

DRAFT PROSPECTUS

Dated: [●], 2006
(To be updated upon filing with RoC)



ZENITH BIRLA (INDIA) LIMITED

(Originally incorporated as Zenith Steel Pipes Limited on 5th August 1960 vide CIN. U29220MH1960PTCO11773. The Certificate of Commencement for Business was issued on August 17, 1960 from Registrar of Companies Maharashtra, Mumbai. The name of the company was changed to Zenith Steel Pipes and Industries Limited on October 31, 1975 which was further renamed as Zenith Limited on January 28, 1986 and is now called Zenith Birla (India) Limited from October 18, 2005. For details of changes in registered office of our company please refer to page no. [●] of this Draft Prospectus

Registered Office: 1st Floor, Dalamal House, Nariman Point, Mumbai - 400 021. Tel: +91-22-2282 1122 Fax: +91-22-22855743.

Corporate Office: Vedant Commercial Complex, 2nd Floor, Building S-2, 1st Pokhran Road, Vartak Nagar, Opp Kores India, Thane (West) – 400 606 Tel: +91-22-67933000; Fax: +91-22-67933111

E-mail: zenith.po@zenithsteelpipes.com; Website: www.zenithsteelpipes.com

PUBLIC ISSUE OF [●] EQUITY SHARES OF FACE VALUE RS.10/- EACH OF ZENITH BIRLA (INDIA) LIMITED (HEREINAFTER REFERRED TO AS THE “COMPANY” OR “ISSUER”) AT A PREMIUM OF RS. [●]/- PER SHARE (i.e. AT A PRICE OF RS. [●]/- PER SHARE) FOR CASH AGGREGATING TO RS. 13100 LACS (HEREINAFTER REFERRED TO AS THE “ISSUE”) COMPRISING OF PROMOTERS CONTRIBUTION OF [●] EQUITY SHARES OF FACE VALUE OF RS.10/- EACH AT A PRICE OF RS. [●]/- FOR CASH AGGREGATING TO RS. 2500 LACS (HEREINAFTER REFERRED TO AS THE “PROMOTERS’ CONTRIBUTION”) INCLUDING [●] EQUITY SHARES ARE RESERVED FOR EMPLOYEES AND DIRECTORS; [●] EQUITY SHARES ARE RESERVED FOR EXISTING SHAREHOLDERS; [●] EQUITY SHARES ARE RESERVED FOR SHAREHOLDERS OF GROUP COMPANIES; [●] EQUITY SHARES ARE RESERVED FOR NRIs AND FIIs AND [●] EQUITY SHARES ARE RESERVED FOR BANKS/MUTUAL FUNDS/INDIAN FINANCIAL INSTITUTIONS. THE NET OFFER TO THE PUBLIC IS OF [●] EQUITY SHARES OF RS.10/- EACH AT A PRICE OF RS. [●] FOR CASH AGGREGATING TO RS. [●] HEREINAFTER REFERRED TO AS THE “NET ISSUE”).

THE ISSUE WOULD CONSTITUTE [●]% OF POST ISSUE PAID UP CAPITAL OF OUR COMPANY.

THE ISSUE PRICE OF RS. [●] IS [●] TIMES OF THE FACE VALUE

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 this Issue have not been recommended or approved by the Securities and Exchange Board of India (SEBI), nor does SEBI guarantee the accuracy or adequacy of this Draft Prospectus. Specific attention of the investors is invited to the section titled ‘Risk Factors’ beginning on page [●] of this Draft Prospectus.

ISSUER’S ABSOLUTE RESPONSIBILITY

Our Company having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Prospectus contains all information with regard to our Company and the Issue, which is material in the context of the Issue, that the information contained in this Draft 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 Draft 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 existing Equity Shares of our Company are listed on Bombay Stock Exchange Limited (BSE, Designated Stock Exchange). We have received in-principle approval from BSE vide their letter dated [●] for the listing of our Equity Shares being issued in terms of this Draft Prospectus.

LEAD MANAGERS TO THE ISSUE		REGISTRAR TO THE ISSUE
 <p>IDBI Capital Market Services Limited 5th Floor, Mafatlal Centre, Nariman Point, Mumbai – 400 021. Tel.: +91 22 5637 1224 Fax: +91 22 2288 5848 Website: www.idbicapital.com E-mail: zenith.po@idbicapital.com</p>	 <p>Keynote Corporate Services Limited 307, Regent Chambers, Nariman Point, Mumbai - 400 021 Tel.: +91 22 2202 5230 Fax: +91 22 2283 5467 Website: www.keynoteindia.net E-mail: zenith.fpo@keynoteindia.net</p>	 <p>Bigshare Services Pvt. Limited E-2, Ansa Industrial Estate Saki Vihar Road, Saki Naka Andheri (East), Mumbai – 400 072 Tel: +91 22 2847 0652 / 3 Fax: +91 22 2847 5207 Website: www.bigshareonline.com Email: ipo@bigshareonline.com</p>

ISSUE PROGRAMME

ISSUE OPENS ON: [●] 2006	ISSUE CLOSES ON: [●] 2006
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SECTION I-DEFINITIONS AND ABBREVIATIONS

CONVENTIONAL / GENERAL TERMS

Term	Description
“Zenith” or “the Company” or “Our Company” or “Zenith Birla (India) Ltd.”	Zenith Birla (India) Ltd., a public limited company incorporated under the Companies Act, 1956
“we” or “us” and “our”	Unless the context otherwise require, refers to Zenith Birla (India) Limited

Terms	Description
Articles/Articles of Association	Articles of Association of our Company
Auditors	The Statutory Auditors of Zenith Birla (India) Ltd., viz Dalal & Shah, Chartered Accountants
Bankers to our company	Banks who have provided working capital facilities to our Company, in this case being State Bank of India, Bank of Baroda, Punjab National Bank and Oriental Bank of Commerce
Board of Directors / Board	The Board of Directors of Zenith Birla (India) Ltd.
Companies Act	The Companies Act, 1956 and as amended from time to time
Depositories Act	The Depositories Act, 1996 and as amended from time to time
Director(s)	Director(s) of Zenith Birla (India) Ltd., unless otherwise specified
EPS	Earnings Per Share
Equity Shares	Equity Shares of our company of face value of Rs. 10 each unless otherwise specified in the context thereof
GIR Number	General Index Registry Number
HUF	Hindu Undivided Family
I.T.Act	Income Tax Act, 1961 as amended
Indian GAAP	Generally Accepted Accounting Principles in India
MOA / Memorandum/ Memorandum of Association	Memorandum of Association of Zenith Birla (India) Ltd.
Non Residents	All eligible applicants, including eligible NRI's, FIIs registered with SEBI and FVCIs registered with SEBI, who are not persons resident in India.
NRIs/ Non-Resident Indians	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.)
Overseas Corporate Body / OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Transfer or Issue of Security by a person resident outside India) Regulations, 2000, as amended. OCBs are not allowed to invest in this Issue.
Person or 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
Promoters	Mr.Yash Birla, Asian Distributors Limited, Birla International Private Limited, Godavari Corporation Limited, Birla Bombay Private Limited, Birla Cotsyn Private Limited, Shearson Investment and Trading Company Private Limited, Estate of Late Shri Ashokvardhan Birla, Estate of Late Smt. Sunanda Birla, Estate of Late Smt. Sujata Mehta, Yash Society, Birla Industry Group Charity Trust (Educational), Birla Industry Group Charity Trust (Medical)and Matri Sewa Sadan Charity Trust.

Registered Office	1 st Floor, Dalamal House, Nariman Point, Mumbai - 400 021
SCRR	The Securities Contract (Regulation) Rules, 1957, as amended.
SEBI	The Securities and Exchange Board of India constituted under the SEBI Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992 and as amended from time to time
SEBI Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 issued by SEBI on January 27, 2000 and as amended, including instructions and clarifications issued by SEBI from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 1997, as amended from time to time
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America

ISSUE RELATED TERMS

Terms	Description
Applicant	Any prospective investor who makes an application for Equity Shares in terms of this Draft Prospectus
Application Form	The form in terms of which the investors shall apply for the Equity Shares of our Company
Bankers / Bankers to the Issue	[•]
BSE / Designated Stock Exchange / Stock Exchange	Bombay Stock Exchange Limited
CCPS	Cumulative Convertible Preference Shares issued by our Company
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996 as amended from time to time.
Depository Participant	A depository participant as defined under the Depositories Act
Employee (s)	Permanent employee or a Director (Wholetime Director, Part Time Director or otherwise) of our company, who is an Indian National and is based in India. The permanent employees should be on the payrolls of our company as on March 31, 2006 and the Directors should be Directors on the date of the Draft Prospectus.
Face Value	Face Value of Equity Shares of our Company, in this case being Rs. 10/- each.
First Applicant	The Applicant whose name appears first in the Application Form.
FVCIs	Foreign Venture Capital Investors, as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investor) Regulations, 2000 as amended
Issue Closing Date	The date on which the Issue closes for subscription.
Issue Opening Date	The date on which the Issue opens for subscription.
Issue Period	The period between the Issue Opening Date and Issue Closing Date and includes both these dates.
IDBI Capital	IDBI Capital Market Services Limited
Issue Price	The final price at which the Equity Shares will be allotted in terms of the Prospectus, as determined by our company in consultation with LMs on the Pricing Date
Issue Period	The period between the Issue Opening Date and Issue Closing Date including both these dates
Keynote	Keynote Corporate Services Limited
LMs/ Lead Managers	Lead Managers to the Issue, in this case being IDBI Capital Market Services Limited and Keynote Corporate Services Limited
Mutual Funds	Mutual Funds registered under SEBI (Mutual Funds) Regulations, 1996
Non-Institutional Portion	The portion of the Issue being [•] Equity Shares of Rs. 10/- each available for allocation to Non-Institutional Applicants
Non-Institutional Applicant	All Applicants that are not eligible Qualified Institutional Buyers for this Issue, including affiliates of LMs or Retail Individual Applicants and who have

	applied for an amount more than Rs. 100,000.
Pricing Date	Means the date on which our company, in consultation with the LMs, finalizes the Issue Price
Prospectus	The Prospectus to be filed with the RoC containing inter alia the Issue price and the number of Equity Shares to be issued and certain other information.
Promoters Contribution	Promoters contribution of [●] Equity Shares of face value Rs. 10/- each at a price of Rs. [●] each for cash aggregating to Rs. 2500 lacs.
Public Issue/ Issue	Public Issue of [●] Equity Shares of Rs. 10/- each for cash at a price of Rs. [●] per Equity Share aggregating to Rs. 13100 lacs (the 'Issue').
Public Issue Account	In accordance with Section 73 of the Companies Act, 1956, an account opened with the Banker(s) to the Issue to receive monies for the Public issue..
Qualified Institutional Buyers or QIBs	Public financial institutions as specified in Section 4A of the Companies Act, Foreign Institutional Investors, Scheduled Commercial Banks, Mutual Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions, Venture Capital Funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, Insurance Companies registered with the Insurance Regulatory and Development Authority, Provident Funds with minimum corpus of Rs. 250 million and Pension Funds with minimum corpus of Rs. 250 million.
Refund Account	Account opened with a Bank from which refunds of the whole or part of the applied amount, if any, shall be made.
Registrar/Registrar to the Issue	Registrar to the Issue, in this case being Bigshare Services Private Limited
RoC / Registrar of Companies	Registrar of Companies, Maharashtra
Retail Portion	The portion of the Issue being [●] Equity Shares of Rs. 10 each available for allocation to Retail Individual Applicant(s)
Retail Individual Applicants	Individual Applicants (including HUFs and NRIs) who have applied for Equity Shares for a cumulative amount of not more than Rs. 100,000

INDUSTRY / COMPANY RELATED TERMS

ASEAN	Association of South East Asian Countries
BCFSL	Birla Capital and Financial Services Limited
BEL	Birla Electricals Limited
BIFR	Board for Industrial Finance reconstruction
BIPL	Birla International Private Limited
BKL	Birla Kennametal Limited
BPL	Birla Perucchini Limited
BPSL	Birla Power Solutions Limited
BTCL	Birla Transasia Carpets Limited
CAGR	Compounded Annual Growth Rate
CDW	Cold Drawn Welded
CEGAT	Custom, Excise and Gold Appellate Tribunal
CIS	Commonwealth of Independent States
CIT	Commissioner of Income Tax
CLB	Company Law Board
CNF	Cost and Freight
DFTL	Dagger Forst Tools Limited
DG sets	Diesel Generating Sets
DOM	Drawn On Mandrel
DRT	Debt Recovery Tribunal
EEPC	Engineering Export Promotion Council
EIL	Engineers India Limited
ERW	Electric Resistance Building

ETP	Effluent Treatment Plant
F.O.B	Free on Board
F.O.R.	Free on Rail Destination
GDP	Gross Domestic Product
HFIW	High Frequency Induction Welding
HP	Hindustan Petroleum
HR Coils	Hot Rolled Coils used as a Raw Material for the manufacturing of black and galvanized steel pipes
HSD	High Speed Diesel
HSS	High Speed Steel used for manufacturing cutting tools
HT	Heat Treatment
HUDA	Haryana Urban Development Authority
ICD	Inter Corporate Deposits
ICICI	Investment Credit and Industrial Corporation of India
ISO	Indian Standard Organisation
ITAT	Income Tax Appellate Tribunal
ITM	Indian Tools Manufacturers
KMP	Key Managerial Personnel
KVA	Kilo Volt Ampere
KW	Kilo Watt
LDO	Light Diesel Oil
MIDC	Maharashtra Industrial Development Corporation
M RTP	Monopolies and restrictive Trade Practices
MT	Metric Tonnes
NTPC	National Thermal Power Corporation
OEM	Original Equipment Manufacturer
PSI	Per square inch
PSU	Public Sector Units
PVC	Polyvinyle Chlorine
PSL	Product Specification Level
SITCPL	Shearson Investment & Trading Company Pvt. Ltd
THPL	Tungabhadra Holdings Private Limited
TPA / tpa	Tonnes Per Annum
VTPL	Vikings Travels Private Limited

ABBREVIATIONS

Abbreviation	Full Form
AS	Accounting Standards as issued by the Institute of Chartered Accountants of India
BPCL	Bharat Petroleum Corporation Limited
BSE	Bombay Stock Exchange Limited
CAGR	Compound Annual Growth Rate
CDR	Corporate Debt Restructuring
CDSL	Central Depository Services (India) Limited
DPR	Detailed Project Report
EGM	Extraordinary General Meeting
FCNR Account	Foreign Currency Non Resident Account
FIPB	Foreign Investment Promotion Board
FY / Fiscal / Financial Year	Period of twelve months ended March 31 of that particular year, unless otherwise stated
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the regulations framed there under
FII	Foreign Institutional Investors (as defined under FEMA (Transfer or Offer of Security by a Person Resident outside India) Regulations, 2000) registered with



	SEBI under applicable laws in India
GoI	Government of India
HUF	Hindu Undivided Family
IDBI	Industrial Development Bank of India
IOCL	Indian Oil Corporation Limited
I.T. Act	Income Tax Act, 1961, as amended from time to time
LC	Letter of Credit
LIBOR	London Inter Bank Offered Rate
MoU	Memorandum of Understanding
NAV	Net Asset Value
NPV	Net Present Value
NRIs	Non Resident Indians
NRE Account	Non Resident External Account
NRO Account	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
p.a.	per annum
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit after Tax
PBT	Profit before Tax
PNB	Punjab National Bank
PSU	Public Sector Undertaking
RBI	Reserve Bank of India
RoC	Registrar of Companies, Maharashtra
ROE	Return on Equity
RONW	Return on Net Worth
SBI	State Bank of India
SICA	Sick Industries Companies (Special Provisions) Act, 1985
Sq. km	Square kilometer
UIN	Unique Identification Number
USD/US\$	United States Dollar

SECTION II – RISK FACTORS

CERTAIN CONVENTIONS - USE OF MARKET DATA

In this Draft Prospectus, unless the context otherwise requires, unless stated otherwise, the financial data in this Draft Prospectus is derived from our financial statements prepared and restated in accordance with Indian GAAP, the Companies Act and SEBI Guidelines included elsewhere in this Draft Prospectus. In this Draft Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

In this Draft 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 Draft Prospectus, all figures have been expressed in lacs. Unless otherwise stated, all references to "India" contained in this Draft Prospectus are to the Republic of India.

Industry data used throughout this Draft 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 we believe that industry data used in this Draft 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. [●] of this Draft Prospectus. In the section titled 'Main Provisions of the Articles of Association' on page no. [●] of this Draft Prospectus, defined terms have the meaning given to such terms in the Articles of Association of our Company.

FORWARD-LOOKING STATEMENTS

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

All forward looking statements are subject to risks, uncertainties and assumptions 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 our expectations include, among others: -

- General economic and business conditions in India and other countries.
- Regulatory changes relating to the steel pipe sector in India and our ability to respond to them
- Our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks that have an impact on our business activities or investments.
- The monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in our industry.
- Changes in the value of the Rupee and other currencies.
- The occurrence of natural disasters or calamities
- Change in political condition in India

For further discussion of factors that could cause our actual results to differ, please refer to the section titled “Risk Factors” beginning from page no. [●] of this Draft Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither our Company, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, our Company, and the LMs will ensure that investors in India are informed of material developments until the grant of listing and trading permission by the Stock Exchange for the Equity Shares allotted pursuant to this Issue.

RISK FACTORS

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

To obtain, a complete understanding of our Company, you should read this section in conjunction with the sections titled "Business Overview" and "Management Discussion and Analysis of Financial Condition and Results of Operations" in this Draft Prospectus as well as the other financial and statistical information contained in this Draft Prospectus

In this Draft Prospectus, any discrepancies in any table between total and the sums of the amount listed are due to rounding off. Any percentage amounts, as set forth in "Risk Factors", "Management's discussion and analysis of financial condition and results of operations" and elsewhere in this Draft Prospectus, unless otherwise indicated, have been calculated on the basis of the amounts disclosed in the financial statement prepared in accordance with the Indian Accounting Standards.

PROJECT RELATED

Our requirement of funds for the proposed objects and the deployment of the Issue proceeds are based on management estimates and have not been appraised by any bank or financial institution.

The estimated cost of the new project under various heads is based on an estimate received from the prospective suppliers and our management estimates. We have been in the business for more than four decades and as a result there are requisite expertise available within the Company to study the viability and the profitability of the project being undertaken and funded by the proceeds of this issue.

We have not entered into any definitive agreements to utilize the proceeds of the Issue and are yet to place order for plant and machineries required for the project

The orders for the plant and Machineries will be placed in due course as per the schedule of implementation.

Any delay in the commencement of operations as scheduled as per the proposed expansion plan may affect company's profitability.

Our Company is embarking on the proposed expansion and timely commencement of commercial operations at this project will have a critical bearing on our company's financial performance. Any delay in its completion or to the beginning of the production may adversely impact the results of its operations and would also affect the market price of the Equity Shares.

The business requires a significant amount of working capital to finance the purchase of raw materials and stores.

Currently we enjoy working capital facilities to the extent of Rs. 4675 lakhs which is fund based and Rs. 3740 lakhs is non fund based and are also meeting the working capital needs through cash flow from operations and credit lines extended by the suppliers, resulting in increased operating costs. Our Company has recently got sanction of Rs 13095 Lacs for its working capital requirements from consortium of banks with State Bank of India as its lead bank. Further, for meeting the working capital requirements for expansion, the management does not foresee a difficulty in raising need-based funds in the future.

RELATED TO COMPANY

Our Company is involved in certain legal and regulatory proceedings, if determined against us; it could have a material adverse impact on our Company.

We are involved in certain legal proceedings and claims in relation to certain civil, criminal and taxation matters. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Should any new developments arise, such as a change in Indian law or rulings against us by trial or appellate courts or tribunals, we may need to make provisions in our s, which could increase expenses and current liabilities. Our company can give no assurance that these legal proceedings will be decided in its favour. Any adverse decision may have a significant effect on business and results of operations. A classification of the legal proceedings instituted by and against our company and the monetary amount involved in these cases is given in the following table:

Sr. No.	Various categories of litigation	Total number of cases.	Total Financial implications (Rs.)
Cases Filed Against our Company			
1.	Criminal Cases	3	--
2.	Civil Cases	11	1,76,27,058
3.	Labour Cases	31	33,94,812
4.	Cases related to Income Tax / Sales Tax / Excise / Customs etc.	15	2,55,88,831
TOTAL		60	4,66,10,701
Cases Filed by our Company			
1.	Criminal Cases	8	9,01,379
2.	Civil Cases	25	3,17,84,702
3.	Labour Cases	--	--
4.	Cases related to Income Tax / Sales Tax / Excise / Customs etc.	21	2,05,58,126
TOTAL		51	5,32,44,207

For more information regarding litigation, please refer to the section titled “Outstanding Litigation and Defaults” beginning on page [•] of this Draft Prospectus.

There are certain legal proceedings against the Promoting Companies and Group Companies

The promoter, promoting companies and group companies are parties to certain legal proceedings initiated by or against such parties. These proceedings are pending at different levels of adjudication before various courts, tribunal, enquiry officers and appellate tribunals. For more information regarding legal proceedings against the promoter, promoting companies and group companies see the section “Outstanding Litigation” beginning on page no. [•] of this Draft Prospectus

We delayed in transferring money into Investor Education and Protection Fund

We were required to deposit unpaid and unclaimed amount of Rs. 69.98 lacs in the “Investor Education and Protection Fund” in the year 1996-97. However we have made the full payment.

Company made one time settlement (OTS) with IDBI

After 1998-99, we incurred losses mainly in our chemical business. We approached Industrial Development Bank of India, Stressed Asset Stabilisation Fund Cell (SASF), Mumbai in March, 2005 for Negotiated Settlement (NS) / One-Time Settlement (OTS) which was approved by SASF in April, 2005 and in terms of this, we were required to pay a total amount of Rs. 1600 lakhs towards full and final settlement of their dues. We have paid a sum of Rs. 1180 lacs and balance amount of Rs. 420 lacs is payable in monthly equal instalments till June 2006.

Adjudication order by SEBI against Group Companies

An adjudication order in terms of section 15 H of the SEBI Act, 1992 was passed by the adjudicating officer, Mr. Ananta Barua of SEBI in the matter of acquisition of shares of Zenith Birla (India) Limited vide their letter dated November 20, 2002 wherein an amount of Rs. 1, 25,000 each was imposed as a penalty to be paid by M/s. Birla Bombay Pvt. Ltd. and Rathi Merchantile Ltd. (now known as Shloka Infotech Ltd.)

Pursuant to the order M/s. Birla Bombay Pvt. Ltd. had vide their letter dated December 27, 2002, paid the necessary penalty of Rs. 1,25,000 and M/s. Rathi Mercantile Limited (now known as Shloka Infotech Ltd.) had paid the necessary penalty of Rs. 1,25,000 on December 23, 2002.

Show Cause notice received by Dagger Forst Tools Ltd (DFTL).

SEBI vide their letter dated December 30, 2005 issued a Show Cause notice to DFTL for violation of Regulations 7(3) & 8(3) of the SEBI (SAST) Regulations, 1997 read with Section 11 B and Section 11(4) of the SEBI Act, 1992.

DFTL had vide their letter dated January 12, 2006 replied to the above Show Cause Notice and also requested for certain details from SEBI which was received vide SEBI letter no. IVD/ID- /MSR/CM/60710/2006 dated February 20, 2006.

Show Cause notice received by Scimitar Investment & Trading Company Pvt. Ltd. (SITCL) (Since merged with Godavari Corporation Ltd.)

SEBI vide their letter dated December 30, 2005 issued a Show Cause notice to SITCL for violation of Regulations 3, 4(a), 4(b) & 4(b) & 4(e) of the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995 and Regulations 7(1), 8(2) & 11(1) of SEBI (SAST) Regulations, 1997 read with Section 11 B and Section 11(4) of the SEBI Act, 1992.

Godavari Corporation Private Limited had vide their letter dated January 12, 2006 replied to the above Show Cause Notice and also requested for certain details from SEBI which was received vide SEBI letter no. IVD/ID- /MSR/ CM/60709/2006 dated February 20, 2006.

Non-Compliance under Companies Act, 1956

We have not completed the formalities of satisfaction of charges on our current assets till date. Even though we have paid the amount due to the banks. Penalty, if any imposed by Company Law Board for this non-compliance may affect financially to that extent. We are taking necessary steps to regularize the requirements of Companies Act 1956.

