd Vs. 1. Gyscoal Alloys Limited. 2. Viral Mukundbhai Shah. 3. Giraben Kishorbhai Solanki. 4. Zankarsinh Solanki.	9th Judicial Magistrate, Alipore Court	The present complaint is filed against the company under sec.138 of the Negotiable Instruments Act by the MSTC Limited for 12 post dated cheques issued by the company worth Rs.9,75,85,036=00. The said Cheques were issued to the party for the purchase of various scrap for GAL from various suppliers	Rs. 975.85	The case was pending for its admission hearing before the Chief Judicial Magistrate, Alipore Court, The hearing was fixed on 10 August 2010 in which the matter has been transferred to 9th Judicial Magistrate, Alipore for trial. The. 9th Judicial Magistrate after receiving the court record from CJM, Alipore has fixed the matter on 8 December 2010 for summons report and appearance of the accused	If the case does not turn out in favour of the company, the financials will get affected by the amount involved in the case.

c) Cases filed by the Directors / Promoters- Nil

d) Cases filed against the Directors / Promoters

Sr. No.	Case No.(s)	Institution Date	Parties	Authority	Subject Matter and Relief sought	Amount Involved (Rs. in lacs)	Present Status	Likely adverse effect on the financials of issuer company
1.	Cr. Case No.7 09/09	Nov. 20, 2008	Tribhuvan Industries Pvt. Ltd. vs. 1.Gyscoal Alloys Limited. 2. Manish M. Shah	Metropolitan Magistrate Court, Ahmedabad	The present complaint is filed against the company by the supplier for offence under section 138 of the Negotiable Instruments Act as the Cheque issued to the said party was dishonoured / returned unpaid. The said Cheque was issued to the	Rs. 17.85	Matter is pending with the Metropolitan Magistrate Court, Ahmedabad. Next hearing on November 1, 2010.	If the case does not turn out in favour of the company, the financials will get affected by the amount involved in the case.

					said party towards the purchase of goods from them.			
2.	Cr. Case No. 198/08	April 2009	Nakoda Metal Corporation vs. 1.Gyscoal alloys Limited 2. Manish M. Shah	Metropolitan Negotiable instrument Act Magistrate, Ahmedabad.	The present complaint is filed against the company by the supplier for offence under section 138 of the Negotiable Instruments Act as the Cheque issued to the said party was dishonoured / returned unpaid. The said Cheque was issued to the said party towards the purchase of goods from them.	Rs. 23.40	Matter is pending with the Metropolitan Negotiable instrument Act Magistrate, Ahmedabad. Next hearing on September 27, 2010.	If the case does not turn out in favour of the company, the financials will get affected by the amount involved in the case.
3.	Cr. Case No. 527/07	Nov. 20, 2007	Siddheshwari Trading Company vs. 1. Gyscoal Alloys Limited 2. Manish M. Shah	Judicial Magistrate court, Vijapur	The present complaint is filed against the company by the supplier for offence under section 138 of the Negotiable Instruments Act as the Cheque issued to the said party was dishonoured / returned unpaid. The said Cheque was issued to the said party towards the purchase of goods from them.	Rs. 0.89	Matter is pending with Judicial Magistrate court, Vijapur. Next hearing on September 24, 2010.	If the case does not turn out in favour of the company, the financials will get affected by the amount involved in the case.
4.	Cr. Case No.13/ 2010	Feb. 11, 2010	MSTC Ltd Vs. 1. Gyscoal Alloys Limited. 2. Viral Mukundbhai Shah. 3. Giraben Kishorbhai Solanki. 4. Zankarsinh Solanki.	9th Judicial Magistrate, Alipore Court	The present complaint is filed against the company under sec.138 of the Negotiable Instruments Act by the MSTC Limited for 12 post dated cheques issued by the company worth Rs.9,75,85,036=00. The said Cheques were issued to the party for the purchase of various scrap for GAL from various suppliers	Rs. 975.85	The case was pending for its admission hearing before the Chief Judicial Magistrate, Alipore Court, The hearing was fixed on 10 August 2010 in which the matter has been transferred to 9th Judicial	If the case does not turn out in favour of the company, the financials will get affected by the amount involved in the case.

							Magistrate, Alipore for trial. The. 9th Judicial Magistrate after receiving the court record from CJM, Alipore has fixed the matter on 8 December 2010 for summons report and appearance of the accused	

e) Cases filed by the Group Companies/associate concerns- Nil
f) Cases filed against the Group companies/associate concerns – Nil

2. Under securities Laws

a) Cases filed by the Company - Nil
b) Cases filed against the Company- Nil
c) Cases filed by the Directors/Promoters- Nil
d) Cases filed against the Directors/Promoters- Nil
e) Cases filed by the Group Companies/associate concerns- Nil
f) Cases filed against the Group companies/associate concerns – Nil

3. Under Tax Laws

a) Cases filed by the Company - Nil
b) Cases filed against the Company-

Sr. No.	Case No.(s)	Institution Date	Parties	Authority	Subject Matter and Relief sought	Amount Involved (Rs. in lacs)	Present Status	Likely adverse effect on the financials of issuer company
1.	Date of Panchnama is March 14, 2007	Date of Panchnama is March 14, 2007	Gyscoal Alloys Ltd & Central Excise Dept	Central Excise Department	Investigation initiated by the Central Excise Department at the factory premises and during the physical stock verification, the shortage of 209.6 MT of MS ingots and 57.425 MT of TMT / CMD was found. No other incriminating documents nor any objectionable goods have been noticed by the central excise officers.	Not Quantifiable	There has been no demand notice raised against our Company as on the date of filing of RHP for the said search.	If the case does not turn out in favour of the company, the financials will get affected by the amount involved in the case.

2.	Date of Panchnama is March 15, 2007	Date of Panchnama is March 15, 2007	Gyscoal Alloys Ltd & Central Excise Dept	Central Excise Department	Search was initiated by the Central Excise Department at the office premise of Gyscoal Alloys Ltd. and some original purchase invoices alonwith gatepasses, factory petty cash book, ledger accounts, and a compact disc containing the complete accounts back up of the company was retained for further investigation and no other incriminating documents was found by the Officers during the course of search.	Not Quantifiable	There has been no demand notice raised against our Company as on the date of filing of RHP for the said search.	If the case does not turn out in favour of the company, the financials will get affected by the amount involved in the case.

c) Cases filed by the Director/Promoters- Nil
d) Cases filed against the Director/Promoters- Nil
e) Cases filed by the Group Companies/associate concerns- Nil
f) Cases filed against the Group companies/associate concerns –

Sr. No.	Case No.(s)	Institution Date	Parties	Authority	Subject Matter and Relief sought	Amount Involved (Rs. in lacs)	Present Status	Likely adverse effect on the financials of issuer company
1.	OIO No. 13/OA/2004	October 29, 2001	Gyscoal Energy Pvt. Ltd (Currently known as Gyscoal Enterprise Pvt. Ltd) vs. Central Excise Dept	Central Excise Department	Search was initiated by the Central Excise Department and after further investigation, the department has demanded the amount of Rs. 2,34,821 and also a penalty of Rs. 20,000 from the company vide order dated March 10, 2006. Company has filed the reply to the show cause notice and requested to drop the entire proceedings initiated against the company.	Rs. 2.85	The matter is still pending with the authorities. The Company has filed the reply against the show cause notice and has requested to drop the proceeding so initiated	It will not the affect the financials of the issuer company even if the case does not turn out in favour of the company.

4. Under civil laws

a) Cases filed by the Company- Nil
b) Cases filed against the Company-
Gyscoal Alloys Limited

Sr. No.	Case No.(s)	Institution Date	Parties	Authority	Subject Matter and Relief sought	Amount Involved (Rs. in lacs)	Present Status	Likely adverse effect on the financials of issuer company
1.	1434/2009	July 9, 2009	Ambavi Steel Corporation vs. Gyscoal Alloys Limited	City Civil Court , Ahmedabad	The suit has been filed against the company by the supplier as the Cheque issued to the said party was returned unpaid due to the instruction of stop payment by the company. The said Cheque was issued to the said party towards the purchase of goods from them.	Rs. 5.98 which includes interest of Rs 2.57.	Matter is pending with the City Civil court, Ahmedabad.	If the case does not turn out in favour of the company, the financials will get affected by the amount involved in the case.
2.	2149 / 2009	Oct. 2009	Shree Ambica Traders vs. 1.Gyscoal Alloys Limited 2. Viral M. Shah 3. Manish M. Shah	City Civil Court, Ahmedabad	The suit has been filed against the company by the supplier as the Cheque issued to the said party was returned unpaid. The said Cheque was issued to the said party towards the purchase of goods from them.	Rs. 5.56 which includes interest of Rs 1.37	Matter is pending with the City Civil court, Ahmedabad.	If the case does not turn out in favour of the company, the financials will get affected by the amount involved in the case.
3.	102/10	Jan. 28, 2010	M/s Banyan & Berry Alloys Ltd vs. Gyscoal Alloys Limited	City Civil Court, Ahmedabad	The suit has been filed against the company by the supplier as the company has failed and neglected to pay the amount of the goods purchased from the said party.	Rs. 1380.15	Matter is pending with the City Civil court, Ahmedabad.	If the case does not turn out in favour of the company, the financials will get affected by the amount involved in the case.
4.	Case No. A.P. 258/ 2010	June 11, 2010	MSTC Ltd Vs. 1. Gyscoal Alloys Limited.	Hon'ble High Court at Calcutta	The present petition is filed by MSTC Ltd Regarding the dispute of payment with Gyscoal Alloys. As it is a commercial dispute between the two parties, MSTC Limited has appointed an Arbitrator and has	Rs. 900.71	The case is pending in the Hon'ble High Court at Calcutta and the company is at the	If the case does not turn out in favour of the company, the financials will get affected by the amount

					filed Petition under sec.9 of the Arbitration and Conciliation Act, 1996 against the company restraining the company and, its directors, officers, agents etc. from selling, transferring or disposing or dealing with the property. And to appoint receiver with respect to the property and further directing the company to furnish security of Rs.9,00,71,234. To issue direction to the receiver to take possession of the goods and sell the said assets and property by way of public auction or privately and hand over the sale proceeds to the MSTC Ltd.		stage of filing the reply and the matter is under consider ation of the Calcutta High Court.	involved in the case

Note: As far as the matter of Arbitration on the Table between the Gyscoal Alloys Ltd & MSTC Ltd is concerned as per the agreement dated 14/11/2006 & more particularly as per caluse No. 21, the Arbitrator is appointed by the MSTC and at present the proceedings of arbitration are going on and the next date of hearing given by the Arbitrator is 3/10/2010.

c) Cases filed by the Directors/Promoters- Nil
d) Cases filed against the Directors / Promoters

Sr. No.	Case No.(s)	Institution Date	Parties	Authority	Subject Matter and Relief sought	Amount Involved (in Rs. in lacs)	Present Status	Likely adverse effect on the financials of issuer company
1.	2149 / 2009	Oct. 2009	Shree Ambica Traders vs. 1.Gyscoal Alloys Limited 2. Viral M. Shah 3. Manish M. Shah	City Civil Court, Ahmedabad	The suit has been filed against the company by the supplier as the Cheque issued to the said party was returned unpaid. The said Cheque was issued to the said party towards the purchase of goods from them.	Rs. 5.56 which includes interest of Rs 1.37	Matter is pending with the City Civil court, Ahmedabad.	If the case does not turn out in favour of the company, the financials will get affected by the amount involved in the case.

e) Cases filed by the Group Companies/associate concerns- Nil
f) Cases filed against the Group companies/associate concerns – NIl

5. Under Labour laws

a) Cases filed by the Company - Nil
b) Cases filed against the Company- Nil
c) Cases filed by the Directors/Promoters- Nil
d) Cases filed against the Directors/Promoters- Nil
e) Cases filed by the Group Companies/associate concerns- Nil
f) Cases filed against the Group companies/associate concerns – Nil

6. Under various statutory laws

a) Cases filed by the Company - Nil
b) Cases filed against the Company- Nil
c) Cases filed by the Directors/Promoters- Nil
d) Cases filed against the Directors/Promoters- Nil
e) Cases filed by the Group Companies/associate concerns- Nil
f) Cases filed against the Group companies/associate concerns – Nil

7. Under various other laws including various notices recived, defaults made & penalties levied etc

Sr. No.	Case No.(s)	Institution Date	Parties	Authority	Subject Matter and Relief sought	Amount Involved (Rs. in lacs)	Present Status	Likely adverse effect on the financials of issuer company
1	N.A.	April 13, 2007	Gyscoal Alloys Ltd & Commercial Tax Department.	Commercial Tax Department	Commercial Tax Department has conducted investigation at company's factory & registered office on April 13, 2009 under the provisions of Value Added Tax, 2003 and was found that company is liable to pay Rs. 76,437 for the input-tax credit. No other incriminating documents were found by the officers.	Rs. 0.76	The Demand raised by them of Rs. 76437 was paid by the company and the case has been resolved.	Nil

Defaults involving Group Company Gyscoal Enterprise Private Limited

Sr. No.	Case No.(s)	Institution Date	Parties	Authority	Subject Matter and Relief sought	Amount Involved (Rs. in lacs)	Present Status	Likely adverse effect on the financials of issuer company

1.	SOD/AC/REV/HT17331/4069	April 30, 2004	Gyscoal Enterprise Pvt. Ltd vs. UGVCL	Lok Adalat	Case filed by UGVCL (Uttar Gujarat Vij Company Ltd) against the company for non-payment of dues of electricity to the said party.	Rs. 2.27	Full and final payment of Rs. 1.34 Lac has been made at Lok Adalat Viramgam. No outstanding dues are left.	Nil

Amount Outstanding to SSI Undertaking or other creditors

There are no SSI Undertakings or other creditors to whom the Company owes an amount exceeding Rs.1 Lac which is outstanding for more than 30 days from the due date.

Material Developments

There are no material developments after the date of the last audited balance sheet as on March 31, 2010, which may materially affect the performance, or prospects of the Company.

GOVERNMENT APPROVALS /LICENSING ARRANGEMENTS

Investment Approvals (FIPB/RBI, etc.)

As per Notification No. FEMA 20/2000 -RB dated May 3, 2000, as amended from time to time, under automatic route of Reserve Bank, the Company is not required to make an application for issue of equity shares to NRIs/FIIs with repatriation benefits. However, the allotment/transfer of the Equity Shares to NRIs/FIIs shall be subject to prevailing RBI Guidelines.

All Government and Other Approvals

The Company has received all the necessary licenses, permissions and approvals from the Central and State Government and other government agencies/certification bodies required for the business and no further approvals are required by the Company for carrying on the present as well as proposed business activities of the Company except as mentioned below. It must, however, be distinctly understood that in granting the above approvals, the Central Government, State Government, RBI and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, the Company can undertake the current as well as proposed business activities and no further major approvals from any statutory authority are required to continue those activities other than as mentioned below.

The following statement sets out the details of licenses, permissions and approvals obtained by the Company under various Central and State Laws for carrying out its business.

I. General Corporate Approvals

1. Certificate of Incorporation No. 04-36656 dated September 29, 1999 issued by Registrar of Companies, Gujarat, Dadra and Nagar Haveli issued in the erstwhile name of the "Shreenath Mineral Metal Private Limited".

2. Fresh Certificate of Incorporation dated June 21, 2004 consequent upon Change of Name of our Company from "Shreenath Mineral Metal Private Limited" to "Gyscoal Alloys Private Limited" issued by Registrar of Companies, Gujarat.

3. Fresh Certificate of Incorporation dated March 21, 2006 consequent upon conversion from a private limited company to a public limited company from "Gyscoal Alloys Private Limited" to "Gyscoal Alloys Limited" issued by Registrar of Companies, Gujarat.

II. Factory Units related Approvals

1. Factory license bearing no. 019295 was issued in the name of Gyscoal Alloys Limited and is valid till 31st December, 2011.

2. Registration Certificate No. 615 dated April 7, 2010 issued by Jr. Inspector, Weights and Measurement Department, Vijapur Vibhag under The Standards of Weighs & Measures (Enforcement) Act, 1985. The validity of the certificate is upto April 7, 2011.

3. Connection No. 19878 under Letter No. UGVCL/Regd/Com/New/4327 dated October 3, 2006 received from Uttar Gujarat Vij Company Limited (UGVCL) for release of 2000 KVA Power for our Company's unit at Ubkhal, Kukarwada, Tal: Vijapur, Dist: Mehsana.

4. Approval No. A/P/WB/GJ/15/150 dated July 24, 2006 for storage of petroleum Class C (Furnace Oil / LDO) upto 45 KL at our Company's unit at Plot No. 2 & 3, GIDC Estate, Ubkhal, Kukarwada, Dist: Mehsana received under Rule 140 of Petroleum Rules, 2002 from Controller of Explosives, Baroda Sub Circle Office, Department of Explosives, Ministry of Commerce and Industry, Government of India.

5. SIA Acknowledgement No.2223/SIA/IMO/2005 dated May 10, 2005 for manufacturing of MS/ SS Structurals with an installed/licensed capacity of 18,000 MT issued by Secretariat of Industrial Assistance, Ministry of Commerce & Industry, Government of India.

6. SIA Acknowledgement No. 4824/SIA/IMO/2006 dated August 30, 2006 for manufacturing of Alloys and Non Allloys Structurals/ Black Bars/ Beams/ Girdders etc with a total installed/licensed capacity of 3,000 MT and manufacturing of MS and /or SS Ingots/ Billets/ Bloom etc with an installed/licensed capacity of 22,000 MT.

7. SIA Letter No. 4824/SIA/IMO/2006 dated July 4, 2007 approving amendments in the previous acknowledgement of SIA dated August 30, 2006. The amendments made was relating to the name of company i.e. Gyscoal Alloys Private Limited to Gyscoal Alloys Limited. In addition, total installed/licenced capacity of Alloys and Non Alloys Structural/ Black Bars/ Beams/ Girdders etc was modified to 30,000 MT.

Under a circular dated October 10, 2001 issued by the Gujarat Pollution Control Board No. P-693 (SEZ)/32831, our industrial activity has been listed under the non polluting industry category and we therefore do not require any consent letter under Water and Air (Prevention & Control of Pollution) Act, 1974 from the Gujarat Pollution Control Board.

III .Other Commercial Approvals

1. Gujarat Sales Tax Registration Certificate No. 0738023698 dated May 1, 2004 issued in the name of "Shreenath Mineral Metal Pvt. Ltd." under Gujarat Sales Tax Act, 1969. Registration No. 0738023698 was changed to Registration No. 24073802369 w.e.f. September 14, 2005. Subsequent to the change of name of our Company to Gyscoal Alloys Limited, the above certificate was modified in the name of "Gyscoal Alloys Limited" w.e.f. February 3, 2006.

2. Central Sales Tax Registration Certificate No. GUJ99914274 issued in the name of "Shreenath Mineral Metal Pvt. Ltd." under the Central Sales Tax Act, 1956. Registration No. GUJ99914274 of the Certificate was change to the new Registration No. 24573802369 w.e.f. September 14, 2005. Subsequent to the change of name of our Company to Gyscoal Alloys Private Limited, the above certificate was modified in the name of "Gyscoal Alloys Private Limited" w.e.f. June 21, 2004. Thereafter, again the name of our Company was change to "Gyscoal Alloys Limited" w.e.f. February 3, 2006 subsequent to its conversion from Private Limited Company to Public Limited Company.

3. Central Excise Registration Certificate No.AAECS6731MXM001 dated May 9, 2008 issued by Office of Asst. Commissioner of Central Excise, Gandhinagar under Rule 9 of the Central Excise Rules, 2002 in the name of Gyscoal Alloys Ltd.

4. Permanent Account No. AAECS6731M issued by Income Tax Authority on September 29, 1999 under the Income Tax Act, 1961.

5. Tax Deduction Account No. AHMS00940C allotted by Income Tax Authority under the Income Tax Act, 1961.

6. The Certificate of Importer-Exporter Code (IEC) No. 0804011877 dated January 3, 2005 issued in the name of "Gyscoal Alloys Limited" by the Office of Joint Director General of Foreign Trade (DGFT), Ahmedabad under the Ministry of Commerce, Government of India.

7. Registration-cum-Membership Certificate (RCMC) No. 11300/2007-2008 dated February 12, 2010 issued by Federation of Indian Export Organisation (FIEO), New Delhi set up under Ministry of Commerce, Government of India. The certificate is valid up to March 31, 2011.

8. Employees' Provident Fund (EPF) Code No. GJ/AHD/51314 issued by the Office of Regional Provident Fund Commissioner, Ahmedabad under its Letter No. GJ/PFC/AHD/51314/ENF/1518 dated March 3, 2005.

9. Service Tax Registrations

    a. Certificate of Service Tax Code No. AAECS6731MST001 dated December 8, 2006 issued in the name of "Gyscoal Alloys Ltd. for its unit located at Plot No. 1 & 1-A, GIDC, Ubkhal, Kukarwada, Tal: Vijapur, Dist: Mehsana by the Office of the Deputy Commissioner of Central Excise, Gandhinagar.
    b. Certificate of Service Tax Registration No. AAECS6731MST002 dated December 8, 2006 issued in the name of "Gyscoal Alloys Ltd. for its unit located at Plot No. 356/2, GIDC, Ubkhal, Kukarwada,

Tal: Vijapur, Dist: Mehsana by the Office of the Deputy Commissioner of Central Excise, Gandhinagar.

10. Certificate of Registration No. FM 553514 dated September 18, 2009 issued by BSI India, which certifies that Company operates Quality Management Systems which complies with the requirements of ISO 9001:2008 for the manufacture and supply of stainless steel & mild steel based angles, channels, flats, round, square, bright, twisted bars, billets & ingots adhering to IS2062 & IS 1786. The certificate is valid upto September 17, 2012.

11. Certificate of Registration of Trade Mark issued on March 31, 2010 (Trade Mark No.1633844) for Company's Trademark ***"GYSCOAL"*** under Trade Marks Act, 1999 in Class 6 in respect of SS BARS, SS ANGLES, SS SECTIONS, SS RODS, COMMON METALS, THEIR PRODUCTS INCLUDED IN CLASS 6 issued by the Office of the Registrar of the Trade Marks.

12. Certificate of Registration no. Zone-1/223/2008 dated January 20, 2008 granted to the Company under Contract Labour (Regulation and Abolition) Act, 1970 for employing upto 12 contractors & upto 45 contact labours.

13. Letter from the office of the Deputy/Asst. Commissioner of Customs, Ahmedabad bearing ref. no.VIII/48-427/FD/ICD/2007/08 dated December 18, 2007 granting general permission for examination and stuffing for Export Cargo into container at factory premises.

14. Certificate of registration No.PR/0738000180 dated June 25, 2005 granted to Company under Gujarat State tax on Professions, Trades, callings and Employments Act, 1976

"List of major approvals or licenses yet to be obtained by the Company"

For the proposed manufacturing unit, the Company shall require the following approvals/licenses/certificates:

1. License under Factories Act, 1948.

2. Sanction for power connection from Division Office –

3. Certificate of Registration under the Standards of Weighs & Measures (Enforcement) Act, 1985 from Inspector, Weights and Measurement Department.

4. The Certificate of Registration under sub section (3) of section 7 of the Building & Other Construction Workers (Regulation of Employment & Conditions of Services) Act, 1996 issued by the Deputy Director of Industrial Safety & Health & Registration officer under BOCW (RE & S) Act, 1996.

5. Central Excise Registration for the new unit.

6. Service Tax Code for the new unit.

7. CST Registration for new unit

8. VAT registration for new unit.

The Company has not made any application for any of the above licenses or approvals. The company shall make application in due course of time.

SECTION VII - OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board has, pursuant to a resolution passed at its meeting held on September 7, 2009 authorized the Public Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act. The shareholders of the Company have authorized the Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at the Annual General Meeting of the Company held on September 30, 2009.

Prohibition by SEBI and RBI

Our Company, Promoters, Promoter Group, Directors, Group Companies, the natural persons having control over the promoter 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 or any other authorities. None of our Promoters, Directors was or also is a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI.

Our Directors are not in any manner associated with the securities market and there has been no action taken by the SEBI against the Directors or any entity with which our Directors are involved as promoters or directors.

Neither our Company, our Promoters or their relatives (as defined in the Companies Act), Group Companies, nor our Directors, have been detained as willful defaulters by the RBI or any other government authorities. There are no violations of securities laws committed by any of them in the past or pending against them.

Eligibility for the Issue

The Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI ICDR Regulations as explained under, with the eligibility criteria calculated in accordance with Restated Financial Statements:

- The company has net tangible assets of at least Rs 3 Crores in each of the preceding 3 full years (of 12 months each), of which not more than 50% is held in monetary assets;
- The Company has a track record of distributable profits in terms of section 205 of the Companies Act, 1956, for at least (3) out of immediately preceding five (5) years;
- The Company has a net worth of at least Rs.1 Crores in each of the preceding three (3) full years (of 12 months each);
- The Company has not changed its name within the last one year;
- The aggregate of the proposed issue and all previous issues made in the same financial year in terms of size (i.e. offer through offer document+ firm allotment+ promoter's contribution through the offer document) does not exceed five (5) times its pre-issue net worth as per the last available audited accounts.

As per Regulation 26 (4), the Issuer shall not make an allotment pursuant to a public issue if the number of prospective allottees is less than one thousand (1000).

The pre-issue net worth, distributable profits and net tangible assets in terms of section 205 of the Companies Act, of the Company for the last 5 completed years are as under:

(Rs. in Lacs)

For the Financial year ending	March 31, 2005	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009
Net Tangible Assets	289.50	1286.46	2268.83	3537.71	4944.11
Monetary Assets	1.54	10.10	6.07	62.60	334.14
% of Monetary Assets to Net Tangible Assets	0.53	0.79	0.27	1.77	6.76
Distributable Profits	22.21	56.24	280.18	730.55	178.86
Net worth	145.20	332.85	653.03	1725.15	1900.60

Source: Audited Annual Accounts of the Company for the respective financial years.

The proposed issue size would not exceed five times the pre-issue net worth as on March 31, 2009 which is Rs.1900.60 Lacs. Based on the above data we hereby certified that the Company is fulfilling the criteria of eligibility norms for Public Issue by unlisted company as specified in the regulation 26(1) of SEBI (ICDR) Regulations, 2009 and amendments thereof.

Monetary Asset is defined as the sum of Cash & Bank Balance.

'Net tangible assets' is defined as the sum of fixed assets (including capital work in progress and excluding revaluation reserves), current assets (excluding deferred tax assets) less current liabilities (excluding deferred tax liabilities and long term liabilities).

Further, in accordance with Regulation 26 (4) of the SEBI ICDR Regulations, we undertake that the number of allottees, i.e., persons receiving allotment in the Issue shall be at least 1,000; otherwise, the entire application money will be refunded forthwith. In case of delay, if any, in refund, our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

For a complete explanation of the above figures please refer to the section entitled "Financial Information of the Company" beginning on page 102 of this Red Herring Prospectus.

Disclaimer Clause

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGER, CHARTERED CAPITAL AND INVESTMENT LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, CHARTERED CAPITAL AND INVESTMENT LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 16, 2010 WHICH READS AS FOLLOWS:

(1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;

(2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:

- **(A) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
- **(B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- **(C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE**

SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.

(3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.

(4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.

(5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

(6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.

(7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE.- NOT APPLICABLE

(8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.

(9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.

(10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.-NOT APPLICABLE

(11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

(12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:

(A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND

(B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.

(13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.

(14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE

ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE ,ETC.

(15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

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

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

Disclaimer from the Company and the BRLM

Our Company, our 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 our instance and anyone placing reliance on any other source of information, including our web site www.gyscoal.com would be doing so at his or her own risk.

The BRLM accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLM and our Company dated December 1, 2009 and the Underwriting Agreement to be entered into between the Underwriters and our Company.

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

Caution

Our Company, the BRLM and the Underwriters shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

The BRLM and their respective associates and affiliates may engage in transactions with, and perform services for, our Company and our group companies, affiliates or associates in the ordinary course of business and have engaged, or may in future engage, in investment banking transactions with our Company and our group companies, affiliates or associates for which they have received, and may in future receive, compensation.

Investors that Bid in the Issue will be required to confirm and will be deemed to have represented to our 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 of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, 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 our Company.

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 not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorized under their constitution to hold and invest in shares, and any FII sub-account registered with SEBI which is a foreign corporate or foreign individual, permitted insurance companies and pension funds) and to FIIs and Eligible NRIs. This Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Ahmedabad, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been filed with SEBI for observations. Accordingly, our Company's Equity Shares, represented thereby may not be offered 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 our Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. The Equity Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Equity Shares are being offered and sold only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

Disclaimer clause of the BSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to BSE. BSE has given vide its letter dated May 20, 2010, permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinised this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer clause of the NSE

As required, a copy of this offer document has been submitted to NSE. NSE has given vide its letter ref. no.NSE/LIST/139825-R dated June 10, 2010 permission to the Issuer to use the Exchange's name in this offer document as one of the stock exchanges on which the Issuer's securities are proposed to be listed. The Exchange has scrutinised the Draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document 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 offer document, nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

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

Disclaimer clause of grading agency

CARE's IPO Grading is a one time assessment and the analysis draws heavily from the information provided by the issuer as well as information obtained from sources believed by CARE to be accurate and reliable. However, CARE, does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CARE's IPO grading does not take cognizance of the price of the security and it is not a recommendation to buy, sell or hold shares/securities. It is also not a comment on the offer price or the listed price of the scrip. It does not imply that CARE performs an audit function or forensic exercise to detect fraud. It is also not a forecast of the future market performance and the earnings prospects of the issuer; also it does not indicate compliance/violation of various statutory requirements. CARE shall not be liable for any losses incurred by users from any use of the IPO grading.

Filing

A copy of this Red Herring Prospectus has been filed with the Corporate Finance Department of SEBI, SEBI Bhavan, Plot No. C-4A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under section 60B of the Companies Act, will be delivered for registration to the RoC and a copy of the Prospectus required to be filed under section 60 of the Companies Act will be delivered for registration with RoC situated at ROC Bhavan, CGO Complex, Opp: Rupal Park, Behind Ankur Bus Stand, Naranpura, Ahmedabad – 380 014.

Listing

Applications have been made to the BSE and the NSE for permission for listing of the Equity Shares being issued through this Red Herring Prospectus. The BSE shall be the Designated Stock Exchange with which the basis of allocation will be finalized for the issue.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, the Company shall 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 the Company will become liable to repay it (i.e. from the date of refusal or within 15 days from the date of Bid/Issue Closing Date, whichever is earlier), then the Company along with every Director of the Company who is default shall, on and from 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 both the Stock Exchanges mentioned above are taken within twelve working days from the date of Bid/Issue Closing Date.

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.

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the auditor, the Bankers to the Issue, the Bankers to the Company; and (b) the BRLM, the Syndicate Member, the Escrow Collection Banks and the Registrar to the Issue, to act in their respective capacities, have been obtained and would be filed along with a copy of the Red Herring Prospectus with the RoC as required under sections 60 and 60B of the Companies Act and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act, 1956 and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, Rangani & Patel**,** Chartered Accountants, our Auditors have given their written consent vide their letter dated December 18, 2009 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 will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus for registration with the RoC.

Rangani & Patel**,** Chartered Accountants, our Auditors have given their written consent vide their letter dated December 18, 2009 to the inclusion of their Tax Benefits accruing to our Company and its shareholders in the form and context in which it appears in this Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus for registration with the RoC.

Credit Analysis & Research Limited], a SEBI registered credit rating agency engaged by us for the purpose of obtaining IPO grading in respect of this Issue, has given its written consent as experts to the inclusion of their report in the form and context in which they will appear in the Red Herring Prospectus and such consents and reports will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus to the Registrar of Companies.

Expert Opinion

Except as stated elsewhere in this Red Herring Prospectus, the Company has not obtained any expert opinions.

Expenses of the Issue

The total expenses of the Issue are estimated to be approximately Rs. [●] Lacs. The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, statutory advertisement expenses and listing fees. All expenses with respect to the Issue would be paid by our Company.

The estimated Issue expenses are as under:

(Rs. in Lacs)

Activity	**Expenses ***	**Percentage of the Issue Expenses**	**Percentage of the Issue Size**
Lead management fees, underwriting and selling commission	[●]	[●]	[●]
Advertising and Marketing expenses	[●]	[●]	[●]
Printing and stationery, including transportation costs	[●]	[●]	[●]
Others (Registrar's fee, listing fees, etc.)	[●]	[●]	[●]
Fees payable to Grading Agency	[●]	[●]	[●]
Total estimated Issue expenses	[●]	[●]	[●]

** To be completed after finalization of issue price*

Fees Payable to the BRLM and the Syndicate Members

The total fees payable to the Book Running Lead Manager and the Syndicate Members will be as per the MoU between our Company and the BRLM, a copy of which shall be available for inspection at our registered office.

Fees Payable to the Registrar to the Issue

The fees payable by our Company to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as the per the MoU between our Company and the Registrar to the Issue.

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

Previous Right and Public Issues

We have not made any public or Right issues in India or abroad in the five years preceding the date of this Red Herring Prospectus.

Issues otherwise than for Cash

Except as stated in the section “Capital Structure” on page no. 19 of Red Herring Prospectus, the Company has not issued any Equity Shares for consideration otherwise than for cash.

Commission and Brokerage paid on Previous Issues of the Company’s Equity Shares

Since this is the initial public offer of the 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 Company’s Equity Shares since inception.

Issues Made By The Companies Under The Same Management Under Section 370(1B) Of The Companies Act, 1956.

Neither our Company nor any other company under the same management within the meaning of Section 370(1B) of the Companies Act, 1956, has made any capital issue during the last three years.

Promise vis-à-vis Performance

Since neither our Company nor any group company has not made any public issue in past, Promise vis-à-vis Performance is not applicable to us.

Outstanding debentures, bonds, redeemable preference shares and other instruments issued by Our Company

Our Company has no outstanding debentures, bonds or redeemable preference shares.

Stock Market Data of the Company’s Equity Shares

This being an initial public offer, the Equity Shares are not listed on any stock exchange.

The Memorandum of Understanding between the Registrar to the Issue and our Company provides for retention of records with the Registrar to the Issue for a period of three years from the last date of dispatch of the letters of Allotment, or refund orders, demat credit or where refunds are being made electronically, giving of refund instructions to the clearing system, to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

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

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

Disposal of Investor Grievances by our Company

The Company estimates that the average time required by the Company or the Registrar to the Issue for the redressal of routine investor grievances shall be 15 working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the Company will seek to redress these complaints as expeditiously as possible.

The Company has appointed a Share Holders and Investors Grievances Committee comprising Mr. Sunil H. Talati, Mr. Dharmendra Deo Mishra and Mr. Manish M. Shah.

The Company has appointed Ms. Neha Choksi, Company Secretary, as the Compliance Officer and she may be contacted in case of any pre-Issue or post-Issue-related problems. She can be contacted at the following address:

Ms. Neha Choksi,
Company Secretary,
2nd Floor, Mrudul Tower,
B/h. Times of India,
Ashram Road,
Ahmedabad – 380009,
Tel: 91-79-26574878, 26577998;
Fax: +91-79-26579387;
E-mail: ipo@gyscoal.com;
Website: www.gyscoal.com

Mechanism for Redressal of Investor Grievances by Companies under the same management

None of the company under the same management is listed on any stock exchange as on the date of filing the RHP with SEBI.

Changes in the Auditors during last three years

There is no change in the Statutory Auditors of the Company during last 3 years.

Capitalisation of reserves of profits since incorporation

We have not capitalized our reserves or profits since our incorporation, except in relation to the bonus issuance as stated in"**Capital Structure"** on page 19.

Revaluation of assets since incorporation

There has been no revaluation of assets of the Company since its incorporation.

SECTION VIII: ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

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

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares 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 "Main Provisions of the Articles of Association of the Company" beginning on page 194 for a description of the Articles of Association of the Company.

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 face value of the Equity Shares is Rs. 10 each and the Floor Price is Rs. 65 and the Cap Price is Rs. 71 per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares subject to the applicable laws.

Compliance with SEBI Guidelines

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

Rights of the Equity Shareholders

Subject to applicable laws, regulations, rules and guidelines and the Memorandum and Articles of Association, 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 show of hands in person or a poll either in person or by proxy;
- Right to receive annual reports and notices to members;
- 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 the Memorandum and Articles of Association.

For a detailed description of the main provisions of our Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see "Main Provisions of Articles of Association of the Company" on page 194.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialised form. In terms of existing SEBI Regulations, the trading in the Equity Shares of the Company shall only be in dematerialised 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 1 Equity Share to the successful Bidders subject to a minimum Allotment of 90 Equity Shares. For details of allocation and allotment, see "Issue Procedure" on page 175.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder(s), may nominate any one person in whom, in the event of death of the sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form available on request at the registered office of the Company or at the Registrar and Transfer Agent of the Company.

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 our 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, our 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 90 days, our 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 the Issue will be made only in dematerialised mode, there is no need to make a separate nomination with us. Nominations registered with the 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 our Company does not receive the minimum subscription of 90% of the Issue, including devolvement on Underwriters, if any, within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

Further, in accordance with the regulation 26(4) of the SEBI Regulations, the Company shall ensure that the number of allottees under the Issue shall not be less than 1,000.

Arrangement for disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on transfer of shares

There are no restrictions on transfers and transmission of shares or debentures and on their consolidation or splitting except as provided in our Articles. See the section "Main Provisions of the Articles of Association" beginning on page 194 of this Red Herring Prospectus.

Jurisdiction

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

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") or any state securities laws in the United States and may not be offered or sold

within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Application in Issue

Equity Shares being issued through this Red Herring Prospectus can be applied for in the dematerialised form only.

Withdrawal of the Issue

The Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime after the Bid/Issue Opening Date but before Allotment. If our Company withdraws from the Issue, it shall issue a public notice within two days of the closure of the Issue informing the reason. The notice shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company shall also promptly inform the Stock Exchanges. If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh Draft Red Herring Prospectus with the SEBI.

ISSUE STRUCTURE

Public issue of 77,00,000 Equity Shares of Rs.10 each for cash at a price of Rs. [●] per Equity Share (including a share premium of Rs. [●] per Equity Share) aggregating Rs. [●] lacs by Gyscoal Alloys Limited. The Issue will constitute 48.65% of the fully diluted post issue paid up capital of the company. The Issue is being made through the 100% Book Building process.

Particulars	**QIBs**	**Non-Institutional Bidders**	**Retail Individual Bidders**
Number of Equity Shares*	Up to 38,50,000 Equity Shares or Issue less allocation to Non Institutional Bidders and Retail Individual Bidders.	At least 11,55,000 Equity Shares or Issue less allocation to QIBs and Retail Individual Bidders.	At least 26,95,000 Equity Shares or Issue less allocation to QIBs and Non-Institutional Bidders.
Percentage of Issue Size available for allocation	Up to 50% of Issue or Issue less allocation to Non Institutional Bidders and Retail Individual Bidders. However, 5% of the QIB Portion shall be available for allocation to mutual Funds only. 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 in the Mutual Fund reservation will be available to QIBs.	At least 15% of the Issue or Issue less allocation to QIBs and Retail Individual Bidders.	At least 35% of Issue or Issue less allocation to QIBs and Non Institutional Bidders.
Basis of Allocation if Respective category is oversubscribed	Proportionate (a) 1,92,500 Equity shares shall be allocated on a proportionate basis to Mutual Funds ; and (b) 36,57,500 Equity shares shall be allocated 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 in multiples of 90 Equity Shares so that the Bid Amount exceeds Rs.100,000.	Such number of Equity Shares in multiples of 90 Equity Shares so that the Bid Amount exceeds Rs.100,000.	90 Equity Shares
Maximum Bid	Such number of Equity Shares in multiples of 90 Equity Shares so that the bid does not exceed the Issue size, subject to applicable limits.	Such number of Equity Shares in multiples of 90 Equity Shares so that the bid does not exceed the Issue size, subject to applicable limits.	Such number of Equity Shares in multiples of 90 Equity Shares whereby the Bid Amount does not exceed Rs. 100,000.
Mode of Allotment	Compulsorily in dematerialised form	Compulsorily in dematerialised form	Compulsorily in dematerialised form
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can apply **	(i) a mutual fund, venture capital fund and foreign venture capital investor registered with the Board; (ii) a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board; (iii) a public financial institution as defined in section 4A of the Companies Act, 1956; (iv) a scheduled commercial bank; (v) a multilateral and bilateral development	Resident Indian individuals, Eligible NRIs, HUF (in the name of Karta), companies, Corporate bodies, scientific institutions societies and trusts and any FII sub-account registered with SEBI which is a foreign corporate or foreign individual.	Resident Indian individuals, Eligible NRIs, HUF (in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed Rs.100,000 in value.

	financial institution; (vi) a state industrial development corporation; (vii) an insurance company registered with the Insurance Regulatory and Development Authority; (viii)a provident fund with minimum corpus of twenty five crore rupees; (ix) a pension fund with minimum corpus of twenty five crore rupees; (x) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; (xi) insurance funds set up and managed by army, navy or air force of the Union of India;		
Terms of Payment	Margin Amount applicable to QIB Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate. In case of ASBA Bidders, the SCSB shall be authorised to block the Bid Amount mentioned in the ASBA Form.	Margin Amount applicable to Non Institutional Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate. In case of ASBA Bidders, the SCSB shall be authorised to block the Bid Amount mentioned in the ASBA Form.	Margin Amount applicable to Retail Individual Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate. In case of ASBA Bidders, the SCSB shall be authorised to block the Bid Amount mentioned in the ASBA Form.
Margin Amount	100% of Bid Amount on Bidding	100% of Bid amount on Bidding	100% of Bid amount on Bidding

** Subject to valid Bids being received at or above the Issue Price. Under subscription, if any, in any category would be met with spill over from any of the other categories or combination of categories at the discretion of our Company in consultation with the BRLM. However, if the aggregate demand by Mutual Fund is less than Mutual Fund Portion i.e.* 1,92,500 *Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to QIB portion and be allocated proportionately to QIB bidders.*

*** 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 are in the same sequence in which they appear in the Bid cum Application Form.*

Bidding Period / Issue Period

Bid / Issue Opens on	**October 13, 2010**
Bid/ Issue Closes on	**October 15, 2010**

1. Closure time of the Stock Exchange bidding platform for entry of bids is 5.00 P.M..
2. On the day of closing, extension of time will be granted by Stock Exchange only for uploading the bids received from Retail Investors after taking into account the total number of applications received upto the closure of timings for acceptance of application forms as stated in Offer Document and reported by BRLM to the Exchange within half an hour of such closure.
3. Bids not uploaded in the book, would be rejected.
4. In case of discrepancy in the data entered in the electronic book vis a vis the data contained in the physical bid form, for a particular bidder, the details as per physical application form of that bidder may be taken as the final data for the purpose of allotment.
5. Standardization of cut-off time for uploading of bids on the bid / issue closing date.
   a. A standard cut-off time of 3.00 P.M. for acceptance of bids
   b. A standard cut-off time of 4.00 P.M. for uploading of bids received from non retail applicants i.e. QIBs and HNIs.

c. A standard cut-off time of 5.00 P.M. for uploading of bids received from only retail applicants, which may be extended up to such time as deemed fit by Stock Exchanges after taking into account the total number of applications received upto the closure of timings and reported by BRLM to the Exchange within half an hour of such closure.