As per our restated accounts, we have certain contingent liabilities, which, if determined against us in future, may impact our financial position, adversely. Details of our contingent liabilities as on December 31, 2005 are given in the following table:

(Rs. in lakhs)	
For the period ended	December 31, 2005
Claims against our company not acknowledged as debts	25.17
Disputed Sales Tax Demands	137.00
Disputed amount of Excise duty	190.24
Disputed amount of Customs duty including penalty	125.45
Disputed Income tax matters	124.05
Total	601.91

We have incurred losses during the past and have not declared any dividend since 1989-90.

We have incurred losses since 1989-90 to 1994-1995 and then from 1999-00 to 2002-03. We have undertaken a major restructuring exercise wherein the loss making units of our company have been hived off / sold. This has enabled us to focus on our core competence i.e “Engineering Business” which has been reflected in the positive bottom line and currently there are no accumulated losses in our company.

Reduction of capital

Pursuant to BIFR order dtd.08.01.1996 the Equity share capital of our company was reduced by 75 % which, resulted in reduction of number of Equity shares from 19979198 to 4994799. Further during 2004 in order to wipe out the past losses the then share capital of our company which was 33960906 Equity shares was further reduced by 60% under the scheme of capital reduction to 13854362 shares.

Inconsistency in the closure of Books of accounts

Our Company had for the period ended June 30, 2002, September 30, 2003 and March 31, 2005 changed its accounting year from 12 months to 15 months, 15 months and 18 months respectively these changes in the period of closure of books of accounts were due to various restructuring exercise being carried by our Company.

Voluntary delisting from Regional Stock Exchanges

Under the Voluntary delisting norms our Company has opted for delisting of its Equity Shares from the Stock Exchanges at Delhi, Calcutta, Madras, Bangalore, Ahmedabad and Uttar Pradesh during 2001. However, confirmation for delisting from these stock exchanges are still awaited. In future our Company may be subjected to claim for the unpaid listing fee.

Some of Group Companies have incurred losses

Certain group companies have incurred losses (as per their audited statement) in recent years, as set forth in the table below:

(Rs. in lakhs)				
S.N	Name of the Company	FY 2005	FY 2004	FY 2003
1	Birla Cotsyn Private Ltd.	-	-	(25.99)
2	Shloka Infotech Ltd.	-	(115.69)	(45.59)
3	Birla International Pvt. Ltd.	(31.04)	(116.21)	-
4	Birla Bombay Private Limited	-	-	(11.74)
5	Godavari Corporation Private Limited	(44.99)	-	-
6	Shearson Investment & Trading Company Private Limited	(54.36)	(119.17)	(31.66)
7	Zenith USA Inc. (Financial year endend in December)	-	-	(0.008)
8	Birla Electricals Limited	(459.26)	(154.70)	(44.95)
9	Birla Perucchini Limited	(64.68)	(394.30)	(415.01)
10	Birla Lifestyles Private Limited	(4.71)	-	-
11	Shloka Publication Private Limited	(30.94)	-	
12	Viking Travelds Private Limite	-	-	(4.47)
13	Birla Capital and Financial Services Limited	-	(24.21)	-
14	Birla Transasia Carpets Limited	(263.17)	(252.93)	(286.97)

Details of Sick Group Companies

M/s. Birla Transasia Carpets Ltd has been declared a Sick Industrial Company within the meaning of clause (o) of the subsection (10) of the section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 by the Board of Industrial & Financial Reconstruction (BIFR) in its meeting held on 28.06.1999.

M/s Birla Perucchini Limited (BPL) has been declared as a Sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985. It has filed reference under provisions of SICA (Special Provisions), 1985 on 1st April 2002 and subsequently the case got registered as case no. 702/2002 with BIFR, New Delhi. On the hearing held on 13/07/2005, BIFR has declared that it is a sick company u/s 15 of SICA.

Our Company is subject to restrictive covenants of working capital lenders and by Stressed Assets Stabilization Fund of IDBI. Some of these covenants may affect some or all of the rights of the shareholders.

There are restrictive covenants by working capital lenders by which our company shall not without the prior written approval of lenders make any changes in the capital structure; formulate any scheme of amalgamation or reconstruction, undertake any new project, unless the expenditure on such expansion etc. is covered by the long term funds received for financing such new projects or expansion; invest by way of share capital in or lend or advance funds to or place deposits with any other concern; enter into borrowing arrangement either secured or unsecured with any other bank, financial institutions, etc.; declare dividends more than 25% of the net profits; create any charge on any or all properties or assets during the currency of the credit facilities granted by the bank; etc. In addition, any monies brought in by the principal shareholders / directors / depositors will not be allowed to be withdrawn without the Bank's prior permission.

There are restrictive covenants by Stressed Assets Stabilization Fund (SASF) of IDBI for Negotiated Settlement (NS) of dues, which gives SASF an unqualified right to disclose the name of Company and its Directors to RBI and / or to CIBIL as defaulters, right to accelerate the repayment schedule if cash flows warrants, company to take prior written approval before declaring dividend, disposing off any of assets, undertaking new project or making any investment, creating any charge or lien, etc.

There is Conflict of interest with Dagger Forst Tools Limited, a promoter group company is also manufacturing cutting tools and has recently planned for expansion in cutting tools in Uttranchal.

We have entered into a technical and marketing agreement with DFTL. The facilities are at different Geographical locations and is as part of Strategic Sourcing plan of the division. Hence there is no conflict of interest.

One of the Group Company Tungabhadra Holdings Pvt. Ltd. is engaged in the manufacture of standard pipes which are similar to those of Zenith Birla

Both the Companies sell their products under their brand name and different channels of distribution. Therefore, there is no conflict of interest between the business carried on by Zenith Birla and those carried on by Tungabhadra Holdings Pvt.Ltd.

We may face risk on account of not meeting our export obligations

We have obtained several licenses under Advanced Licensing Scheme. As per the licensing requirements under the said scheme, we are required to export goods of a defined amount within a specific time period, failing which, we have to make payment to the Government of India equivalent to the duty benefit enjoyed by us under the said scheme along with interest.

Details of our export obligations under the above-mentioned licenses along with status of compliance with the export obligation are given in the following table:

Sr. No.	License No.	Date	Export Obligation (Quantity in M.T.)	Obligation period	Export obligation fulfilled (Quantity in M.T.)	Balance Export obligation (Quantity in M.T.)
1	0310283010/2/03/00	26.07.04	5000.00	25.01.2006	4320.872	679.128
2	0310284839 / 2 /03/00	09.08.04	5000.00	08.02.2006	4227.192	772.808
3	0310298970 / 2/03/00	27.10.04	3000.00	26.10.2006	2663.798	366.202
4	0310334502 / 2/03/00	15.06.05	3000.00	15.06.2005	-	3000.00
5	0310334490 / 2/03/00	15.06.05	4000.00	15.06.2005	1205.147	2794.853
6	0310335671 / 2/03/00	23.06.05	5000.00	22.06.2007	2673.651	2326.349
7	0310349094 / 2/03/00	27.09.05	5000.00	26.09.2007	-	5000.00

We are significantly dependent upon HR coils as a raw material and any adverse impact on its availability/price fluctuation may adversely affect profitability

We are significantly dependent on the timely and adequate availability of HR coils as the primary raw material at a competitive price, which amounted to 69.77% of the raw material cost in the year 2003-05. HR Coils are available internationally and in domestic markets also. The supply and pricing of HR Coils is largely dependent upon the order book position of HR coil suppliers. Further, any adverse factors may adversely impact prices of HR coils, which in turn may have an adverse affect on the profitability of our company

Since incorporation, we have diversified our operations from steel pipes to steel, chemicals, paper, cutting tools, textile etc but could not operate some of them efficiently and viably. As a result we had to sell or close down various activities. Our Company is now diversifying into same line but is expanding operations after 15 years and any inability to manage this expansion / diversification could adversely affect operations significantly.

After establishing the pipe business we followed the then prevailing industry trends, we diversified in unrelated businesses to even out cyclic ups and downs in any sector. Such approach did help our company with different businesss contributing to profitability at different periods. However in line of current requirement of focusing on core competence, our company has since divested the non-engineering businesses.

The success of our Company depends upon the senior management and key personnel and the ability to attract and retain them.

We are engaged in conventional industrial activities and the availability of experts in such businesses is not a deterrent factor. The management is confident of not only retaining the existing senior management team and key personnel but also recruit people for key positions, if the need arises.

We had faced labour unrest, strikes, lockouts in the past.

We had faced labour unrest and lockouts on various occasions. Although, we have wage-settlement agreements for all the three plants, but re-occurrence of these events, could affect our operating results adversely.

We may be impacted by antidumping proceedings.

While the products of our Company have zero percent anti-dumping duty, in USA, there is no assurance that fresh anti-dumping duty proceedings will not be initiated by US Pipe Industry. In case, any such fresh anti-dumping duty proceedings are initiated by US pipe industry against imports of pipe from India, exports to USA which forms substantial part of exports, may suffer and in turn affect the financial position of our company. Similarly, initiation of anti-dumping proceedings against import from India instituted in any other country where we are exporting our products may impact the financial position.

EXTERNAL RISK FACTORS

Governmental actions and changes in policy could adversely affect business.

The Government of India and the government of each state of India (each a “State Government”) have broad powers to affect the Indian economy and the Company’s business in numerous ways. In the past, the Government of India and the State Governments have used these powers to influence, directly and indirectly, the Steel Pipe industry or other industries on which the steel pipe industry is dependent. Examples of such measures include:

- Imposing import restrictions and customs duties on imported steel;
- Granting tax concessions for setting up new manufacturing plants;
- Allocating Government of India and State Government funding for public infrastructure programs;
- Anti-dumping duties.

Some of these measures are currently being employed by the Government of India and/or State Governments. However, there can be no assurance that such policies will continue in the future. Any change in existing Government of India and/or State Government policies or new policies providing or withdrawing support to the industry in which our company could adversely affect the supply/demand balance and competition in markets in which our company operates and negatively affect our cost structure. There can be no assurance that we would be able to pass on such increase in costs to our customers through an increase in our prices.

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

Taxes and other levies imposed by the Government of India or State Governments that affect the industry include customs duties, excise duties, sales tax, income tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time. The central and state tax scheme in India is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the central or state governments may adversely affect our competitive position and profitability.

Under existing regulations, our company is currently required to pay to the relevant State Governments or the Government of India excise duty on steel pipe and on cutting tools, sales tax (or value added tax, where it has been implemented), duties on power tariffs, sales tax on stores and spares, packaging and other raw materials and import duty on HR coil. There can be no assurance that the current levels of these taxes, duties and royalties will not increase in the future, or that State Governments will not introduce additional levies, each of which may result in increased operating costs and lower sales realizations. To the extent additional levies are imposed, there can be no assurance that we would be able to pass such cost increases on to our customers. The non-availability of any tax incentives could also adversely affect the financial condition and results of operations.

Our operations are subject to environmental, labour and other regulations.

The steel pipe operations are subject to various Indian national and State environmental laws and regulations relating to the control of pollution in the various locations in India where our company operates. In particular, the discharge or emission of chemicals, water pollutants, dust or other pollutants into the air, soil that exceed permitted levels and cause damage to others may give rise to liabilities to the Government of India and State Governments and third parties, and may result in incurring costs to remedy such discharge or emissions. There can be no assurance that compliance with such environmental laws and regulations will not result in a curtailment of production or a material increase in the costs of production or otherwise have a material adverse effect on our company’s financial condition and results of operations. Environmental laws and regulations in India have been increasing in stringency and it is possible that they will become significantly more stringent in the future. Stricter laws and regulations, or stricter interpretation of the existing laws and regulations, may impose new liabilities on our company or result in the need for additional investment in pollution control equipments, either of which could affect the business, financial condition or prospects.

Our company is also subject to laws and regulations governing relationships with employees, in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees, contract labour and work permits. Furthermore, the success of our strategy to modernize and optimize our existing operations, open newly-constructed plants or acquire new plants is contingent upon,

among other things, receipt of all required licenses, permits and authorizations, including local land use permits, building and zoning permits and environmental permits. Changes or concessions required by regulatory authorities could also involve significant costs and delay or prevent completion of the construction or opening of a plant or could result in the loss of an existing license.

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

Changes in currency exchange rates influence the results of operations. We imports HR coils for operations and future capital expenditures, including any imported equipment and machinery, may be denominated in currencies other than Indian rupees. As of December 31, 2005, We did not have any foreign currency borrowings. Any decline in the value of the rupee against such other currencies could increase the rupee cost of purchasing such equipment. The exchange rate between the rupee and the U.S. dollar has changed substantially in recent years and may continue to fluctuate significantly in the future. While our Company does not enter into currency hedging arrangements as part of its treasury operations, the ERW steel pipe exports provide for a degree of protection from currency rate fluctuations.

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

Changes in interest rates could significantly affect the financial condition and results of operations. As of December 31, 2005, Rs. 3495.00 lakhs of our borrowings were at floating rate of interest. If the interest rates for the existing or future borrowings increase significantly, the cost of servicing such debt will increase. This may adversely impact our results of operations, planned capital expenditures and cash flows. Our Company currently does not enter into hedging arrangements against interest rate risks.

Any further issuance of Equity Shares by us or sales of Equity Shares by significant shareholders may adversely affect the trading price of the Equity Shares.

Any future issuance of Equity Shares by us could dilute the shareholding. Any such future issuance of Equity Shares or sales of Equity Shares by any significant shareholder, including promoters, may also adversely affect the trading price of the Equity Shares, and could impact our ability to raise capital through an offering of securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of Equity Shares.

Terrorist attacks or war or conflicts involving India or other countries could adversely affect business sentiment and the financial markets and adversely affect business.

Terrorist attacks, such as the ones that occurred in New York and Washington, D.C. on September 11, 2001, Gandhinagar in Gujarat on September 24, 2002, Bali on October 12, 2002, Mumbai on August 25, 2003 and New Delhi on October 29, 2005 and other acts of violence or war may negatively affect the Indian markets where the Equity Shares will trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence and adversely affect business. Also, India has from time to time experienced, and continues to experience, social and civil unrest and hostilities with neighboring countries. Armed conflicts, particularly between India and Pakistan, could disrupt communications and adversely affect the Indian economy. Such events could also create a perception that investments in Indian companies involve a higher degree of risk. This, in turn, could have a material adverse effect on the market for securities of Indian companies, including our company's Equity Shares. The consequences of any armed conflicts are unpredictable, and our company may not be able to foresee events that could have an adverse effect on the business. Regional or international hostilities, terrorist attacks or other acts of violence of war could have a significant adverse impact on international or Indian financial markets or economic conditions or on Government policy. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on business and on the market price of our Company's Equity Shares.

The price of our Company's Equity Shares may be volatile, or an active trading market for the Equity Shares may not develop.

The trading price of the Equity Shares of our Company may fluctuate due to a variety of factors, including the results of operations and the performance of business, competitive conditions, general economic, political and

social factors, volatility in the Indian and global securities markets, growth of business and leisure travel, the performance of the Indian and global economy and significant developments in India's fiscal regime. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained, or that the price at which the Equity Shares of our Company are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue.

We may face growing and new competition that may adversely affect the competitive position and profitability.

Our Company operates in a highly competitive environment with thin margins. In addition to various domestic suppliers of steel tubes, our company also faces competition from various Chinese suppliers in the International markets. Although, we have advantage in terms of branding in the international markets as more than 60% of our existing customers are associated since last many years, however, our Company has to continuously update and improve technological expertise to improve the market share and failure on any front may adversely affect business operations.

We may be impacted in the event of development of any new product, which may act as a substitute for its products.

New Polymer products are being developed in the steel pipe industry, particularly used for plumbing and agricultural activities. Similarly, automobile, auto ancillaries and engineering industry are the user industry to Cutting tools and they prefer carbide tools to HSS tools in particular where high-speed mass production is involved. Any major shift or change in clients' preference may affect business operations. Besides, it is difficult to assess, or predict with any assurance, the present and future size of the potential market for the products, or the growth rate, if any. Moreover, our company cannot predict whether the products may be affected by many factors, some of which include the emergence of newer, more competitive technologies and products, regulatory and statutory requirements, consumer perceptions and the overall cost of commercial production.

Notes to Risk Factors

1. Investors are advised to refer to the para on "Basis for the issue price" on page no. [●] before making any investment in this issue.
2. Investors may please note that in the event of over-subscription, allotment shall be made on a proportionate basis in accordance with the SEBI Guidelines and in consultation with BSE (the Designated Stock Exchange).
3. The Book Value per share of our company as on December 31, 2005 was Rs.44.51.
4. The Net worth of our Company based on restated unconsolidated s as on December 31, 2005 is Rs.6369.85 lacs.
5. The Post Issue net worth of our Company will be Rs. 20069.85 lacs.
6. Issue consists of [●] Equity Shares of Rs. 10/- each for cash at a price of Rs. [●] per Equity Share aggregating to Rs 13100.00 lakhs (referred to as the 'Issue'). The issue comprising of promoters contribution of [●] Equity Shares of face value of Rs.10/- each at a price of Rs. [●] for cash aggregating to Rs. 2500 lacs (hereinafter referred to as the "promoters' contribution") including [●] Equity Shares are reserved for employees and directors; [●] Equity Shares are reserved for existing shareholders; [●] Equity shares are reserved for shareholders of group companies; [●] Equity shares are reserved for NRIs and FIIs and [●] Equity Shares are reserved for bank/mutual funds/indian financial institution. The net offer to the public is of [●] equity shares of Rs.10/- each at a price of Rs. [●] for cash aggregating to Rs. [●] hereinafter referred to as the "net issue").
7. For related party transactions, please refer to the section titled "Related Party Transactions" on page [*] of this Draft Prospectus.

8. The name of our company was changed from Zenith Limited to Zenith Birla (India) Limited w.e.f. October 18, 2005. The name of our company was changed to establish a clear identity with the Birla family and also the country of its origin
9. Our Promoters/ Directors/ key managerial personnel are interested to the extent of the normal remuneration, reimbursement of the expenses incurred, or benefits such as sitting fees and those relating to their respective shareholdings in our company.
10. In addition to the lead managers, we are obliged to update the prospectus and keep the public informed about any material changes till listing and trading commences in respect of the shares issued through this issue.
11. None of our Directors, Promoters, Promoter Group Companies, the directors of our Promoters and our Promoter group Companies have undertaken transactions in the shares of our Company in the last six months preceding the date on which the Draft Prospectus is filed with SEBI except for the equity shares allotted to one of the promoter companies through preferential allotment in September, 2005 and interse transfer of 91,414 equity shares between promoter companies viz. from Shloka Infotech Limited to Birla International Private Limited, details of preferential allotment are given in the next note.
12. We have allotted 12,00,000 Equity Shares and 12,00,000 Warrants on preferential basis on September 19, 2005 to one Promoter Company (Godavari Corporation Ltd.) and one Foreign Institutional Investors (Lotus Global Investments Ltd.). The Equity Shares were issued at a price of Rs. 50/- per share aggregating to Rs. 600.00 lakhs. The warrants were issued at a price of Rs. 50/- per warrant having an option to convert one warrant into one equity shares within a period of 18 months from the date of allotment. The amount called on warrants was 10% of total issue price i.e. Rs. 5/- per warrant have been received as application money. These warrants have been converted into Equity shares as on January 10, 2006 upon receipt of the balance consideration of Rs. 540.00 Lacs. As on date there are no outstanding warrants.
13. The average cost of acquisition of equity shares currently held by the Promoters / PAC's as on the date of filing of this Draft Prospectus is tabulated below:

Sr. No	Name	Average Cost of Acquisition per Share (in Rs.)
1	Birla International Private Limited	47.86
2	Asian Distributors Limited	74.48
3	Birla Bombay Private Limited	82.86
4	Godavari Corporation Private Limited	36.81
5	Shearson Investment Trading Company Private Ltd.	4.94
6	Birla Cotsyn Private Limited	62.80
7	Yash Society	84.34
8	Birla Industry Group Charity Trust (Medical Institution)	50.93
9	Birla Industry Group Charity Trust (Education Institution)	58.13
10	Matri Sewa Sadan Charity Trust	63.73
11	Estate of Smt. Sunanda Birla Account	89.30
12	Estate of Smt. Sujata Mehta	101.05
13	Estate of Ashokvardhan Birla	69.95
14	Yashovardhan Birla	98.31

Investors are free to contact the LMs and/ or Issuer for any clarification or information or for any complaint pertaining to the Issue.

SECTION III-INTRODUCTION

SUMMARY

This is only a summary and does not contain all information that one should consider before investing in the Equity Shares offered by our Company. Investors should read the entire Draft Prospectus, including the information on the section titled 'Risk Factors' beginning from page no. [•] and the section titled 'Financial Statements' and related notes beginning from page no. [•] of this Draft Prospectus before deciding to invest in the Equity Shares offered by our Company.

INDUSTRY SUMMARY

In terms of application, pipes are divided into Standard Pipes, API pipes and Mechanical Pipes. Standard pipes are used for Water transportation, structural purpose, general engineering application etc. API pipes are used for Gas and Oil industry. Mechanical tubes are used for Automobile industry as well as in manufacturing of bicycles etc.

Demand for API pipes is directly linked with the growing energy requirements of any country. As the demand increases a larger infrastructure needs to be setup for its supply. This in turn leads to creation of demand for pipes. In India, the demand for the natural gas is expected to increase exponentially. Infrastructure to support to this requirement would lead to a constant requirement for pipes.

Developed countries have used pipes: a superior mode of delivery effectively used in developed countries. This is evident from the fact that at present, the ratio of oil transportation by road & rail as compared to pipelines in India is 70:30 compared to developed countries where this ratio is almost reversed.

Countries like India understand the importance of this mode of transport and changes to this mode are expected. Currently, the country has a limited network of cross-country pipelines. The planners in the country & also the energy industry are giving top priority to strengthen the pipeline network through out the country just like the transmission network for the electricity.

Mechanical tubes offer many advantages such as close tolerances on diameter & thickness, exceptional concentricity and a smooth finish, both inside & outside of the tubes. These features enable designers to obtain uniformity of flow under controlled temperature, pressure conditions, while fabricators can exercise greater control over close bending and tube alignment in butt-welding.

Mechanical Tubes are extensively used in automobiles, power & industrial boilers, transformers, super heaters, economizers, heat exchangers, bicycles, automobiles, railway electrification, and furniture applications.

BUSINESS OVERVIEW

We are presently engaged in the manufacturing of ERW welded steel pipes and HSS cutting tools.

The Steel Pipe Division is located at Khopoli, Maharashtra. The steel pipe plant has an installed capacity of 1,20,000 tpa. The pipes are predominantly used for plumbing, agriculture, irrigation, urban and rural drinking water distribution, structural and industrial applications. Square and rectangular hollow sections manufactured by Zenith are used to replace conventional section such as beams, angles and channels. These sections have higher load bearing capacity with better economics and have better aesthetic appeal. Zenith tubular pipes have also substituted seamless pipes for certain applications.

Manufacturing facilities of our cutting Tool Division are at two places i.e at Nasik and Aurangabad both in Maharashtra. The cutting tool plants have aggregate capacity to manufacture 203.71 Lac No. per annum. HSS cutting tools are predominantly used in Automobile, General engineering and Capital Goods Industry.

We are proposing to set up a new plant at Khapoli for manufacturing Mechanical tube predominantly used in Automobile industry. We have also modified/fine-tuned Mill No 2 of our existing plant to manufacture ERW steel pipes conforming to API standards and have secured API licence for PSL1 standard. Thus 50% of our existing capacity i.e. 60000 mta has been converted to API standard pipes. We also propose to upgrade the facilities for manufacturing PSL2 standard API pipes in due course. After implementing the proposed project we will be capable of manufacturing almost complete range of ERW steel pipes/Tubes including for Oil, Gas and Automobile Sectors.