Bids and any revision in Bids shall be accepted **only between 10.00 a.m and 5.00 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, when Bids shall be accepted only between 10.00 a.m and 3.00 p.m (Indian Standard Time).**

Due to limitation of time available for uploading the Bids on the Bid/Issue Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Issue Closing Date and, in any case, no later than 3.00 p.m (Indian Standard Time) on the Bid/Issue Closing Date. Bidders are cautioned that in the event a large number of Bids are received on the Bid/Issue Closing Date, as is typically experienced in public offerings, which may lead to some Bids not being uploaded due to lack of sufficient time to upload, such Bids that cannot be uploaded will not be considered for allocation under the Issue. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).

Our Company reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Regulations. 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 advertised at least one day prior to the Bid /Issue Opening Date.

In case of revision in the Price Band, the 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 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 the BSE and the 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.

ISSUE PROCEDURE

Book Building Procedure

The Issue is being made through the 100% Book Building Process wherein up to 50% of the Issue to the public shall be allocated on a proportionate basis to Qualified Institutional Buyers, out of which 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 Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue Price. Further, at least 15% of the Issue to the public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the 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.

Bidders are required to submit their Bids through the Syndicate member. Further, QIB Bids can be submitted only through the BRLM and/ or their affiliates. Our Company, in consultation with the BRLM may reject any Bid procured from QIBs, by any or all members of the Syndicate, for reasons to be recorded in writing provided that such rejection shall be made at the time of acceptance of the Bid and the reasons thereof shall be disclosed to the Bidders. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that the Equity Shares would be allotted to all successful Bidders only in the dematerialised 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 the dematerialised 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 Bidders 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 filing of the Prospectus with the RoC, allocation of Equity Shares, and dispatch of the CAN, 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 our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	**Colour of Bid cum Application Form**
Resident Indians, Eligible NRIs applying on a non-repatriation basis	White
Non-residents, Eligible NRIs, or FIIs or Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis	Blue

Note:
There will be a separate ASBA Form for ASBA Investor applying through ASBA process.

Who can Bid?

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
2. Indian nationals resident in India who are majors, in single or joint names (not more than three);
3. 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;
4. Eligible NRIs on a repatriation basis or a non-repatriation basis, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
5. a mutual fund, venture capital fund and foreign venture capital investor registered with the Board;
6. a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board;
7. a public financial institution as defined in section 4A of the Companies Act, 1956;

8. a scheduled commercial bank;
9. a multilateral and bilateral development financial institution;
10. a state industrial development corporation;
11. an insurance company registered with the Insurance Regulatory and Development Authority;
12. a provident fund with minimum corpus of twenty five crore rupees;
13. a pension fund with minimum corpus of twenty five crore rupees;
14. National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
15. insurance funds set up and managed by army, navy or air force of the Union of India;
16. Companies and corporate bodies registered under the applicable laws in India and authorised to invest in Equity Shares;
17. Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts and who are authorised under their constitution to hold and invest in Equity Shares;
18. Scientific and/or industrial research organisations in India authorised under their constitution to invest in equity shares;
19. Any FII sub-account registered with SEBI which is a foreign corporate or foreign individual; and
20. Any other QIBs permitted to invest in the Issue under applicable law or regulation.

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

Note: The BRLM and Syndicate Member shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM and Syndicate Member may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis.

Bidders are advised to ensure that any single Bid from them does not exceed the investments limits or maximum number of Equity Shares that can be held by them under applicable laws, rules, regulations, guidelines and approvals.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than 1,92,500 Equity Shares, Allocation shall be made to Mutual Funds on proportionate basis to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

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 for which the Bid has been made.

In accordance with 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 by 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 capital carrying voting rights.

5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share of the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

Bids by Eligible NRIs

1. Bid cum Application Forms have been made available for Eligible NRIs at the registered office of the Company and Members of the Syndicate.
2. Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the NRI category. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (white in colour).

Bids by FIIs

In accordance with 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 1,58,27,556 Equity Shares. In respect of an FII investing in the 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. Under the current foreign investment policy applicable to us foreign equity participation up to 100% is permissible under the automatic route. Pursuant to the resolution of the Board of Directors dated August 26, 2010 followed by a special resolution by the shareholders of the Company passed at the Annual General Meeting dated September 18, 2010, the aggregate FII holding limit in the Company has been increased up to 49% of the paid up equity share capital of the Company.

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 in, or hold, offshore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed on 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.

In accordance with the current regulations, the following provisions are applicable for investments by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

Accordingly, the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund. Further, Venture Capital Funds can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. The Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. The Company and the BRLM are not liable to inform the investors of any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Red Herring 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 90 Equity Shares and in multiples of 90 Equity Shares thereafter, so as to ensure that the total Bid Amount (including revision of Bids, if any) payable by the Bidder does not exceed Rs. 100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of option to bid at Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The option to Bid at Cut-off Price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and subscribe to Equity Shares at the final Issue Price as determined at the end of the Book Building Process.

(b) For Non-Institutional Bidders and QIB Bidders:

The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 90 Equity Shares. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by the regulatory and statutory authorities governing them. **Under the existing SEBI Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date and is required to pay QIB Margin upon submission of Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs.100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs.100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIB Bidders do not have the option of bidding at Cut-off Price.

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 applicable law or regulation or as specified in this Red Herring Prospectus.

Information for the Bidder:

1. The Company will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.
2. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to potential investors.
3. Any investor (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus along with the Bid cum Application Form can obtain the same from our registered office or from any of the members of the Syndicate.
4. Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLM or Syndicate Member or their authorised agent(s) to register their Bids.
5. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the member of the Syndicate/SCSB. Bid cum Application Forms, which do not bear the stamp of a member of the Syndicate/SCSB, will be rejected.

Method and Process of Bidding

1. Our Company and the BRLM shall declare the Bid/Issue Opening Date, the Bid/Issue Closing Date and Price Band in the Red Herring Prospectus to be filed with RoC and publish the same in two widely circulated newspapers (one each in English and Hindi) and in a regional newspaper. This advertisement shall contain the disclosures as prescribed under the SEBI Regulations. This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the form prescribed in Schedule XIII of the SEBI Regulations. The BRLM and Syndicate Member shall accept Bids from the Bidders during the Bidding/Issue Period.
2. The Bidding/Issue 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/Issue Period will be published in two national newspapers (one each in English and Hindi) and in a regional newspaper and also by indicating the change on the website of the BRLM and at the terminals of the members of the Syndicate and the Bidding/Issue Period may be extended, if required, by an additional three working days, subject to the total Bidding/Issue Period not exceeding 10 working days.
3. During the Bidding/Issue Period, investors who are interested in subscribing to our Equity Shares should approach the members of Syndicate or their authorised agents to register their Bid.
4. 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 titled "Bids at Different Price Levels" on page 164) within the Price Band 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.
5. The Bidder cannot Bid on another Bid cum Application Form after Bid(s) on one Bid cum Application Form has been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the Allotment of Equity Shares in this Issue. 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 166.
6. The members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a 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.
7. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into the Escrow Account" on page 165.
8. During the Bidding/Issue 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 subject to the terms of the Syndicate Agreement and the Red Herring Prospectus.

Bids at Different Price Levels

1. The Price Band has been fixed at Rs. 65 to Rs. 71 per Equity Share, Rs. 65 being the floor of the Price Band and Rs. 71 being the cap of the Price Band. The Bidders can Bid at any price within the Price Band in multiples of Re. 1.
2. Our Company in consultation with the BRLM can revise the Price Band during the Bidding/Issue Period, in which case the Bidding/issue Period shall be extended further for a period of three additional working days, subject to the total Bidding/Issue Period being a maximum of 10 working days. 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 Red Herring Prospectus.
3. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and in a regional newspaper, and also by indicating the change on the website of the BRLM and at the terminals of the members of the Syndicate.
4. Our Company, in consultation with the BRLM can finalize the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.
5. The Bidder has to Bid for the desired number of Equity Shares at a specific price. The Bidder can Bid at any price within the Price Band in multiples of Re.1. Retail Individual Bidders may Bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB Bidders or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
6. Retail Individual Bidders, who Bid at Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-Off Price shall submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the Payment Method based on the cap of the Price Band with the members of the Syndicate. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the respective Refund Account.
7. 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 (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs. 100,000 if the Bidder wants to continue to bid at Cut-off Price), with the member of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 100,000, the Bid by a Retail Individual Bidder will be considered for allocation under the Non-Institutional Portion 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 Price prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of allotment, 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 Price.
8. 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 respective Refund Account.
9. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain 90 Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.

Escrow Mechanism

Our Company and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Bidders 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 Accounts. The Escrow Collection Banks will act in terms of this Red Herring Prospectus and the Escrow Agreement. The monies in the Escrow Accounts shall be maintained by the Escrow Collection Banks for and on behalf of the Bidders. The Escrow Collection Banks 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 Accounts to the Public Issue Account and the Refund 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 us, the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Account

Each Bidder, shall pay the applicable Margin Amount, along with the submission of the Bid-cum-Application Form by way of a cheque or demand draft in favour of the Escrow Account (for details please see the section titled "Payment Instructions" beginning on page 172 of this Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid-cum-Application Forms accompanied by cash shall not be accepted.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Issue Account. The balance amount after transfer to the Issue Account shall be transferred to the Refund Account.

On the Designated Date and no later than 10 (Ten) working days from the Bid/Issue Closing Date, the Escrow Collection Bank(s) shall dispatch all refund amounts payable 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., QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders would be required to pay their applicable 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 section titled "Issue Structure" on page 158 of this Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated/allotted 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. QIBs will be required to deposit a margin of 100% at the time of submitting of their Bids.

If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the applicable Margin Amount for Bidders is 100%, 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 allotment, will be refunded to such Bidder within 10 working days from the Bid /Issue Closing Date, failing which we shall pay interest at 15% per annum for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

1. 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 in each city, where a stock exchange is located in India and where Bids are being accepted.
2. 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 members of the Syndicate and their authorised agents during the Bidding/Issue Period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. On the Bid/Issue Closing Date, the members of the Syndicate shall upload the Bids till such time as may be permitted by the Stock Exchanges.
3. 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".
4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
    - Name of the investor (Investors should ensure that the name given in the Bid cum application form is exactly the same as the Name in which the Depositary Account is held. In case the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form);
    - Investor category –Individual, Corporate, QIBs, Eligible NRI, FII or Mutual Fund, etc;
    - Numbers of Equity Shares bid for;
    - Bid price;
    - Bid cum Application Form number;
    - Whether payment is made upon submission of Bid cum Application Form; and

- Depository participant identification number and client identification number of the beneficiary account of the Bidder.

5. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or our Company.
6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
7. In case of QIB bidders, members of the syndicate also have the right to accept the bid or reject it. However, such rejection should be made at the time of receiving the bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders who Bid, Bids would not be rejected except on the technical grounds listed on page 174.
8. 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 or the BRLM are cleared or approved by NSE and BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, the Promoter, the management or any scheme or project of our Company.
9. 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 NSE or 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 our Equity Shares will be listed or will continue to be listed on NSE and BSE.

Build Up of the Book and Revision of Bids

1. Bids registered by various Bidders through the members of the Syndicate shall be electronically transmitted to NSE or BSE mainframe on a regular basis in accordance with market practice.
2. The book gets built up at various price levels. This information will be available with the BRLM on a regular basis.
3. During the Bidding/Issue 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.
4. 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. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
5. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she 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.**
6. 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.
7. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
8. Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/allotment. In the event of discrepancy of data between the Bids registered on the online IPO system and the physical Bid cum Application Form, the decision of the Company in consultation with the BRLM, based on the physical records of Bid/cum Application Forms, shall be final and binding on all concerned.

Price Discovery and Allocation

1. After the Bid /Issue Closing Date, the BRLM will analyse the demand generated at various price levels.
2. The Company in consultation with the BRLM, shall finalise the "Issue Price" and the number of Equity Shares to be allocated in each investor category.

3. QIB Bidders will be required to deposit the QIB Margin Amount at the time of submitting of their Bids. After the closure of bidding, the level of subscription in the various categories shall be determined. Based on the level of subscription, additional margin money, if any, shall be called for from the QIB Bidders. The QIB Bidders shall pay such additional Margin Amount within a period of two days from the date of the letter communicating the request for such additional margin money.
4. Under-subscription, if any, in any category would be met with spill over from other categories or combination of other categories at the sole discretion of our Company in consultation with the BRLM. In case of inadequate demands from the Mutual Funds, the Equity Shares would be made available to QIBs other than Mutual Funds.
5. The allocation under the Issue shall be on proportionate basis, in the manner specified in the SEBI Regulations and this RHP and in consultation with Designated Stock Exchange.
6. The BRLM, in consultation with us, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
7. The Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime after the Bid/Issue Opening Date but before Allotment. If our Company withdraws from the Issue, it shall issue a public notice within two days of the closure of the Issue informing the reason. The notice shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company shall also promptly inform the Stock Exchanges. If our Company withdraws the Issue after the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh Draft Red Herring Prospectus with the SEBI.
8. Allocation to FIIs and eligible NRIs on repatriation basis will be subject to the applicable law.
9. In terms of the SEBI Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

Signing of Underwriting Agreement and RoC Filing

(a) We, the BRLM and the Syndicate Member shall enter into an Underwriting Agreement on finalisation of the Issue Price.
(b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with RoC, 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.

Announcement of Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall, after receiving final observations, if any, on the Draft Red Herring Prospectus, publish an advertisement in the form prescribed by the SEBI Regulations, in two widely circulated national newspapers (one each in English and Hindi) and a regional newspaper.

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 RoC. 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 Allocation Note ("CAN")

Subject to "Allotment Reconciliation and Revised CANs" as set forth below:

(a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLM or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, the investor should note that the Company shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.
(b) The BRLM and/ or their affiliates or the members of the Syndicate 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 Balance Amount Payable for all the Equity Shares allocated to such Bidder. Those QIB Bidders who have not paid the Bid Amount in full 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 realisation of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed as 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.

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 Regulations, 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.

Designated Date and Allotment of Equity Shares

(a) Our Company will ensure that the Allotment of Equity Shares is done within 12 working days of the Bidding /Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Public Issue Account on the Designated Date, we would ensure the credit to the successful Bidders depository account within 12 working days of the closure of the issue.
(b) As per SEBI Regulations, **Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the allottees**.
(c) After the funds are transferred from the Escrow Accounts to the Public Issue Account on the Designated Date, the Company will allot the Equity Shares to the Allottees.
(d) Successful Bidders will have the option to rematerialize the Equity Shares so allotted/transferred if they so desire as per the provisions of the Companies Act and the Depositories Act, rules, regulations and bye laws of the Depositories.

Investors are advised to instruct their depository participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

GENERAL INSTRUCTIONS

Do’s:

(a) Check if you are eligible to apply having regard to applicable law, rules, regulations, guidelines and approvals and the terms of the Red Herring Prospectus;
(b) Ensure that your bid is within the Price Band:
(c) Read all the instructions carefully and complete the Bid cum Application Form (white or blue in colour) as the case may be.
(d) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.
(e) Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate/SCSB.
(f) Ensure that you have been given a TRS for all your Bid options.
(g) Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS.
(h) Each of the Bidders should mention their Permanent Account Number (PAN) allotted under the IT Act. (See the section “Issue Procedure – Permanent Account Number” on page 174 of this Red Herring Prospectus);
(i) Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application

Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form

(j) Ensure that the Demographic Details are updated, true and correct, in all respects.

Don'ts:

(a) Do not Bid for lower than the minimum Bid size;
(b) Do not Bid/revise Bid to a price that is less than the Floor Price or higher than the Cap Price;
(c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
(d) Do not pay the Bid amount in cash;
(e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
(f) Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders);
(g) 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 or under the terms of the Red Herring Prospectus;
(h) Do not bid at Bid Amount exceeding Rs. 100,000 (for Retail Individual Bidders);
(i) Do not submit the Bid without the QIB Margin Amount, in case of a Bid by a QIB;
(j) Do not submit Bids accompanied by Stockinvest or postal order or money order; and
(k) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and/or Revision Forms from the members of the Syndicate.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable (white colour for Resident Indians and Eligible NRIs applying on non-repatriation basis and blue colour for Non Residents including, Eligible NRIs, FIIs registered with SEBI and FVCIs registered with SEBI, applying on repatriation basis.
2. Made in single name or in joint names (not more than three, and in the same order as their Depository Participant details).
3. 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.
4. The Bids from the Retail Individual Bidders must be for a minimum of 90 Equity Shares and in multiples of 90 Equity Shares thereafter subject to a maximum Bid Amount of Rs. 100,000.
5. For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 100,000 and in multiples of 90 Equity Shares thereafter. Bids cannot be made for more than the Issue size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws and regulations.
6. 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 Depository Account and 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 demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These bank account details would be used for giving refunds (including through physical refund warrants, direct credit, ECS, NEFT and RTGS) to the 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 despatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLM or the Registrar or the Escrow Collection Banks nor the Company shall have any responsibility and

undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorised the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case of Bidders receiving refunds through electronic transfer of funds, 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 Company, nor the Registrar, Escrow Collection Bank(s) 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, which 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.

The Company in its absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Equity Shares in Dematerialised 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 dematerialised 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 tripartite agreements have been signed among us, the respective Depositories and the Registrar to the Issue:
(a) an agreement dated June 27, 2008 between NSDL, us and Registrar to the Issue;
(b) an agreement dated June 6, 2008 between CDSL, us and Registrar to the Issue.

Bidders will be allotted Equity Shares only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the Bid.
2. 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.
3. 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.

4. Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.
5. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
6. 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.
7. 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.
8. The trading of the Equity Shares would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.

Bids by Eligible NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI and multilateral and bilateral development financial institutions on a repatriation basis

Bids and revision to Bids must be made:

1. 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.
2. By FIIs for a minimum of such number of Equity Shares and in multiples of 90 thereafter that the Bid Amount exceeds Rs. 100,000. For further details see "Issue Procedure-Maximum and Minimum Bid Size" on page 162.
3. In the names of individuals, or in the names of FIIs or Foreign Venture Capital Funds registered with SEBI and multilateral and bilateral development financial institutions but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
4. In a single name or joint names (not more than three).

Bids by Eligible NRIs for a Bid Amount of up to Rs. 100,000 would be considered under the Retail Portion for the purposes of allocation and Bids by Eligible NRIs for a Bid Amount of more than Rs. 100,000 would be considered under the Non-Institutional Portion for the purposes of allocation;

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. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Eligible NRIs and FIIs, and all such Bidders will be treated on the same basis with other categories for the purpose of allocation.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

Bids under Power of Attorney

1. 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, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.
2. In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the Power of Attorney or the relevant resolution or authority as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.
3. In case of the 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, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

4. In case of the Bids made by provident funds, subject to applicable law, with minimum corpus of Rs. 250 million and pension funds with minimum corpus of Rs. 250 million, 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, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.
5. 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.
6. 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 and conditions that we and the BRLM may deem fit.

Payment Instructions

We shall open Escrow Accounts with the Escrow Collection Banks for the collection of the Bid Amounts payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allocation in the Issue. Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

Payment into Escrow Accounts

Each Bidder shall pay the applicable Margin Amount at the time of submission of the Bid cum Application Form by way of a cheque or demand draft in favour of the Escrow Account as per the below terms.

(a) The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account.
(b) Each category of Bidders i.e. QIB Bidders, Non Institutional Bidders and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form by way of a cheque or demand draft for the maximum amount of his/ her Bid in favour of the Escrow Account of the Escrow Collection Bank(s). (For details please see the section titled "Issue Procedure" beginning on page 172) and submit the same to the member of the Syndicate to whom the Bid is being submitted. The Margin Amount payable by each category of Bidders is mentioned in the section titled "Issue Structure" beginning on page 158. Bid cum Application Forms accompanied by cash 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.
(c) Where the Margin Amount applicable to the Bidder is 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. If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled.
(d) 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 Allotment, will be refunded to such Bidder in terms of the Red Herring Prospectus.
(e) The payment instruments for payment into the Escrow Account should be drawn in favour of:
    (i) In case of Resident QIB Bidders: **"Escrow Account – GAL IPO – QIB – R"**
    (ii) In case of non resident QIB Bidders: **"Escrow Account – GAL IPO – QIB – NR"**
    (iii) In case of Resident Retail and Non-Institutional Bidders: **"Escrow Account – GAL IPO – R"**
    (iv) In case of Non-Resident Retail and Non-Institutional Bidders: **"Escrow Account – GAL IPO – NR"**
(f) In case of Bids by Eligible NRIs applying on repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in NRE accounts or Foreign Currency Non-Resident (FCNR) accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE or FCNR account.

(g) In case of Bids by FIIs, the payment should be made out of funds held in Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to a Special Rupee Account.

(h) On the Designated Date and not later than 10 working days from the Bid/Issue Closing Date, the Escrow Collection Banks shall refund all amounts payable to unsuccessful Bidders and 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/Stockinvest/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 members of the Syndicate at the time of submission of the Bid. Separate receipts shall not be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate 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.

Payment by Stockinvest

In terms of the Reserve Bank of India Circular No. DBOD.No.FSC.BC.42/24.47.001/2003-04 dated November 5, 2003, the option to use the stock invest instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Accordingly, payment through Stockinvest will not be accepted in the Issue.

OTHER INSTRUCTIONS

Joint Bids in case of Individuals

Bids may be made in single or joint names (not more than three). In 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. All communication will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the depository.