Key Business Strengths – Steel Pipe Division

- **Strategic location of the Plant** – Manufacturing facilities are located at Khopoli, which is 80 kms from Mumbai port. Most of the export consignments are shipped from the Mumbai port at Mazgaon and from JNPT, which is on the outskirts of Mumbai. The proximity to Mumbai Port provides us flexibility and efficiency in exporting pipes and procuring imported raw material for our products and saves transportation costs and time.
- **Quality Standards** – We have always consistently maintained Indian and International quality standards while manufacturing steel pipes. Product consistency provided us brand equity. This has helped us in exporting our products to various countries according to British, American and German quality Standards. We have obtained ISO 9001 for maintaining systems, ISO 14001 for environmental compliances. We have been awarded API license to mark API monogram for Oil and Gas pipes from American Petroleum and Gas Institution.
- **Focus on exports** – We have been exporting steel pipes since 1964. Our approach was to nurture the specific market segments like Middle East and USA by consistent supplies, creating established supply chain and building brand image. We exported around 60% of our total production. We exported our production to more than 30 countries in the last five years. We have achieved over 30% CAGR in exports during the last five years. USA is at the top the list of countries where company is regularly exporting steel pipes. USA imposes 7% antidumping duty on imports of steel pipes from India but our company is exempted from the said duty.
- **Competitive Advantage** - USA is the largest importer of steel pipes worldwide. We have competitive advantages due to Quality standards maintained by us and 0% Anti Dumping duty as against 7.08 % for majority of the domestic manufacturers.
- **Consistent presence in Target markets** – As a part of strategy, we have operated in the specific targeted markets and in such markets we have consistently kept our presence. In domestic markets, we focus on Western and Southern India as our target market considering logistic advantages like freight, transportation and competitive manufacturing capacities. For exports, we focus on Middle East and USA. In Middle East, we have been associated since 1965 when in Saudi Arabia; commercial exploration of Oil triggered the development. We continued our association from Saudi Arabia to Gulf States to Yemen. USA is another large target market arising out of the huge requirements.
- **Building up and nurturing dedicated distribution channel partners** – 90% of our sales are through the Distribution Network that has been developed over a period of last thirty years. In domestic markets, we have a network of Consignment Agents and Dealers. Most of the channel partners have a history of long association with our company. In many cases our association is spanning over three generations. Some of our customers in USA and Middle East are dealing with us on a continuous basis for over 25 years.
- **Brand Name in Domestic & International Markets** – Arising out of the Quality policy, consistent supplies and well placed dedicated Distribution Channel partners, we have built up a good brand “Zenith Birla” for our products both in Domestic and International markets where we are operating. The brand image not only gives us a price advantage but also helps for business enhancements by substantially reducing entry period in relation to any new business / customer.

Key Business Strengths – Cutting Tool Division

- **Brand image** – We are selling our cutting tool products under “ITM” brand, which is having good brand image amongst the users.
- **Good distribution network** – We have good distribution network having 6 sales offices and over 200 distributors located in major industrial towns of India. Through the large sub-dealer network we facilitate the reach of the product to the consumers spread throughout India.

Our Strategy

- Up gradation of existing facility to produce API standard steel pipes having higher margins than our current product range for fast growing oil & gas industry.
- Set up new production facilities to manufacture Mechanical Tubes for fast growing Automobile Industry. The tubes proposed to be manufactured will be technologically superior and will generate substantially higher margins than our existing product portfolio.
- Modernization of existing Cutting Tool Division to optimize quality and quantity and leverage of existing distribution network by increasing product range.

SUMMARY OF FINANCIAL / OPERATING DATA

Investors should read this financial data in conjunction with our Financial statements for each of Financial Year Ended 31.03.00 (12 months), 31.03.01(12 months), 30.06.02 (15 months), 30.09.03 (15 months), 31.03.05 (18 months) and for a period of nine (9) months ended 31st December 2005, including the Notes thereto and the Reports thereon, which appears under the paragraph on “Auditor’s Report” on page [•] in this Draft Prospectus, and “Management Discussion and Analysis of Financial Condition and Results of Operations” as reflected in the s on page [•] of this Draft Prospectus.

(Rs. in lacs)						
Period/Year ended	31.03.00 (12 months)	31.03.01 (12 month)	30.06.02 (15 month)	30.09.03 (15 months)	31.03.05 (18 months)	31.12.05 (9 month)
INCOME						
Sales:						
Of products manufactured by the Company (net of Excise duty)	17,960.96	23,897.10	32,552.25	42,240.11	54,049.43	21,616.59
of products traded in by the Company	-	-	-	13.68	-	-
Sub-total	17,960.96	23,897.10	32,552.25	42,253.79	54,049.43	21,616.59
Other Income	284.11	243.91	258.77	654.37	622.67	543.80
Increase/(Decrease) in Stock	751.11	(163.28)	(463.83)	668.30	(257.59)	565.46
Total	18,996.18	23,977.73	32,347.19	43,576.46	54,414.51	22,725.85
EXPENDITURE						
Purchase of goods traded	420.55	472.99	1,257.93	3,051.59	3,399.79	3,905.83
Raw materials Consumed	11,440.66	14,891.15	18,968.42	26,144.88	35,394.95	12,701.45
Staff Costs	2,415.35	2,681.80	3,380.33	3,454.40	4,157.76	1,575.88
Other Manufacturing expenses	2,666.83	3,285.43	4,286.84	5,175.16	5,171.85	1,567.24
Administrative expenses	1,231.29	1,192.67	1,170.73	1,022.04	1,955.88	805.69
Selling and Distribution exp.	1,254.04	1,325.84	2,368.16	2,983.90	2,970.89	750.99
Interest	1,125.57	1,346.27	1,569.87	1,387.49	1,438.89	674.05
Total Expenditure	20,554.29	25,196.15	33,002.28	43,219.46	54,490.01	21,981.13
Profit before depreciation, and extraordinary items	(1,558.11)	(1,218.42)	(655.09)	357.00	(75.50)	744.72
Depreciation	341.16	305.29	399.88	422.06	551.54	320.22
Less: Transfer from Revaluation reserve	26.58	27.39	35.29	35.19	26.94	-
Net Depreciation	314.58	277.90	364.59	386.87	524.60	320.22
Profit/(Loss) before taxation	(1,872.69)	(1,496.32)	(1,019.68)	(29.87)	(600.10)	424.50
Less: Loss transferred to reconstruction reserve	-	-	-	-	898.34	-

Extraordinary items (credit)	51.94	303.76	3.63	-	-	-
Profit before tax	(1,820.75)	(1,192.56)	(1,016.05)	(29.87)	298.24	424.50
Current wealth Tax	(1.65)	(3.24)	1.06	4.90	-	-
Deferred tax credit (Net)	-	-	570.99	85.74	-	-
Provision for current Tax (incl. FBT)	-	-	-	-	-	82.44
Effect of adj. on Tax	-	-	-	-	-	(32.69)
Profit after tax	(1,822.40)	(1,195.80)	(444.00)	60.77	298.24	374.75
Less: Loss transferred to reconstruction reserve	-	-	-	-	79.10	-
Profit/(Loss)	(1,822.40)	(1,195.80)	(444.00)	60.77	377.34	374.75

STATEMENT OF ADJUSTED ASSETS & LIABILITIES

(Rs. in lacs)

	As at 31st March 2000	As at 31st March 2001	As at 30th June 2002	As at 30th Sep 2003	As at 31st March 2005	As at 31st December 2005
A- FIXED ASSETS:						
Gross Block	10,176.81	10,216.26	10,657.34	10,647.46	9,310.59	9,370.02
Less: Accumulated Depreciation	6,048.40	6,266.80	6,637.56	6,928.31	297.09	611.84
Less: Revaluation reserve	840.92	813.53	778.24	86.89	-	-
NET BLOCK	3,287.49	3,135.93	3,241.54	3,632.26	9,013.50	8,758.18
Capital work in Progress	129.00	120.92	104.77	124.48	17.51	59.63
TOTAL	3,416.49	3,256.85	3,346.31	3,756.74	9,031.01	8,817.81
B- Investments	2.51	2.51	17.33	17.37	822.72	795.75
C-Net deferred tax assets	-	-	1,464.58	1,550.32	-	-
D- Current Assets, Loans & Advances:						
Inventories	5,772.93	5,536.78	5,933.40	6,411.70	5,837.28	7,207.54
Sundry Debtors	2,169.98	3,836.36	2,573.01	2,856.21	3,980.82	5,801.75
Cash & Bank Balances	578.30	368.90	773.50	838.95	770.22	766.75
Loans & Advances	1,373.61	2,618.63	3,427.33	2,604.79	4,083.92	2,838.16
	9,894.82	12,360.67	12,707.24	12,711.65	14,672.24	16,614.20
A+B+C+D	13,313.82	15,620.03	17,535.46	18,036.08	24,525.97	26,227.76
E-. Less: Liabilities & Provisions:						
Secured Loans	5,852.67	6,392.00	6,612.26	6,365.68	5,371.89	4,124.73
Unsecured Loans	319.73	323.98	604.47	590.23	1,223.21	1,639.62
Hire Purchase Liabilities	20.83	16.17	25.98	23.09	18.44	10.30
Current Liabilities	5,001.32	7,806.52	8,716.28	8,527.53	11,489.41	13,129.98
Provisions	608.51	668.29	879.46	1,085.79	906.51	953.28
	11,803.06	15,206.96	16,838.45	16,592.32	19,009.46	19,857.91
Networth (A+B+C+D-E)	1,510.76	413.07	697.01	1,443.76	5,516.51	6,369.85



Represented By:						
i. Share Capital	3,384.17	3,384.17	3,384.17	1,384.25	1,384.25	1,505.44
ii. Reserves & Surplus	2,418.10	2,390.71	2,355.42	150.67	4,132.26	4,985.76
Less: Revaluation Reserve	840.92	813.53	778.24	86.89	-	-
Reserves (net of Revaluation Reserve)	1,577.18	1,577.18	1,577.18	63.78	4,132.26	4,985.76
iii. Less: Misc. Expenditure (to the extent not written off/adjusted)	105.37	8.15	172.15	132.01	-	121.35
iv. Less :P & L (loss)	(3,345.22)	(4,540.13)	(4,092.19)	127.74	-	-
Networth (i+ ii - iii- iv)	1,510.76	413.07	697.01	1,443.76	5,516.51	6,369.85

THE ISSUE

Particulars	No. of Equity Shares
Equity Shares Offered	[●] Equity Shares of Rs. 10 each for cash at a premium of Rs. [●] aggregating Rs. 13100 Lakhs
Out of Which:	
Promoter's contribution in this issue	[●] Equity Shares of Rs. 10 each for cash at a premium of Rs. [●] aggregating Rs. 2500 Lakhs
i. Reserved for allotment to Employess / Directors on Competitive Basis.	[●] Equity Shares of Rs. 10 each for cash at a premium of Rs. [●] aggregating Rs. [●] Lakhs
ii. Reserved for allotment to the Shareholders of our company on competitive basis.	[●] Equity Shares of Rs. 10 each for cash at a premium of Rs. [●] aggregating Rs. [●] Lakhs
iii. Reserved for allotment to the Shareholders of group companies on Competitive Basis.	[●] Equity Shares of Rs. 10 each for cash at a premium of Rs. [●] aggregating Rs. [●] Lakhs
iv. Reserved for allotment to NRI/FIIs on Competitive Basis.	[●] Equity Shares of Rs. 10 each for cash at a premium of Rs. [●] aggregating Rs. [●] Lakhs
v. Reserved for allotment to Banks, Mutual Funds & Indian Financial Institutions on Competitive Basis.	[●] Equity Shares of Rs. 10 each for cash at a premium of Rs. [●] aggregating Rs. [●] Lakhs
Net Offer To The Public	[●] Equity Shares of Rs. 10 each for cash at a premium of Rs. [●] aggregating Rs. [●] Lakhs
Retail portion (minimum 50% of the net offer to public)	At least [●] Equity Shares (Allotment on a proportionate basis)
Non-Retail portion (maximum 50% of the net offer to public)	Not more than [●] Equity Shares (Allotment on a proportionate basis)
**Under subscription in any of the category, shall be allowed to be met through over subscription in any other category.	
Equity Shares outstanding prior to the Issue	162.54 lacs Equity Shares
Equity Shares outstanding after the Issue	[●] Equity Shares
Use of Issue proceeds: -	For detailed discussion on the objects of the issue, please refer to the section entitled 'Objects of the Issue' on page no. [●] of this Draft Prospectus for additional information.

GENERAL INFORMATION

Zenith Birla (India) Ltd.

Registered Office: 1st Floor, Dalamal House, Nariman Point, Mumbai - 400 021.
Tel: +91-22-2282 1122; Fax: +91-22-22855743
CIN: U29220MH1960PTCO11773

Corporate Office: S-2 Vedant Commercial Complex, 2nd Floor,
1st Pokhran Road, Vartak Nagar, Opp Kores India, Thane (West) – 400 606
Tel: +91-22-6793 3000; Fax: +91-22-6793 3111

Address of the RoC (Maharashtra) – Hakoba Mills Compound, Dattaran Lad Marg,
Kala Chowki, Mumbai – 400 033

Our company received its Certificate for Commencement of Business on August 17, 1960.

Our Board of Directors comprise of the following members:

*NAME OF THE DIRECTOR	DESIGNATION	STATUS
Mr. Yashovardhan Birla	Chairman	Non Executive, Non Independent
Mr. Augustine P.Kurias	Director	Non Executive, Independent
Mr. D.V. Kapur	Director	Non Executive, Independent
Mr. Aniruddha Barwe	Director	Non Executive, Independent
Mr. Arun Jain	Executive Director	Whole Time, Non Independent

* For further details on our Directors please refer to the section titled “Our Management” on page no. [●] of this Draft Prospectus.

COMPANY SECRETARY & COMPLIANCE OFFICER

Mr. Rajiv Gandhi

Zenith Birla (India) Ltd.
1st Floor, Dalamal House,
Nariman Point,
Mumbai - 400 021.
Tel: +91-22- 2282 1122
Fax: +91-22- 2285 5743
E-mail: zenith.po@zenithsteelpipes.com

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

Group Finance Head

Mr. PVR Murthy
1st Floor, Dalamal House,
Nariman Point,
Mumbai - 400 021.
Tel: +91-22- 2284 2458
Fax: +91-22- 2284 2434
E-mail: zenith.po@zenithsteelpipes.com

Bankers to our company

State Bank of India

Industrial Finance Branch, Mumbai,
The Arcade 2nd Floor,
World Trade Centre Cuffe Parade, Colaba,
Mumbai-400 005
Tel – (022) 22160926
Fax – (022) 22160918
Website - www.sbibank.com
Email - ifbmcp@hotmai.com

Bank of Baroda

Post Box no. 347,
10/12, Mumbai samachar Marg,
Fort, Mumbai-400 001
Tel – (022) 22048641
Fax – (022) 2204 0494
Website - www.bankofbaroda.com
Email – fortap@bob.com

Punjab National Bank

BO-Gen. J.Bhosale Marg,
Nariman Point,
Mumbai-400 021
Tel – (022) 2281 8944 - 47
Fax – (022) 2202 6072 / 2282 3033
Website – www.pnbindia.com
Email – credit@pnbn.com

Oriental Bank of Commerce

Jash Chambers, Ground Floor,
Sir P.M Road, Fort,
Mumbai-400 001
Tel – (022) 22676157
Fax – (022) 22658419
Website - www.obc.co.in
Email – bm0023@obc.co.in

ISSUE MANAGEMENT TEAM

Lead Managers:

IDBI Capital Market Services Limited

5th floor, Mafatlal Centre,
Nariman Point,
Mumbai – 400 021.
Tel.: +91 022 5637 1212
Fax: +91 022 2288 5848
Contact Person: Ms. Meenakshi Kaushik
E-mail: zenith.po@idbicapital.com
Website: www.idbicapital.com

Keynote Corporate Services Limited

307, Regent Chambers,
Nariman Point, Mumbai - 400 021
Tel.: +91 22 2202 5230
Fax: +91 22 2283 5467
Contact Person: Mr. Praveen Kumar Sangal
Website: www.keynoteindia.net
E-mail: zenith.fpo@keynoteindia.net

Registrar to the Issue:

Big Share Services Pvt. Limited
E-2, Ansa Industrial Estate
Saki Vihar Road, Saki Naka
Andheri (East), Mumbai – 400 072
Tel: +91 22 2847 0652 / 3
Fax: +91 22 2847 5207
Contact Person: Mr. V. Kumaresan
Email: ipo@bigshareonline.com
Website: www.bigshareonline.com

Legal Adviser to the Issue:

Little & Company
Advocates and Solicitors
Central Bank Building, 3rd Floor,
Mahatma Gandhi Road, Mumbai – 23
Tel – (022) 2265 2739
Fax – (022) 2265 9918
Contact Person: Mr. Jayendra Kapadia
Website - www.littlecompany.com
Email - mumbaioffice@littlecompany.com

Bankers to the Issue



Auditors of Our Company

Dalal & Shah
Chartered Accountants
49-55, Bombay Samachar Marg
Fort, Mumbai – 400 023
Tel No – (022) 2266 0115
Fax No – (022) 2266 0115
Contact Person: Mr. Shishir Dalal
Email: dalal_shah@rediffmail.com
Website: www.dalalandshah.com

Statement of Inter Se Allocation of Responsibilities

The responsibilities and co-ordination for various activities in this Issue have been distributed amongst the LMs as under:

S. No	Activities	Responsibility	Co-ordinator
1.	Capital Structure with the relative components and formalities such as type of instruments, etc.	IDBI Capital & KCSL	IDBI Capital
2.	Due diligence of our company's operations/ management/business plans/legal, etc.	IDBI Capital & KCSL	IDBI Capital
3.	Drafting and design of the Draft Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The designated Lead Manager shall ensure compliance with the stipulated requirements and completion of prescribed formalities with Stock Exchange, Registrar of Companies and SEBI.	IDBI Capital & KCSL	IDBI Capital
4.	Drafting and approval of Issue and statutory publicity material, etc.	IDBI Capital & KCSL	IDBI Capital
5.	Drafting and approval of all corporate advertisement, brochure and other publicity material	IDBI Capital & KCSL	IDBI Capital
6.	Appointment of Ad Agency	IDBI Capital & KCSL	IDBI Capital
7.	Appointment of Registrar, Bankers and Printer	IDBI Capital & KCSL	IDBI Capital
8.	Marketing of the Issue, which will cover inter alia, <ul style="list-style-type: none"> Formulating marketing strategies, preparation of publicity budget Finalise Media and PR strategy Finalising centers for holding conference for brokers, etc. Finalise collection centres Follow up on distribution of publicity and Issue material including form, prospectus and deciding on the quantum of the Issue material 	KCSL & IDBI Capital	KCSL
9.	Finalising the list of QIBs. Divisions of QIBs for one to one meetings, road show related activities and order procurement	KCSL & IDBI Capital	KCSL
10.	Finalising of Pricing and allocation	KCSL & IDBI Capital	KCSL
11.	Post issue activities including management of issue, co-ordination with Registrar and Bank, Refund to investors etc.	KCSL & IDBI Capital	KCSL
12.	The post-offer activities of the Issue will involve essential follow up steps, which will include finalisation of listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue and the bank handling refunds business. Lead Manager shall be responsible for ensuring that these agencies fulfill their functions and enable him to discharge this responsibility through suitable arrangements with the Issuer Company.	KCSL & IDBI Capital	KCSL

The selection of the various agencies like the Registrar to the Issue, Bankers to the Issue, brokers, advertising agencies, printer etc. will be finalized by us in consultation with the LMs in terms of the interse allocation of responsibilities. Even if many of these activities will be handled by other intermediaries, the designated LMs shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with us.

Credit Rating

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

Trustees

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

Monitoring Agency

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

CAPITAL STRUCTURE

	Particulars	Nominal Value (Rs.)	Premium (Rs.)	Total Amount (Rs.)
A	AUTHORISED 500,00,000 Equity shares of Rs. 10/- each	50,00,00,000		50,00,00,000
B	ISSUED SHARE CAPITAL 162,54,362 Equity shares of Rs. 10/- each	16,25,43,620		16,25,43,620
C	SUBSCRIBED AND PAID UP SHARE CAPITAL 162,54,362 Equity Shares of Rs. 10/- each	16,25,43,620	960,00,000	25,85,43,620
D	PRESENT ISSUE [•] Equity Shares of Rs. 10/- each for cash at a premium of Rs. [•] - per share (i.e. issue price of Rs. [•] - per Share) aggregating to Rs. 13100 lakhs.	[•]	[•]	131,00,00,000
E	Out of (D) above Participation by Promoters / Promoter Group* [•] Equity Shares of Rs. 10/- each for cash at a premium of Rs. [•] - per share (i.e. issue price of Rs. [•] - per Share) aggregating to Rs. 2500 lakhs.	[•]	[•]	25,00,00,000
F	i. [•] Equity Shares of Rs. 10/- each for cash at a premium of Rs. [•] - per share (i.e. Issue Price of Rs. [•] - per Share) aggregating to Rs. [•] lakhs are reserved for allotment to Employees/ Directors on competitive basis. ii. [•] Equity Shares of Rs. 10/- each for cash at a premium of Rs. [•] - per share (i.e. issue price of Rs. [•] - per Share) aggregating to Rs.[•] lakhs are reserved for allotment to existing shareholders of the companies on competitive basis. iii. [•] Equity Shares of Rs. 10/- each for cash at a premium of Rs[•] - per share (i.e. issue price of Rs. [•] - per Share) aggregating to Rs. [•] lakhs are reserved for allotment to Shareholders of group companies on competitive basis iv. [•] Equity Shares of Rs. 10/- each for cash at a premium of Rs[•] - per share (i.e. issue price of Rs. [•] - per Share) aggregating to Rs. [•] lakhs are reserved for NRIs/FIIs on competitive basis, v. [•] Equity Shares of Rs. 10/- each for cash at a premium of Rs [•] - per share (i.e. issue price of Rs. [•] - per Share) aggregating to Rs[•] lakhs are reserved for Banks, Mutual Funds & Indian Financial Institutions on competitive basis.	[•]	[•]	[•]
G	NET OFFER TO PUBLIC [•] Equity Shares of Rs. 10/- each for cash at a premium of Rs [•] per share (i.e. issue price of Rs. [•] - per Share) aggregating to Rs. [•] lakhs in terms of this Draft Prospectus.	[•]	[•]	[•]
H	TOTAL EQUITY SHARE CAPITAL AFTER THE PUBLIC ISSUE [•] Equity Shares of Rs. 10/- each	[•]	[•]	

I	SHARE PREMIUM ACCOUNT		
	Before the Public Issue	960,00,000	
	After the Public Issue	[•]	

* Promoter Companies viz. Birla International Private Limited, Shearson Investment Trading Company Pvt. Ltd, Birla Bombay Pvt. Ltd. and Asian Distributors Ltd. have agreed to participate in the proposed public issue to the extent of Rs. 1235 lacs, Rs. 500 lacs, Rs. 665 lacs and Rs. 100 lacs respectively aggregating to Rs. 2500 lacs and will be allotted [•] Equity Shares consisting of [•] % of post-issue paid up capital. The price for the said allotment will be determined in accordance with Clause 4.8.1 of SEBI (DIP) Guidelines i.e. higher of two viz. (i) issue price or (ii) [•] as computed in accordance with pricing provisions of guidelines on preferential allotment. In compliance with Clause 4.9.1, the full allotment of Promoter's contribution would be deposited in a Collection Bank atleast one day prior to issue opening date and the said contribution / amount shall be released alongwith the public issue proceeds. Allotment of equity shares for the said participation will be done alongwith the allotment in the net issue to the public.

Details of increase in Authorized Capital

Date	Increased from		Increased to	
	No. of Shares	Amount	No. of Shares	Amount
5.08.1960 (Incorporation)	-	-	20,00,000	2,00,00,000
17.10.1974	20,00,000	2,00,00,000	50,00,000	5,00,00,000
6.12.1983	50,00,000	5,00,00,000	1,00,00,000	10,00,00,000
24.12.1987	1,00,00,000	10,00,00,000	1,50,00,000	15,00,00,000
4.12.1989	1,50,00,000	15,00,00,000	5,00,00,000	50,00,00,000

NOTES FORMING PART OF THE CAPITAL STRUCTURE:

1. The Authorized Share Capital of our Company is Rs.5000 lakhs divided into 5,00,00,000 Equity Shares of Rs.10 each
2. **Equity Share Capital History of our Company (Capital build up).**

Date of Allotment	Number of Equity Shares	Face Value Rs.	Issue Price Rs.	Consideration (Rs. in lacs)	Nature of Allotment (Bonus, Rights Etc.)	Name of persons / Entity to which equity shares allotted	Cumulative Number of Equity Shares	Cumulative Share Premium Rs.
25-10-1960	700000	10	10	70	Cash	Issued to Promoters and Public under IPO	700000	NIL
26.09.1966	350000	10	NIL	NIL	Bonus 1:2	Shareholders	1050000	NIL
30.03.1970	350000	10	NIL	NIL	Bonus 1: 3	Shareholders	1400000	NIL
21.02.1975	1120000	10	NIL	NIL	Bonus 4: 5	Shareholders	2520000	NIL
16.01.1979	630000	10	NIL	NIL	Bonus 1:4	Shareholders	3150000	NIL
25.10.1983	800000	10	15	120	Public Issue of NCD with rights attached to it to apply for equity shares	Debenture holders of NCDs	3950000	40,00,000
13.01.1984	1350000	10	10		Under scheme of amalgamation with	Shareholders of ITM Ltd.	5300000	40,00,000

					ITM in ratio of 10:1			
09.04.1985	470827	10	21.88	47.08	Conversion of loan into shares (note no. 1)	ICICI and IDBI	5770827	95,93,000
01.07.1986	1546710	10	10	154.67	Rights 1:4	Debenture Holders	7317537	95,93,000
16.06.1988	1829384	10	NIL	NIL	Bonus 1:4	Shareholders	9146921	NIL
29.02.1992	10832277	10	10	1083.23	Rights Equity 1:1	Shareholders	19979198	NIL
06.06.1996	NIL			NIL	Capital reduction pursuant to BIFR order (note no. 2)	Shareholders	4994799	NIL
06.06.1996	424008	10	10	42.40	Conversion of loan into shares (note no. 3)	ICICI, IDBI, IFCI, LIC	5418807	NIL
04.07.1997	123916	10	10	12.39	Conversion of loan into shares (note no. 4)	ICICI, IDBI, IFCI, LIC	5542723	NIL
25.11.1998	28418183	10	21	2841.81	Conversion of 15.5% CCPS as per BIFR scheme (note no. 5)		33960906	NIL
06.02.2004	NIL				Capital reduction by Approx. 60% (note no. 6)		13854362	NIL
19.09.2005	1200000	10	50	600.00	Preferential Allotment for cash. (note no. 7)	Promoter Group and FIIs	15054362	4,80,00,000
10.01.2006	1200000	10	50	600.00	Conversion of share warrant issued (note – 8)	Promoter Group and FIIs	16254362	9,60,00,000

Notes:

- Our company has issued 470827 equity shares to term lenders in respect of conversion of loans to equity share on the record date i.e. 9th April 1985.
- The share capital of our company has been reduced by 75% i.e. from 19979198 equity shares to 4994799 equity shares on the pursuant to BIFR order dtd.08.01.1996.
- Our company has made further allotment of equity shares to the financial institution in order to convert the loans into equity share capital the no. of shares allotted were 424008 on the record date i.e. 1st April 1996.