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 this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file which will serve as a multiple master document.
2. In this master, a check will be carried out for the same PAN numbers. In cases where the PAN numbers are different, the same will be deleted from this master.
3. The addresses of all these applications from the multiple master will be strung from the address master. This involves including the addresses in a single line after deleting non-alpha and non-numeric characters, i.e., commas, full stops, hashes etc. Sometimes, the name, the first line of the address and pin code will be converted into a string for each application received and a photo match will be carried out among all the applications processed. A print-out of the addresses will be made to check for common names. Applications with the same name and same address will be treated as multiple applications.
4. The applications will be scanned for similar Depository Participant's identity (DP ID) and client identity numbers. If applications bear the same numbers, these will be treated as multiple applications.

5. After the aforesaid procedures, a print-out of the multiple master will be taken and the applications physically verified to tally signatures and also father's/husband's names. Upon completion of this exercise, the applications will be identified as multiple applications.

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.

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

'PAN' Number

The Bidders or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act.. Applications without this information will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not furnish the GIR number instead of the PAN as the Bid is liable to be rejected on this ground**.

Unique Identification Number ("UIN") - MAPIN

Pursuant to circulars dated April 27, 2007 (No. MRD/DoP/Cir-05/2007) and June 25, 2007 (No. MRD/DoP/Cir-08/2007) issued by SEBI, the requirement of UIN under the SEBI (Central database of Market Participants) Regulations, 2003 has been discontinued and irrespective of the amount of transaction, PAN has been made the sole identification number for all participants in the securities market.

Rejection of Bids

In case of QIB Bidders, the Company in consultation with the BRLM and/or their affiliates may reject Bids provided that the reason for rejecting the same shall be provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, we have the right to reject Bids based on technical grounds only. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on, inter alia, the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;
2. Bank account details (for refund) not given;
3. Age of first Bidder not given;
4. In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
5. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors and insane persons;
6. Bidder's PAN number is not mentioned in the Bid. It is to be specifically noted that the Bidders should not submit the GIR number instead of the PAN;
7. Bids for lower number of Equity Shares than specified for that category of investors;
8. Bids at a price less than the lower end of the Price Band;
9. Bids at a price more than the higher end of the Price Band;
10. Bids at Cut-off Price by Non-Institutional Bidders and QIB Bidders;
11. Bids for a number of Equity Shares, which are not in multiples of 90;
12. Category not ticked;
13. Multiple Bids;
14. In the case of a Bid under power of attorney or by limited companies, corporates, trusts etc., relevant documents are not submitted;
15. Bids accompanied by Stockinvest/money order/postal order/cash;
16. Signature of sole and/or joint Bidders missing;
17. Bid-cum-Application Form does not have the stamp of the BRLM or the Syndicate Member;
18. Bid-cum-Application Form does not have the Bidder's depository account details;

19. Bid-cum-Application Form is not delivered by the Bidder within the time prescribed as per the Bid-cum-Application Form and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid-cum-Application Form;
20. 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 account number;
21. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
22. Bids by QIBs not submitted through members of the Syndicate;
23. Bids by OCBs;
24. Bids by U.S. residents or U.S. persons other than in reliance on Regulation S or Rule 144A under the Securities Act; and
25. Bids by persons who are not eligible to acquire Equity Shares of the Company under any applicable law, rule, regulation, guideline or approval, in India or outside India.

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 portion. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional Bidders and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this portion is less than or equal to 26,95,000 Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than 26,95,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of 90 Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation, refer page no 177 of Red Herring Prospectus.

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 portion. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to 11,55,000 Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than 11,55,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 90 Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation refer page no 177 of Red Herring Prospectus.

C. For QIB Bidders

- Up to 50% of the Issue Size shall be available for allocation to the 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 category. The Allotment to all the QIB Bidders will be made at the Issue Price.
- The Issue size less allocation to Non-Institutional Portion and Retail Portion shall be available for proportionate allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- However, eligible Bids by Mutual Funds only shall first be considered for allocation proportionately in the Mutual Funds Portion. After completing proportionate allocation to Mutual Funds for up to 1,92,500 Equity Shares (the Mutual Funds Portion), the remaining demand by Mutual Funds, if any, shall then be considered for allocation proportionately, together with Bids by other QIBs, in the remainder of the QIB Portion (i.e. after excluding the Mutual Funds Portion). For the method of allocation in the QIB Portion, see the paragraph titled "Illustration of Allotment to QIBs" appearing below. If the valid Bids by Mutual Funds are for less than 1,92,500 Equity Shares, the balance Equity Shares available for allocation in the

Mutual Funds Portion will first be added to the QIB Portion and allocated proportionately to the QIB Bidders.

- 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 up to 5% of the QIB Portion.
   ii. In the event that the aggregate demand from 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 at or 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.

For the method of proportionate basis of allocation refer below.

Illustration of Allotment to QIBs and Mutual Funds ("MF")

A. Issue Details

Sr. No	Particulars	Issue details
1	Issue size	200 million Equity Shares
2	Allocation to QIB (not more than 50% of the Issue)	100 million Equity Shares
	Of which:	
	a. Reservation For Mutual Funds, (5%)	5 million Equity Shares
	b. Balance for all QIBs including Mutual Funds	95 million Equity Shares
3	Number of QIB applicants	10
4	Number of Equity Shares applied for	500 million Equity Shares

B. Details of QIB Bids

Sr. No	Type of QIB bidders#	No. of shares bid for (in million)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	TOTAL	500

A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

(Number of equity shares in million)

Type of QIB bidders	Shares bid for	Allocation of 5 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 95 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs

(I)	(II)	(III)	(IV)	(V)
A1	50	0	9.60	0
A2	20	0	3.84	0
A3	130	0	24.95	0
A4	50	0	9.60	0
A5	50	0	9.60	0
MF1	40	1	7.48	8.48
MF2	40	1	7.48	8.48
MF3	80	2	14.97	16.97
MF4	20	0.5	3.74	4.24
MF5	20	0.5	3.74	4.24
	500	**5**	**95**	**42.42**

Please note:

1. The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the section titled "Issue Structure" beginning on page 157.
2. Out of 100 million Equity Shares allocated to QIBs, 5 million (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 200 shares in the QIB Portion.
3. The balance 95 million Equity Shares [i.e. 100 - 5 (available for Mutual Funds only)] will be allocated on proportionate basis among 10 QIB Bidders who applied for 500 Equity Shares (including 5 Mutual Fund applicants who applied for 200 Equity Shares).
4. The figures in the fourth column titled "Allocation of balance 95 million Equity Shares to QIBs proportionately" in the above illustration are arrived as under:
   (a) For QIBs other than Mutual Funds (A1 to A5)= Number of Equity Shares Bid for X 95 /495
   (b) For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e., in column II of the table above) less Equity Shares allotted (i.e., column III of the table above)] X 95/495
   (c) The numerator and denominator for arriving at allocation of 95 million Equity Shares to the 10 QIBs are reduced by 5 million shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Procedure and Time of Schedule for Allotment and Demat Credit of Equity

The Issue will be conducted through a "100% book building process" pursuant to which the members of the Syndicate will accept bids for the Equity Shares during the Bidding/Issue Period. The Bidding/Issue Period will commence on October 13, 2010 and expire on October 15, 2010. Following the expiration of the Bidding/Issue Period, the Company, in consultation with the BRLM, will determine the Issue Price, and, in consultation with the BRLM, the basis of allocation and entitlement to Allotment based on the bids received and subject to confirmation by the BSE/NSE. Successful Bidders will be provided with a confirmation of their allocation (subject to a revised confirmation of allocation) and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The Equity Shares will then be credited and Allotted to the investors' demat accounts maintained with the relevant depository participant. The SEBI Regulations require the Company to complete the Allotment to successful Bidders including credit of shares to demand accounts, within 12 working days of the expiration of the Bidding/Issue Period. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.

Method of Proportionate Basis of Allotment in the Issue

In the event of the Issue being over-subscribed, the Company shall finalize the basis of Allotment in consultation with the Designated Stock Exchange. The Executive 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 the basis of Allotment is finalized in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

a) Bidders will be categorized 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 the 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.
d) In all Bids where the proportionate Allotment is less than 90 Equity Shares per Bidder, the Allotment shall be made as follows:
    - 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; and
    - Each successful Bidder shall be allotted a minimum of 90 Equity Shares.
e) If the proportionate Allotment to a Bidder is a number that is more than 90 but is not a multiple of 1 (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.
f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

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, details of Depository Participant, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

Letters of Allotment or Refund Orders or instructions to Self Certified Syndicate Banks in ASBA Process

Applicants residing at 68 centers where clearing houses are managed by the RBI, State Bank of India, Punjab National Bank, State Bank of Indore, Union Bank of India, Andhra Bank, Corporation Bank, Bank of Baroda, State Bank of Travancore, Central Bank of India, Canara Bank, Oriental Bank of Commerce, United Bank of India, State Bank of Hyderabad and State Bank of Bikaner and Jaipur, will get refunds through ECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. We shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, by “Under Certificate of Posting”, and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder’s sole risk within 10 working 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 ten working days of closure of Bid / Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, the Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialized form not later than 12 working days of the Bid/Issue Closing Date;
- Refunds shall be made within 10 working days of the Bid/Issue Closing Date at the sole or First Bidder’s sole risk, except for Bidders who have opted to receive refunds through Direct Credit, NEFT, RTGS or ECS;
- The Company shall pay interest at 15% per annum if allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT, RTGS or ECS, the refund instructions have not been given to the clearing system in the disclosed manner within 10 working days of the Bid/Issue Closing Date.

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

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as Escrow Collection Banks and payable at par at places where Bids are received except where the refund or portion thereof is made in electronic mode/manner. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

PAYMENT OF 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.

Interest in Case of Delay in Dispatch of Allotment Letters/Refund Orders

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, the Company undertakes that:

- Allotment shall be made only in dematerialized form within 12 working days from the Bid/Issue Closing Date;
- Dispatch of refund orders shall be done within 10 working days from the Bid/Issue Closing Date; and
- The Company shall pay interest at 15% per annum, if Allotment is not made, refund orders are not dispatched to the applicant or if, in a case where the refund or portion thereof is made in electronic mode/manner, the refund instructions have not been given to clearing members and/or demat credits are not made to investors within the 12 working days time period prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar. 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, except where the refund or portion thereof is made in electronic mode/manner. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

1. ECS – Payment of refund shall be undertaken through ECS for applicants having an account at any of the following 68 centres: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). 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. One of the methods for payment of refund is through ECS for applicants having a bank account at any of the above mentioned 68 centres.
2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
3. RTGS – Applicants having a bank account at any of the abovementioned 68 centres and whose refund amount exceeds Rs. 1 million, 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.

4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched 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.

Please note that applicants having a bank account at any of the 68 centres where the clearing houses for ECS are managed by the RBI, State Bank of India, Punjab National Bank, State Bank of Indore, Union Bank of India, Andhra Bank, Corporation Bank, Bank of Baroda, State Bank of Travancore, Central Bank of India, Canara Bank, Oriental Bank of Commerce, United Bank of India, State Bank of Hyderabad and State Bank of Bikaner and Jaipur are eligible to receive refunds through the modes detailed in I, II, III and IV above. For all the other applicants, including applicants who have not updated their bank particulars alongwith the nine digit MICR Code, prior to the Bid/Issue Opening Date, the refund orders would be dispatched under "Under Certificate of Posting" for refund orders less than Rs. 1,500 and through speed post/registered post for refund orders exceeding Rs. 1,500.

Disposal of applications and application moneys and interest in case of delay

The Company shall ensure dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within 12 working days of date of closure of the issue.

In case of applicants who receive refunds through ECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 10 working days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 10 working days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within twelve working days of Bid/ Issue Closing date..

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

- Allotment of Equity Shares shall be made only in dematerialized form not later than 12 working days of the Bid/Issue Closing Date;
- Refunds shall be made within 10 working days of the Bid/Issue Closing Date at the sole or First Bidder's sole risk, except for Bidders who have opted to receive refunds through Direct Credit, NEFT, RTGS or ECS;
- The Company shall pay interest at 15% per annum if allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT, RTGS or ECS, the refund instructions have not been given to the clearing system in the disclosed manner within 10 working days of the Bid/Issue Closing Date.

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 10 working days from the Bid/Issue Closing Date.

Undertakings by the Company

We undertake as follows:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within twelve working days of Bid/Issue closing date;
- that 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 us;
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 10 working days of closure of the issue, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund
- that the refund orders or allotment advice to the Non Resident indian shall be dispatched within specified time; and
- that no further issue of Equity Shares shall be made till the Equity Shares offered through this Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under subscription etc.
- that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

Utilisation of Issue proceeds

Our Board of Directors certifies that:

- all monies received out of issue of equity shares to public shall be transferred to separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Companies Act, 1956;
- details of all monies utilised out of the issue referred to in sub-item (i) shall be disclosed and continue to be disclosed till the time any part of the issue proceeds remains unutilised under an appropriate separate head in the balance-sheet of the issuer indicating the purpose for which such monies had been utilised; and
- details of all unutilised monies out of the issue of equity shares referred to in sub-item (i) shall be disclosed under an appropriate separate head in the balance sheet of the issuer indicating the form in which such unutilised monies have been invested.

We shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investments. **As per current foreign investment policies, foreign direct investment in the Steel sector is allowed up to 100% under the automatic route.**

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents. In our Company, as of date the aggregate FII holding cannot exceed 49% of the paid up equity share capital.

Subscription by Non-Residents

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

There is no reservation for any FIIs or Eligible NRIs and such FIIs or Eligible NRIs will be treated on the same basis with other categories for the purpose of allocation.

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

No single FII can hold more than 10% of our post-issue issued capital.
In respect of an FII investing in the 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. As of now, the aggregate FIIs holding in our Company cannot exceed 49% of the paid up equity share capital of our Company.

As per the current regulations, the following restrictions are applicable for investments by SEBI registered VCFs and FVCIs:

The SEBI (Venture Capital Funds) 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, the VCF or FVCI can invest only up to 33.33% of the investible funds by way of subscription to an initial public offer.

As per the current regulations, OCBs cannot participate in this Issue.

The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations. However, we shall update this Red Herring Prospectus and keep the public informed of any material changes in matters concerning our business and operations till the listing and commencement of trading of the Equity Shares.

ISSUE PROCEDURE FOR ASBA BIDDERS

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. The Company and the BRLM are not liable for any amendments, modifications, or changes in applicable laws or regulations, which may occur after the date of this Red Herring Prospectus. ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Bid cum Application Form is correctly filled up, as described in this section.

The list of banks who have been notified by SEBI to act as SCSB for the ASBA Process are provided on http://www.sebi.gov.in. For details on designated branches of SCSB collecting the ASBA Bid cum Application Form, please refer the above mentioned SEBI link.

ASBA Process

A Bidder shall submit his Bid through an ASBA Bid cum Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Bidder or bank account utilised by the ASBA Bidder ("**ASBA Account**") is maintained. The SCSB shall block an amount equal to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form, physical or electronic, on the basis of an authorisation to this effect given by the account holder at the time of submitting the Bid. The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against the allocated shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid, as the case may be. The ASBA data shall thereafter be uploaded by the SCSB in the electronic IPO system of the Stock Exchanges. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant bank accounts and for transferring the amount allocable to the successful ASBA Bidders to the Public Issue Account. In case of withdrawal/failure of the Issue, the BRLM, through the Registrar to the Issue, shall notify the SCSBs to unblock the blocked amount of the ASBA Bidders within one day from the day of receipt of such notification.

ASBA Bid cum Application Form

ASBA Bidders shall use the ASBA Bid cum Application Form bearing the code of the Syndicate Member and/or the Designated Branch of SCSB, as the case may be, for the purpose of making a Bid in terms of the Red Herring Prospectus. ASBA Bidders are required to submit their Bids, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA Bid cum Application form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Bidder shall submit the ASBA Bid cum Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA account held with SCSB, and accordingly registering such Bids. On submission of the ASBA Bid cum Application Form, the ASBA Bidders are deemed to have authorised (i) the SCSB to do all acts as are necessary to make the Application in the Offer, including uploading his/her Bid, blocking or unblocking of funds in the bank account maintained with the SCSB specified in the ASBA Bid cum Application Form, transfer of funds to the Public Issue Account on receipt of instruction from the Registrar to the Issue after finalisation of the basis of Allotment; and (ii) the Registrar to the Issue to issue instructions to the SCSB to remove the block on the funds in the bank account specified in the ASBA Bid cum Application Form, upon finalisation of the basis of Allotment.

Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the ASBA Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the ASBA Bid cum Application, the ASBA Bidder is deemed to have authorized the Company to make the necessary changes in the Red Herring Prospectus as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder.

The prescribed colour of the ASBA Bid cum Application Form shall be white.

Who can Bid?

In accordance with the SEBI Regulations, a Bidder can submit their application through ASBA process to bid for the Equity Shares of the Company.

Maximum and Minimum Bid Size for ASBA Bidders

The ASBA Bid must be for a minimum of 90 Equity Shares and in multiples of 90 Equity Shares thereafter. ASBA Bidders who are Resident Individual Bidders (including HUFs) who have Bid for Equity Shares for an amount less than or equal to Rs. 100,000 in any of the Bidding options in the Issue, will be categorised as Retail Individual Bidders. ASBA Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount over Rs. 100,000 will be categorised as Non-Institutional Bidders. ASBA Bidders that are not Non-Institutional Bidders or Retail Individual Bidders and who have Bid for Equity Shares for an amount over Rs. 100,000 will be categorised as QIBs.

Information for the ASBA Bidders:

(a) The BRLM shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and ASBA Bid cum Application Form to the SCSBs and the SCSBs will then make available such copies to investors applying under the ASBA process. Additionally, the BRLM shall ensure that the SCSBs are provided with soft copies of the abridged prospectus and the ASBA Bid cum Application Form. SCSBs shall make the same available on their websites.

(b) ASBA Bidders, under the ASBA process, who would like to obtain the Red Herring Prospectus and/or the ASBA Bid cum Application Form can obtain the same from the Designated Branches of the SCSBs or the BRLM. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the ASBA Bid cum Application Form in electronic form on the websites of the SCSBs. Copies of the ASBA Bid cum Application Form will be available for download and printing, from the websites of the Stock Exchanges.

(c) The Bids should be submitted on the prescribed ASBA Bid cum Application Form if applied in physical mode. SCSBs may provide the electronic mode of Bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors.

(d) ASBA Bid cum Application Forms should bear the code of the Syndicate Member and/or Designated Branch of the SCSB.

(e) ASBA Bidders shall correctly mention the bank account number in the ASBA Bid cum Application Form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch. In case the amount available in the bank account specified in the ASBA Bid cum Application Form is insufficient for blocking the amount equivalent to the Bid Amount, the SCSB shall reject the application.

(f) If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder as provided in the ASBA Bid cum Application Form. No more than five ASBA Bid cum Applications can be submitted per bank account in the Issue.

(g) ASBA Bidders shall correctly mention their DP ID and Client ID in the ASBA Bid cum Application Form. For the purpose of evaluating the validity of Bids, the demographic details of ASBA Bidders shall be derived from the DP ID and Client ID mentioned in the ASBA Bid cum Application Form.

Method and Process of Bidding

(a) ASBA Bidders are required to submit their Bids, either in physical or electronic mode. ASBA Bidders submitting their Bids in physical mode should approach the Designated Branches of the SCSBs. ASBA Bidders submitting their Bids in electronic form shall submit their Bids either using the internet enabled bidding and banking facility of the SCSBs or such other electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors, and accordingly registering such Bids. Every Designated Branch of the SCSB shall accept Bids from all such investors who hold accounts with them and desire to place Bids through them. Such SCSBs shall have the right to vet the Bids, subject to the terms of the SEBI Regulations and Red Herring Prospectus.

(b) The Designated Branches of the SCSBs shall give an acknowledgment specifying the application number to the ASBA Bidders as a proof of acceptance of the ASBA Bid cum Application Form. Such acknowledgment does not in any manner guarantee that the Equity Shares bid for shall be allocated to the ASBA Bidders.

(c) Upon receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.

(d) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.

(e) If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form. The Designated Branch shall thereafter enter the Bid details from the prescribed ASBA Bid cum Application Form, if submitted in physical mode, or the Bid information submitted through the electronic mode made available by the SCSBs, as the case may be, into the electronic bidding system of the Stock Exchanges and generate a Transaction Registration Slip ("**TRS**"). The TRS shall be furnished to the ASBA Bidder on request.

(f) An ASBA Bidder cannot bid, either in physical or electronic mode, on another ASBA Bid cum Application Form or a non-ASBA Bid cum Application Form after bidding on one ASBA Bid cum Application Form, either in physical or electronic mode, has been submitted to the Designated Branches of SCSBs or uploaded by the ASBA Bidder, as the case may be. Submission of a second ASBA Bid cum Application Form or a Non-ASBA Bid cum Application Form to either the same or to another Designated Branch of the SCSB will be treated as multiple Bids and will be 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.

Bidding

(a) Our Company and the BRLM shall declare the Bid/Issue Opening Date, the Bid/Issue Closing Date and Price Band in the Red Herring Prospectus to be filed with RoC and publish the same in two widely circulated newspapers (one each in English and Hindi) and in a regional newspaper. This advertisement shall contain the disclosures as prescribed under the SEBI Regulations. This advertisement, subject to the provisions of Section 66 of the Companies Act shall be in the form prescribed in Schedule XIII of the SEBI Regulations. The ASBA Bidders can submit only one Bid in the ASBA Bid cum Application Form.