- iv. Our company has made another allotment of equity shares to the financial institution in order to convert the loans into equity share capital the no. of shares allotted were 123916 on the record date i.e. 1st April 1997 this was issued under the scheme of rehabilitation sanctioned by BIFR on 08.01.1996.
- v. Our company has made allotment of 28418183 shares to the holders of 15.5% CCPS as per the BIFR Scheme.
- vi. In order to wipe out the past losses, the share capital of our company has been again reduced by approx. 60% under the scheme of capital reduction from 33960906 shares to 13854362 shares.
- vii. In order to augment the long term working capital resources, the share capital was increased from 13854362 shares to 15054362 shares pursuant to allotment of 4,00,000 shares to a Promoter Company and 8,00,000 shares to a Registered FII on 19th September, 2005 on Preferential basis.
- viii. These warrents have been converted into Equity shares as on January 10, 2006 upon receipt of the balance consideration of Rs. 540.00 Lacs. As on date there are no outstanding warrents.

3. Preference Share Capital History of our company (Capital build up)

As per the approved BIFR scheme, our company issued following 15.50% Cumulative Convertible Preference Shares (CCPS) of various denominations. Part of these shares was issued for cash and the balance towards outstanding debentures and term loans. The details of issuances of CCPS are as follows:

Date of Allotment	No. of CCPS	Coupon	Name of Allottee	Consideration	Face Value / Issue Price per CCPS	Conversion Terms
6.06.1996	10,998	15.5%	General Public	In lieu of outstanding secured debentures	Rs.20/-	Converted into 16,174 Equity Shares of Rs.10/- each at a premium of Rs.11/- each
6.06.1996	3,44,455	15.5%	General Public	In lieu of outstanding secured debentures	Rs.60/-	Converted into 15,16,430 Equity Shares of Rs.10/- each at a premium of Rs.11/- each
6.06.1996	7,23,059	15.5%	General Public	In lieu of outstanding secured debentures	Rs.90/-	Converted into 47,79,885 Equity Shares of Rs.10/- each at a premium of Rs.11/- each
6.06.1996	5,102	15.5%	General Public	In lieu of outstanding secured debentures	Rs.50/-	Converted into 18,747 Equity Shares of Rs.10/- each at a premium of Rs.11/- each
6.06.1996	2,40,299	15.5%	LIC, GIC, UTI, New India Assurance, Oriental Insurance, National Insurance, ICICI, IFCI, BOI Asset Mgt. Co., Bank of	In lieu of outstanding secured debentures	Rs.100/-	Converted into 17,65,783 Equity Shares of Rs.10/- each at a premium of Rs.11/- each

			India, United Commercial Bank			
6.06.1996	4,29,533	15.5%	LIC, GIC, UTI, New India Assurance, Oriental Insurance, National Insurance, Canbank Investment Mgt. Services, Bank of Baorda, Punjab National Bank, UCO Bank	In lieu of outstanding privately placed debentures	Rs.100/-	Converted into 31,56,322 Equity Shares of Rs.10/- each at a premium of Rs.11/- each
6.06.1996	12,51,374	15.5%	LIC, GIC, UTI, New India Assurance, Oriental Insurance, National Insurance, ICICI, IDBI, SBI, Bank of Baorda, Punjab National Bank, Oriental Bank of Commerce	Conversion of Term Loan into Shares	Rs.100/-	Converted into 91,95,438 Equity Shares of Rs.10/- each at a premium of Rs.11/- each
4.07.1997	4,95,726	15.5%	ICICI, IDBI, IFCI	Conversion of Term Loan into Shares	Rs.10/-	Converted into 3,64,273 Equity Shares of Rs.10/- each at a premium of Rs.11/- each
4.07.1997	60,00,000	15.5%	Promoter Group	Cash	Rs.10/-	Converted into 35,13,785 Equity Shares of Rs.10/- each at a premium of Rs.11/- each
29.12.1997	65,00,000	15.5%	Promoter Group	Cash	Rs.10/-	Converted into 38,06,600 Equity Shares of Rs.10/- each at a premium of Rs.11/- each
29.12.1997	3,87,500	15.5%	Punjab National Bank	Conversion of Term Loan into Shares	Rs.10/-	Converted into 2,84,746 Equity Shares of Rs.10/- each at a premium of Rs.11/- each

Note: All the above-mentioned CCPs, irrespective of its face value and the date of allotment, were converted into equity shares on 25th November 1998 irrespective of the date of issue.

4. Shareholding Pattern before and after the issue

			Existing (As on March 31, 2006)		After the Present Issue	
	Sr. No.	Category	No. of equity shares held	% of pre-Issue capital	No. of shares	% of Post-Issue Capital
A		Promoters				
	1	Indian Promoters	5,005,194	30.79	[•]	[•]
	2	Person Acting in Concert	333,553	2.05	[•]	[•]

		Sub total (a)	5,338,747	32.85		
B		Non Promoters Holding				
		Institutional Investors				
	1	Mutual Funds	2,976	0.02	[•]	[•]
	2	Banks / FIs / Insurance Companies	405,846	2.50	[•]	[•]
	3	FIIIs	1,600,000	9.84	[•]	[•]
		Sub-Total (b)	2,008,822	12.36	[•]	[•]
		Others				
	1	Private Corporate Bodies	2,896,775	17.82	[•]	[•]
	2	Indian Public	5,837,409	35.91	[•]	[•]
	3	NRIIs / OCBs	60,581	0.37	[•]	[•]
	4	Shares in Transit	112,028	0.69	[•]	[•]
		Sub-Total (c)	8,906,793	54.79		
		Public Issue(d)			[•]	[•]
		GRAND TOTAL			[•]	[•]
		e=(a+b+c+d)	16,254,362	100.00		

5. Promoters' Contribution and lock-in in respect of Promoters whose name figure in this Draft Prospectus as Promoters in the paragraph on "Our Promoters":

Shareholding of Promoters

Shri Yashovardhan Birla

Date of Allotment	Nature of payment or consideration	Consideration	No. of shares allotted	Face Value	Issue Price	% of post issue capital	Lock in period
01.12.1969	Gift recd. from Smt. Gopi Kumari Birla	-	6000	10	40.8		
30.03.1970	Bonus Shares	-	2000	10	--		
21.02.1975	Bonus Shares	-	6400	10	--		
5.09.1977	Purchased	Cash	25000	10	18.65		
06.01.1979	Bonus Shares	-	9850	10	--		
31.07.1986	Shares Transferred from Mast. Yashovardhan Birla Trust A/C	-	16651	10	15		
28.03.1988	Shares recd. from Ashok V Birla Family Trust	-	52250	10	10		
16.06.1988	Bonus Shares	-	29538	10	--		
23.03.1989	Sale	-	200	10	9.31		
29.02.1992	Right Shares	Cash	206269	10	10		
		-					
06.06.1996	75% reduction in no. of shares vide BIFR order dtd. 8.1.1996	-	265319	10	--		

06.02.2004	Approx 60% reduction in no. of shares capital vide order of Bombay High court dtd 8.10.2003		52361	10	--	-	
	Total		36078			[•]	[•]

BIRLA INTERNATIONAL PVT. LTD

Date of Allotment / Date when fully paid up	Nature of payment or consideration	Consideration	No. of shares allotted	Face Value	Issue Price per Share (Rs.)	% of post issue capital	Lock in period
13.01.1984	Shares issued pursuant to amalgamation of ITM with Zenith	-	101130	10	3.96		
16.06.1988	Bonus Issue	-	25282	10	-		
23.03.1989	Sold	Cash	10000	10	3.17		
29.02.1992	Rights Issue	Cash	851467	10	10		
31.03.1992	Purchase	Cash	498805	10	30.46		
6.06.1996	75% reduction in no. of shares vide BIFR order dtd. 8.1.1996	-	1100013	10	-		
25.11.1998	Conversion of 1,10,00,000 15.5% CCPS of the value of Rs. 10/- each into 6495688 shares of Rs. 10/- each at a premium of 11/- each.	Cash	6495688	10	16.93		
1.04.2001	Sold	-	6	10	20.83		
6.02.2004	Approx 60% reduction in no. of shares capital vide order of Bombay High court dtd 8.10.2003	-	4062855	10	-		
7.10.2004	Purchase	Cash	51907	10	12		
7.12.2004	Sold	Cash	49637	10	12		
	Allotment from this issue	Cash	[•]				
	Total		[•]			[•]	[•]

ASIAN DISTRIBUTORS LTD.

Date of Allotment / Date when fully paid up	Nature of payment or consideration	Consideration (Rs.)	No. of shares allotted	Face Value (Rs.)	Issue Price (Rs.)	% of post issue capital	Lock in period
13.01.1984	Shares issued pursuant to amalgamation of ITM with Zenith	-	114750	10	2.65		
13.03.1984	Purchase	Cash	10000	10	27		
01.07.1986	Shares allotted upon conversion of debentures under Rights Issue	Cash	17700	10	10		
16.06.1988	Bonus issue	--	35612	10	-		
29.02.1992	Shares allotted under Rights Issue	Cash	243945	10	10		
06.06.96	75% reduction in no. of shares vide BIFR order dtd. 8.1.1996	--	316506	10	--		
31.03.2001	Purchase	Cash	87	10	199.14		
06.02.2004	Approx 60% reduction in no. of shares capital vide order of Bombay High court dtd 8.10.2003	--	62514	10	-		
	Allotment from this issue		[•]		[•]		
	Total		[•]			[•]	[•]

BIRLA BOMBAY PVT LTD.

Date of Allotment / Date when fully paid up	Nature of payment or consideration	Consideration	No. of shares allotted	Face Value	Issue Price	% of post issue capital	Lock in period
16.07.1988	Shares Purchased	Cash	27700	10	50.72		
23.09.1988	Shares Purchased	Cash	10000	10	65.25		
31.03.1989	Shares Purchased	Cash	1500	10	75.11		
01.04.1989	Shares Purchased	Cash	169675	10	6.72		

	Shares allotted under Rights						
29.02.1992	Issue	Cash	277906	10	10		
29.02.1992	Rights Shares	Cash	685	10	10		
20.03.1992	Shares Purchased	Cash	200	10	28		
31.03.1993	Shares Purchased	Cash	2500	10	38.40		
		-					
06.06.1996	75% reduction in no. of shares vide BIFR order dtd. 8.1.1996	-	367624	10	--		
30.08.1996	Shares Sold	Cash	3550	10	50.57		
						-	
31.03.1997	Shares Purchased	Cash	148850	10	28.86		
31.03.1998	Shares Purchased	Cash	110650	10	22.33		
31.03.2000	Shares Purchased	Cash	1266	10	39.37		
		-					
12.05.2000	Fractional Shares received in Cash Rs. 65						
28.06.2001	Shares Sold	Cash	100	10	33.80		
06.02.2004	Approx 60% reduction in no. of shares capital vide order of Bombay High court dtd 8.10.2003	-	224899	10	-		
	Allotment through this issue		[•]		[•]		
	Total		[•]			[•]	[•]

GODAVARI CORPORATION PVT. LTD.

Date of Allotment / Date when fully paid up	Nature of payment or consideration	Consideration	No. of shares allotted	Face Value	Issue Price	% of post issue capital	Lock in period
13.01.1984	In lieu of 18,345 shares of ITM, which got amalgamated with Zenith	-	183450	10	2.82		
13.08.1984 to 28.09.94	Purchase	Cash	44671	10	29.27		



21.02.1986	Purchase	Cash	10000	10	31.20		
01.07.1986	Conversion of Debentures	Cash	41524	10	10		
Jan – Mar 1987	Purchase	Cash	15100	10	31.20		
16.06.1988	Bonus	-	73687	10	--		
23.03.1989	Purchase	Cash	10000	10	65.25		
23.03.1989	Purchase	Cash	800	10	63		
22.03.1990	Purchase	Cash	2000	10	31.20		
Jan-92	Purchase	Cash	3100	10	31.20		
29.02.1992	Allotted under Right Issue	Cash	522219	10	10		
		-					
06.06.1996	75% reduction in no. of shares vide BIFR order dtd. 8.1.1996	-	679914	10	--		
25.11.1998	Conversion of 15.5% CCPS	-	274899	10	18.19		
1999-2000	Purchase	Cash	175	10	10.46		
16.12.2002	Shares received from Scimitar Investment upon its amalgamation with Godavari Corpn.		787250	10	9.67	-	
28.01.2003	Purchased		1054822	10	2.82	Cash	
06.02.2004	Approx 60% reduction in no. of shares capital vide order of Bombay High court dtd 8.10.2003		1380710				958578 shares are under lock in till 05.04.2006
19.09.2005	Allotment under Preferential Issue		400000	10	50	Cash	400000 shares allotted under preferential issue are under lock in till 18.09.2008
10.01.2006	Allotment under Preferential Issue		400000	10	50	Cash	400000 shares allotted under preferential issue are under lock in till 09.01.2009

31.03.2006	Purchase		4495	10	8.09		
	Total		1758578				[•]

SHEARSON INVESTMENT AND TRADING CO. PVT. LTD.

Date of Allotment / Date when fully paid up	Nature of payment or consideration	Consideration	No. of shares allotted	Face Value	Issue Price	% of post issue capital	Lock in period
15.02.2001	Purchase	Cash	116399	10	2.02		
06.02.2004	Approx 60% reduction in no. of shares capital vide order of Bombay High court dtd 8.10.2003	-	68914		[•]		
	Allotment from This issue		[•]				
	Total		[•]			[•]	[•]

BIRLA COTSYN PVT. LTD

Date of Allotment / Date when fully paid up	Nature of payment or consideration	Consideration	No. of shares allotted	Face Value	Issue Price	% of post issue capital	Lock in period
13.01.1984	In lieu of 2,160 shares of ITM, which got amalgamated with Zenith	--	21600	10	--		
22.10.1987	Purchase	Cash	4900	10	45		
16.06.1988	Bonus	--	6625	10	--		
31.03.1989	Sale	Cash	200	10	35		
29.02.1992	Allotment under Rights Issue	Cash	45107	10	10		
06.06.1996	75% reduction in no. of shares vide BIFR order dtd. 8.1.1996	--	58524		--		

06.02.2004	Approx 60% reduction in no. of shares capital vide order of Bombay High court dtd 8.10.2003	--	11550	--		
	Total		7958		[•]	[•]

YASH SOCIETY

Date of Allotment / Date when fully paid up	Nature of payment or consideration	Consideration	No. of shares Allotted	Face Value	Issue Price	% of post issue capital	Lock in period
26.06.1981	Donation recd. From Sujata Charity Trust	--	5000	10	10		
25.10.1983	Allotted against entitlement attached to NCD issue	Cash	5800	10	15		
13.01.1984	In lieu of 16,551 shares of ITM, which got amalgamated with Zenith	--	165510	10	10		
01.07.1986	Recd. On conversion of Debentures	Cash	32112	10	10		
16.06.1988	Bonus shares	--	52106	10	--		
29.02.1992	Allotment under Right Shares	Cash	299600	10	10		
30.08.1996	75% reduction in no. of shares vide BIFR order dtd. 8.1.1996		420096	10			
25.11.1998	Conversion of 15.5% CCPS of the value of Rs. 10/- each into 13521 of Rs. 10/- each at a premium of 11/- each.	--	13521	10	12.87		
06.02.2004	Approx 60% reduction in no. of shares capital vide order of Bombay High court dtd		90912	10	--	--	

	8.10.2003						
	Total		62641			[•]	[•]

BIRLA INDUSTRIES GROUP CHARITY TRUST [MEDICAL INSTITUTION]

Date of Allotment / Date when fully paid up	Nature of payment or consideration	Consideration	No. of shares allotted	Face Value	Issue Price	% of post issue capital	Lock in period
25.10.1983	Allotted against entitlement attached to NCD issue	Cash	1000	10	15		
16.06.1988	Bonus Shares	--	250	10	--		
29.02.1992	Right Shares	Cash	1500	10	10		
6.06.1996	75% reduction in no. of shares vide BIFR order dtd. 8.1.1996	--	2063	10	--		
25.11.1998	Conversion of 15.5% CCPS of the value of Rs. 10/- each into 2204 shares of Rs. 10/- each at a premium of 11/- each.	--	2204	10	13.61	--	
06.02.2004	Approx 60% reduction in no. of shares capital vide order of Bombay High court dtd 8.10.2003		1713	10		--	
	Total		1178			[•]	[•]

BIRLA INDUSTRIES GROUP CHARITY TRUST [EDUCATIONAL INSTITUTION]

Date of Allotment	Nature of payment or consideration	Consideration	No. of shares allotted	Face Value	Issue Price	% of post issue capital	Lock in period
09.04.1991	Donation recd. from Late Smt. Gopikumari Birla	--	10562	10	28		
21.02.1992	Right Shares	Cash	12000	10	10		
06.06.1996	75% reduction in no. of shares vide BIFR order dtd. 8.1.1996	--	16922	10	--		
				10			
25.11.1998	Recd. Against holding of 1500 CCPS of Rs.20 each	--	2204	10	13.61		
25.11.1998	Recd. Against holding of 5000 CCPS of Rs.50 each	--	18372	10	13.61		
25.11.1998	Recd. Against holding of 5000 CCPS of Rs.20 each	--	7348	10	13.61		
06.02.2004	Approx 60% reduction in no. of shares capital vide order of Bombay High court dtd 8.10.2003		19875	10	--	--	
	Total		13689			[•]	[•]

MATRI SEWA SADAN CHARITY TRUST [EDUCATIONAL UNIT]

Date of Allotment / Date when fully paid up	Nature of payment or consideration	Consideration	No. of shares allotted	Face Value	Issue Price	% of post issue capital	Lock in period
13.01.1984	In lieu of 8,100 shares of ITM, which got amalgamated with Zenith	-	81000	10	1.95		
28.05.1986	Sale	Cash	1450	10	124.25		
01.07.1986	Conversion of Debentures	--	16200	10	10		
		-					
16.06.1988	Bonus Shares received	-	23937	10	--		
29.02.1992	Right Shares	Cash	137640	10	10		
		-					
06.06.1996	75% reduction in no. of shares vide BIFR order dtd. 8.1.1996	-	192996	10	--		
		-					
25.11.1998	Recd. Against holding of 1500 CCPS of Rs.20 each	-	735	10	40.82		
		-					
06.02.2004	Approx 60% reduction in no. of shares capital vide order of Bombay High court dtd 8.10.2003	--	38524	10	--		
	Total		26542			[•]	[•]

ESTATE OF SMT. SUNANDA BIRLA

Date of Allotment / Date when fully paid up	Nature of payment or consideration	Consideration	No. of shares allotted	Face Value	Issue Price	% of post issue capital	Lock in period
02.01.1980	Gift recd. From Smt. Gopi Kumari Birla	--	4625	10	10		
16.06.1982	Sales	Cash	2000	10	10.09		
		--					
16.06.1988	Bonus Shares	--	656	10	--		
29.02.1992	Right Shares	Cash	3800	10	10		

06.06.1996	75% reduction in no. of shares vide BIFR order dtd. 8.1.1996	-	5311	10	--		
06.02.2004	Approx 60% reduction in no. of shares capital vide order of Bombay High court dtd 8.10.2003	-	1048	10	--		
	Total		722			[•]	[•]

ESTATE OF SMT. SUJATA BIRLA

Date of Allotment / Date when fully paid up	Nature of payment or consideration	Consideration	No. of shares allotted	Face Value	Issue Price	% of post issue capital	Lock in period
20.07.1971	Gift recd. From Smt. Gopi Kumari Birla	-	5500	10	18		
20.03.1972	Gift recd. From Smt. Priyamvada Birla	-	1000	10	17.24		
18.01.1973	Gift recd. From Smt. Gopi Kumari Birla	-	1500	10	16		
28.01.1974	Recd. from from Shri Ashok V Birla	-	15016	10	30.5		
21.02.1975	Bonus Shares	-	18412	10	--		
		-			--		
05.09.1977	Purchased	-	6300	10	18.65		
16.01.1979	Bonus Shares	-	11932	10	--		
13.01.1984	In lieu of 900 shares of ITM, which got amalgamated with Zenith	-	9000	10	14.02		
31.07.84	Gift recd. From Smt. Gopi Kumari Birla	-	6000	10	26.38		

16.06.1988	Bonus Shares	-	18665	10	--		
		-					
23.03.1989	Sale	Cash	200	10	10.72		
29.02.1992	Right Shares	Cash	127581	10	10		
		-					
06.06.1996	75% reduction in no. of shares vide BIFR order dtd. 8.1.1996		165530		--	-	
06.02.2004	Approx 60% reduction in no. of shares capital vide order of Bombay High court dtd 8.10.2003		32667	10	--	-	
	Total		22509			[•]	[•]

ESTATE OF SHRI ASHOK V BIRLA

Date of Allotment / Date when fully paid up	Nature of payment or consideration	Consideration	No. of shares allotted	Face Value	Issue Price	% of post issue capital	Lock in period
24.03.1961	Purchased	-	100	10	9.97		
30.03.1970	Bonus	-	33	10	--		
21.02.1975	Bonus	-	104	10	--		
29.04.1975	Conversion of Fractional Coupons	Cash	4	10	10		
22.09.1977	Purchased	Cash	3339	10	17.10		
16.01.1979	Bonus	-	895	10	--		
13.01.1984	In lieu of 216 shares of ITM, which got amalgamated with Zenith	-	2160	10	1.11		

05.08.1986	Shares recd from trustees of deed of settlement dtd 11.12.52 as trust came to an end on 23.06.86 due to death of Smt Gopi Kumari. Birla on 8.4.86	-	59250	10	2.39		
05.08.1986	Recd. From trustees of Gopikoer Trust	-	22250	10	6.47		
16.06.1988	Bonus	-	22035	10	--		
		-					
23.03.1989	Sale	Cash	200	10	3.14		
		-					
29.02.1992	Right Shares	Cash	153087	10	10		
		-					
06.06.1996	75% reduction in no. of shares vide BIFR order dtd. 8.1.1996	-	197293	10	--		
06.02.2004	Approx 60% reduction in no. of shares capital vide order of Bombay High court dtd 8.10.2003		38937	10	--	-	
	Total		26827			[•]	[•]

The Equity Shares allotted / held by the Promoters of the Company are fully paid up.

Note:

Mr. Yashovardhan Birla through a will executed in his favour by Late Mr. Ashok Birla, Late Mrs. Sunanda Birla, Late, Mrs. Sujata Birla is the rightful owner of shares held by Late Mr. Ashok Birla, Late Mrs. Sunanda Birla, Late, and Mrs. Sujata Birla.

Pursuant to the SEBI Guidelines, an aggregate of 20% of the post-issue Equity Share capital held by our promoters shall be locked in for a period of three years from the date of allotment in this Issue. The balance promoter holding shall be locked in for a period of 1 year from the date of allotment in this issue. The Equity Shares, which are being locked-in, are not ineligible for computation of Promoters' contribution under Clause 4.6 of the SEBI Guidelines.

6. The following promoters have pledged their equity shares holding in Zenith Birla (India) Limited

Name of the company	No. of equity Shares	Pledged To
Birla International Limited	13,67,535	Industrial Development Bank of India
Birla International Limited	6,00,000	Bank of Baroda
Godavari Corporation Limited	7,00,000	Bank of Baroda

7. The above promoters have given their consent for lock in as stated above. The lock in period shall commence from the date of allotment of shares in the Public Issue. Shares issued last have been locked in first.
8. Locked-in Equity Shares held by the Promoters can be pledged with banks or financial institutions as collateral security for loans granted by such banks or financial institution.
9. The Equity Shares to be held by the promoters under lock-in period shall not be sold/ hypothecated/ transferred during the lock-in period. However, in terms of Clause 4.16(b) of the SEBI Guidelines, the Equity Shares may be transferred among the Promoters/ Promoter group or to a new promoter or persons in control of our company, subject to continuation of lock-in in the hands of the transferees for the remaining period and compliance of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 as applicable.
10. Our Company/our Promoters/our Directors/LMs have not entered into any standby, buy-back or similar arrangements for purchase of Equity Shares of our company with any person.
11. An over-subscription to the extent of 10% can be retained for the purposes of rounding off to the next integer of 1 Equity Shares while finalising the basis of allotment.
12. Undersubscription, if any, in the non – institutional category and retail applicant category would be met with spill over from other categories at the sole discretion of our company in consultation with the LMs.
13. The details of the top ten shareholders of our company and the number of shares held by them are as under:

Particulars of top ten shareholders as on date of filing this Draft Prospectus with SEBI –

Sr.no.	Name of Shareholders	No. of shares	% of the present paid up capital
1.	Birla International Pvt Ltd	28,93,182	17.80
2.	Godavari Corporation Ltd	17,58,578	10.81
3.	Patton International Limited	16,26,905	10.00
4.	Lotus Global Investments Ltd	16,00,000	9.84
5.	Anil Kumar Gaggar (HUF)	6,49,571	3.99
6.	Life Insurance Corporation Of India	3,06,834	1.88
7.	Hitesh Ramji Javeri	3,00,101	1.84
8.	Harsha Hitesh Javeri	2,50,101	1.53
9.	Dagger Forst Tools Ltd	2,24,290	1.37
10.	Satyapal Gupta	2,24,046	1.37
	TOTAL	98,33,608	60.50

Particulars of top ten shareholders ten days prior to date of filing this Draft Prospectus with SEBI

Sr.no.	Name of Shareholders	No. of shares	% of the present paid up capital
1.	Birla International Pvt Ltd	28,93,182	17.80
2.	Godavari Corporation Ltd	17,58,578	10.81
3.	Patton International Limited	16,20,937	9.97
4.	Lotus Global Investments Ltd	16,00,000	9.84
5.	Anil Kumar Gaggar (HUF)	6,49,571	3.99
6.	Life Insurance Corporation Of India	3,06,834	1.88
7.	Hitesh Ramji Javeri	3,00,101	1.84
8.	Harsha Hitesh Javeri	2,50,101	1.53
9.	Dagger Forst Tools Ltd	2,24,290	1.37
10.	Satyapal Gupta	2,24,046	1.37
	TOTAL :	98,27,640	60.46

Particulars of top ten shareholders two years prior to filing the Draft Prospectus with the ROC

Sr. no.	Name of Shareholders	No. of shares	% of the present paid up capital
1.	Birla International Pvt. Ltd.	27,99,911	20.21
2.	State Bank of India	25,49,569	18.40
3.	Punjab National Bank	9,96,145	7.19
4.	Godavari Corporation Ltd.	7,39,450	5.33
5.	Administrator of The Specified Undertaking of UTI	7,29,102	5.26
6.	ICICI Bank Ltd.	3,32,961	2.40
7.	Oriental Bank of Commerce	3,16,389	2.28
8.	Life Insurance Corporation of India	3,06,834	2.22
9.	Industrial Development Bank of India	2,78,406	2.00
10.	Dagger Forst Tools Ltd.	2,24,290	1.61

15. None of our Directors, Directors of our Promoter compaies other than below hold any Equity Shares in our Company.

Name	Designation	Number of share
Shri Yashovardhan Birla	Chairman	36078
Shri Arun Jain	Executive Director	10

16. None of our Directors, Promoters, Promoter Group Companies, the directors of our Promoters and our Promoter group Companies have undertaken transactions in the shares of our Company in the last six months preceding the date on which the Draft Prospectus is filed with SEBI except for the equity shares allotted to one promoter company and an FII through preferential allotment in September, 2005 and interse transfer of 91,414 equity shares between promoter companies viz. from Shloka Infotech Limited to Birla International Private Limited, details of preferential allotment are given in the next note

17. We have allotted 12, 00,000 Equity Shares and 12, 00,000 Warrants on preferential basis on September 19, 2005 to one Promoter Companies and one Foreign Institutional Investors. The Equity Shares were issued at a price of Rs. 50/- per share aggregating to Rs. 600 lakhs. The warrants issued at a price of Rs. 50/- per warrant having an option to convert one warrant into one equity shares within a period of 18 months from the date of allotment. The amount called on warrants was 10% of total issue price i.e. Rs. 5/- per warrant have been received as application money. The details of which are as under:

Sr. No.	Names of Corporate Bodies to whom Preferential Allotment has been made.	No. of Equity Shares to be Allotted		Issue Price per Instrument (Rs.)		Consideration received (Rs. in lakhs)	
		No. of	No. of	Equity	Warrant	Equity	Warrants

		Equity Shares	Warrants *	Shares	s	Shares	
1	Godavari Corporation Ltd. (Promoter Co.)	4,00,000	4,00,000	50	50	200.00	20.00
2	Lotus Global Investmets Ltd. (FIL)	8,00,000	8,00,000	50	50	400.00	40.00
	TOTAL	12,00,000	12,00,000	-	-	600.00	60.00

* These warrants have been converted into Equity shares as on January 10, 2006 upon receipt of the balance consideration of Rs. 540.00 Lacs. As on date there are no outstanding warrants.

18. We have not raised any bridge loans against the proceeds of this issue.
19. We confirm that the guidelines relating to Preferential Allotment as prescribed by SEBI have been complied with, including obtaining certificate from the Statutory Auditors of our Company.
20. On the date of filing the Draft Prospectus with SEBI, there are no outstanding warrants, options or any other rights which would entitle the other existing Promoters or shareholders or any other person any option to receive equity shares after the Issue.
21. An applicant cannot make an application for more than the number of Equity Shares offered through the offer, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Investor.
22. We presently do not have any intention or proposal to alter our capital structure for a period of six months from 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 equity shares) whether preferential or otherwise except for ESOP Scheme, if our company so decides. However, during such period or at a later date, we may issue equity shares or securities linked to equity shares to finance an acquisition, merger or joint venture or as consideration for such acquisition, merger or joint venture or such other scheme of arrangement if an opportunity of such nature is determined by our Board to be in the interest of our Company.
23. Presently, we do not have any Employee Stock Option Scheme. However, our shareholders in the Extra Ordinary General Meeting held on September 5, 2005 passed resolution for offering securities under ESOP scheme.
24. We have issued equity shares for consideration other than cash as under:

Date of Allotment	Number of Equity Shares	Face Value Rs.	Issue Price Rs.	Reason for allotment	Name of persons / Entity to which equity shares allotted
13.01.1984	1350000	10	10	Under scheme of amalgamation with ITM in ratio of 10:1	Shareholders of ITM Ltd.
09.04.1985	470827	10	21.88	Conversion of loan into shares	ICICI and IDBI
06.06.1996	424008	10	10	Conversion of loan into shares	ICICI, IDBI, IFCI, LIC
04.07.1997	123916	10	10	Conversion of loan into shares	ICICI, IDBI, IFCI, LIC
25.11.1998	28418183	10	21	Conversion of Cumulative Convertible Preference Shares into Equity Share	General Public, Banks & Financial Institutions

25. At any given point of time there shall be only one denomination for a class of Equity Shares and we shall comply with disclosures and accounting norms specified by SEBI from time to time.
26. The number of our Shareholders as on March 31, 2006 was 67533

27. As per our working capital loan agreements entered into by us with our lenders, we are required to obtain consent of them prior to altering our capital structure. Accordingly, we have obtained consents of our lenders for the present issue. We are also required to take consent from SASF of IDBI in terms of their negotiated settlement, which we have received.
28. The Equity Shares being offered through this Issue shall be made fully paid up on allotment.

OBJECTS OF THE ISSUE

The objects of the present issue of equity shares are:

1. Setting up additional facilities for manufacture of Mechanical tubes
2. Margin Money for Working Capital (existing business)
3. Margin Money for Working Capital (Mechanical tube Business)
4. To meet the issue expenses.

FUND REQUIREMENT

The total fund requirement is detailed below:

S.No	PARTICULARS	Rs. in lacs
1	Mechanical Tube Project	8822
2	Preliminary & Pre-Operative Expenses	150
3	Contingency	221
4	Working Capital (existing business)	2150
5	Margin Money for Working Capital (mechanical tube)	557
6	Public Issue Expenses	1200
	TOTAL	13100

MEANS OF FINANCE

S.N	Description	Total (Rs. in lacs)
1	Promoters Participation in Public Issue	2500
2	Proceeds from present Public Issue	10600
	TOTAL	13100

1. Mechanical Tube Project

Major cost head for mechanical tube

S.No.	Particulars	Rs. in lacs
1	Land & Site Development	42
2	Building	1576
3	Plant & Machinery	7157
4	Misc. Fixed assets	47
	TOTAL	8822

Land & Site Development

We require around 17,000 sq. mtrs of constructed area for the expansion and we have the requisite land at the existing factory at Khapoli, which will be developed as per requirement with an expenditure of Rs. 42 Lakhs. The land is free from all encumbrances except for the second charge created in favor of banks who have extended working capital facilities in the normal course of business.

Building

The building for mechanical tube project will consists of Main Factory building with utilities, Warehouse, Administrative building renovation and revamping, Machine Foundation and Architect fees.

The built up area is envisaged to be about 17000 Sq. Mtr. and the rate of cost of construction as estimated by us as Rs. 8000 per Sq. Mtr. The total cost of the building works out to Rs. 1576 lakhs. The details are as under:

	Size in Mtrs (W x L x H)	Area Sq mtrs	Rate	Amount (Rs. in Lacs)
1. MAIN FACTORY BUILDING				
a) Raw Material Storage	20 x 100 x 7	2000	9000	180.00
b) Pickling Line	15 x 80 x 7	1200	8000	96.00
c) Tube Mill	20 x 100 x 7	2000	8000	160.00
d) Bright Annealing Furnance	20 x 100 x 7	2000	8000	160.00
e) Draw Bench	20 x 100 x 6	2000	7500	150.00
f) Finishing & Packing	20 x 100 x 6	2000	7500	150.00
2. WAREHOUSE BUILDING	20 x 200 x 6	4000	7500	300.00
3. FACTORY BUILDING FOR UTILITIES				
a) Under Ground Water Tank		5 lacs Ltrs.	Rs. 5 per Ltrs.	25.00
b) Over Head Tank		1 lacs Ltrs.	Rs. 10 per Ltrs.	10.00
c) Laboratories and Stores		500	12500	62.50
d) Pump House		20	12500	2.50
e) Electric Sub Station		Lump Sum		5.00
4. ADMINISTRATIVE BUILDING				25.00
5. MACHINE FOUNDATION		2500	8000	200.00
SUB TOTAL				1,526.00
6. ARCHITECT FEES				50.00
				1,576.00

Plant & Machinery

The cost of indigenous Plant & Machineries for the Mechanical Tube project is aggregating to Rs. 1193 Lakhs, while cost of imported machinery will come to Rs. 5964 Lakhs. Hence the total cost of Plant & Machinery for Mechanical Tube project will come to Rs. 7157 Lacs. Details of Plant & Machinery are mentioned below:

COST OF PLANT & MACHINERY

SR	DESCRIPTION	QTY	UNIT PRICE	AMOUNT	NAME OF THE SUPPLIER AND QUOTATION NO.
A.	IMPORTED			EURO	
1	TUBE MILL Entry Line Forming & Sizing System Cut-Off & Run-out System Electrical & Electronics Hydraulic System Toolings Inside Scarfing System Defectomat (Eddy Current Testing)	1	2178000	2178000	OTA MILLS, ITALY NR, 353/05 DT.21.11.2005
2	DRAW BENCH Automatic Separation Pointing Line with HAP 125 Quadruple Tube 600 KN Drawing Line Straightening Line	1	3885000	3885000	BOLTMANN GMBH 1114/05 DT. 18.11.05
3	ANNEALING FURNACE Furnace with Burner and Drive Exothermic Gas Generators Mobile Hood Chimney Entry & Exit Tables Charging and Discharging System Carbon Steel Rolls Piping	1	2220000	2220000	OLIVOTTO INDUSTRIES SPA ITALY H5055 DT. 12.07.05
4	FINISHING LINE Multi Head Cutting Machine Chamfering Machine Toolings Conveyor and Drive Packing Machine Strapping Machine Weighing Station MIS and Labeling Machine Electrical Cabinets, Spare Parts, etc.	1	1732500	1732500	MAIR RESERCH S.P.A. 172/05 DT.18.11.05
	SUB-TOTAL			10015500	
	Net FOB Value			10015500	
	Insurance &Freight	@2%		200310	
	Custom Duty	@5.1%		521006	
	TOTAL Landed Cost in Euro			10736816	
	TOTAL Landed Cost in Rupees	@Rs.55		590524897	
	Add: Erection Copst @ 1%			5905249	
	TOTAL			596430146	
	SAY in Rupees Lacs			5964.00	

B.	INDIGENOUS			(Rs. in Lacs)	
1	Slitting Lne	1	125.00	125.00	Rollform Equipment (pvt.) Ltd. RFEPL/QO/6303/2005-06 DT. 31/10/05
2	Pickling Line	1	155.00	155.00	Steelkraft Equipment (I) Pvt.Ltd. SEP/THPL/2005/131 DT.08/06/05
3	HF Welding Machine	1	48.00	48.00	Unitherm Inductoweld (India) Pvt.Ltd. UIPI/QO/4020/2005-06 DT.31-10-2005
4	NDT machine	1	25.00	25.00	Tecnofour Z-3/FTS/ANN/1803 DT. 18.11.05
5	PP Tank	10	3.35	33.00	Arvind Anticore Ltd. DT. 16.11.05
6	Conveyors / Roller Tables			20.00	Estimated
7	CRANES				
a	- 30 MT	1	50.00	50.00	Electromech Engineers Q-6551/rw DT. 01/09/2005
b	- 10 MT	3	22.35	67.05	Electromech Engineers Q-6551/rw DT. 01/09/2005
c	- 5 MT	6	17.15	102.90	Electromech Engineers Q-6551/rw DT. 01/09/2005
8	Compressor	2	10.00	20.00	Estimated
9	DG Set 1000KVA	1	64.00	64.00	Poweruca Ltd. Q-01/200/DS DT. 17.11.05
10	HT / LT Panels/Cables			225.00	Estimated
11	Dies, Tooling and Rolls			50.00	Estimated
12	ETP			30.00	Estimated
13	Water / Air Distribution			30.00	Estimated
14	QC Equipments			10.00	Estimated
15	Workshop Equipments			40.00	HMT Machine Tools Ltd.
16	Cooling Towers			10.00	Estimated
17	Other Miscellaneous			20.00	Estimated
	SUB-TOTAL			1125.45	
	CST @ 4%			45.00	
	Transport, Insurance etc. @ 1%			11.00	
	Sub Total			1181.45	
	Erection @ 1%			11.81	
	TOTAL			1193.26	
	SAY			1193.00	
	TOTAL OF PLANT & MACHINERY			7157.00	

Miscellaneous Fixed Assets

The details of Misc. Fixed Assets are as under:

Estimate for Miscellaneous Fixed Assets

SR	DESCRIPTION	AMOUNT (Rs. in Lacs)
1	Office Furniture	20.00
2	Vehicles	27.00
	TOTAL	47.00

Preliminary & pre-operative expenses:

Preliminary and preoperative expenses for the expansion project are envisaged at Rs. 150 Lacs. The same comprises of cost towards Administrative expenses, Traveling & Conveyance, Professional Fee / Consultancy Charges, interest during construction period etc.

Contingency

The total contingency for the project is estimated at Rs. 221 lacs as per details given below:

Calculation of Contingencies

(Rs.in Lacs)		
SR	DESCRIPTION	AMOUNT
1	Land and Site Development	42
2	Building	1576
3	Plant and Machinery	7157
4	Misc. Fixed assets	47
	TOTAL	8822
	CONTINGENCY @ 2.5% on Rs. 8822	220.55
	SAY	221.00

Calculation for Margin Money for Working Capital

SR	PARTICULARS	Basis (days)	Rs. in Lacs
1	Raw Materials	45	738.54
2	Fuel Oil / LPG	60	71.01
3	Stores & Spares	90	177.53
4	Finished Goods	45	938.01
5	Sundry Debtors : Local	45	718.76
	Exports	30	295.46
6	Loans & Advances		395.00
	Sub-Total		3334.32
7	L/C Creditors	90	1477.08
8	Net Working Capital		1857.24
	Margin Money	30%	557.17
9	SAY		557.00

WORKING CAPITAL OF EXISTING BUSINESS:

The increased activity level and maintaining the current ratio to acceptable level will require a sum of Rs. 2150 lakhs towards working capital requirements. In addition the mechanical tube project would require a sum of Rs 557 lakhs towards margin money for working capital requirements. Thus total requirements towards margin money for working capital works out to Rs 2707 lakhs.

The basis of existing working capital requirement is as under:

Particulars	Standard Pipe		API Pipes		Tools	
	Basis	Norms for the year 2006-07(Prov.)	Basis	Norms for the year 2006-07(Prov.)	Basis	Norms for the year 2006-07(Prov.)
Inventories	In days	80	In days	70	In days	149
Sundry Debtors	In days	45	In days	30	In days	93
Sundry Creditors	In days	107	In days	50	In days	103

The detailed working of working capital requirement is as under:

Particulars	(Rs. in lakhs)			
	Standard pipe Estimated W.C requirement for the year 2006-07	API Pipe Estimated W.C requirement for the year 2006-07	Tools Estimated W.C requirement for the year 2006-07	Total Estimated W.C requirement for the year 2006-07
<u>CURRENT ASSETS</u>				
Inventories	6499	989	1435	8923
Sundry Debtors	4477	559	1343	6379
Loans & advances	2089	240	245	2574
Total	13065	1788	3023	17876
<u>Less:</u>				
Sundry Creditors	7536	788	558	8882
Other Current Liab. & Provisions	1294	0	450	1744
Total	8830	788	1008	10626
Net Working Capital	4235	1000	2015	7250
Less: Bank Finance for working capital	2900	700	1500	5100
Additional working capital requirement	1335	300	515	2150

Public Issue Expenses

The total expenses of the Issue will be finalized after determination of Issue Price. The Issue related expenses include, among others, issue management fees, selling commission, printing and distribution expenses, legal fees, advertisement expenses, registrar and depository fees and listing fees.

(Rs. in lakhs)	
Details	Expenses
Advertising	[•]
Printing, Dispatch & Stationery	[•]
Issue Management Fees and Brokerage	[•]
Registrars Expenses	[•]
Other Statutory Costs	[•]
Total	1200

IMPLEMENTATION SCHEDULE

Activity – Mechanical Tube Project	Commencement Date	Completion Date
Acquisition of Land	Existing Land in Khopoli will be utilized for setting up Mechanical Tube Project	Completed
Development of Land	June 2006	August 2006
Building		
Factory Building	August 2006	Jan 2007
Auxiliary Building	August 2006	December 2006
Machine Foundation	October 2006	December 2006
Administrative Building	November 2006	January 2007
Plant and Machinery		
Indigenous – Placement of order	June 2006	September 2006
Delivery at Site	December 2006	February 2007
Imported – Placement of order	June 2006	July 2006
Delivery at Site	December 2006	February 2007
Erection of Plant and Machinery	January 2007	April 2007
Trial Run		May 2007
Commercial Production	June 2007	

DETAILS OF FUND DEPLOYMENT

Our auditor M/s. Dalal & Shah Chartered accountants vide their certificate dated 6th May 2006 have certified that we have already deployed funds to the extent of Rs. 10.65 Crores on the project upto May 4, 2006 and the same has been funded by unsecured loan by the promoter companies. The details of amount spent are as under:

Particulars	Amount (Rs.in Lacs)
Pre-operative Expenses	5
Public Issue Expenses	17
Working Capital	1043
Total	1065

Interim Use of Proceeds

Pending utilization for the purposes described above, we intend to temporarily invest the funds from the Issue, in high quality interest bearing liquid instruments including deposits with banks, for the necessary duration. Such investments would be in accordance with the investment policies approved by our Board of Directors from time to time.

BASIS FOR ISSUE PRICE

QUALITATIVE FACTORS:

Quality Standards –Our Khapoli Steel Pipe unit is ISO 9001 and ISO 14001 certified.

Focus on exports – We exported our production to more than 30 countries in the last five years. We have achieved over 30% CAGR in exports during the last five years.

Competitive Advantage - USA is the largest importer of steel pipes worldwide. We have a competitive advantage due to quality standards maintained by us and 0% Anti Dumping duty as against 7.08% for majority domestic manufacturers.

Building up and nurturing dedicated distribution channel partners –Our sales is through the distribution network that is developed over a period of last thirty years. In domestic markets, we have a wide network of Consignment Agents and Dealers.

Brand Name in Domestic & International Markets – We have built up a good brand : “Zenith Birla” for our products both in Domestic and International markets where we are operating. The brand not only gives us a price advantage but also helps for new customer acquisition.

Easy availability of Raw Material –The plant location provides an opportunity to cost effectively use the imported raw material enabling us to optimize cost as well as availability of HR Coils and Zinc.

Quantitative Factors:

1. Adjusted Earning Per Equity Share

Year	Earning per Equity Share	Weight
September 30,2003	0.21	1
March 31,2005	2.72	2
December 31,2005	2.62	3
Weighted Average	2.25	

Note:

- The Earning per Share has been computed on the basis of the adjusted profits and losses of the respective years and the periods for year ended for September 30, 2003, March 31, 2005 and December 31, 2005 is 15 months, 18 months and 9 months respectively.
- The denominator considered for the purpose of calculating Earnings per Share is the weighted average number of Equity Shares outstanding during the year.

2. Price / Earning (P/E) ratio in relation to the Issue Price of Rs. [-]

- Based on the year ended March 31, 2005 Adjusted EPS of Rs. 2.72
- Industry P/E

Highest	42.1
Average	7.4
Lowest	3.2

3. Weighted Average Return On Net Worth (RONW):

Year	RoNW %	Weight
September 30, 2003	4.21	1
March 31, 2005	6.84	2
December 31, 2005	5.88	3
Weighted Average	5.92	

RoNW has been computed by dividing Net Profit after Tax by Net Worth. The Weighted Average of Return on Net Worth (%) and adjusted Return on Net Worth (%) for these fiscal years have been computed by giving weights of 1, 2 and 3

4. Minimum RONW required on increased Net Worth to maintain pre issue EPS (%): [•]

5. Net Asset Value per share (NAV) after Issue and comparison with Issue Price

	Adjusted NAV (Rs.)
As of March 31, 2005	39.82
As on December 31, 2005	44.52
After the Issue	[.]

6. Comparison with Industry Peers.

Name of Company	TTM EPS (Rs.)	P/E Multiple	NAV (Rs.)	RONW (%)
TIL	24.4	18.8	121.3	23.4
Jindal Saw	23.7	18.5	150.4	18.3
Welspun Gujarat	2.7	25.2	31.4	13.7
ISMT	2.3	20.1	19.0	17.1
Mah. Seamless	27.2	16.2	108.5	30.5
Man Industries	9.4	19.1	49.0	21.3
PSL	11.1	17.9	75.9	22.4
Surya Rosni	4.7	13.8	53.9	9.6
Zenith Birla (I) Ltd	1.3	13.5	39.6	6.6
Average		18.1		

(Source: Capital market – Apr 24-May 07, 2006)

Book Value, EPS and RONW for our Company is as per the restated audited statements by Dalal & Shah & Co., Chartered Accountants. For details, please refer to the section titled 'Financial Statements' on page no. [•] of this Draft Prospectus

Information for the peer group has been taken from Capital Market VolXXI/04 Apr 24-May 07-, 2006; Segment Steel Large

7. The Issue Price is [•] times of the Face Value of Rs. 10/- per Equity Share

The issue price will be determined on the basis of the demand from the investors in accordance with the SEBI Guidelines. LMs believe that the Issue price of Rs. [•] is justified in view of the above qualitative and quantitative parameters. Please refer to the section titled 'Risk Factors' beginning from page no.[•] of this Draft Prospectus and the financials of our Company as set out in the section titled 'Financial Statements' on page no. [•] of this Draft Prospectus to have a more informed view.