(b) Our Company in consultation with the BRLM can revise the Price Band during the Bidding/Issue Period, in which case the Bidding/issue Period shall be extended further for a period of three additional working days, subject to the total Bidding/Issue Period being a maximum of 10 working days. 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 Red Herring Prospectus. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and in a regional newspaper, and also by indicating the change on the website of the BRLM and at the terminals of the members of the Syndicate.

(c) The Company in consultation with the BRLM can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation to, the ASBA Bidders.

(d) ASBA Bidders agree that they shall purchase the Equity Shares at any price within the Price Band. In the event the Bid Amount is higher than the subscription amount payable, the ASBA Account shall be unblocked to the extent to such excess of Bid Amount over the subscription amount payable.

(e) In case of an upward revision in the Price Band, announced as above, the ASBA Bidders who had Bid at Cut-off Price could either (i) revise their ASBA Bid or (ii) instruct to block additional amount based on the revised Cap Price (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders bidding at the Cut-off Price, if the Bidder wants to continue to Bid at Cut-off Price), with the CB or DB of the SCSBs to whom the original ASBA Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional amount blocked) exceeds Rs. 100,000 for Retail Individual Bidders bidding at the Cut-off Price the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, the ASBA Bidder does not either revise the ASBA Bid or instruct to block additional amount and the Issue Price is higher than the Cap Price prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that the no additional amount would be required to be blocked from the ASBA Bidder and the ASBA Bidder is deemed to have approved such revised Bid.

Mode of Payment

Upon submission of an ASBA Bid cum Application Form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount, in the bank account maintained with the SCSB.

Bid Amount paid in cash, by money order or by postal order or by stockinvest, or ASBA Bid cum Application Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted.

After verifying that sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form till the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Account, in terms of the SEBI Regulations, into the Public Issue Account. The balance amount, if any against the said Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Bid Amount, as per the ASBA Bid cum Application Form submitted by the respective ASBA Bidders, would be required to be blocked in the respective ASBA Accounts until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount against allocated shares to the Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Electronic registration of Bids by SCSBs

(a) In case of ASBA Bid cum Application Forms, whether in physical or electronic mode, the Designated Branch of the SCSBs will register the Bids using the online facilities of the Stock Exchanges. SCSB shall not upload any ASBA Application Form in the electronic bidding system of the Stock Exchange(s) unless
    (i) it has received the ASBA in a physical or electronic form; and
    (ii) it has blocked the application money in the ASBA Account specified in the ASBA or has systems to ensure that Electronic ASBAs are accepted in the system only after blocking of application money in the relevant bank account opened with it.

(b) The Stock Exchanges offer a screen-based facility for registering Bids for the Issue which will be available on the terminals of Designated Branches during the Bid/Issue Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. ASBA Bidders are cautioned that high inflow of Bids typically received on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such Bids that are not uploaded may not be considered for allocation.

(c) The aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges will be displayed online on the websites of the Stock Exchanges. A graphical representation of consolidated demand and price would be made available on the websites of the Stock Exchanges during the Bidding Period.

(d) At the time of registering each Bid, the Designated Branches of the SCSBs shall enter the information pertaining to the investor into the online system, including the following details:

    - Name of the Bidder(s);
    - Application Number;
    - Permanent Account Number;
    - Investor Category and Sub-category;
    - Number of Equity Shares Bid for;
    - Details of bid options, (a) number of equity shares for each Bid, (b) Bid rate for each Bid;
    - Depository Participant identification No.; and
    - Client identification No. of the Bidder’s beneficiary account.
    - Bank Account Number

In case of electronic ASBA, the ASBA Bidder shall himself fill in all the above mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the abovementioned details in the electronic bidding system provided by the Stock Exchange(s).

(e) A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. **It is the ASBA Bidder's responsibility to obtain the TRS from the Designated Branches of the SCSBs.** The registration of the Bid by the Designated Branch of the SCSB does not guarantee that the Equity Shares bid for shall be allocated to the ASBA Bidders.

(f) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

(g) It is to be distinctly understood that the permission given by the Stock Exchanges 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 the Company or the BRLM or the Designated Branches of the SCSBs are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements; nor does it take any responsibility for the financial or other soundness of the Company, its management or any scheme or project of the Company.

(h) The SCSB may reject the ASBA Bid, if the ASBA Account maintained with the SCSB as mentioned in the ASBA Bid cum Application Form does not have sufficient funds equivalent to the Bid Amount. Subsequent to the acceptance of the Bid by the Designated Branch, the Company would have a right to reject the Bids only on technical grounds.

(i) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/Allotment. In case of discrepancy of data between the BSE or NSE and the Designated Branches of the SCSBs, the decision of the Registrar, based on the physical records of the ASBA Bid cum Application Forms shall be final and binding on all concerned.

Build up of the book and revision of Bids

(a) Bids registered through the Designated Branches of the SCSBs shall be electronically transmitted to the BSE or the NSE mainframe on a regular basis.

(b) The book gets built up at various price levels. This information will be available with the BRLM and the Stock Exchanges on a regular basis.

(c) During the Bid/Issue Period, any ASBA Bidder who has registered his/ her or its interest in the Equity Shares at a particular price level is free to revise his/ her or its Bid within the Price Band using the printed ASBA Revision Form, which is a part of the ASBA Bid cum Application Form. Revisions can be made in both the desired number of Equity Shares and the Bid Amount (including the price per Equity Share) by using the ASBA Revision Form. Apart from mentioning the revised options in the revision form, the ASBA Bidder must also mention the details of all the options in his/ her or its ASBA Bid cum Application Form or earlier ASBA Revision Form. For example, if an ASBA Bidder has Bid for three options in the ASBA Bid cum Application Form and he is changing only one of the options in the ASBA Revision Form, he is required to fill in the details of the remaining two options that are not being revised, in the ASBA Revision Form. The SCSB will not accept incomplete or inaccurate Revision Forms.

(d) The ASBA Bidder can make this revision any number of times during the Bid/Issue Period. However, for any revision(s) in the Bid, the ASBA Bidders will have to use the services of the same Designated Branch of the SCSB with whom he/she or it holds the bank account. ASBA Bidders are advised to retain copies of the ASBA Revision Form and the revised Bid must be made only in such ASBA Revision Form or copies thereof.

(e) Any revision of the Bid shall be accompanied by an instruction to block the incremental amount on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be unblocked by the SCSB.

(f) When an ASBA Bidder revises his/her or its Bid, he/she or it shall surrender the earlier TRS and get a revised TRS from the SCSBs. **It is the responsibility of the ASBA Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**

(g) The SCSBs shall provide aggregate information about the numbers of ASBA Bid cum Application Forms uploaded, total number of Equity Shares and total amount blocked against the uploaded ASBA Bid cum Application Form and other information pertaining to the ASBA Bidders. The Registrar to the Issue shall reconcile the electronic data received from the Stock Exchanges and the information received from the SCSBs. In the event of any error or discrepancy, the Registrar to the Issue shall inform the SCSB of the same. The SCSB shall be responsible to provide the rectified data within the time stipulated by the Registrar to the Issue.

(h) Only Bids that are uploaded on the online IPO system of the BSE and NSE shall be considered for allocation/Allotment.

Price Discovery and Allocation

After the Bid/Issue Closing Date, the Registrar to the Issue shall aggregate the demand generated under the ASBA process and which details are provided to them by the SCSBs to determine the demand generated at different price levels. For further details, refer to the section titled "Issue Procedure" on page 166.

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 RoC. 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 CAN

(a) Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches of the SCSBs, a list of the ASBA Bidders who have been allocated Equity Shares in the Issue. Investors should note that the Company shall endeavour to ensure that the demat credit of Equity Shares pursuant to Allotment shall be made on the same date to all investors in this Issue; and

(b) The ASBA Bidders shall directly receive the CAN from the Registrar. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the ASBA Bidder.

Unblocking of ASBA Account

Once the basis of allotment is approved by the Designated Stock Exchange, the Registrar to the Issue shall provide the following details to the Controlling Branches of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the Public Issue Account, within the timelines specified in the ASBA facility: (a) the number of Equity Shares to be Allotted against each valid ASBA Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each valid ASBA Bid, (iii) the date by which funds referred to in sub para(ii) above, shall be transferred to the Public Issue Account, (iv) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn/unsuccessful ASBA Bids, if any, to enable SCSBs to unblock the respective bank accounts. The SCSBs shall then unblock the relevant bank accounts for, (a) the transfer of the requisite money to the Public Issue Account against each valid ASBA, (b) the withdrawn/rejected/unsuccessful ASBA Bids, (c) the excess amount, if any in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalisation of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Bid, as the case may be.

Allotment of Equity Shares

(a) The Company will ensure that the allotment of Equity Shares is done within 12 working days of the Bid/Issue Closing Date.

(b) Equity Shares will be issued, transferred and allotted only in the dematerialised form to the Allottees. Allottees will have the option to re-materialise the Equity Shares so Allotted, if they so desire, as per the provisions of the applicable law.

GENERAL INSTRUCTIONS

Do's:

(a) Check if you are eligible to Bid under ASBA process.
(b) Ensure that you use the ASBA Bid cum Application Form specified for the purposes of ASBA process.
(c) Read all the instructions carefully and complete the ASBA Bid cum Application Form (if the Bid is submitted in physical mode, the prescribed ASBA Bid cum Application Form is white in colour).
(d) Ensure that the details of your Depository Participant and beneficiary account are correct and that your beneficiary account is activated, as Equity Shares will be allotted in dematerialised form only.
(e) Ensure that your Bid is submitted at a Designated Branch of an SCSB, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Bankers to the Issue/Collecting Banks (assuming that such Collecting Bank is not a SCSB), to the Company or Registrar or BRLM.
(f) Ensure that the ASBA Bid cum Application Form is signed by the account holder in case the applicant is not the account holder.
(g) Ensure that you have mentioned the correct bank account No. in the ASBA Bid cum Application Form.
(h) Ensure that you have funds equal to Bid Amount available in the ASBA Account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSB.
(i) Ensure that you have correctly checked the authorisation box in the ASBA Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form in your ASBA Account maintained with a branch of the concerned SCSB.
(j) Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSB for the submission of your ASBA Bid cum Application Form.
(k) Ensure that you have mentioned your Permanent Account Number ("PAN") allotted under the I.T. Act.
(l) Ensure that the name(s) and PAN given in the ASBA Bid cum Application Form is exactly the same as the name(s) and PAN in which the beneficiary account is held with the Depository Participant. In case the ASBA Bid is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA Bid cum Application Form.
(m) Ensure that the demographic details are updated, true and correct, in all respects.

Don'ts:

(a) Do not Bid for lower than the minimum Bid size.
(b) Do not Bid on another ASBA or Non-ASBA Bid cum Application Form after you have submitted a Bid to a Designated Branch of the SCSB.
(c) Payment of Bid Amounts in any mode other than blocked amounts in the bank accounts maintained by SCSBs, shall not be accepted under the ASBA process.
(d) Do not send your physical ASBA Bid cum Application Form by post; instead submit the same to a Designated Branch of the SCSB only.
(e) Do not more than five ASBA Bid cum Application Forms per bank account for the Issue.
(f) Do not submit the GIR number instead of the PAN Number.
(g) Do not instruct your respective banks to release the funds blocked in the bank account under the ASBA process.

Bids by ASBA Bidders must be:

(a) Made only in the prescribed ASBA Bid cum Application Form, which is white in colour if submitted in physical mode, or electronic mode.
(b) In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
(c) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the ASBA Bid cum Application Form.
(d) The Bids must be for a minimum of 90 Equity Shares and in multiples of 90 Equity Shares thereafter subject to a Bid such that the Bid Amount does not exceed the maximum investments limits prescribed under law.
(e) 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.

ASBA Bidder's depository account and bank details

ALL ASBA BIDDERS SHALL RECEIVE THE EQUITY SHARES ALLOTTED TO THEM IN DEMATERIALISED FORM. ALL ASBA BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, BENEFICIARY ACCOUNT NUMBER AND PAN IN THE ASBA BID CUM APPLICATION FORM. ASBA BIDDERS MUST ENSURE THAT THE NAME GIVEN IN THE ASBA BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. ADDITIONALLY, PAN IN THE ASBA BID CUM APPLICATION FORM SHOULD BE EXACTLY THE SAME AS PROVIDED WHILE DEPOSITORY ACCOUNT. IN CASE THE ASBA 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 ASBA BID CUM APPLICATION FORM.

ASBA Bidders should note that on the basis of name of the ASBA Bidders, PAN, Depository Participant's name and identification number and beneficiary account number provided by them in the ASBA Bid cum Application Form, the Registrar to the Issue will obtain from the Depository, demographic details of the ASBA Bidders including address, ("Demographic Details"). Hence, ASBA Bidders should carefully fill in their Depository Account details in the ASBA Bid cum Application Form.

As these Demographic Details would be used for all correspondence with the ASBA Bidders, they are advised to update their Demographic Details as provided to their Depository Participants.

By signing the ASBA Bid cum Application Form, the ASBA Bidder is deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

CAN/Allocation advice and letters intimating unblocking of bank account of the respective ASBA Bidder would be mailed at the address of the ASBA Bidder as per the Demographic Details received from the Depositories. ASBA Bidders may note that delivery of CAN/Allocation advice or letters intimating unblocking of bank account may be delayed if the same once sent to the address obtained from the Depositories are returned undelivered. Note that any such delay shall be at the sole risk of the ASBA Bidders and neither of the Designated Branches of the SCSBs, the Members of the Syndicate, or the Company shall be liable to compensate the ASBA Bidder for any losses caused to the ASBA Bidder due to any such delay or be 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 ASBA Bidders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such Bids are liable to be rejected.

ASBA Bidders are required to ensure that the beneficiary account is activated, as Equity Shares will be allotted in dematerialised form only.

Payment mechanism under ASBA

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the application money in the bank account specified in the Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until withdrawal/rejection of the ASBA Bid or receipt of instructions from the Registrar to the Issue to unblock the Bid Amount.

In the event of withdrawal or rejection of Bid cum Application Form or for unsuccessful Bid cum Application Forms, the Registrar to the Issue shall give instructions to the Controlling Branch of the SCSB to unblock the application money in the relevant bank account within one day of receipt of such instructions. The Bid Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account, or until withdrawal/failure of the Issue or until rejection of the ASBA Bid, as the case may be.

ASBA Bids under Power of Attorney

In case of ASBA Bids made pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA Bid cum Application Form. Failing this, the Company, in consultation with the BRLM, reserves the right to reject such ASBA Bids.

The Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the ASBA Bid cum Application Form, subject to such terms and conditions that the Company, in consultation with the BRLM may deem fit.

OTHER INSTRUCTIONS

Withdrawal of ASBA Bids

In case an ASBA Bidder wants to withdraw the ASBA Bid cum Application Form during the Bid/Issue Period, the ASBA Bidder shall submit the withdrawal request to the SCSB, which shall ensure deletion of the withdrawn ASBA Bid from the electronic bidding system of the Stock Exchange(s) and unblocking of funds in the relevant bank account.

In case an ASBA Bidder wants to withdraw the ASBA cum Application Form after the Bid Closing date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue before finalization of Basis of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB on finalization of the Basis of Allotment.

Joint ASBA Bids

ASBA Bids may be made in single or joint names (not more than three). In case of joint ASBA Bids, all communication will be addressed to the first Bidder and will be dispatched to his address.

Multiple ASBA Bids

An ASBA Bidder should submit only one ASBA Bid cum Application Form. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same. In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are described in "Issue Procedure - Multiple Bids" on page 173.

Permanent Account Number

For details, see the section titled "Permanent Account Number or PAN" on page 174.

Right to Reject ASBA Bids

The Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, the Company would have a right to reject the ASBA Bids only on technical grounds.

Further, in case any DP ID, Client ID or PAN mentioned in the ASBA Bid cum Application Form does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue.

GROUNDS FOR TECHNICAL REJECTIONS UNDER THE ASBA PROCESS

In addition to the grounds listed under "Grounds for Technical Rejections" on page 174, applications under the ASBA process are liable to be rejected on, *inter alia*, the following technical grounds:

1. Amount mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of Equity Shares Bid for;
2. Submission of more than five ASBA Bid cum Application Forms per account;
3. Age of first Bidder not given;
4.
5. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors and persons of unsound mind;

6. Authorisation for blocking funds in the ASBA Bidder's bank account not ticked or provided;
7. ASBA Bids accompanied by stockinvest/ money order/ postal order/ cash;
8. Signature of sole and/or joint Bidders missing in case of ASBA Bid cum Application Forms submitted in physical mode;
9. ASBA Bid cum Application Form does not have the stamp of the SCSB and/or a member of the Syndicate;
10. ASBA Bid cum Application Form is not delivered, either in physical or electronic form, by the Bidder within the time prescribed and as per the instructions provided in the ASBA Bid cum Application Form and the Red Herring Prospectus;
11. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the ASBA Account; and
12. ASBA Bid cum Application Forms not being signed by the account holder, if the account holder is different from the Bidder.

Bidders are advised that ASBA Bids not uploaded in the electronic book of the Stock Exchanges, due to any of the grounds mentioned above, would be rejected.

COMMUNICATIONS

All future communication in connection with ASBA Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First ASBA Bidder, ASBA Bid cum Application Form number, details of Depository Participant, number of Equity Shares applied for, date of ASBA Bid cum Application Form, name and address of the Designated Branch of the SCSB where the ASBA Bid was submitted, bank account number in which the amount equivalent to the Bid amount was blocked and a copy of the acknowledgement slip. The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or wilful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held. The Company, the BRLM, the Syndicate Member and the Registrar accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations.

ASBA Investors can contact the Compliance Officer, the Designated Branch of the SCSB where the ASBA Bid cum Application Form was submitted, or the Registrar to the Issue in case of any pre- or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Bid Amount, etc.

Disposal of Investor Grievances

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked on application, bank account number and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

Impersonation

For details, see section titled "Other Regulatory and Statutory Disclosures- Impersonation" on page 150.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY IN INSTRUCTIONS TO SCSBs BY THE REGISTRAR TO THE ISSUE

The Company undertakes that:

- Allotment and transfer shall be made only in dematerialised form within 12 working days from the Bid/Issue Closing Date; and
- Instructions for unblocking of the ASBA Bidder's Bank Account shall be made within 10 working days from the Bid/Issue Closing Date.

Basis of Allocation

Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA Bidders. The basis of allocation to such valid ASBA and non-ASBA Bidders will be that applicable to Retail Individual Bidders/Non-institutional Bidders/QIBs. For details, see section titled "Issue Procedure- Basis of Allotment" on page 175.

Method of Proportionate basis of allocation in the Issue

ASBA Bidders, who are Resident Individual Bidders (including HUFs) who have Bid for Equity Shares for an amount less than or equal to Rs. 100,000 in any of the Bidding options in the Issue will be categorized as Retail Individual Bidders. ASBA Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount over Rs. 100,000 will be categorised as Non-Institutional Bidders. ASBA Bidders that are not Non-Institutional Bidders or Retail Individual Bidders and who have Bid for Equity Shares for an amount over Rs. 100,000 will be categorised as QIBs. No preference shall be given vis-à-vis ASBA and non-ASBA Bidders.

Undertaking by the Company

In addition to the undertakings described under "Issue Procedure - Undertaking by the Company", with respect to the ASBA Bidders, the Company undertakes that adequate arrangement shall be made to consider ASBA Bidders similar to other Bidders while finalizing the basis of allocation.

Utilisation of Issue Proceeds

The Board has provided certain certifications with respect to the utilization of Issue Proceeds. For details, see the section titled "Issue Procedure- Utilisation of Issue Proceeds" on page 181.

SECTION IX – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Main provisions of the articles of association of the company are as under:

TABLE 'A' EXCLUDED

Table "A" not to apply

1. [a] The regulations contained in Table marked "A" in Schedule I of the Companies Act, 1956, (hereinafter called the Act or the said Act) shall not apply to the Company, except in so far as the same are repeated, contained or expressly made applicable in these Articles of by the said Act.

SHARE CAPITAL AND VARIATION OF RIGHTS

5. (a) The Authorised Share Capital of the Company shall be as per paragraph V of the Memorandum of Association of the Company with rights to alter the same in whatever way as deemed fit by the Company. The Company may increase the Authorised Capital which may consist of Equity and / or Preference Shares as the Company in General Meeting may determine in accordance with the law for the time being in force relating to Companies with power to increase or reduce such capital from time to time in accordance with the Regulations of the Company and the legislative provisions for the time being in force in this behalf and with power to divide the shares in the Capital for the time being into Equity Share Capital or Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights, privileges or conditions and to vary, modify and abrogate the same in such manner as may be determined by or in accordance with these presents.

(b) Subject to the rights of the holders of any other shares entitled by the terms of issue to preferential repayment over the equity shares in the event of winding up of the Company, the holders of the equity shares shall be entitled to be repaid the amounts of capital paid up or credited as paid up on such equity shares and all surplus assets thereafter shall belong to the holders of the equity shares in proportion to the amount paid up or credited as paid up on such equity shares respectively at the commencement of the winding up.

Division, Sub-Division, Consolidation, Conversion and Cancellation of Shares

10. Subject to the provisions of Section 94 of the Act, the Company in General Meeting may by an ordinary resolution alter the conditions of its Memorandum as follows, that is to say it may :

(a) consolidate and divide all or any of its Share Capital into shares of larger amount than its existing shares;

(b) sub-divide its shares or any of them into shares of smaller amount than originally fixed by the Memorandum subject nevertheless to the provisions of the Act in that behalf and so however that in the sub-division the proportion between the amount paid and the amount if any, unpaid on each reduced share shall be the same as it was in the case of the share from which the reduced share is derived and so that as between the holders of the shares resulting from such sub-division one or more of such shares may, subject to the provisions of the Act, be given any preference or advantage over the others or any other such shares;

(c) covert, all or any of its fully paid up shares into stock, and re-convert that stock into fully paid up shares of any denomination;

(d) cancel, shares which at the date of such General Meeting have not been taken or agreed to be taken by any person, and diminish the amount of its Share Capital by the amount of the shares so cancelled.