STATEMENT OF TAX BENEFITS

4th May, 2006

M/s Zenith Birla (India) Ltd.,
Dalamal House, 1st Flr.,
J. B. Marg, Nariman Point,
Mumbai-400 021

Dear Sirs,

Re: **Tax Benefits available to the Company and the Shareholders on proposed Public Issue of Shares under the existing tax laws.**

As desired by you vide your letters dated 17th November 2005, and 10th January 2006, enclose herewith an 'Annexure' giving the details of the possible Tax Benefit available to **Zenith Birla (India) Limited ("the Company")** and its **Shareholders** under the current direct tax laws, in India.

Several of these benefits are dependent on the Company or its Shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the Company or its Shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives it faces in the future, it may not choose to fulfill.

The benefits discussed in the Annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue.

We do not express any opinion or provide any assurance as to whether “

- The Company or its Shareholders will continue to obtain these benefits in future; or
- The conditions prescribed for availing the benefit have been / would be met with;
- 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 up-date the views of such changes.

The contents of this annexure are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company and the interpretation of current tax laws. While all reasonable care has been taken in the preparation of this opinion, we accept no responsibility for any errors or omissions therein or for any loss sustained by any person who relies on it.

Thanking you,

Yours faithfully,
FOR M. K. SUREKA & CO.,

(M. K. SUREKA),
PROPRIETOR.

Encl: As above

ANNEXURE TO THE STATEMENT OF TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS.

A. BENEFITS TO THE COMPANY UNDER THE INCOME-TAX ACT, 1961 “ACT”:

1. Subject to Compliance of certain conditions laid down in Section 32 of the Income Tax Act, 1961 the Company will be entitled to a deduction for depreciation: -
 - (a) In respect of tangible assets and intangible assets being in the nature of 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;
 - (b) In respect of machinery or plant (other than ships & aircrafts) which has been acquired and installed after 31st March, 2005 by the Company for the purpose of its business of manufacture or production, a further sum equal to 20% of the actual cost of such machinery or plant will be allowed as deduction.
2. Under section 10(34) of the Act, the income earned by way of dividend from domestic company (in which the company has invested) referred under section 115-O of the Act is exempt from tax in the hands of the company.
3. The income received by the company from distribution made by any mutual fund specified under section 10(23D) of the Act in respect of which tax is paid by such mutual fund under section 115R of the Act or from the Administrator of the specified undertaking or from the specified companies referred to in section 10(35) of the Act is exempt from tax in the hands of the company.
4. Under section 10(38) of the Act, the Long-Term Capital Gains arising on transfer of securities, which are chargeable to Securities Transaction Tax, are exempt from tax in the hands of the company. However, with effect from 1st April 2007 i.e. for the Assessment Year 2007-2008 onwards such Long Term Capital Gain shall be taken into account in computing the book profit and income tax payable u/s 115 JB.
5. The Company is eligible under Section 35D of the Act to a deduction equal to one-fifth of certain specified expenditure, including specified expenditure incurred in connection with the issue for the extension of the industrial undertaking, for a period of five successive years subject to the limits provided and the conditions specified under the said section.
6. As per the provisions of Section 112(1)(b) of the Act, other Long-Term Capital Gains arising to the company are subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per the Proviso to that section, the Long-Term Capital Gains resulting from transfer of listed securities or units [not covered by section 10(36) and 10(38) of the Act], are subject to tax at the rate of 20% on Long-Term Capital Gains worked out after considering indexation benefit (plus applicable surcharge and education cess), which would be restricted to 10% of Long-Term Capital Gains worked out without considering indexation benefit (plus applicable surcharge and education cess).
7. As per the provisions of section 111A of the Act, Short-Term Capital Gains arising to the company from transfer of Equity Shares in any other company through a recognized Stock Exchange or from sale of units of any equity-oriented mutual fund are subject to tax at the rate of 10% (plus applicable surcharge and education cess), if such a transaction is subjected to Securities Transaction Tax.
8. In accordance with and subject to the conditions specified in Section 54EC of the Act, the company would be entitled to exemption from tax on Long-Term Capital Gain [not covered by Section 10(36) and Section 10(38) of the Act] if such capital gain is invested in any of the long-term specified assets (hereinafter referred to as the “new asset”) to the extent and in the manner prescribed in the said sections. If the new asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of Capital Gains for which exemption is availed earlier would become chargeable to tax as Long-Term Capital Gains in the year in which such new asset is transferred or converted into money.

9. The corporate tax rate shall be 30% (plus surcharge on tax @ 10% and Education Cess @ 2%). In addition to income tax, a fringe benefit tax at the rate of 30% (plus surcharge and education cess) would be payable in respect of fringe benefits provided/deemed to be provided to the employees.
10. Under Section 115JAA (1A) credit shall be allowed of any MAT paid under Section 115JB of the Act for any assessment year commencing on or after 1st day of April 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Income Tax Act. Such MAT credit shall be available for set-off up to 5 years succeeding the year in which the MAT credit initially arose. However, such MAT credit shall now be available for set off up to 7 years with effect from 1.4.2007 i.e. Assessment Year 2007-2008.

B. TO THE MEMBERS OF THE COMPANY

Under the Income-tax Act, 1961

Resident Members

- o Under section 10(34) of the Act income earned by way of dividend from domestic company referred to in section 115O of the Act is exempt from income tax in the hands of the shareholders.
- o Any income arising from the transfer of a long term capital asset (i.e. capital asset held for the period of 12 months or more) being an Equity Share in a company or a unit of an equity oriented fund is exempt u/s 10(38), where the transaction of sale of such equity share or unit is entered through recognized Stock Exchange on or after 1-10-2004 and such transaction is chargeable to Securities Transaction Tax.
- o In accordance with section 10(23D) of the Act, all mutual funds set up by public sector banks or public financial institutions or mutual funds registered under the Securities and Exchange Board of India (SEBI) or authorized by the Reserve bank of India subject to the conditions specified therein are eligible for exemption from Income-tax on their entire income, including income from investment in the shares of the company.
- o Under section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gain [in case not covered under section 10(38) of the Act] arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by –
 - a. National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
 - b. Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

- Under Section 54F of the Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under section 10(38) of the Act] arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to other conditions, if the net sales consideration from such shares are used for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- As per the provisions of section 88E of the Act, where the business income of an assessee includes profits and gains from sale of securities liable to Securities Transaction Tax, a rebate is allowable from the amount of income tax, to the extent of Securities Transaction Tax paid on such transactions. The

amount of rebate shall, however, be limited to the amount arrived at by applying the average rate of income tax on such business income.

- Under section 111A of the Act, capital gains arising to a shareholder from transfer of short terms capital assets, being an equity share in the company or unit of an equity oriented Mutual fund, entered into in a recognized stock exchange in India will be subject to tax at the rate of 10% [plus applicable surcharge and educational cess on income-tax].
- Under Section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under section 10(38) of the Act] arising on transfer of shares in the Company, if shares are held for a period exceeding 12 months, shall be taxed at a rate of 20% (plus applicable surcharge and educational cess on income-tax) after indexation as provided in the second proviso to Section 48 or at 10% (plus applicable surcharge and educational cess on income-tax) (without indexation), at the option of the Shareholders.

Non Resident Indians / Members other than FIIs and Foreign Venture Capital Investors

- By virtue of Section 10(34) of the Act, income earned by way of dividend income from another domestic company referred to in section 115-O of the Act, is exempt from tax in the hands of the recipients.

Tax on income from investment and Long Term Capital Gains:

- A non-resident Indian (i.e. an individual being a citizen of India or person of Indian Origin) has an option to be governed by the provisions of Chapter XIIA of the Act viz. “Special Provisions Relating to certain incomes of Non-Residents”.
- Under section 115E of the Act, where shares in the company are subscribed for in convertible Foreign Exchange by a non-resident Indian, capital gains arising to the non resident on transfer of shares held for a period exceeding 12 months shall [in cases not covered under section 10(38) of the Act] be concessionally taxed at a flat rate of 10% (plus applicable surcharge and educational cess on income-tax) without indexation benefit but with protection against foreign exchange fluctuation under the first proviso to section 48 of the Act.
- Capital gain on transfer of Foreign Exchange Assets, not to be charged in certain cases
 - Under provisions of section 115F of the Act, long term capital gains [not covered under section 10(38) of the Act] arising to a non-resident Indian from the transfer of shares of the company subscribed to in convertible Foreign Exchange shall be exempt from income tax if the net consideration is reinvested in specified assets within six months of the date of transfer. If only part of the net consideration is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.
- Return of income not to be filed in certain cases
 - Under provisions of section 115-G of the Act, it shall not be necessary for a non-resident Indian to furnish his return of income if his only source of income is investment income or long term capital gains or both arising out of assets acquired, purchased or subscribed in convertible foreign exchange and tax deductible at source has been deducted there from.

Other Provisions

- Under 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 under section 139 of the Act declaring therein that the provisions of the Chapter shall not apply to him for that assessment year and if he does so the provisions of this Chapter shall not apply to him, instead the other provisions of the Act shall apply.

- Under the first proviso to section 48 of the Act, in case of a non resident, in computing the capital gains arising from transfer of shares of the company acquired in convertible foreign exchange (as per exchange control regulations), protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case.

- Under section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gain [in case not covered under section 10(38) of the Act] arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by –

a. National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;

b. Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956;

If only part of the capital gain is so reinvested, the exemption shall be proportionately reduced. The amount so exempted shall be chargeable to tax subsequently, if the specified assets are transferred or converted within three years from the date of their acquisition.

- Under Section 54F of the Act and subject to the conditions and to the extent specified therein, long term capital gains [in cases not covered under section 10(38) of the Act] arising to an individual or Hindu Undivided Family (HUF) on transfer of shares of the Company will be exempt from capital gains tax subject to other conditions, if the sale proceeds from such shares are used for purchase of residential house property within a period of one year before or two year after the date on which the transfer took place or for construction of residential house property within a period of three years after the date of transfer.
- In terms of section 88E of the Act, the Securities Transaction Tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head “Profit and gains of business or profession” arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as Capital Gains, such amount paid on account of securities transaction tax.
- Under section 111A of the Act, capital gains arising to a shareholder from transfer of short terms capital assets, being an equity share in the company or unit of an equity oriented Mutual fund, entered into in a recognized stock exchange in India will be subject to tax at the rate of 10% [plus applicable surcharge and educational cess on income-tax].
- Under section 112 of the Act and other relevant provisions of the Act, long term capital gains [not covered under section 10(38) of the Act] arising on transfer of shares in the company, if shares are held for a period exceeding 12 months shall be taxed at a rate of 20% (plus applicable surcharge) after indexation as provided in the second proviso to section 48. However, indexation will not be available if the investment is made in foreign currency as per the first proviso to section 48 stated above, or it can be taxed at 10% (plus applicable surcharge and the education cess on income-tax) (without indexation), at the option of assessee.

Foreign Institutional Investors (FIIs)

- **By virtue of section 10(34) of the Act, income earned by way of dividend income from another domestic company referred to in section 115O of the Act, are exempt from tax in the hands of the institutional investor.**

- In terms of section 10(38) of the Act, any Long Term Capital Gains arising to an investor from transfer of long-term capital asset being an equity shares in a company would not be liable to tax in the hands of the investor if the following conditions are satisfied:

- a) The transaction of sale of such equity shares is entered into on or after 1st October 2004.
- b) The transaction is chargeable to such securities transaction tax.

However, with effect from 1st April 2007 i.e. for the Assessment Year 2007-2008 onwards such Long Term Capital Gain shall be taken into account in computing the book profit and income tax payable u/s 115 JB.

- The income realized by FIIs on sale of shares in the company by way of short-term capital gains referred to in Section 111A of the Act would be taxed at the rate of 10% (plus applicable surcharge and educational cess on income-tax) as per section 115AD of the Act.
- The income by way of short term capital gains (not referred to in section 111A) or long term capital gains [not covered under section 10(38) of the Act] realized by FIIs on sale of shares in the company would be taxed at the following rates as per section 115AD of the Act.
 - Short term capital gains – 30% (plus applicable surcharge and education cess on income-tax)
 - Long term capital gains – 10% (without cost indexation plus applicable surcharge and education cess on income-tax)

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

- Under section 54EC of the Income Tax Act, 1961 and subject to the conditions and to the extent specified therein, long term capital gain [in case not covered under section 10(38) of the Act] arising on the transfer of shares of the Company will be exempt from capital gains tax if the capital gain are invested within a period of 6 months after the date of such transfer for a period of at least 3 years in bonds issued by –
 - a. National Highway Authority of India constituted under Section 3 of The National Highway Authority of India Act, 1988;
 - b. Rural Electrification Corporation Limited, the Company formed and registered under the Companies Act, 1956;
- In terms of section 88E of the Act, the Securities Transaction Tax paid by the shareholder in respect of the taxable securities transactions entered into in the course of his business would be eligible for rebate from the amount of income-tax on the income chargeable under the head “Profit and gains of business or profession” arising from taxable securities transactions. As such, no deduction will be allowed in computing the income chargeable to tax as Capital Gains, such amount paid on account of securities transaction tax.

Venture Capital Companies / Funds

- **In terms of section 10(23FB) of the Act and subject to the conditions specified therein, all Venture Capital undertakings referred to in Securities and Exchange Board of India (Venture Capital**

Funds) Regulations, 1996 made under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette and Venture Capital Companies, are eligible for exemption from income tax on all their income, including income from dividend.

(ii) *Under the Wealth-tax Act, 1957*

- o 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, hence Wealth-tax Act will not be applicable.

(iii) *Under the Gift-tax Act, 1957*

- o Gift of shares of the company made on or after October 1, 1998 are not liable to tax.

Notes:

- All the above benefits are as per the current tax laws as amended by the Finance Act, 2006.
- We hereby give our consent to include our above referred opinion regarding the tax benefits available to the Company and to its shareholders in the offer document which the Company intends to submit to the Securities and Exchange Board of India, Mumbai.
- *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.*
- **In view of the individual nature of tax consequence, each investor is advised to consult his / her own tax adviser with respect to specific tax consequences of his / her participation in the scheme.**

The Tax benefits listed above are not exhaustive and are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the company. While all reasonable care has been taken in the preparation of this opinion, we accept no responsibility for any errors or omissions therein or for any loss sustained by any person who relies on it.

SECTION IV- ABOUT OUR COMPANY

INDUSTRY OVERVIEW

PIPE INDUSTRY

Steel pipe is basic Industrial product, usage of which starts at initial stage of development of the any country. Steel Pipes were initially developed for conveying water, steam & other liquid products. The usage subsequently extended to conveying oil & gas. In due course, the usage of pipes extended for structural application as for the same strength, the tubular structure was found to require 30% less weight than conventional structural steel, besides giving better aesthetic looks. The application further extended to extensive Industrial usage with Auto/Auto component Industry emerging as one of the largest user of tumbler structure.

In terms of application, pipes are divided into Standard Pipes, API pipes and Mechanical Pipes. Standard pipes are used for Water transportation, structural purpose, general engineering application etc. API pipes are used for Gas and Oil transportation. Mechanical tubes are used for Automobile applications, bicycles etc.

Developed countries have used this superior mode of transport more efficiently compared to developing countries. This is evident from the fact that at present, the ratio of oil transportation by road & rail to pipelines in India is 70:30 compared to developed countries where this is almost reversed.

However, countries like India understands the importance of this mode of transport and things are planned to change in days to come. Currently, the country is having very limited network of cross-country pipelines. The planners in the country & also the energy industry are giving top priority to strengthen the pipeline network through out the country just like the transmission network for the electricity.

The usage of Pipes is also on increase for other applications like structures due to its aesthetic appeal, design flexibility and superior weight to strength ratio. As India's automobile industry is becoming next success story for the country, Mechanical pipes industry is set to witness proportionate growth due to its wide spread application in the automobiles. More and more private sector participation is expected to step up the rate of growth in pipe line laying.

Manufacturing Process

Following manufacturing processes are used for manufacturing pipes. Our Company use ERW process for manufacturing the pipes.

- ERW (Electric Resistance Welded)
- SAW (Submerged Arc Welded)
- CDW (Cold Drawn Welded)
- Seamless

DOMESTIC PIPE INDUSTRY

Pipe manufacturing history in India started from 1960-65 during which 6 Plants started operations. The first to start operation was Indian Tube Company, located at Jamshedpur followed by Zenith, and one more unit in Maharashtra, two plants in Gujarat and one plant in Delhi. These Units started with German/American equipment.

After relaxation in Licening policies, in 1975, the Industrty saw mashroom growth, predominately north based and by 1980 50-60 new manufacturing units started operations, The majority of the plants except 4 plants were medium/small scale Units and located around Delhi in places like Gaziabad, Bahadurgarh, Hissar, With Increase competition, the initial plant who did not keep pace with industry development got closed and currently only two unita namely Indian Tube Company (now part of TISCO) and Zenith are continuing operations.

The Indian Industry is currently divided in two segments consisting of

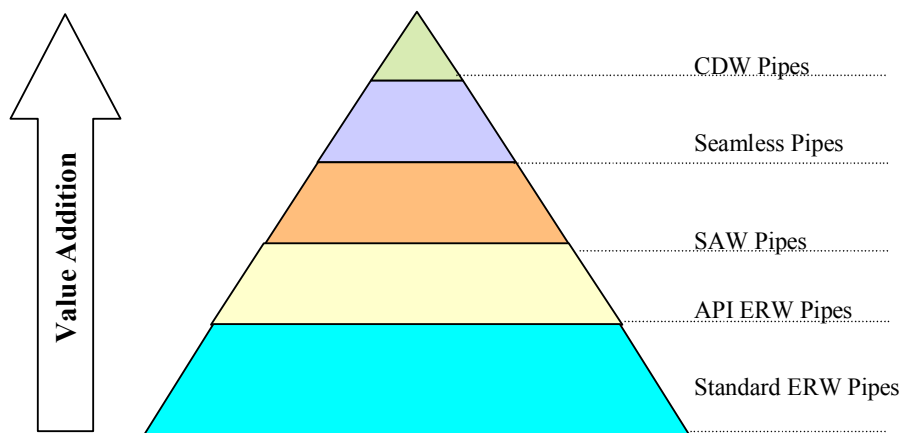
- a) Plants having annual production in excess of 60000TPY are namely TISCO (Tube division), Zenith, Surya Roshni Ltd., Jindal Pipe Ltd., Jindal Hissar Ltd. and Swastik pipes Ltd .
- b) In medium / Small scale – over 120 units manufacturing 5000MT to 36000MT pa

In the standard pipe Industry, the major investment is in working capital rather than the plant & machine and therefore from capacity point of view, there have been over capacity compared to demand and average industry capacity utilization was in the range of 40-60% only.

Indian domestic pipe industry is divided into Organized players and Unorganised players. High end and high Capital-intensive segment like Seamless pipes, SAW pipes, CDWBRANDED ERW pipes, API Pipes are largely controlled by organized sector companies Organized Pipe manufacturers include Tata Steel, Zenith Birla Limited, Surya Roshni, Jindal Pipe, Jindal Industries, Swastik, Bhushan, Welspun, Tube Investments etc. On the other hand, low capital-intensive segment like Cement and Concrete pipes, Commercial quality ERW Pipes, etc are flush with unorganised players. Cement/concrete pipes are the most competitive segment with the least margins. This segment is characterised by strong presence of unorganised sector.

API, Branded ERW, SAW, Seamless and CDW segments are high value segments dominated by organized players. Hierarchy of steel pipe industry is shown in graphical form in following diagram.

Pipe Industry Hierarchy (Type of Pipe)



Product and Price Range of Pipes

Most of the organized players have identified niche segments to operate. Following table shows segmentation of Indian pipe industry by players and segments they operate in.

Segments	Mechanical tubes	Seamless	ERW (Standard)	ERW (API) / Saw
Major Players	TI, STI, Gemini, Bhushan, AVN	MSL, ISMT	Zenith, Surya, Tata, Jindal Pipes, Jindal Ind.	Saw Pipes, Welspun, PSI, Man Industries

Installed capacity of ERW pipes in India is close to 3 Million MT per annum that includes organized as well as unorganized sector. Following table shows installed capacity of major organized players.

Domestic Demand

The total size of the steel tubes and pipes market in India is around 4.2 Million MT. The organized sector accounts for about 70% of the total pipe market while the balance is catered by unorganized sector. The demand for various types of pipes and the user industry segmentation is given below.

Table 1: Demand for different types of steel pipes (in Mn MTs)

Types of Pipes	Market Size	Application Industries
ERW	2.4	Oil & Gas Pipelines, Water Supply Irrigation, Structural, General Engineering etc.
SAW	0.8	Transportation Pipelines
Mechanical	0.7	Automobiles/Boilers/Power Plants/Cycle/Furniture etc
Seamless	0.3	Cylinders, Automobile
Total (in MT)	4.2	

(Industry Estimate)

API PIPES

American Petroleum Institute (API) prescribes the pipe specifications for application in Crude, Petroleum products, gas and other applications requiring operation under high pressure and temperature. Hence, this pipe segment is called API pipes.

Types of pipes:-API pipe industry can be divided based upon two types of API pipes used in Oil and Gas sector:

i. **Welded Pipes**

Based upon two welding processes, the welded API Pipe manufacturing industry in India is divided into two broad categories as follows

- a. Electric Resistance Welded (ERW)- Longitudinal
- b. Submerged Arc Welded (SAW) – Longitudinal & Spiral

ii. **Seamless Pipes**

- a. Casing Tubings
- b. Line Pipes

Application:-API Pipe industry can also be divided on the basis of application:

- i. Cross country pipelines (For conveying crude, petroleum products, gas)
- ii. Terminals/ Plant/ Refinery pipelines
- iii. City gas Distribution Pipelines
- iv. Ash disposal system pipelines a new application.

1. **Users:**

From User perspective, the industry can be structured on following major categories:

- i. Oil & Gas Exploration
- ii. Refineries & Petrochemical
- iii. Oil & Gas marketing
- iv. Power

OIL AND GAS SECTOR:

Outlook of Oil and Gas Sector:

- Energy needs of the country are increasing rapidly due to fast growing economy.
- Energy needs increasing in Household as well as industrial market
- Country is bracing itself for the challenge with increasing investment in infrastructure – E & P, Refining, T & D etc.
- Government setting up 10,000 kilometer national gas grid across nation
- Government has adopted investment friendly policies to encourage investment in the sector including 100% FDI
- Natural Gas pipeline has been opened for private sector
- Huge projects are being planned like transportation of gas from Iran and Myanmar to India.
- More than 6,000 kilometers to be laid for crude oil transportation.
- Strong growth in Energy sector coupled with proactive and aggressive policy of government offers bright outlook of hydrocarbon and auxiliary industries.

The requirement of API pipes is governed by the following factors:

- The oil & gas resources
- Energy requirements of the country
- Government policies
- Geography of the land & economics

The Oil & Gas Resources

The Oil & Gas reserves in country play vital role in generating the demand for API pipes. In India, the oil & gas resources are scantily explored except for the recent efforts & success achieved by ONGC, Reliance & Cairn Energy. The new findings of gas is likely to create demands for cross country & city gas distribution projects.

Energy requirements of the country

Demand for API pipes is directly linked with the primary energy requirements of any country. In India, the demand for the natural gas is expected to increase exponentially. Infrastructure to support to this requirement should lead to high demand for pipes.

Government policies

Government is one of the most influential forces impacting energy (and thus, peripheral sectors) sector. In a country like India, where most of the energy sector companies are in the public sector, projects need to be approved by government. Following are examples of government influence on the sector:

- Government's decision to support gas as major energy source has given big boost to gas sector and hence, transportation and distribution of gas.
- New aggressive exploration policy has resulted in finds and availability of energy sources.
- Decision to decontrol Oil & Gas sector has resulted in private sector taking lead in new discoveries resulting in higher efficiency in exploration.
- Decision to allow import of LNG and setting up new LNG terminals increased availability of gas and need to transport it.

Geography of the Land & Economics:-

Geography plays its role in the generation of pipeline demand in a country like India we have Oil & Gas fields as far as North East & KG Basis & demand area as far as Punjab, Gujarat and Maharashtra. Thus, cross-country of long-distance pipelines are required to connect to the source & user of energy.