Notice to Register of Consolidation of Share Capital, Conversion of shares into stocks etc.

11. (a) If the Company has :

(i) consolidated and divided its Share Capital into shares of larger amount than its existing shares;

(ii) converted any shares into stock;

(iii) reconverted any stock into shares;

(iv) sub-divided its share or any of them;

(v) redeemed any redeemable preference shares; or

(vi) cancelled any shares otherwise than in connection with a reduction of Share Capital under Sections 100 to 104 of the Act,

the Company shall within one month after doing so, give notice thereof to the Registrar specifying as the case may be, the shares consolidated, divided, converted, sub-divided, redeemed or cancelled or the stocks reconverted.

(b) The Company shall thereupon request the Registrar to record the notice and make any alterations which may be necessary in the Company's Memorandum or Articles or both.

Modifications of rights

12 If at any time the Share Capital, by reason of the issue of Preference Shares or otherwise, is divided into different classes of shares, all or any of the rights and privileges attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of Sections 106 and 107 of the Act and whether or not the Company is being would up, be varied, modified, commuted, affected or abrogated with the consent in writing of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the shares of that class. This Article shall not derogate from any power which the Company would have if this Article were omitted. The provisions of these Articles relating to General Meetings shall mutatis mutandis apply to every such separate meeting but so that if at any adjourned meeting of such holders a quorum as defined in Article 102 is not present, those persons who are present shall be quorum.

SHARES AND CERTIFICATES

Issue of further Shares not to affect right of existing share holders

13. The rights or privileges conferred upon the holders of the shares of any class issued with preference or other rights, shall not unless otherwise be deemed to be varied or modified or affected by the creation or issue of further shares ranking pari passu therewith.

Provisions of Sections 85 to 88 of the Act to apply

14. The provisions of Sections 85 to 88 of the Act in so far as the same may be applicable shall be observed by the Company.

Register of Members and Debenture holders

15. (a) The Company shall cause to be kept a Register of Members and an Index of Members in accordance with Sections 150 and 151 of the Act and Register and Index of Debenture holders in accordance with Section 152 of the Act. The Company may also keep a foreign Register of Members and Debenture holders in accordance with Section 157 of the Act.

(b) The Company shall also comply with the provisions of Sections 159 and 161 of the Act as to filling of Annual Returns.

(c) The Company shall duly comply with the provisions of Section 163 of the Act in regard to keeping of the Registers, Indexes, Copies of Annual Returns and giving inspection thereof and furnishing copies thereof.

Every share transferable etc.

20. (i) The shares or other interest of any member in the Company shall be a movable property, transferable in the manner provided by the Articles.

(ii) Each share in the Company shall be distinguished by its appropriate number.

(iii) A Certificate under the Common Seal of the Company, specifying any shares held by any member shall be prima facie evidence of the title of the member of such shares.

Application of premium received on issue of shares

21. (a) Where the Company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account to be called "the Share Premium Account" and the provisions of the Act relating to the reduction of the Share Capital of the Company shall except as provided in this Article, apply as if the Share Premium Account were paid-up Share Capital of the Company.

(b) The Share Premium Account may, notwithstanding, anything in clause (a) above, be applied by the Company.

(i) in paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;

(ii) in writing off the preliminary expenses of the Company;

(iii) in writing off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; or

(iv) in providing for the premium payable on the redemption of any redeemable preference shares or of any debenture of the Company.

Issue of Certificates of Shares to be governed by Section 84 of the Act etc.

26. (a) The issue of certificates of shares or of duplicate or renewal of certificates of Shares shall be governed by the provisions of Section 84 and other provisions of the Act, as may be applicable and by the Rules or notifications or orders, if any, which may be prescribed or made by competent authority under the Act or Rules or any other law. The Directors may also comply with the provisions of such rules or regulations of any Stock Exchange where the shares of the Company may be listed for the time being.

Certificate of Shares

(b) The Certificate of title to shares shall be issued under the Seal of the Company and shall be signed by such Directors or Officers or other authorised persons as may be prescribed by the Rules made under the Act from time to time and subject thereto shall be signed in such manner and by such persons as the Directors may determine from time to time.

(c) The Company shall comply with all rules and regulations and other directions which may be made by any competent authority under Section 84 of the Act.

Limitation of time for issue of certificate

27. (a) Every member shall be entitled, without payment, to one or more Certificate in marketable lots, for all the shares of each class or denomination registered in his name, or if the Directors so approve (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 have ready for delivery such Certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide. or within two months of the recepit 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 numbers of the shares in respect of which it is issued and the amount paid up thereon and shall be in such form as the Directors may prescribe or approve provided that in respect of a Share or Shares held jointly by several persons, the Company shall not be borne to 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.

(b) The Company shall not entertain any application for split of share / debenture certificate for less than 10 (Ten) Equity Shares / 10 (Ten) debentures (all relating to the same series) in market lots as the case may be.

Provided however this restriction shall not apply to an application made by the existing members or debenture holders for split of share / debenture certificates with a view to make an odd lot holding into a marketable lot subject to verification by the Company.

(c) Notwithstanding anything contained in Clause (a) above the Directors shall, however, comply with such requirements of the Stock Exchange where Shares of the Company may be listed or such requirements of any rules made under the Act or such requirements of the Securities Contracts (Regulations) Act, 1956 as may be applicable.

TRANSFER AND TRANSMISSION OF SHARES AND DEBENTURES

Register of Transfers

59. The Company shall keep a book to be called the "Register of Transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.

Form of Transfer

60. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Act, 1956 and statutory modification thereof for the time being shall be duly compiled with in respect of all transfer of shares and registration thereof.

Transfer of Shares

63. (a) An application of registration of the transfer of shares may be made either by the transferor or the transferee provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee and subject to the provisions of Clause (d) of this Article, the Company shall unless objection is made by the transferee within two weeks from the date of receipt of the notice, enter in the Register of Members the name of the transferee in the same manner and subject to the same conditions as if the application for registration was made by the transferee.

(b) For the purpose of clause (a) above notice to the transferee shall be deemed to have been duly given if sent by prepaid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered to him in the ordinary course of post.

(c) It shall not be lawful for the Company to register a transfer of any shares unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address and occupation if any, of the transferee has been delivered to the Company alongwith the certificate relating to the shares and if no such certificate is in existence, alongwith the letter of allotment of shares. The Directors may also call for such other evidence as may reasonably be required to show the right of the transferor to make the transfer provided that where it is proved to the satisfaction of the Directors of the Company that an instrument of transfer signed by the transferor and the transferee has been lost, the Company may, if the Directors think fit, on an application in writing made by the transferee and bearing the stamp required by an instrument of transfer register the transfer on such terms as to indemnity as the Directors may think fit.

(d) Nothing in clause (c) above shall prejudice any power of the Company to register as share holder any person to whom the right to any share has been transmitted by operation of law.

(e) The Company shall accept all applications for transfer of shares / debentures, however, this condition shall not apply to requests received by the Company.

(A) for splitting of a share or debenture certificate into several scripts of very small denominations;

(B) proposals for transfer of shares / debentures comprised in a share / debenture certificate to several parties involving, splitting of a share / debenture certificate into small denominations and that such split / transfer appears to be unreasonable or without any genuine need.

(i) transfer of equity shares / debentures made in pursuance of any statutory provisions or an order of a Competent Court of law;

(ii) the transfer of the entire equity shares / debentures by an existing shareholder / debenture holder of the Company holding under one folio less than 10 (ten) Equity Shares or 10 (ten) Debentures (all relating to the same series) less than in market lots by a single transfer to a single or joint transferee.

(iii) the transfer of not less than 10 (ten) Equity shares or 10 (ten) Debentures (all relating to the same series) in favour of the same transferee(s) under two or more transfer deeds, out of which one or more relate(s) to the transfer of less than 10 (ten) Equity Shares / 10 (ten) debentures.

(iv) the transfer of less than 10 (ten) Equity Shares or 10 (ten) Debentures (all relating to the same series) to the existing share holder / debenture holder subject to verification by the Company.

Provided that the Board may in its absolute discretion waive the aforesaid conditions in a fit and proper case(s) and the decision of the Board shall be final in such case(s).

(f) Nothin in this Article shall prejudice any power of the Company to refuse to register the transfer of any share.

Title to shares of deceased holder

67. The executors or administrators of a deceased member (not being one or two or more joint holders) or the holder of a deceased member (not being one or two or more joint holders) shall be the only persons whom the Company will be bound to recognise as having any title to the shares registered in the name of such member, and the Company shall not be bound to recognise such executors or administrators or

the legal representatives unless they shall have first obtained probate or Letters of Administration or a Succession Certificate, as the case may be, from a duly constituted competent Court in India, provided that in any case where the Directors in their absolute discretion think fit, the Directors may dispence with the production of probate or Letters of Administration or a Succession Certificate upon such terms as to indemnity or otherwise as the Directors in their absolute discretion may think necessary under Article 70 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member.

Registration of persons entitled to share otherwise than by transfer

68. (a) Subject to the provisions of Articles 67 and 77(d), any person becoming entitled to any share in consequence of the death, lunacy, bankruptcy or insolvency of any member or by any lawful means other than by a transfer in accordance with these presents, may with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of such titles as the Directors shall think sufficient, either be registered himself as a member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as a member in respect of such shares. Provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be free from any liability in respect of such shares.

(b) A transfer of the shares or other interest in the Company of a deceased member thereof made by his legal representative shall, although the legal representative is not himself a member be as valid as if he had been a member at the time of the execution of the instrument of transfer.

'**Nomination**'

(c) (1) Every Shareholder or Debentureholder or Depositholder of the Company, may at any time, nominate a person to whom his Shares or Debentures or Deposit shall vest in the event of his death in such manner as may be prescribed under the Act.

(2) Where the Shares or Debentures or Deposits of the Company are held by more than one person jointly, joint holders may together nominate a person to whom all the rights in the Shares or Debentures or Deposits as the case may be shall vest in the event of death of all the joint holders in such manner as may be prescribed under Section 58A(11) and 109A of the Act.

(3) Notwithstanding anything contained in any other law for the time being in force or in any disposition, whether testamentary or otherwise, where a nomination made in the manner aforesaid purports to confer on any person the right to vest the Shares or Debentures or Deposits, the nominee shall, on the death of the Shareholder or Debentureholder or Depositholder, as the case may be on the death of the joint holders become entitled to all the rights in such Shares or Debentures or Deposits as the case may be, all the joint holders, in relation to such Shares or Debentures or Deposits, to the exclusion of all other persons, unless the nomination is varied or cancelled in the manner as may be prescribed under the Act.

(4) Where the nominee is a minor, it shall be lawful for the holder of the Shares or Debentures or Deposits, to make the nomination to appoint any person to become entitled to Share in, or Debentures or Deposits of, the Company, in the manner prescribed under the Act, in the event of his death, during the minority.

'**Transmission of Shares or Debentures**'

(d) (1) A nominee, upon production of such evidence as may be required by the Board and subject to provisions of Section 109B of the Act and as hereinafter provided, elect, either –

(a) to register himself as holder of the Share or Debenture, as the case may be; or

(b) to make such transfer of the Share or Debenture, as the deceased Shareholder or Debentureholder, as the case may be, could have made.

(2) if the nominee elects to be registered as holder of the Share or Debenture himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Shareholder or Debentureholder, as the case may be.

(3) a nominee shall be entitled to the share dividend and other advantages to which he would be entitled if he were the registered holder of the Share or Debenture. Provided that he shall not, before being registered as a member, be entitled to exercise any right conferred by membership in relation to meeting of the Company.

provided further that Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Share or Debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Share or Debenture, until the requirements of the notice have been complied with.

BORROWING POWERS

Restriction on powers of the Board

78. The Board of Directors shall not, except with the consent of the Company in General Meeting and subject to Article 172 of the Articles of Association of the Company :

(a) sell, lease or otherwise dispose of the whole or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole, or substantially the whole, of any such undertaking.

(b) remit, or give time for the repayment of any debt due by a Director.

(c) invest, otherwise than in trust securities the amount of compensation received by the Company in respect of the compulsory acquisition alter the commencement of this Act, of any such undertaking as is referred to in clause (a) or of any premises or properties used for any such undertaking and without which it can not be carried on or can be carried on only with difficulty or only after a considerable time.

(d) borrow monies where the moneys to be borrowed, together with the moneys already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up Capital of the Company and its free reserves, that is to say, reserves not set apart for any specific purpose.

(e) contribute, to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five percent, of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial year immediately preceding, whichever is greater.

Explanation : Every resolution passed by the Company in General Meeting in relation to the exercise of the power referred to in clause (d) or in clause (e) shall specify the total amount upto which money may be borrowed by the Board of Directors under clause (d) or as the case may be, the total amount which may be contributed to charitable and other funds in any financial year under clause (e).

Conditions on which money may be borrowed

79. The Directors may raise and secure the payment of such sum or sums in such manner and upon such terms and conditions in all respects as they think fit, and in particular by the issue of bonds, perpetual or redeemable, debenture or debenture stocks or any mortgage or charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled Capital for the time being.

Registration of charges

85. (a) The provisions of the Act relating to registration of charges shall be complied with.

(b) In the case of a charge created out of India and comprising solely property situated outside India, the provisions of Section 125 of the Act shall also be complied with.

(c) Where a charge is created in India but comprises property outside India, the instrument creating or purporting to create the charge under Section 125 of the Act or a copy thereof verified in the prescribed manner, may be filed for registration, notwithstanding that further proceedings may be necessary to make the charge valid or effectual according to the law of the country in which the property is situated, as provided by Section 125 of the Act.

(d) Where any charge on any property of the Company required to be registered under Section 125 of the Act has been so registered any persons acquiring such property or any part thereof or any share as interest therein shall be deemed to have notice of the charge as from the date of such registration.

(e) In respect of registration of charges on properties acquired subject to charge, the provisions of Section 127 of the Act shall be complied with.

(f) The Company shall comply with the provisions of Section 128 of the Act relating to particulars in case of series of debentures entitling holders pari passu.

(g) The Company shall comply with the provisions of Section 129 of the Act in regard to registration of particulars of commission, allowance or discount paid or made, directly or indirectly, in connection with the debentures.

(h) The Provisions of Section 133 of the Act as to endorsement of Certificate of registration on debenture or Certificate of debenture stock shall be complied with by the Company.

(i) The Company shall comply with the provisions of Section 134 of the Act as regards registration of particulars of every charge and of every series of debentures.

(j) As to modification of charges, the Company shall comply with the provisions of Section 135 of the Act.

(k) The Company shall comply with the provisions of Section 136 of the Act regarding keeping a copy of instrument creating charge at the registered office of the Company and comply with the provisions of Section 137 of the Act in regard to entering in the register of charges any appointment of Receiver or Managers as therein provided.

(l) The Company shall also comply with the provisions of section 138 of the Act as to reporting satisfaction of any charge and procedure thereafter.

(m) The Company shall keep at its registered office a Register of charges and enter therein all charges specifically affecting any property of the Company and all floating charges on the undertaking or on any property of the company giving in each case :

(i) a short description of the property charged;

(ii) the amount of the charge; and

(iii) except in the case of securities to bearer, the names of persons entitled to the charge.

(n) Any creditor or member of the Company and any other person shall have the right to inspect copies of instruments creating charges and the Company's Register of charges in accordance with and subject to the provisions of Section 144 of the Act.

GENERAL MEETINGS

93. **Annual General Meeting**

Subject to the provisions contained in Sections 166 and 210 of the Act, as far as applicable, the Company shall in each year hold, in addition to any other meetings, a general meeting as its annual general meeting, and shall specify, the meeting as such in the Notice calling it; and not more than fifteen months shall elapse between the date of one annual general meeting of the Company and that of the next.

Provided that if the Registrar for any special reason, extends the time within which any annual general meeting shall be held, then such annual general meeting may be held within such extended period.

Summary of Annual General Meeting

The Company may in any one general meeting fix the place for its any annual general meetings. Every member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any general meeting which he attends on any part of the business which concerns him as Auditor. At every annual general meeting of the Company, there shall be laid on the table, the Director's Report the audited statements of accounts and auditor's report (if any, not already incorporated in the audited statement of accounts). The proxy registered with the Company and Register of Director's Share holdings of which latter register shall remain open and accessible during the continuance of the meeting. The Board shall cause to prepare the Annual list of members, summary of Share Capital, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Sections 159, 161 and 220 of the Act.

Time and place of Annual General Meeting

94. Every annual general meeting shall be called at any time during business hours, on a day that is not a public holiday, and shall be held either at the regsitered office of the Company or at some other place within the city, town or village in which the registered office of the Company is situate, and the notice calling the meeting shall specify it as the annual general meeting.

Sections 171 to 186 of the Act shall apply to meetings.

95. Sections 171 to 186 of the Act with such adaptations and modifications, if any, as may be prescribed shall apply with respect to meetings of any class of members or debenture holders of the Company in like manner as they apply with respect to general meetings of the Company.

Powers of Director's to call Extraordinary General Meeting

96. The Directors may call an extraordinary general meeting of the Company whenever they think fit.

Calling of Extra Ordinary General Meeting on requisition

97. (a) The Board of Directors of the Company shall on the requisition of such number of members of the Company as is specified in clause (d) of this Article, forthwith proceed duly to call an Extraordinary general meeting of the Company.

(b) The requisition shall set out the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists, and shall be deposited at the registered office of the Company.

(c) The requisition may consist of several documents in like form, each signed by one or more requisitionists.

(d) The number of members entitled to requisition a meeting in regard to any matter shall be such number of them as hold at the date of the deposit of the requisition not less then one tenth of such of the paid up share capital of the Company as at that date carried the right of voting in regard to that matter.

(e) Where two or more distinct matters are specified in the requisition the provisions of clause (d) above, shall apply separately in regard to each such matter; and the requisition shall accordingly be valid only in respect of those matters in regard to which the condition specified in that clause is fulfilled.

(f) If the Board does not, within twenty one days from the date of the deposit of a valid requisition in regard to any matters, proceed duly to call a meeting for the consideration of those matters then on a day not later than forty five days from the date of the deposit of the requisition, the meeting may be called :

(i) by the requisitionists themselves;

(ii) by such of the requisitionists as represent either a majority in value of the paid up share capital held by all of them or note less than one tenth of such of the paid-up share capital of the Company as is referred to in clause (d) above, whichever is less.

Explanation : For the purpose of this clause, the Board shall in the case of a meeting at which resolution is to be proposed as a Special Resolution, be deemed not to have duly convened the meeting if they do not give such notice thereof as is required by sub-section 189 of the Act.

(g) A meeting, called under clause (f) above, by the requisitionists or any of them :

(i) shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board; but

(ii) shall not be held after the expiration of three months from the date of the deposit of the requisition.

Explanation : Nothing in clause (g) (ii) above, shall be deemed to prevent a meeting duly commenced before the expiry of the period of three months aforesaid, from adjourning to some day after the expiry of that period.

(h) Where two or more persons hold any shares or interest in the Company jointly, a requisition, or a notice calling a meeting, signed by one or some of them shall, for the purpose of this Article, have the same force and effect as if it had been signed by all of them.

(i) Any reasonable expenses incurred by the requisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company; and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.

Quorum for meeting

101. (a) Five members personally present shall be the quorum for a general meeting of the company.

If quorum not present meeting to be dissolved or adjourned

(b) (i) If within half an hour from the time appointed for holding a meeting of the Company, a quorum is not present, the meeting, if called upon by requisition of members, shall stand dissolved.

(ii) In any other case, the meeting shall stand adjourned to the same day in the next week at the same time and place or to such other day and at such other time and place, as the Board may determine.

Adjourned meeting to transact business

(c) If at the adjourned meeting also, a quorum is not present within half an hour from the time appointed for holding the meeting, the members present shall be the quorum.

Presence of quorum

102. (a) No business shall be transacted at any general meeting unless the requisite quorum be present at the commencement of the business.

Business confined to election of chairman whilst chair vacant

(b) No business shall be discussed or transacted at any general meeting except the election of a Chairman whilst the Chair is vacant.

Chairman of general meeting

(c) (i) The chairman of the Board of Directors shall be entitled to take the chair at every general meeting. If there be no Chairman or if at any meeting he shall not be present within 15 (fifteen) minutes after the time appointed for holding such meeting or is unwilling to act, the Directors present may choose one of themselves to be Chairman and in default of their doing so, the members present shall choose one of the Directors to be Chairman and if no Directors present be willing to take the chair, the members present shall choose one of the themselves to be the Chairman.

(ii) If at any meeting a quorum of members shall be present, and the Chair shall not be taken by the Chairman or Vice Chairman of the Board or by a Director at the expiration of 15 (fifteen) minutes from the time appointed for holding the meeting or if before the expiration of that time all the Directors shall decline to take the Chair, the members present shall choose one of their members to be the Chairman of the meeting.

Chairman with consent may adjourn the meeting

(d) The Chairman with the consent of the meeting may adjourn any meeting from time to time and place to place in the city, town or village where the registered office of the Company is situate.

Business at adjourned meeting

(e) No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.

Notice of adjourned meeting

(f) When a meeting is adjourned only for thirty days or more, notice of the adjourned meeting shall be given as in the case of original meeting.

In what cases poll taken with or without adjournment

(g) Any poll duly demanded on the election of a Chairman of a meeting or any question of adjournment shall be taken at the meeting forthwith, save as aforesaid, any business other than that upon which a poll has been demanded may be proceeded with pending the taking of the poll.