DEMAND FORECAST:-

- The total primary energy supply in India has been projected to grow at an average rate of 3.2 % over the period 2002-2025 (as per Energy Information Administration study 2003). This growth will require doubling of energy requirements from current level. This will require significant investment. Supply of energy will require substantial support network of distribution as well.
- As per Hydrocarbon Vision 2025 released by Government of India, India would require total investment of Rs. 4350 Bn till year 2025 to meet its energy requirement (as per Hydrocarbon Vision 2025). Out of this investment, Rs. 3850 will go into upstream projects, while remaining investment will be made in downstream projects including Pipelines.
- It can be seen from the table that Gas is going to attain a major position as energy source in times to come. It is well known that the best way to transport gas is through pipeline. Hence, in future, major activity area for API pipes is going to be the gas pipelines. Following table shows projected energy supply situation in India:

Year	Coal	Oil	Gas	Hydel	Nuclear
2001 - 02	50	32	15	2	1
2006 - 07	50	32	15	2	1
2010 - 11	53	30	14	2	1
2024 - 25	50	25	20	2	3

- The present refining capacity in India is 127 MMTPA, which will soon reach 141 MMPTA after completion of ongoing expansion projects of IOCL, BPCL & HPCL. We are likely to see approximately 100 MMTPA capacity to be added in next 5 years, i.e. growth of almost 60% in refining capacity. On translating it to the demand for API pipes, we will infer that approximately 70% of the total pipelines used till date in refineries will be required in next 5 years beginning 2006. Roughly a refinery has the use of 6000 MT to 10000 MT of pipes.
- Coal Bed Methane is the new area where Government is taking serious efforts. CBM is the gas trapped in the coal of bituminous & sub bituminous category. In India, the coal reserves of 200 Bn tons are believed to contain around 800 bcm of CBM. As Demand – supply gap in for energy is huge; CBM is going to be the new area for generating the demand for the API pipes.
- India is looking for overseas reserves of Oil & Gas. Till date, investment appox. USD 3 Bn in global has been made in exploration ventures by Indian Companies. Further investments are proposed in pipelines. This is going to give opportunities to Indian companies for exporting API pipes overs.
- The National Gas Grid proposed by GAIL for almost 17000 Kms of pipelines is likely to generate, with the most conservative estimate, 2.5 to 3.0 Mn tons of pipe demand. This should further increase considering the recent discoveries of gas & imported LNG.
- Apart from the gas pipeline network, oil (Product & Crude) is likely to consume in excess of 5000 Kms of pipelines in next 5 years.
- Thus, there is huge market potential for pipe manufacturers both within India and abroad considering the following demand:
 - a. The National Gas Grid – 2.5 to 3.0 Mn tones
 - b. 28 city's gas distribution network of GAIL for Households resulting approximately 1.25 Lacs MT of pipes.
 - c. Proposed oil pipeline network of 5000 Mms will generate demand for approximately 6 lacs MT of pipes.

This demand will be further supported by,

- Recent gas finds of Reliance in the Krishna – Godavari basen and of Cairn Energy in Rajsthan
- Overseas ventures of GAIL, ONGC, IOCL & OIL in oil & gas fields & pipelines.
- Government's thrust on LNG imports
- Upcoming refineries adding 60% to the existing capacities.
- Government's initiative to connect water scarce areas through pipelines.
- Proposed Transnational pipelines from Iran and Myanmar should be a big boost to industry.

Based on above factors, following table provides demand projection of API pipelines for Indian companies:

Projected API Pipe Requirements in India in next 5 years		
Particular		Particular Projected Demand
	In Km	In Lacs MT (Estimation)
GAIL	7000	
GAIL's Spur Lines for Gas Grid	1400	
GAIL's further estimation	5000	
IOCL	3000	
ONGC	2500	
BPCL	1000	
HPCL	1000	
Reliance	7000	
GSPL	1200	
Other	3000	
Total	32100	32.1

(Source: Market Research report of M/s MDMA Marketing Private Limited)

MECHANICAL TUBES

GENERAL

Mechanical Tubes are extensively used in automobiles,hydraulic/pneumatic cylinders, power & industrial boilers, transformers, super heaters, economizers, heat exchangers, bicycles, and furniture applications.

Advantages:

Mechanical tubes offer many advantages such as close tolerances on diameter & thickness, higherl concentricity superior grain strunture,improved/controlled mechanical propertiesand superior surface finish, both inside & outside of the tubes. These features enable designers to obtain uniformity of flow under controlled temperature, pressure conditions, higher strength, close telescopic applications, effective sealing arrangement, lesser friction, close bending, alignment in butt-welding etc

Mechanical Tubes can be divided into

- Electric Resistance welding (ERW)
- Cold Drawn welded (CDW)

Both segments have different applications depending on requirements.

Applications:

Mechanical Tubes find major application in following industries and products:

Automobile Industry	Boilers & Heat Exchangers	Electrical Industry	Cycle Industry
2/3 Wheelers, Cars, LCVs and HCVs Automobile axle tubes Shock absorbers Propellers shafts Steering columns	Chemical Industry Sugar Industry Paper Industry Process Industry	Transformers Conduits	Cycle Frames Forks Hub Tubes

Tie rods and drag links			
Front fork tubes for two wheelers			
Cylinders for Earthmoving Equipment			

Apart from these major uses, Mechanical tubes also finds applications in Furniture Industry, Construction Industry Machinery Manufacture and Railway Coaches.

i. AUTOMOBILE SECTOR

Outlook of Automobile sector

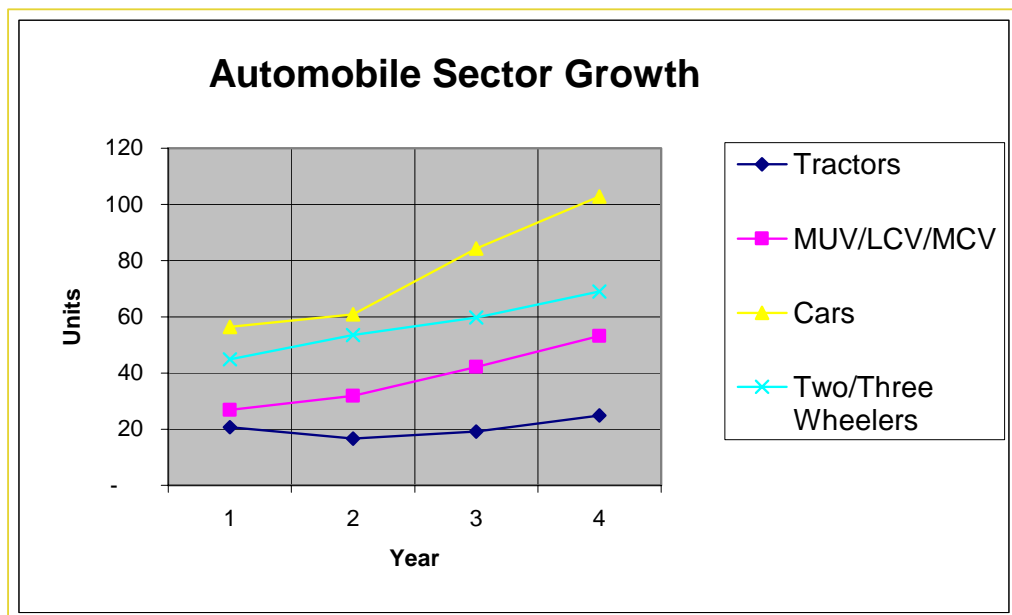
- Auto production and ownership in India is very low compared to developed countries. E.g. passenger car production per 1000 persons in India is 0.65 compared to 90 for Belgium (Highest) and high numbers for other developed economies. Even compared to economies like Uruguay, Argentina, Botswana etc., India's average production of passenger cars is very low. Similarly, in case of LCV, India is ranked 35th out of 42 countries. This statistics show substantial potential in terms of domestic market. Due to low cost and other advantages, India is likely to witness growth in Export market as well.
- Automobile sector is in high growth phase for last 5 years. Automobile industry has been growing at more than 15% for previous 5 years.
- Growth of economy and improvement in infrastructure is fueling growth of industry. Indian economy is one of the fastest growing economies in the world. It is further supported by government's focus to create strong infrastructure like roads. This factor is going to support Automobile sector growth domestically and also make it more competitive due to improved infrastructure.
- ACMA – McKinsey report sees Auto Component industry's potential to grow by 500% in 10 years time, provided necessary policy decisions and investments take place. This augurs well for the sector as a whole.
- Government has adopted investment friendly policies to allow 100% FDI in the sector under automatic approval route. FDI in the Auto sector is going to bridge gap between required investment and actual investment to meet potential of the industry.
- Given these factors, the industry is expected to maintain its momentum with more than 10% increase in volume.

Following table provides growth information of Automobile sector in the country for last 5 years. It can be seen that Cars, Two wheelers and LCV/HCV segments have growth at very high rate for 5 consecutive years.

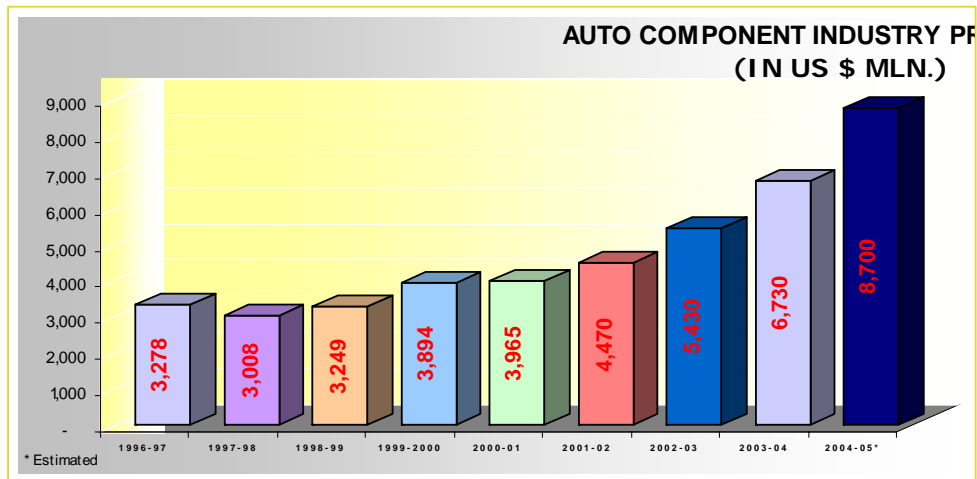
	2000-01	2001-02	2002-03	2003-04	2004-05	Average
						Growth
CARS	517,907	564052	608851	843235	1027876	
		9%	8%	38%	22%	19%
MULTI UTILITY VEHICLES	125,938	105667	114479	146325	181778	
		-16%	8%	28%	24%	11%
LCVs	63,869	65756	83195	108917	138890	
		3%	27%	31%	28%	22%
BUSES & TRUCKS	88,185	96752	120502	166123	211143	
		10%	25%	38%	27%	25%

SCOOTERS	879,759	937506	848434	935279	986208	
		7%	-10%	10%	5%	3%
MOTOR CYCLES	2,183,430	2906323	3876175	4355168	5193752	
		33%	33%	12%	19%	25%
MOPEDS	694,974	427498	351612	332294	346587	
		-38%	-18%	-5%	4%	-14%
3-WHEELERS	203,234	212748	276719	356223	374414	
		5%	30%	29%	5%	17%
TRACTORS	248,079	207324	166889	191633	248976	
		-16%	-20%	15%	30%	2%
Total 2/3 Wheelers	3,961,397	4484075	5352940	5978964	6900961	
		13%	19%	12%	15%	15%

(Source : ACMA)



Another important figure of the Automobile sector is Auto component industry, which has been growing faster than domestic automobile industry due to its fine show in export market in recent past.

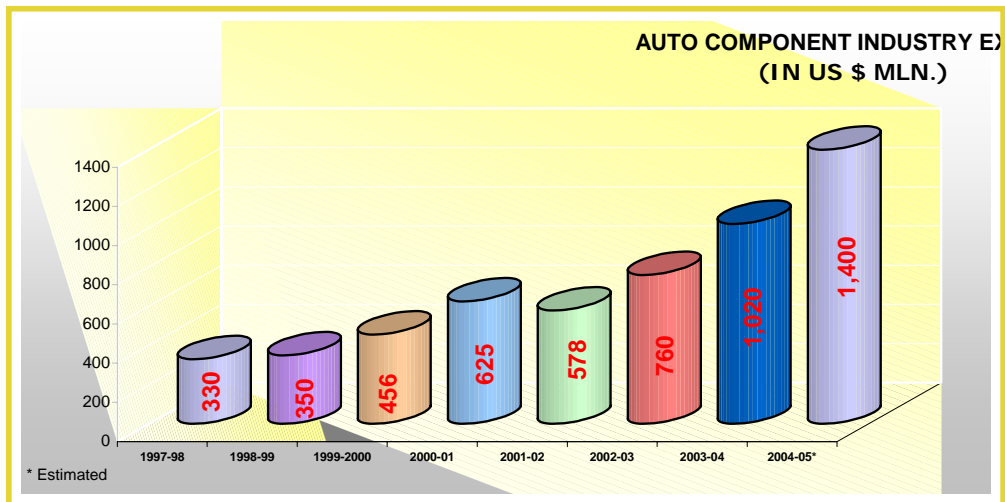


(Source: ACMA)

Auto component industry has grown from 4000 Mn \$ to 8700 Mn \$ in just 5 years period at CAGR of more than 20%.

As evident from following graph, a large part of growth has come from export, which is expected to grow as fast in next decade. However, domestic market has also contributed significantly to the growth indicating strong fundamentals of the complete industry.

(Source: ACMA)



Exports of Auto component has grown from \$ 578 Mn to \$ 1400 Mn in just 4 years time. This is equivalent to more than 125% growth in a short period.

Following factors have been identified as growth drivers for Automobile sector in the country. India's huge geographic spread – Mass Transport System

- Cheaper (declining interest rates) & easier finance schemes
- Replacement of aging four wheelers
- Increasing Road Development, improving road infrastructure

- Increasing dispensable income of rural agri sector
- Higher GDP growth
- Increasing disposable income with the service sector
- Graduating from Two wheeler to Four wheeler
- Growing Concept/need of Second Vehicle in Urban Areas
- Two Wheeler story could be repeated in the Cars Segment
- Increasing outsourcing trend in developed countries to maintain competitiveness.

As discussed earlier, an ACMA – McKinsey study has predicated \$ 34 Bn potential for Indian Auto component industry by 2015 that is 500% growth from current \$ 7 Bn. The industry can have \$ 20 Bn in domestic sales and \$ 14 Bn in exports.

Thus, the industry is likely to see a quantum jump in the size in near future.

Similarly, other consumer industries like construction; transformers (Electric Industry) are also gathering momentum giving further impetus to Auto pipe industry.

MARKET OPPORTUNITY

Growth in mechanical tube industry is directly linked to Automobile industry, as automobile Industry is the biggest consumer of the Mechanical tubes. Current situation has provided a huge market opportunity to Auto and ancillary industries. Mechanical tubes industry is going to be one major beneficiary among ancillary industries.

Growth in other consumer industry is further going to add demand of Mechanical Tubes.

CDW market is being led by Tube Investments Limited (TIL). Other producers are Tata Tubes, Bhushan Steels, Arihant, etc. Companies like TIL, Tata Tubes are also planning to add capacity to take advantage of prospective demand.

The market for Mechanical Tube is still wide open due to growing demand. Consumer industries are looking for more organized and established suppliers to ensure quality and timely supply.

As US/Euroean Auto industry battles to remain competitive in face of mounting competition and expenses, cost advantage enjoyed by Indian suppliers is going to play a major role in helping them address US market.

DEMAND FORECAST

Following is demand calculation for Mechanical tubes from different industries.

Automobiles

Following table provides average amount of CDW Tubes used in different vehicles.

Vehicle	In Kgs.
CARS	35
MULTI UTILITY VEHICLES	35
LCVs	40
BUSES & TRUCKS	50
SCOOTERS	25
MOTOR CYCLES	25
MOPEDS	15
3-WHEELERS	40
TRACTORS	35

(Source : RRL Consulting Engineers)

Consumption of high-end CDW tubes for the year 2004-05 stood at 93750 MTs. On the other hand, consumption of ERW Mechanical Tubes is almost 1.54 MTs per year. This puts current combined high end Mechanical Tubes market at almost 2.46 Lac MTs per year. (Source: Frost & Sullivan)

Apart from this, other major industries are Bicycles and Furniture. Bicycle industry consumed almost 2.09 Lacs MTs of Mechanical tubes in previous year. Taking an average growth rate of 8% per year, demand from bicycle industry should reach 3.1 Lac MTs of Mechanical pipes. (Source: RRL Consulting Engineers)

Furniture industry is highly unorganized and scattered industry. Hence, it is difficult to make a very accurate judgment for its requirement. However, as per estimates, furniture industry required almost 3.22 Lacs MTs of Mechanical tubes in the year 2004 – 05. Taking 5% growth rate for the industry, its requirement should go up to almost 4.11 Lacs MTs by 2010. (Source: RRL Consulting Engineers)

Projected demand for high end CDW Mechanical Pipes is as per following table:

	2006 - 07	2007 - 08	2008 - 09	2009 - 10
Projected Demand in MTs	126430	155540	194420	244970

(Source: Frost & Sullivan)

Present installed capacity in the country is less than demand for the sector.

Supply Situation

Overall output of CDW pipes in India was 70836 MTs for the year 2004-05. Out of this, supply of CDW tubes in India from domestic industries for the year 2004-05 was 64878 MTs, while 5958 MTs was exported. The gap in demand and supply was met by imports of 28872 MTs of CDW pipes. Current installed capacity in the country for CDW pipes is 88545 MTs.

The industry is likely to see further capacity addition in next few years. Apart from Zenith, Companies like Tata Tubes, KTL, Bhushan etc. are likely to add CDW capacity in next 3 – 4 years. The industry is likely to see Capacity expansion of almost 1.25 Lacs MTs in next 3 – 4 years. Resultant capacity of the CDW Tube industry is likely to be 2.14 Lacs MTs per year in 4 years.

Out of installed capacity, almost 15% of the production is expected to be exported. Thus, production available for domestic consumption will be around 1.82 Lacs MTs. As expected demand in the year 2009-10 is close to 2.45 Lacs MTs, it will leave a gap of almost 63000 MTs of CDW tubes in domestic market.

Cutting Tools

Indian Cutting Tools Industry- An Overview

Machine Tools Industry is split into two segments viz. Cutting Tools and Metal Working Tools (machinery & equipment). Organized players are better equipped to provide high-end customized tools than the unorganized players. The unorganized players compete fiercely for a small market. Milling cutters, reamers and chaser segments have significant competition from unorganized segment. Gear Cutting Tools are fully dominated by organized sector with marginal unorganized share.

In terms of the nature of the products the cutting tools can be further sub divided into two groups viz. Standard Tools and Special Tools.

Standard Tools are those that are manufactured according to standard cutting geometry and design, stocked in bulk and sold through various levels of distribution. Standard Tools can also be classified according to the material used in their manufacture. M2 grade of High Speed Steel is the most commonly used steel for standard tools. Tools of other grades are produced and supplied as special tools as per the Customer's Requirement.

Special tools are manufactured according to the requirements of the end user. In other words, the tool manufacturer designs a tool as per the drawings of the end user and then manufactures the same.

Till about 2001 end the Machines and Cutting Tools was in bad shape on the domestic front. Companies have resorted to export during the slump period. Exports have been increasing. Globally the trend is towards multi purpose tools as this helps in reducing tooling and materials cost i.e. helps in reducing 'tool-changing' time, and allows 'compactness'. Indian manufacturers need to concentrate in providing such multi-purpose tools backed up by improved material technology. The end user industry has forced a major change in cutting tools industry, demanding entire product portfolio from their suppliers.

Cutting tool industry is about 65 years old in India and manufactures basic tools like drills, reamers, cutters and taps. The growth of this industry is directly proportion to the growth of automobile industry and capital goods industry. The major players are Indian Tool (ITM), Addison & Co., Forbes, Miranda and J.K. Files and Tools. As use of cutting tool is directly related to growth of automobile, fabrication, machine tool, auto-components where growth is 25-30% p.a., the demand of cutting tools will increase proportionately and India being getting converted into manufacturing hub for auto components, the growth in cutting tool would accordingly increase.

The Industry being a comparatively low technology and high labour intensive, developed countries like USA & Europe are closing down their manufacturing facilities and outsourcing from other countries like India and China. Though China has lower cost of labour but quality standards of India are much higher, tools from India are preferred and have some price preference over China.

The cost of tooling is 1-2% in total cost of the component being manufactured, users go for quality product to minimize tool downtime, breakage and re-sharpening of tools, hence tools made from India are preferred over China. Further, in today's machining conditions where more and more special tools are required to be used on special purpose machines, better manufacturing skills are available in India compared to China.

Cutting tools are mainly made out of HSS (High Speed Steel) and Powdered Metallurgy (Carbides). HSS tools are used at lower speeds and feeds whereas Carbide works at higher temperatures and speeds.

Some of the HSS cutting tools are being replaced by Carbide tools but HSS cutting tools continues to grow at a steady growth rate as in some of the operations like drilling and tapping where impact load is required, HSS tools work better compared to carbide tools. HSS tools are also comparatively cheaper than carbide tools, HSS tools continue to be preferred by small users, which are in large numbers.

BUSINESS OVERVIEW

Zenith Birla (India) Limited is a leading manufacturer of Steel Pipes in India. We have almost 45 years of operations. We are at present engaged in the manufacturing of welded steel pipes (black & galvanized). Our Steel Pipe Division is located at Khopoli 80 kms from Mumbai. The plant has installed capacity of 1,20,000 M.T. of steel pipes. This Division ranks as one of the pioneers amongst Steel Pipe manufacturers of India.

Till 1971, we were manufacturing Steel Pipes by medium frequency electric resistance contact welding process. Thereafter, the manufacturing process was converted to the latest technology of **High Frequency Induction Welding (HFIW)** process. The pipes manufactured by us are predominantly used for plumbing, agriculture, irrigation, urban and rural drinking water distribution, structural and industrial applications.

Square and rectangular hollow sections manufactured by Zenith are used to replace conventional section of higher weight such as beams, angles and channels. These sections have higher load bearing capacity with better economics and have better aesthetic appeal. Zenith tubular pipes have also successfully substituted seamless pipes for certain applications.

We are also engaged in the manufacture of High Speed Steel Cutting Tools viz. Drills, Reamers, Cutters, Taps, Tool Bits, used in Automobile, Engineering, Fabrication, Construction and other industry for machining operations. The HSS cutting tools are manufactured by the Company under the brand name of "ITM" and well known throughout India. Our Cutting Tool Division has two manufacturing units located at Nashik and Aurangabad.

After divesting the businesses of Steel, Paper, Chemical and Textile our Company now intends to pursue the businesses of steel pipes and tools and build upon its core competence of "engineering products".

As we are in pipe business since last 45 years, our Company is very well placed to seize the opportunities due to its long-standing industry experience, strong brand value and infrastructure. Now we are planning to consolidate our pipe business. Our company is expanding its pipe manufacturing facilities at Khopoli to include Mechanical Tube used in fast growing auto industry and API Pipes in its product portfolio.

The Company has wide exposure in export market as well, especially in regions like USA, Europe, Middle East and Africa. We are exporting almost 50% of its total production consistently over the years. Zenith USA is our subsidiary that takes care of Company's sales in North America Market. We have a branch office in Dubai that takes care of Middle East and Yemen market.

Operations

1. Steel Pipe Division: -

We are currently making steel pipes, which can be categorized as Standard pipes. The standard pipes are used as uncoated known as black pipes as well as with corrosion resistant zinc coating known as galvanized pipes. The galvanized pipes are used mainly for drinking water applications or for structural applications with requirement for protection from rust.

The following table shows our Steel Pipes statistics for FY 2000, FY 2001, FY 2002, FY 2003, FY 2005,

Particulars	FY 2005 (18 months)	FY 2003 (15 months)	FY 2002 (15 months)	FY 2001 (12 months)	FY 2000 (12 months)
Installed Capacity	120000	120000	120000	120000	120000
Actual Production	112451 (19788)	103968 (17932)	96110 (17085)	61865 (6478)	51873 (2478)
Capacity utilization	51.48	57.36	52.68	46.16	41.16
Turnover / Sales (Rs. In Lakhs)	37958.37	27817.47	21509.51	14196.91	10434.37

Note: Company presently engaged employees to run three Tube Mill shift out of six Tube Mill shift available. The manned installed capacity therefore is 50% of the installed capacity. Our company could increase the number of shifts to meet the demands of the customers.