103. Proxies

(a) Any member of the Company entitled to attend and vote at a meeting of the Company shall be entitled to appoint any other person (whether a member or not) as his proxy to attend and vote instead of himself. A member (and in the case of joint holders all holders) shall not appoint more than one person as proxy. A proxy so appointed shall not have any right to speak at the meeting.

Provided that unless where the proxy is appointed by a body corporate a proxy shall not be entitled to vote except on a poll.

(b) In every notice calling a meeting of the Company there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself, and that a proxy need not be a member.

(c) The instrument appointing a proxy or any other document necessary to show the validity or otherwise relating to the appointment of a proxy shall be lodged with the Company not less than 48 (forty eight) hours before the meeting in order that the appointment may be effective thereat.

(d) The instrument appointing a proxy shall :

(i) be in writing, and

(ii) be signed by the appointer or his attorney duly authorised in writing or, if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorised by it.

VOTES OF MEMBERS

Restrictions on exercise of voting rights of members who have not paid calls

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

(b) Where the shares of the Company are held in trust, the voting power in respect of such shares shall be regulated by the provisions of Section 187 B of the Act.

Restriction on exercise of voting right in other cases to be void

105. A member is not prohibited for exercising his voting right on the ground that he has not held his share or other interest in the Company for any specified period preceding the date on which the vote is taken, or on any other ground not being a ground set out in Article 104.

Equal rights of share holders

106. Any shareholder whose name is entered in the Register of members of the Company shall enjoy the same rights and be subject to the same liabilities as all other shareholders of the same class.

Voting to be by show of hands in first instance

107. At any general meeting a resolution put to vote at the meeting shall unless a poll is demanded under Section 179 of the Act be decided on a show of hands.

108. (a) Subject to the provisions of the Act, upon show of hands every member entitled to vote and present in person shall have one vote, and upon a poll every member entitled to vote and present in person or by proxy shall have one vote, for every share held by him.

No voting by proxy on show of hands

(b) No member not personally present shall be entitled to vote on a show of hands unless such member is a body corporate present by proxy or by a representative duly authorised under Sections 187 or 187A of the Act, in which case such proxy or representative may vote on a show of hands as if he were a member of the Company.

Chairman's declaration of result of voting by show of hands to be conclusive

109. A declaration by the Chairman in pursuance of Section 177 of the Act that on a show of hands, a resolution has or has not been carried, either unanimously or by a particular majority, and an entry to that effect in the books containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.

Demand for poll

110. (a) Before or on the declaration of the result of the voting on any resolution of a show of hands, a poll may be ordered to be taken by the Chairman of the meeting of his own motion and shall be ordered to be taken by him on a demand made in that behalf by any member or members present in person or by proxy and holding shares in the Company which confer a power to vote on the resolution not being less than one-tenth of the total voting power in respect of the resolution or on which an aggregate sum of not less than fifty thousand rupees has been paid up.

(b) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

Time of taking poll

111. (a) A poll demanded on a question of adjournment shall be taken forthwith.

(b) A poll demanded on any other question (not being a question relating to the election of a Chairman which is provided for in Section 175 of the Act) shall be taken at such time not being later than 48 (forty eight) hours from the time when the demand was made, as the Chairman may direct.

Right of a member to use his votes differently

112. On a poll taken at a meeting of the Company a member or other person entitled to vote for him as the case may be, need not, if he votes, use, all his votes or cast in the same way all the votes he uses.

Scrutineers at poll

113. (a) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report thereon to him.

(b) The Chairman shall have power, at any time before the result of the poll is declared, to remove a scrutineer from office and to fill vacancies in the office of scrutineer arising from such removal or from any other cause.

(c) Of the two scrutineers appointed under this article, one shall always be a member (not being an officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed.

Manner of taking poll and result thereof

114. (a) Subject to the provisions of the Act, the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken.

(b) The result of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.

Casting Vote

115. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting at which the show of hands takes place or at which the polls is demanded shall be entitled to a casting vote in addition to his own vote or votes to which he may be entitled as a member.

Representation of Body Corporate

116. A body corporate (whether a Company within the meaning of the Act or not) if it is a member or creditor (including a holder of debentures) of the Company may in accordance with the provisions of Section 187 of the Act authorise such person by a resolution of its Board of Directors as it thinks fit, to act as its representative at any meeting of the Company or of any class of members of the Company or at any meeting of creditors of the Company.

Representation of the President of India or Governors

117. (a) The President of India or the Governor of a State if he is a member of the Company may appoint such person as he thinks fit to act as his representative at any meeting of the Company or at any meeting of any class of members of the Company in accordance with provisions of Section 187A of the Act or any other statutory provision governing the same.

(b) A person appointed to act as aforesaid shall for the purposes of the Act be deemed to be a member of such a Company and shall be entitled to exercise the same rights and powers (including the right to vote by proxy) as the President or as the case may be the Governor could exercise, as a member of the Company.

(c) **Public Trustee**

The Company shall observe the provisions of Section 187B of the Act, in regard to the Public Trustee.

Circulation of member's resolution

118. The Company shall comply with provisions of Section 188 of the Act, relating to circulation of member's resolution.

Resolution requiring special notice

119. The Company shall comply with provisions of Section 190 of the Act relating to resolution requiring special notice.

Resolutions passed at adjourned meeting

120. The provisions of Section 191 of the Act shall apply to resolutions passed at an adjourned meeting of the Company, or of the holders of any class of shares in the Company and of the Board of Directors of the Company and the resolutions shall be deemed for all purposes as having been passed on the date on which in fact they were passed and shall not be deemed to have been passed on any earlier date.

Registration of resolutions and agreements

121. The Company shall comply with the provisions of Section 192 of the Act relating to registration of certain resolutions and agreements.

BOARD OF DIRECTORS

Appointment of Senior Executives as Wholetime Directors

128. (a) Subject to the provisions of the Act and within the overall limit prescribed under these Articles for the number of Directors on the Board, the Board may appoint any Senior Executive of the Company as a Wholetime Director of the Company for such period and upon such terms and conditions as the Board may decide. The Senior Executive so appointed shall be governed by the following provisions:

(i) He shall be liable to retire by rotation as provided in the Act but shall be eligible for reappointment. His reappointment as a Director shall not constitute a break in his appointment as Wholetime Director.

(ii) He shall be reckoned as Director for the purpose of determining and fixing the number of Directors to retire by rotation.

(iii) He shall cease to be a Director of the Company on the happening of any event specified in Section 283 and 314(2C) of the Act. He shall cease to be a Director of the Company, if for any reason whatsoever he ceases to hold the position of Senior Executive in the Company or ceases to be in the employment of the Company.

(iv) Subject to what is stated herein above he shall carry out and perform all such duties and responsibilities as may, from time to time, be conferred upon or entrusted to him by the Managing Director/s and / or the Board, shall exercise such powers and authorities subject to such restrictions and conditions and/or stipulations as the Managing Director/s and / or the Board may, from time to time determine.

(b) Nothing contained in this Article shall be deemed to restrict or prevent the right of the Board to revoke, withdraw, alter, vary or modify all or any of such powers, authorities, duties and responsibilities conferred upon or vested in or entrusted to such wholetime directors.

POWERS OF DIRECTORS

Certain powers to be exercised by the Board only at meeting

170. (a) Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and they shall do so only by means of resolutions passed at meetings of the Board.

(i) The power to make calls on shareholders in respect of money unpaid on their shares;

(ii) The power to issue debenture;

(iii) The power to borrow moneys otherwise than on debentures;

(iv) The power to invest the funds of the Company, and

(v) The power to make loans.

Provided that the Board may be resolution passed at the meeting, delegate to any Committee of Directors, the Managing Director, the Manager or any other principal officer of the Company or in the case of a branch office of the Company, a principal officer of the branch office, the powers specified in sub-clauses (iii), (iv) and (v) to the extent specified in clauses (b), (c) and (d) respectively on such condition as the Board may prescribe.

(b) Every resolution delegating the power referred to in sub-clause (iii) of clause (a) shall specify the total amount outstanding at any one time upto which moneys may be borrowed by the delegate.

(c) Every resolution delegating the power referred to in sub-clause (iv) of clause (a) shall specify the total amount upto which the funds of the Company may be invested and the nature of the investments which may be made by the delegate.

(d) Every resolution delegating the power referred to in sub-clause (v) of clause (a) shall specify the total amount upto which loans may be made by the delegates, the purposes for which the loans may be made and the maximum amount upto which loans may be made for each such purpose in individual cases.

(e) Nothing in this Article shall be deemed to affect the right of the Company in general meeting to impose restrictions and conditions on the exercise by the Board of any of the powers referred to in sub-clauses (i), (ii), (iii), (iv) and (v) of clause (a) above.

Restriction on powers of Board

171. (a) The Board of Directors of the Company shall not except with the consent of the Company in general meeting :

(i) sell, lease or otherwise dispose of the whole, or substantially the whole, of the undertaking of the Company, or where the Company owns more than one undertaking of the whole or substantially the whole of any such undertaking;

(ii) remit, or give time for the repayment of any debt, due by a Director;

(iii) invest, otherwise than in trust securities, the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred to in sub-clause (i) above, or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time;

(iv) borrow moneys, where the money to be borrowed, together with the moneys already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of the paid-up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose; or

(v) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees any amounts the aggregate of which will in any financial year, exceed fifty thousand rupees or five percent of its average net profits as determined in accordance with the provisions of Sections 349 and 350 of the Act during the three financial years, immediately proceedings, whichever is greater.

(b) Nothing contained in sub-clause (a) above shall affect :

(i) the title of a buyer or other person who buys or takes a lease of any such undertaking as is referred to in that sub-clause in good faith and after exercising due care and caution, or

(ii) the selling or leasing of any property of the Company where the ordinary business of the Company consists of, or comprises such selling or leasing.

(c) Any resolution passed by the Company permitting any transaction such as is referred to in sub-clause (a) (i) above, may attach such conditions to the permission as may be specified in the resolution, including conditions regarding the use, disposal or investment of the sale proceeds which may result from the transaction. Provided that this clause shall not be deemed to authorise the Company to effect any reduction in its capital except in accordance with the provisions contained in that behalf in the Act.

(d) No debt incurred by the Company in excess of the limit imposed by sub-clause (iv) of clause (a) above, shall be valid or effectual, unless the lender proves that he advanced the loan in good faith and without knowledge that the limit imposed by that clause had been exceeded.

Prohibition regarding making of political contributions

(e) Due regard and compliance shall be observed in regard to matters dealt with by or in the Explanation contained in sub-section (1) of Section 293 of the Act and in regard to the limitations on the power of the Company contained in Section 293A of the Act.

General powers of the Company vested in Directors

172. Subject to the provisions of the Act, the management of the business of the Company shall be vested in the Directors and the Directors may exercise all such powers and do all such acts and things as the Company is by the Memorandum of Association or otherwise authorised to exercise and do and not hereby or by the statue or otherwise directed or required to be exercised or done by the Company in General Meeting, but subject nevertheless to the provisions of the Act and other Act and of the Memorandum of Association and these Articles and to any regulations, not being inconsistent with the Memorandum of Association and these Articles or the Act, from time to time made by the Company in general meeting provided that no such regulation shall invalidate any prior act of the Directors which would have been valid if such regulation had not been made.

THE SECRETARY

Secretary

175. Subject to the provisions of Section 383 A of the Act, the Directors may, from time to time, appoint and, at their discretion remove any individual (hereinafter called "the Secretary") who shall have such Qualifications as the authority under the Act may prescribe to perform any functions, which by the Act or these Articles are to be performed, by the Secretary, and to execute any other purely ministerial or administrative duties which may from time to time be assigned to the Secretary by the Director. The Directors may also at any time appoint some persons (who need not be the Secretary) to keep the registers required to be kept by the Company.

SEAL

The seal its custody and use

176. (a) The Directors shall provide a Common Seal for the purpose of the Company and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Directors shall provide for the safe custody of the Seal for the time being and the Seal shall never be used except by or under the authority of the Directors or a Committee of the Directors previously given, and in the presence of one Director or a Committee of the Directors previously given, and in the presence of one Director at the least, who shall sign every instrument to which the Seal is so affixed in his presence.

(b) **Seal abroad**

The Company shall also be at liberty to have an official seal in accordance with Section 50 of the Act for use in any territory, district or place outside India and such powers shall accordingly be vested in the Directors.

INTEREST OUT OF CAPITAL

Interest may be paid out of Capital

177. Where any shares in the Company are issued for the purpose of raising money to defray the expenses of the construction of any work or building, or the provisions of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period and at the rate and subject to the conditions and restrictions provided by Section 208 of the Act, and may charge the same to capital as part of the cost of construction of the work or building, or the provisions of plant.

DIVIDENDS

Division of Profits

178. The profits of the Company subject to any special rights relating thereto created or authorised to be created by these presents shall be divisible among the members in proportion to the amount of Capital paid up or credited as paid up on the shares held by them respectively.

Dividend payable to registered holder

179. No dividend shall be paid by the Company in respect of any share except to the registered holder of such share or to his order or to his banker.

Time of payment of dividend

180. Where a dividend has been declared by the Company it shall be paid within the period provided in Section 207 of the Act.

Capital paid up in advance and interest not to earn dividend

181. Where the Capital is paid up in advance of calls upon the footing that the same shall carry interest, such Capital shall not, whilst carrying interest confer a right to dividend or to participate in profits.

Dividends in proportion to amount paid up

182. (a) The Company shall pay dividends in proportion to the amounts paid up or credited as paid up on each share, when a larger amount is paid up or credited as paid up on some shares than on others. Nothing in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.

(b) Provided always that any Capital paid up on a share during the period in respect of which a dividend is declared, shall unless the terms of issue otherwise provide, only entitle the holder of such share to an apportioned amount of such dividend proportionate to the capital from time to time paid during such period on such share.

Company in General Meeting may declare dividends

183. The Company in general meeting may declare a dividend to be paid to the members according to their respective rights and interests in the profits and may fix the time for payment.

Power of Directors to limit dividend

184. No larger dividend shall be declared than is recommended by the Directors but the Company in general meeting may declare a smaller dividend.

Dividends only to be paid out of profits

185. No dividend shall be declared or paid by the Company otherwise than out of profits of the financial year arrived at after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or out of the profits of the Company for any previous financial year or years arrived at after providing for depreciation in accordance with these provisions and remaining undistributed or out of both or out of moneys provided by the Central Government or a State Government for the payment of dividend in pursuance of the guarantee given by that Government provided that :

(a) If the Company has not provided for depreciation for any previous financial year or years, it shall before declaring or paying a dividend for any financial year, provide for such depreciation out of the profits of that financial year or out of the profits of any other previous financial year or years;

(b) If the Company has incurred any loss in any previous financial year or years the amount of the loss or an amount which is equal to the amount provided for depreciation for that year or those years whichever is less, shall be set off against the profits of the Company for the year for which the dividend is proposed to be declared or paid or against the profits of the Company for any previous financial year or years arrived at in both cases after providing for depreciation in accordance with the provisions of sub-section (2) of Section 205 of the Act or against both.

Provided further that, no dividend shall be declared or paid for any financial year out of the profits of the Company for that year arrived at after providing for depreciation as above, except after the transfer to the reserves of the Company of such percentage of its profits for that year as may be prescribed in accordance with Section 205 of the Act or such higher percentage of its profits as may be allowed in accordance with that Section.

Nothing contained in this Article shall be deemed to affect in any manner the operation of Section 208 of the Act.

Directors' declaration as to net profits conclusive

186. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.

Interim Dividends

187. The Directors may, from time to time, pay to the members such interim dividends as in their judgement the position of the Company justifies.

Retention of Dividend until completion of transfer under Article

188. The Directors may retain the Dividends payable upon shares in respect of which any person is under the Transmission clause of these Articles entitled to become a member or which any person under the clause is entitled to transfer until such person shall become a member in respect of such shares or shall duly transfer the same.

No member to receive Dividend whilst indebted to the Company and Company's right to reimbursement therefrom

189. Subject to the provisions of the Act, no member shall be entitled to receive payment of any interest or dividend in respect of his share(s) whilst any money may be due or owing from him to the Company in respect of such share(s) or debenture(s) or otherwise however either alone or jointly with any other person or persons and the Directors may deduct from the interest or dividend payable to any member, all sums of moneys so due from him to the Company.

Transferred shares must be registered

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

Dividend how remitted

191. Unless otherwise directed any dividend may be paid by cheque or warrant or a pay-slip or receipt having the force of a cheque or warrant sent throught ordinary post to the registered address of the member or person entitled or in the case of joint holders to that one of them first named in the Register of Members in respect of the joint holding. Every such cheque or warrant so sent shall be made payable to the registered holder of shares or to his order or to his bankers. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost, to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the fradulent or improper recovery thereof by any other means.

Unpaid or Unclaimed Dividend

192. (a) Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been poster within 30 days from the date of declaration, to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend Account of GYSCOAL ALLOYS LIMITED" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

(b) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the Investor Education and Protection Fund account of the Central Government.

No claim for such transferred amount will lie against the Company or Central Government.

(c) No unpaid or unclaimed dividend shall be forfeited by the Board.

Dividend and call together

193. Any general meeting declaring a dividend may on the recommendation of the Directors make a call on the members for such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against the calls.

Dividend to be payable in cash

194. No dividend shall be payable except in cash. Provided that nothing in this Article shall be deemed to prohibit the capitalisation of profit or reserves of the Company for the purpose of issuing fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the members of the Company.

CAPITALISATION

Capitalisation

195. (a) Any general meeting may resolve that any amount standing to the credit of the Share Premium Account or the Capital Redemption Reserve Account or any money's investments or other assets forming part of the undivided profits (including profits or surplus moneys arising from the realisation and where permitted by law, from the appreciation in value of any capital assets of the Company) standing to the credit of the General Reserve, Reserve or any Reserve Fund or any other fund of the Company or in the hands of the Company and available for dividend may be capitalised. Any such amount (excepting the amount standing to the credit of the Share Premium Account and/or the Capital Redemption Reserve Account) may be capitalised;

(i) by the issue and distribution as fully paid shares, debentures, debenture stock, bonds or obligations of the Company or

(ii) by crediting the shares of the Company which may have been issued and are not fully paid up, with the whole or any part of the sum remaining unpaid thereon.

Provided that any amounts standing to the credit of the Share Premium Account may be applied in;

(1) paying up unissued shares of the Company to be issued to members of the Company as fully paid bonus shares;

(2) in writing off the preliminary expenses of the Company;

(3) in writing of the expenses of, or the commission paid or discount allowed on any issue of shares or debentures of the Company; or

(4) in providing for the premium payable on the redemption of any redeemable preference shares or of any debentures of the Company. Provided further that any amount standing to the credit of the Capital Redemption Reserve Account shall be applied only in paying up unissued shares of the Company to be issued to the members of the Company as fully paid bonus shares.

(b) Such issue and distribution under sub-clause (a)(i) above and such payment to the credit of unpaid share capital under sub-clause (a)(ii) above shall be made to, among and in favour of the members of any class of them or any of them entitled thereto and in accordance with their respectiver rights and interests and in proportion to the amount of capital paid up on the shares held by them respectively in respect of which such distribution under sub-clause (a)(i) or payment under sub-clause (a)(ii) above shall be made on the footing that such members become entitled thereto as capital.

(c) The Directors shall give effect to any such resolution and apply portion of the profits, General Reserve Fund or any other fund or account as aforesaid as may be required for the purpose of making payment in full for the shares, debentures or debenture stock, bonds or other obligations of the Company so distributed under sub-clause (a)(i) above or (as the case may be) for the purpose of paying, in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid-up under sub-clause (a) (ii) above provided that no such distribution or payment shall be made unless recommended by Directors and if so recommended such distribution and payment shall be accepted by such members as aforesaid in full satisfaction of their interest in the said capitalised sum.

(d) For the purpose of giving effect to any such resolution the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificates or coupons and fix the value for distribution of any specific assets and may determine that such payments be made to any members on the footing of the value so fixed and may vest any such cash, shares, fractional certificates or coupons, debentures, debenture stock, bonds, or other obligations in trustees upon such trusts for the persons entitled thereto as may seem expedient to the Directors and generally may make such arrangement for the acceptance, allotment and sale of such shares, debentures, debenture stock, bonds or other obligations and fractional certificates or coupons or otherwise as they may think fit.

(e) Subject to the provisions of the Act and these Articles in cases where some of the shares of the Company are fully paid and others are partly paid only, such capitalisation may be effected by the distribution of further shares in respect of the fully paid shares, and by crediting the partly paid shares with the whole or part of the unpaid liability thereon but so that as between the holders of fully paid shares, and the partly paid shares the sums so applied in the payment of such further shares and in the extinguishment or diminution of the liability on the partly paid shares shall be so applied pro rata in proportion to the amount then already paid or credited as paid on the existing fully paid and partly paid shares respectively.

196. When deemed requisite a proper contract shall be filed with the Registrar of Companies in accordance with the Act and the Board may appoint any person to sign such contract on behalf of the members entitled as aforesaid and such appointment shall be effective.

WINDING UP

Distribution of Assets

219. (a) Subject to the provisions of the Act, if the Company shall be would up and the assets available for distribution among the members as such shall be less than sufficient to repay the whole of the paid up capital such assets shall be distributed so that, as nearly, as may be, the losses shall be borne by the members in proportion to the Capital paid up, or which ought to have been paid up, at the commencement of winding up, on the shares held by them respectively. And if in 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 in proportion to the Capital paid-up at the commencement of the winding up or which ought to have been paid up on the shares held by them respectively.

(b) But this clause will not prejudice the rights of the holders of shares issued upon special terms and conditions.

220. Subject to the provisions of the Act.

Distribution in specie or kind

(a) If the Company shall be would up whether voluntarily or otherwise, the liquidators may with the sanction of a special resolution and any other sanction required by the Act, divide amongst the contributors, in specie or kind the whole or any part of the assets of the Company, and may, with the like sanction vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them as the liquidators with the like sanction shall think fit.

(b) If thought expedient, any such division may, subject to the provisions of the Act, be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given (subject to the provisions of the Act) preferential or special rights or may be excluded altogether or in part but in case any division otherwise than in accordance with the legal rights of the contributories shall be determined or any contributory who would be prejudiced thereby shall have the right, if any to dissent and ancillary rights as if such determination were a special resolution passed pursuant to Section 494 of the Act.

(c) In case any shares to be divided as aforesaid involved a liability to calls or otherwise, any person entitled under such division to any of the said shares may within ten days after the passing of the special resolution, by notice in writing direct the liquidators to sell his proportion and pay him the net proceeds and the Liquidators shall, if practicable act accordingly.

Rights of shareholders in case of sale

221. Subject to the provisions of the Act, a special resolution sanctioning a sale to any other Company duly passed may, in like manner as aforesaid, determine that any shares or other consideration receivable by the Liquidators be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent, if any, if such right be given by the Act.

SECRECY CLAUSE

222. (a) Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions and affairs of the Company with the customers and the state of accounts with individuals and in matters thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to this knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

(b) No member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to required discovery of or any information respecting any detail of the Company's trading, or any matter which may relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpendient in the interest of the Company to disclose.

INDEMNITY AND RESPONSIBILITY

Directors and others rights to indemnity

223. (a) Subject to the provisions of Section 201 of the Act, every Director, Managing Director, Wholetime Director, Manager, Secretary and other officer or employee of the Company shall be indemnified by the Company against and it shall be the duty of the Directors, out of the funds of the Company to pay all costs, losses and expenses (including travelling expenses) which such Director, Manager, Secretary and Officer or employee may incure or become liable to by reason of any contract entered into or act or deed done by him as such Director, Manager, Secretary, Officer or Servant or in any way in the discharge of his duties including expenses and the amount for which such indemnity is provided, shall immediately attach as a lien on the property of the Company and have priority between the members over all other claims.

(b) Subject as aforesaid, every Director, Managing Director, Manager, Secretary or other officer and employee of the Company shall be indemnified against any liability incurred by him in defending any proceedings, whether civil or criminal in which judgement is given in his favour or in which he is acquitted or discharged or in connection with any application under Section 633 of the Act in which relief is given to him by the Court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company.

Directors and other officers not responsible for the acts of others

224. Subject to the provisions of Section 201 of the Act, no Director, Managing Director, Wholetime Director or other Officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the money of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or torthos act of any person, company or corporation, with whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgement or oversight on his part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of the office or in relation thereto, unless the same happens through his own dishonesty.

SECTION X – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and agreements referred to in paragraph 'A' below (not being entered into the ordinary course of business carried on or intended to be carried on by the company or contracts entered into more than two years before the date of this RHP) which are or may be deemed to be material have been entered into by or on behalf of the company. Copies of these contracts together with copies of the documents referred to in Para (B) below have been attached with the offer document and delivered to the Registrar of Companies, Gujarat, Ahmedabad for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company at 2nd Floor, Mrudul Tower, B/h. Times of India, Ashram Road, Ahmedabad – 380009 between 10.00 a.m. and 4.00 p.m. on any working day until the Bid/Issue Closing Date.

A. MATERIAL CONTRACTS

1) MOU dated December 1, 2009 between the Company and Chartered Capital And Investment Ltd to act as Book Running Lead Manager to the Issue.
2) MOU dated April 4, 2008 between the company and Link Intime India Private Limited to act as the Registrar to the Issue.
3) Escrow Agreement dated [•] between the Company, the BRLM, the Escrow Collection Bank(s) and the Registrar to the Issue.
4) Syndicate Agreement dated [•] between the Company, BRLM and the Syndicate Members.
5) Underwriting Agreement dated [•] between the Company, BRLM and other Syndicate Members.
6) Due Diligence Certificate dated February 16, 2010 form the Book Running Lead Manager.
7) Tripartite Agreement dated June 27, 2008 between the Company, NSDL and Registrar to the Issue.
8) Tripartite Agreement dated June 6, 2008 between the Company, CDSL and Registrar to the Issue.

B. DOCUMENTS OF INSPECTION

1. Memorandum and Articles of Association of the issuer company.
2. Certificate of Incorporation of the Issuer Company.
3. Copies of the special resolution passed by the shareholders at their meeting held on September 30, 2009 under section 81(1A) of the Companies Act, 1956.
4. Resolution passed by the Board of Directors dated September 7, 2009 for going for Initial Public Offer.
5. Resolution passed by the Board of Directors dated February 17, 2010, September 22, 2010 (as amended by resolution dated October 4, 2010) and [•] approving the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus respectively.
6. Consents from the Directors, Book Running Lead Manager, Registrars, Bankers to the issue, Bankers to the company, Auditors, and Company Secretary & Compliance Officer to act in their respective capacities.
7. Consent of CARE dated September 1, 2010, a SEBI registered credit rating agency, for inclusion of its grading of the Issue in the Red Herring Prospectus & Prospectus.
8. Auditors Certificate dated September 14, 2010 on tax benefits available to the Company and their consent to include the same in the offer document.
9. Auditors certificate on Sources and Deployment of the Funds incurred on the project and their consent to include the same in the offer document.
10. Auditor's Report of the company dated September 14, 2010 referred in the offer document and their consent to include the same in the offer document.
11. Resolution of the Board of Directors of the Company dated February 18, 2008 regarding formation of various committees
12. Copies of the Annual Reports of the Company for the year ended March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005.
13. Memorandum & Articles of Association and Copies of the Annual Reports of the Group Companies/ventures for last three years, wherever applicable.

14. Agreement dated December 5, 2007 between Company and Mr. Viral M Shah regarding his appointment as Managing Director.
15. Agreement dated December 5, 2007 between Company and Mr. Manish M Shah regarding his appointment as Whole Time Director.
16. Agreement dated January 2, 2008 between Company and Mrs. Giraben K Solanki regarding her appointment as Executive Director.
17. Copy of “Agreement for Sale” dated June 3, 2009 for purchase of land for the proposed unit at village Magodi, Dist: Gandhinagar,
18. Copies of Initial Listing applications made to Bombay Stock Exchange Ltd and The National Stock Exchange Ltd for listing of the equity shares of the company.
19. Copies of the in principle approval received from BSE and NSE dated May 20, 2010 and June 10, 2010 respectively.
20. SEBI observation letter No CFD/DIL/ISSUES/SP/FH/OW/8527/2010 dated June 14, 2010 and reply of BRLM to same dated September 22, 2010 and October 4, 2010.
21. Government approvals.

DECLARATION

We declare that all the relevant provisions of the Companies Act, 1956 and the regulations/guidelines issued by the Government or the regulations/guidelines issued by the Securities and Exchange board of India established under section 3 of the Securities and Exchange board of India Act, 1992, as the case may be, have been complied with and no statement made in this Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956 or Securities and Exchange board of India Act, 1992 or rules made there under or regulations/guidelines issued, as the case may be. We, the directors of the Company declare and confirm that all statements in this Red Herring Prospectus are true & correct.
We, the directors of the Company declare and confirm that no information / material likely to have a bearing on the decision of the investors in respect of the equity shares offered in terms of the Red Herring Prospectus has been suppressed/withheld and/or incorporated in the manner that would amount to misstatement /misrepresentation and in the event of it transpiring at any point of time till allotment/refund as the case may be that any information / material has been suppressed/ withheld and or amounts to misstatement /misrepresentation we undertake to refund the entire application money to all the subscribers within seven days thereafter without prejudice to the provisions of the section 63 of the Act

The Issuer accepts no responsibility for statements made otherwise than in the Red Herring Prospectus or in the advertisements or any other material issued by or at the instance of the Issuer and that anyone placing reliance on any other source of information would be doing so at his/ her own risk

Signed by the Directors, Finance Head, Company Secretary & Compliance officer

Shri Viral M Shah

Shri Manish M Shah

Smt Giraben K Solanki

Shri Zankarsinh K Solanki

Shri Sunil H Talati

Shri Prem S Malik

Shri Dharmendra Deo Mishra

Shri Kuren M Amin

Smt Neha Choksi
(Company Secretary)

Shri Kalpesh Patel
(Manager Finance)

Place: Ahmedabad

Date: October 4, 2010

CREDIT ANALYSIS &
RESEARCH LTD.
4[TH] Floor, Godrej Coliseum,
Somaiya Hospital Road,
Off Eastern Express Highway,
Sion (East), Mumbai - 400 022, INDIA.
☎ : 67543456 Fax : (022) 67543457
E-mail : care@careratings.com
www.careratings.com

Mr. Viral Mukundbhai Shah,
Chairman & Managing Director
Gyscoal Alloys Limited,
2nd Floor, Mrudul Tower,
Behind Times of India,
Ashram Road,
Ahmedabad - 380009

September 03, 2010

Dear Sir,

IPO Grading

1. Please refer to our letter dated August 31, 2010 on the above subject.

2. The rationale for the grading is attached as an **Annexure - I**. Kindly note that the rationale would be published in the forthcoming issue of our quarterly journal, 'CAREVIEW'.

3. A write-up on the above grading is proposed to be issued to the press shortly. A draft of the press release is enclosed for your perusal as **Annexure - II**.

4. We request you to peruse the Rationale and Press Release and offer your comments, if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by September 09, 2010 we will proceed on the basis that you have no comments to offer.

If you have any further clarifications, you are welcome to approach us.

Thanking you,

Yours faithfully,

Vishal Srivastav

[Vishal Srivastav]
Analyst

[Dhimant Kothari]
Sr. Manager

Encl: As above

CREDIT ANALYSIS AND RESEARCH LTD. MUMBAI

Annexure - I

Grading Rationale

Gyscoal Alloys Limited

Grading Assigned

Particulars	Number of equity shares (in lakh)	Grading[1]	Remarks
IPO Grade	77 shares of face value Rs.10 each	**'CARE IPO Grade 2' [Two]**	Assigned

CARE has assigned a **'CARE IPO Grade 2'** to the proposed IPO of Gyscoal Alloys Limited (GAL). **'CARE IPO Grade 2'** indicates **Below Average Fundamentals**. CARE assigns IPO grades on a scale of Grade 5 to Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals. CARE's IPO grading is an opinion on the fundamentals of the issuer. The grade assigned to any individual issue represents a relative assessment of the 'fundamentals' of the issuer.

GAL proposes an initial public offering of 77, 00,000 equity shares of face value of Rs.10 through 100% book building process.

Grading Rationale

The grading is constrained by the inherent cyclicality of stainless steel industry and project execution risk associated with the proposed large sized expansion project of melting facility which is to be funded by the proposed IPO. Instances of overdrawing of the working capital limits from banks, instances of delay in servicing term loan interest and statutory payments and moderate corporate governance practices also constrain the grading.

[1] *Complete definition of the grading assigned is available at www.careratings.com and other publications of CARE*

The grading positively factors in the experience of the promoters, growth in sales during last three years ended FY09 and stable demand outlook for stainless steel industry.

Background

Ahmedabad based Gyscoal Alloys Limited (GAL), a closely held public limited company, was incorporated in 1999 as a private limited company. Initially, GAL started its business with the trading of iron and steel scrap, billets and steel long products. In 2005, the company took over a steel rolling mill with capacity of 6,000 Metric Tonnes Per Annum (MTPA) from Shah Alloys Group at Ubkhal, Mehsana in Gujarat and entered into manufacturing of rolled products. The rolling capacity was increased to 18,000 MTPA in FY06. In FY07, the company set up steel melting shop with a capacity of 12,000 MTPA which was further increased to 18,000 MTPA in the year FY09.

GAL manufactures alloy ingots & billets and stainless steel long products including angles, flats, hexagonal and Round Corner Squares (RCS), primarily from stainless steel scrap. It also undertakes rolling business on job-work basis by purchasing ingots / billets. These products have principal application in automobile forging, construction activities, infrastructure, kitchen equipments & appliances etc.

Objects of the proposed IPO are to finance its expansion project to increase its melting capacity by 1,00,000 MTPA, fund the long term working capital requirements and other general corporate purposes.

Management

The main promoters of GAL are Shri Viral M. Shah (Chairman and Managing Director), Smt. Giraben K. Solanki (Chief Executive Officer) and Shri Manish M. Shah (Whole-time Director). GAL's Board of Directors consists of 8 Directors, of which 4 are independent Directors. The Board is assisted by a team of senior executives.

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Corporate Governance

Separation of ownership and management

GAL has a total of four independent directors on Board out of total of eight directors. The independent directors have been recently appointed by the company, with three of them appointed in February 2008 and the fourth in November 2009. GAL has delegated limited powers to senior / middle level management of the company and major decision-making and control rests with the promoters.

Board Committees

In order to comply with the provisions of Clause 49 of the Listing Agreement, GAL has constituted the Audit Committee, Remuneration Committee and Shareholders Grievance Committee. These committees are constituted in view of the IPO

Pending legal cases & their status

The Company is a defendant/plaintiff in various legal proceedings incidental to its business and operations. These legal proceedings are pending at different levels of adjudication before various courts.

A summary of these cases as on Feb.2010 is as follows:

Particulars	Total No. of cases	Amount (Rs. in Crore)
Under Criminal Laws		
Cases filed by the Company	10	0.85
Cases filed against the Company/Directors	3	0.42
Under Tax Laws		
Cases filed against the Company	2	Not Quantifiable
Cases filed against the Group Company	1	0.03
Under Civil Laws		
Cases filed against the Company / Directors	3	13.92

Operations

GAL's product portfolio includes alloy ingots & billets and stainless steel long products including angles, flats, hexagonal and round corner squares (RCS). The company also manufactures squares and flats as per the customer's specifications. At present, the plant has the capacity to manufacture different grades of stainless steel products ranging between 200 series to 400 series. The present manufacturing set up of GAL is for production of lower grade of stainless steel like 200 series and some of the grades of 300 and 400 series which fetches moderate realisations as compared to other high grade steel. GAL has most of the sales in domestic market.

	FY07	FY08	FY09	6MFY10
Installed Capacity in MTPA				
Melting Section	12,000	12,000	18,000	18,000
Rolling Section	18,000	18,000	18,000	18,000
% Capacity Utilisation				
Melting Section	4.84	72.45	98.27	92.69
Total – Rolling	56.16	71.52		

- Company has changed its reporting policy from FY09 and hence, shown combined utilization in FY09 and 6MFY10.
- The pattern of raw material purchases entails that constitution of rolling operations is high viz-a-viz melting in FY09 and 6MFY10.

Top two customers constituted about 60% of total sales in FY09 and FY10, which reflects high level of customer concentration risk. Moreover, one of the top two customers of FY10 is a shareholder in one of the group companies of GAL.

Stainless steel (SS) industry is inherently cyclical in nature. The demand and prices of SS has experienced major fluctuation in the recent past and any adverse fluctuation in prices and / or downturn in demand could potentially affect GAL's profitability.

Ongoing Projects

Considering the demand potential of steel long products from sectors like infrastructure, construction, railway, etc. GAL has planned an expansion of its existing melting facilities of 18,000 MTPA to 118,000 MTPA with a total cost of Rs.57.70 crore [(1.67 times of net worth as on Mar.31, 2010 (prov.)] which is proposed to be funded by IPO proceeds and internal accruals.

This project was initially proposed in FY08. However, it got delayed due to deferment in IPO on account of adverse market conditions prevailing at that time. Upon improvement in market conditions, the company has again proposed to go ahead with this project which is highly contingent upon the success of IPO. Project development is expected to start from Oct.'2010 and the likely commercial operation date (COD) is Oct.'2011.

The company has not made any major expenditure for the project and it is at preliminary stage. Though requisite land has been acquired, GAL has not converted the same to 'non-agriculture land'. The size of the project is very large as compared to its present scale of operations. GAL's proposed capacity of melting division is approx. 5 ½ times of its existing melting capacity. Major raw material purchases (60% of raw material cost) in FY09 were semi-finished goods like ingots/billets which signify under-utilisation of melting capacities. Despite the underutilized melting capacities (~70% utilization, as derived for FY09), GAL is planning for further expansion in capacity. Efficient utilisation of proposed capacity of melting hence appears uncertain.

IPO Details

Size of the Issue

GAL proposes to make a public offer of 77,00,000 equity shares at face value of Rs.10 each for cash at a premium to be determined through a book-building process.

Terms of the issue

- Out of 77,00,000 equity shares, 38,50,000 equity shares (being 50% of the issue size) will be available for allocation to the Qualified Institutional Bidders (QIBs), 5% of the QIB portion (1,92,500 equity shares) will be available for allocation on a proportionate basis to Mutual Funds only and 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 issue price (not yet finalised).
- At least 11,55,000 equity shares (being 15% of the issue size) will be available for allocation to Non Institutional Bidders and at least 26,95,000 equity shares (35% of the net issue size) will be available for allocation to Retail Individuals Bidders.

- Under-subscription, if any, in any category would be met with spill over from other categories or combination of other categories at the sole discretion of GAL in consultation with the book running lead manager. In case of inadequate demands from the Mutual Funds, the Equity Shares would be made available to QIBs other than Mutual Funds.

Purpose of the issue

- To finance the capital expenditure for enhancing the production capacity of melting section by 100,000 MTPA
- To meet the Long Term Working Capital requirements of the Company
- To meet General Corporate Purpose and
- To meet Issue Expenses

Financial Analysis

Total income grew at a CAGR of 29% during last 3 years ending FY10. PBILDT margin reduced significantly in FY09 due to inventory losses from sudden and steep decline in metal prices. In FY10, PBILDT margin remained almost in line with FY09 despite the increase in power & fuel as well as employee costs on the back of relatively lower manufacturing and administrative overheads and decline in selling expenses. PAT margin improved marginally in FY10 due to lower proportion of increase in interest & financial charges and lower tax outgo. On back of improvement in PAT, EPS & RONW in FY10 improved.

Interest coverage remained comfortable in FY10. Long term debt equity ratio and overall gearing improved as on Mar.31, 2010 mainly on account of infusion of equity during FY10. In spite of moderate current ratio, high amount of inventory holding kept quick ratio low at 0.65 times as on Mar.31, 2010. Working capital cycle and working capital turnover shows deterioration on y-o-y basis in FY08-FY10.

Stretched working capital position and cash flow mismatches led to overdrawing of working capital limits and instances of delay in interest servicing, apart from few delays in statutory payments.

Industry Review

Stainless Steel (SS) prices are largely determined by the demand-supply dynamics and the prices of the alloying elements. Since 70% of global SS is of austenitic variety, the price of nickel is an important determinant of SS price. Historically, nickel prices have exhibited significant volatility primarily because of its lower reserves, and the consequent inability to augment mine production quickly. The pricing of SS is typically bifurcated into two components – the base price and the alloy surcharge.

There has been an increase in production of SS from Q3CY09 after the slowdown in CY08 and part of CY09 on account of global economic recession.

Domestic SS production has grown at a CAGR of 13.4% in the period of FY 2000 to FY2009. Production of SS flat products has grown at a CAGR of 12.6% in the same period whereas the production of SS longs has grown at a CAGR of 16.7%. Usage of long SS products has picked up in the past few years especially from the construction and transportation sectors. Besides, domestic SS industry witnessed a notable capacity addition in the last two years. As a result, capacity utilisation of the industry has declined from the average level of 85% in FY 05-07 to the level below 80% in the past two years.

Overall, in view of the stable demand for the SS products, on the back of increased usage in construction industry, its outlook seems positive.

Prospects

The prospects of GAL in the medium term would be governed by its ability to manage raw material price fluctuation & thereby improve its profitability, implementation of proposed expansion project without time & cost overrun and effective management of working capital.

CREDIT ANALYSIS AND RESEARCH LTD. MUMBAI

Financial Performance

(Rs. crore)

For the period ended / as at,	**31/3/08**	**31/3/09**	**31/3/10**
	(12m, A)	**(12m, A)**	**(12m, UA)**
Working Results			
Total income	122.03	129.90	156.84
PBILDT	17.31	9.55	11.41
Depreciation	2.75	2.08	2.59
Interest and finance charges	3.07	4.35	4.44
Profit from operations (before Tax)	11.55	3.17	4.41
PAT	7.31	1.79	3.01
Gross cash accruals	10.60	4.74	6.30
Financial Position			
Equity share capital	6.59	6.59	8.13
Net-worth	18.37	24.69	34.62
Total capital employed	35.58	49.68	63.70
Key Ratios			
Growth (%)			
Growth in Total Income	65.29	6.45	20.74
Growth in PAT (after D. Tax)	160.74	-75.52	68.30
Profitability (%)			
PBILDT / Total income	14.18	7.35	7.28
PAT / Total income	5.99	1.38	1.92
ROCE	50.20	17.81	15.61
RONW	54.60	8.31	10.15
Solvency			
Long-term debt equity ratio	0.30	0.18	0.11
Overall gearing ratio	0.93	1.00	0.83
Interest coverage (times)	4.74	1.72	1.99
Current ratio	1.20	1.25	1.30
Quick ratio	0.46	0.63	0.65
Turnover			
Working capital turnover ratio	7.38	4.79	4.13
Average Collection Period (days)	43	49	54
Average Inventory (days)	87	95	81
Average Creditors (days)	92	71	55
Operating cycle (days)	38	73	80
Earnings			
Dividend (%)	0%	0%	0%
Earnings per Share (Basic) - (Rs.)	11.09	2.71	3.70