Location

The Steel Pipe Division is located at Khopoli - 410203 District Raigad, Maharashtra. The land 5,52, 988 sq. meters is owned by us and is free from all encumbrances except for the equitable mortgage created in favour of banks / financial institutions who have extended loan facility in the normal course of business.

Plant & Machinery

The manufacturing of Steel Pipes consists of following sections –

- a) Slitting
- b) Tube Mill
- c) End Finishing
- d) Galvanizing
- e) Threading

We have two slitting machines; one from Paxson Machine Company, USA. and the other fabricated by us based on the design brought from Maschinen and Aparatbau, Seuthe Hermer, Germany. We have two Tube Mills namely; Tube Mill No. 1 which is purchased from MANNESMANNMEER AG, Germany with 250 KW Welder from Siemens, Butt Welding Equipments from HUGO MIEBACH GmbH, Germany and the Tube Mill No. 2 is designed by Maschinen & Aparatbau, Seuthe Hermer, Germany with High Frequency welder of 300 KW from Electro heating (UK), Butt Welding from Guild Metal Joining Equipment, USA. Tube Mill No. 1 is capable of manufacturing pipes from ½ NB (15mm) to 4” NB (100mm) dia. Mill No. 2 is capable of manufacturing pipes from 2 ½” NB (65mm) to 8” NB (200mm). All other balancing equipments, like the End Chamfering and Threading units are from Teledyne Landis – Germany, Hydro Testing from Yongstown Engg. – Ohio (USA) and two hot – dip Galvanising plants from Walter Korner – Germany.

Raw Material

HR Coils

The major raw material i.e. HR Coils are sourced from domestic manufactures as well as from international markets. The HR coils are imported from different suppliers under OGL after payment of applicable import duties from the Trading Houses like Thyssen (Germany), Midland (Canada), Clockner (Germany) Voest Alpine (Germany) etc. Manufacturing Plants of these coils are in Russia, Ukraine, CIS countries, South Africa, Iran, Egypt etc. For exports, we have an option to import raw material under Duty Exemption Scheme with out payment of import duties

Domestic sources for HR coils are Ispat Industries, Jindal, SAIL, Lloyd and Essar Steel. The import or domestic procurement decision is based on comparative price advantage prevailing from time to time as both the sources are equally feasible and competitive because of our port based location.

Zinc

Another major raw material i.e. zinc is used for galvanizing process. The domestic sources for zinc are Hindustan Zinc Limited and Binani Zinc Limited. Zinc can also be imported through specialized International Trading houses dealing in non ferrous metals. Zinc prices are governed by London Metal Exchange quotes and agreed premium over and above the LME quotes. Other Raw Materials consists of Sockets and PP Rings which are available locally.

Power & Utilities

Our connected load is 4103 KW and total sanction of power is 2600 KVA from Maharashtra State Electricity Board as against our utilization which is anywhere between 1575 KVA to 1922 KVA in the last twelve months. In addition, we have one DG sets of 650 KVA capacities for emergency use.

Man Power

As on December 15, 2005 we have total manpower strength of approx. 506 including skilled workers, semi skilled workers, unskilled or contractual workers, management, administration, HR, finance and accounts etc.

The details of other managerial staff is given under –

Description / Location	No. of Workers				No. of Staff			Total Strength
	Unskilled	Semi Skilled	Skilled	Total	Managerial	Non Managerial	Total	
Khopoli	101	139	74	314	27	95	122	436
Mumbai	NIL	NIL	NIL	0	25	45	70	70
Total	101	139	74	314	52	140	192	506

Water

The water is required for cooling, pickling, washing and for domestic consumption of staff and workers residing in the colony. Our total water requirement is met by Patalganga River which has rainwater during monsoon and back water from Tata Hydro Power Station during non monsoon period. Therefore, there is continuous water availability throughout the year.

We have entitlement to draw 1300 cubic litres of water per day from Patalganga River as against currently used 900 cubic litres. We have installed adequate water treatment facility to appropriately treat the water before use.

Fuel

We require Industrial Diesel Oil for Diesel Generating Sets, which is being used as standby arrangement in our company. The same is easily available in the near vicinity of our company. We also require Furnace oil for our galvanizing process i.e. for melting/heating of zinc and also for steam generation, which is intern, used for galvanizing process.

Auxiliaries and Chemicals

Fluxes and Hydrochloric Acid are the main auxiliaries and chemicals used in the galvanizing process and they are available locally in the vicinity of the plant.

Effluent

The manufacturing process generates different pollutants like Wastewater, nominal emission from the use of HCL and solid waste in the form of Iron Sludge.

Liquid & Solid Effluent (Water Spent Acid)

We generate three types of water effluent, viz (a) spent acid, which is a bi-product and is being sold for which company has obtained necessary approvals from MPCB (b) rinsing water - the same is being used for diluting the hydrochloride acid used for pickling from 33% to 10% and (c) sewage from plant and colony - which is collected in a designated area aerated and the solid is allowed to settle. The clear water from the top is used for gardening / vegetable plantation and the settled solid is converted into manure and used for gardening / plantation.

Air pollution

During the manufacturing process, we generate flue gases for which we have provided the chimney of adequate height as per MPCB norms.

Manufacturing Process

The basic raw material is HR coils, which are obtained in the form of jumbo coils, are first uncoiled, slitted to the required width and then recoiled on the a slitting line.

After this, the strips are passed through a tube mill. In this the HR strip is subject to sequential bending operations through roll sets, which converts the flat strips into circular shape of desired diameter. Thereafter, the strip, which has been formed into a tube shape is passed through induction coil of high frequency electric resistance welding machine. In this process, both the edges of circular form strip become red hot which are subsequently fused by pressing together. The excess material flows outside the circumference is removed by cutting tool immediately thereafter. The pipe thereafter is passed through sizing section where the desired diameter is formed. Thereafter, the pipe is cut to the required length by flying saw. With this, the black pipe manufacturing operation gets completed.

Thereafter, pipes are subject to a series of finishing and annealing process, before transferred to finishing sections for further processing, like straightening, end Chamfering/ Facing, Hydro-testing, Non destructive testing, Threading, Galvanising etc. depending on the requirement of the customer.

Technical Arrangement

There is no indigenous or international technical arrangement of our company with any other company.

Competition

The major players in this industry are TISCO, Surya Roshni Limited, Jindal Pipes Limited, Jindal Hissar Limited and Swastik Pipes Limited. In addition there are several manufacturers in small and medium scale, which are operating as regional players. We are the largest exporter of ERW steel pipes from India and have been awarded certificates to that effect by Engineering Export Promotion Council. We continuously undertake cost reduction through process improvements, optimization of fixed expenses by increased output, targeting and achieving higher output per head count to stay competitive and maintain and/or enhance our competitive edge by continuously improving over all plant efficiency.

Marketing Strategy

Domestic Sales / Trade Sales –

Actual users of our product are spread across India and therefore the major portion of our domestic turnover comes from Trade Sales. The customers are serviced through a network of Distributors / Dealers / Consignment Agents / Sub Dealers. We presently have one branch office, five consignment agents, eleven branch offices of consignment agents, 41 direct dealers, 7 direct dealers of consignment agents and over 650 sub-dealers. The purchase decision in the distribution channel are based on replenishment basis i.e. each channel keeps stock based on expected size mix but replenishes whatever is sold.

The availability of the right size at a right place in the markets, we operate in, is the key of our distribution strength. Since our customers contacts are through Consignment Agents / Distributors / Dealers / Sub Dealers, they play an important link between us and the customers for maintaining and propagating Brand Image besides generating sales and therefore creating and fortifying a strong distribution network will continue to be the most important parameter for our domestic marketing strategy.

Institutional Sales

The large users, particularly the large industrial users, are serviced by us directly. Such users consume large quantity of our welded steel pipes regularly. Our service to such users is not only confined to the regular pipes that we manufacture, but also incorporate special physical / metallurgical properties to make the product more suitable for their specific applications. Currently, under this segment we are catering to Automobile Industry, ESP Manufacturers, Idler roller manufacturer, Heat Exchangers, Capital Goods industry, etc. As a strategy, we are working towards increasing the share of such value added products in our total turnover.

Exports Sales

Export has been the growth driver for us during last five years. Our export business is secured through multiple channels partners consisting of subsidiary company viz. Zenith USA Inc; Branch offices viz. UAE, Resident Representative-Yemen, Marketing Agents spread across various territories and direct customer contacts. We constantly work to enhance the size and reach of our various marketing channels. While large number of channel partners are working with us for past many years, we continuously expand the channel partners as well as work with them to enhance their reach in the respective market segments. Our export sales constitute 60 % of our turnover.

Middle East and USA have been the major markets for us which we have serviced and nurtured over last 25 years and achieved the desired results from those markets which is given as under -

FoB Value of exports of welded steel pipes

(Rs. In lakhs)

April to Mar	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05
U.S.A	1523	3151	4735	10277	5471	7908
Middle East	1080	1053	1363	1440	1961	3654
Others	502	442	898	591	130	448
TOTAL	3104	4646	6995	12309	7561	12010

Quality

Quality in relation to steel pipes is akin to Quality assessment of a chain where the weakest link and not the average will decide the strength of the entire chain. The reliability of a pipeline is dependent upon the quality of the worst pipe used and not the average of all. Since number of quality parameters requires destructive testing; it is not possible to determine the quality at final inspection stage.

In order to achieve required quality standard in every pipe manufactured by us, we have put in place a strong in-process inspection and quality check system, which ensures that pipes produced by us meets the required quality standards.

We have obtained ISO 9000 certification for quality systems and ISO 14001 for environmental friendly processes thereby satisfying all norms related to environmental clearances.

Our Quality Control Laboratory has full-fledged facilities for testing chemical, physical and mechanical properties of Steel, Zinc, sockets and steel pipes as per various Indian and International specifications. Testing equipments include Eddy Current, Hydro-testing, Impact Test, Hardness Test, etc.

Third Party Inspection

Based on our customers' requirement and satisfaction, our products are being inspected and approved on an on going basis by various international and Indian inspection agencies like Bureau of Indian Standards, Lloyds Registrar, Det Norske Veritas, Bureau Veritas, UHDE, Crown Agents, SGS, EIL, Stevart, RITES, etc.

Awards and Recognitions

Highest export award in the category of steel pipes & tubes from the Govt. of India from Engineering Export Promotion Council of GOI and Engineering Export Promotion Council.

Name of Awards	Year	Nature of recognisiton	Issued by
Highest Exporters Trophy	1998-99	For Highest Exporter in the category of highest growth in exports, Non SSI	EEPC – Mumbai
Certificate of Export Excellence	1999-00	For achieving highest export performance amongst Non SSI exporters in the panel Steel Pipes, Tubes and fittings	EEPC – Mumbai
Highest Exporters Trophy	2000-01	For outstanding contribution to engineering exports in the category of highest growth in exports, Non SSI	EEPC – Mumbai
All India Certificate of Export Excellence	2001-02	For significant exports	EEPC – Calcutta
All India trophy for highest exporters	2002-03	For outstanding contribution to engineering exports	EEPC – Calcutta

Union

The workman of the Khopoli plant are represented by Bharatiya Kamgar Karmachari Mahasangh with whom our Company enters into periodic wage settlement agreement. Last wage settlement was entered into vide agreement dated October 19, 2005 and is valid upto March 31, 2008.

Township

We have a township consisting of over 149 staff quarters of different types with all amenities and facilities including sports and recreation facilities for employees of Khopoli. Our township has 32 rooms for staff members for bachelor accommodation and 168 workers quarters. We have 16 buildings for staff including guesthouse and Directors' bungalow.

Dispensary

We have a dispensary of spread across 308.26 sq. meters of area providing medical aid to workers, employees and other staff members' along with their family members. This dispensary is in existence since June 1971, with a full time doctor, a nurse and an attendant to provide medical relief.

Recreation Club

We have a recreation club spread across 733.86 sq. meters of area providing recreation facilities to employees and other staff members' along with their family members. This club is in existence since 1966. Activities that are undertaken in the club are lawn tennis, carom, chess, table tennis, etc. Various functions, occasions and gettogethers are undertaken in the hall that is present in the Club

School

We have an English school spread across 6517.2 sq. meters of area providing education to children of workers, employees; other staff members' and also admissions are open to people residing in vicinity. This school is in existence since 1971.

Temple

We have a temple spread across 593.8 sq. meters of area.

Capacity and Capacity Utilization

We have two tube mills, each mill can run in three shifts in a day therefore we have capacity to run six mill shifts every day. Based on our current requirements, we have manned only three mill shifts each day . Thus currently we have put 50% of installed capacity in use and producing 56% of installed capacity. We will gradually man the remaining shifts as per the requirements. As per the object of the issue we are increasing our capacity utilization by installing API standard machinery so our balance capacity will be utilized

Products		Unit	2005-06	2006-07	2007-08
Steel Pipes	Installed Capacity	MT	120000	120000	180000
	Utilized Capacity		56%	77%	77%

Cutting Tool Division

Machine Tools Industry is split into two segments viz. Cutting Tools and Metal Working Tools (machinery & equipment). Organized players are better equipped to provide high-end customized tools than the unorganized players. The unorganized players compete fiercely for a small market. Milling cutters, reamers and chaser segments have significant competition from unorganized segment. Gear Cutting Tools are fully dominated by organized sector with marginal unorganized share.

The basic operations include boring, forming, cut-off and parting, drilling, grooving, hobbing, milling, sawing, shearing and cutting, tapping, threading, turning, and brake rotor turning. These operations find major application in automotive and other capital good industries.

Indian Tool Manufacturers Limited (ITM) was incorporated in 1937 by British Company and then acquired by Birlas in 1939. In 1983, ITM was amalgamated with our Company. At present we have installed capacity of 20371300 no. of cutting tools, out of which we have manufactured 16848857 no. for the period ended March 31, 2005 (18 months).

Future Capacity and Capacity Utilization

Products		Unit	2005-06	2006-07	2007-08
Cutting Tools	Installed Capacity	Nos.	20371300	20371300	20371300
	Utilised Capacity	Nos.	16848857	17200000	18000000

Location

The cutting tool manufacturing units of our company are located at Nasik & Aurangabad in Maharashtra admeasuring a total land area of 54098 sq. meters, which has been taken on lease from MIDC for 99 years and 95 years respectively.

Plant & Machinery

The major plant & machinery are special purpose machines which includes drill grinding machines from Zefra, Netherland; Heirtline, USA; Normac, USA; drill milling machines from Zefra, Netherland; reamer milling / grinding machines from Wysbrod, Switzerland; HMT; thread grinding machines from Reishaur, Switzerland; Metrics, U.K.; Linder, Germany; centreless grinding machines from Malcus, Germany; and heat treatment plant from Bafco.

Since 65% of the machines in Nashik and Aurangabad are imported special purpose machines, we have a team of skilled workforce taking care of reconditioning of each and every machine in a planned & phased manner.

Raw Materials

The major raw materials required for cutting tools is High Speed Steel (HSS), which is available internationally and from domestic market. The domestic suppliers of High Speed Steel are M/s GKW Ltd. (Powmex Steel Division) and the overseas suppliers are M/s Erasteel Kloster, France, M/s Bohler GmbH, Austria and M/s Hitachi Metals, Japan.

As smaller sizes of HSS (below 6 mm) are not manufactured in India, these sizes are imported from overseas suppliers. With regards to bigger sizes, quality, price and delivery being equal, preference is given to domestic suppliers. We have not faced any problem in procuring these raw materials. Since we are quality manufacturers of High Speed Cutting Tools, we have long dependable relationship with our domestic and overseas suppliers.

The other raw materials used are EN - 31 that is available from domestic manufacturers and carbide tips which is imported from Ceratizit, U.K.

Power & Utilities

The total requirement of power for cutting tool division is 2350 KVA and we have sanctioned load of 2241 KVA from Maharashtra State Electricity Board. In addition, we have one DG sets of 250 KVA capacity, which caters to the emergency requirements.

Water

Water is used for washing of tools, diluting coolant used during machining operations and human consumption. Our total water requirement in Nashik and Aurangabad is 1300m³ ltrs. per day, which is sourced from Maharashtra Industrial Development Corporation (MIDC).

Fuel

We use diesel for Diesel Generating Sets which is being used as standby arrangement in our company and the same is easily available in the near vicinity.

Man Power

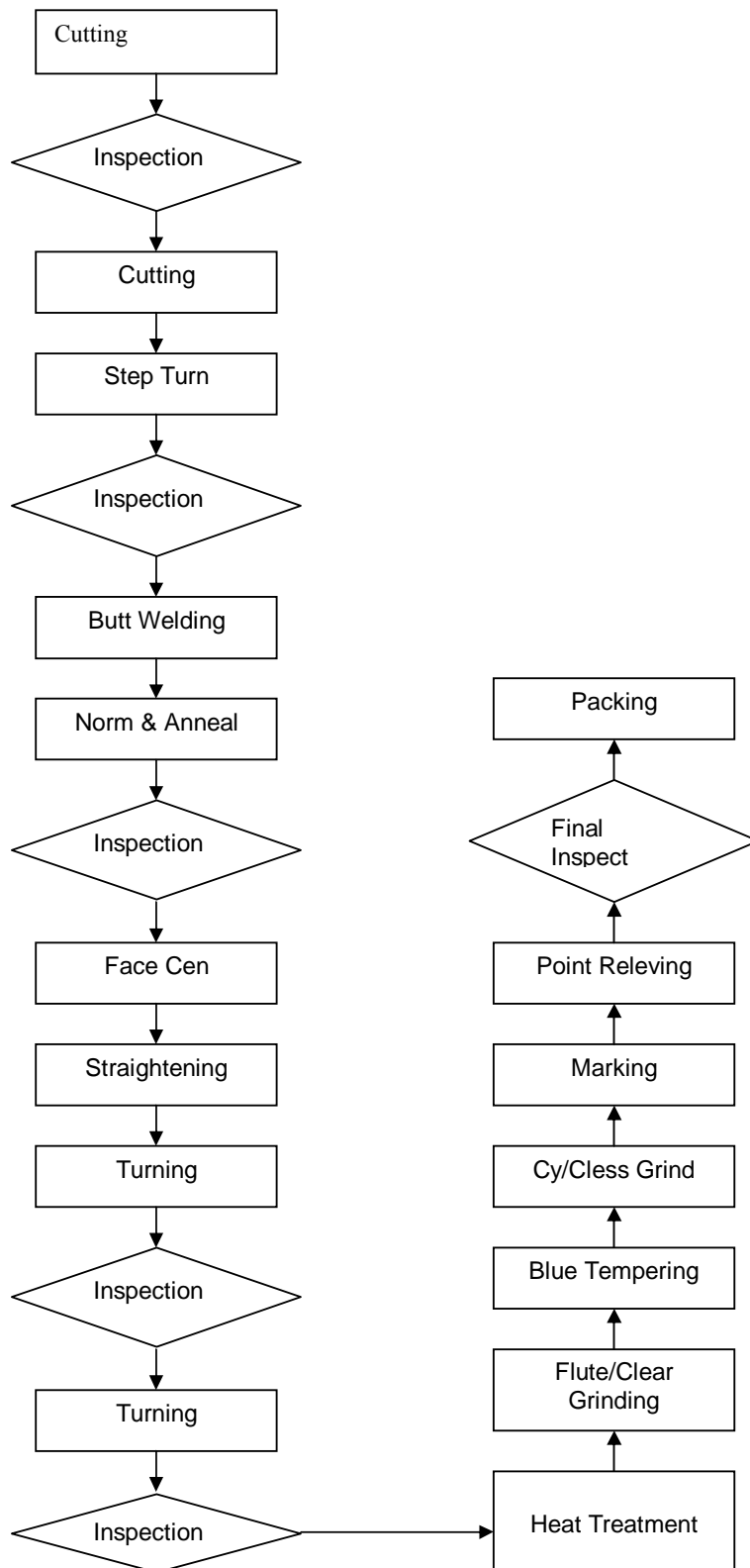
We have a total of 508 employees at Nashik and 194 employees at Aurangabad, the details of which are as under –

Particulars	Number of Employees (ITM – Nashik)	Number of Employees (ITM – Aurangabad)
Managers / Officers	65	42
Trainee Engineers	3	3
Workers – Skilled & Semi skilled	440	149
TOTAL	508	194

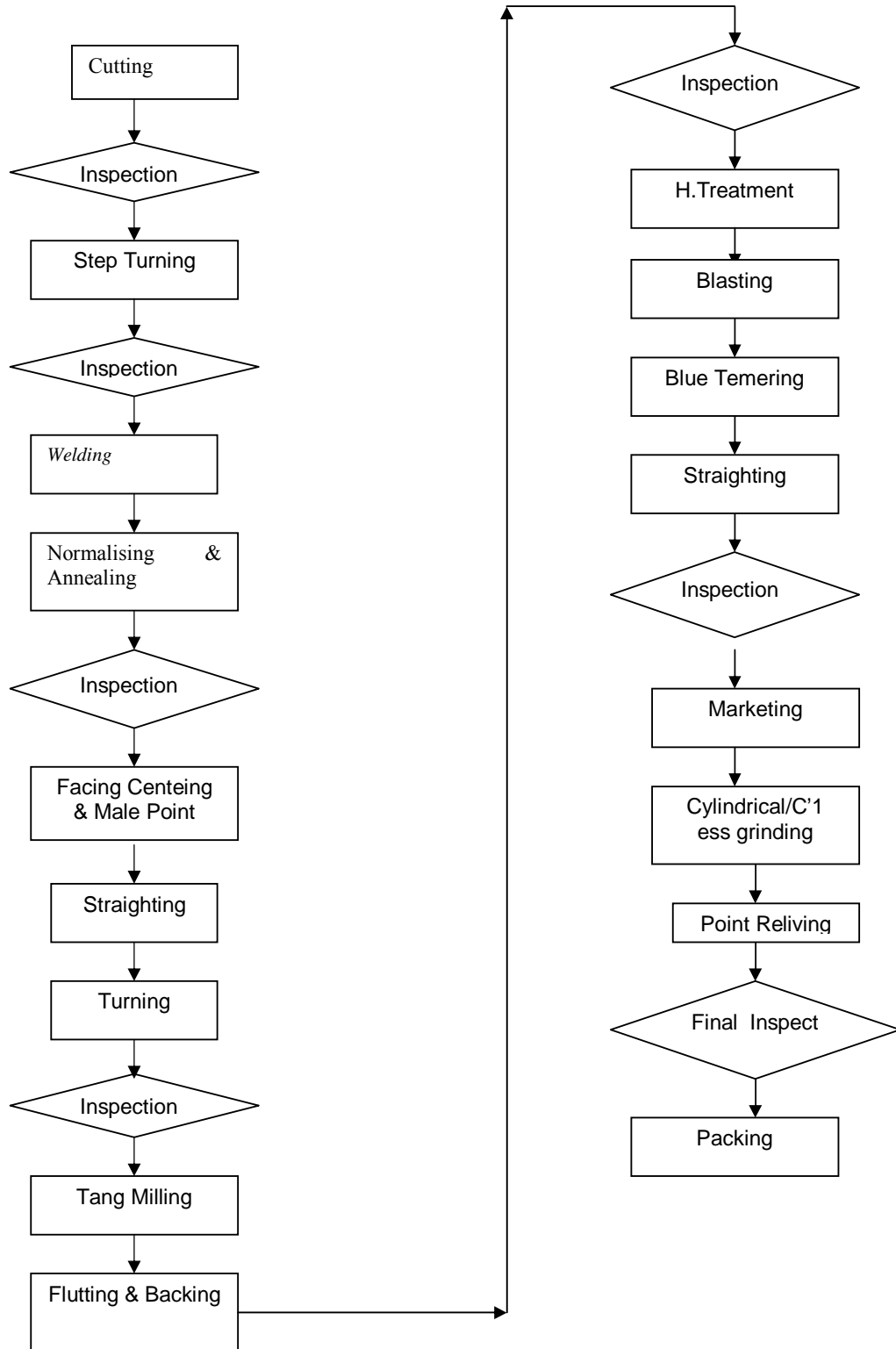
Manufacturing process

HSS which is received in bar forms is cut to the required dimensions butt welded to EN-31 steel and normalized (only in case of two piece construction tools). In case of milled flute tools, milling operations are done as per the requirement of the tool. The tools are heat treated to achieve required hardness and toughness. In case of ground flute tools, the flute is generated by grinding operations. The various other grinding operations are carried out to secure required dimensions in various profiles. A process flow-chart is as under:

Process flow chart for ground flute drills



Process flow chart for milled flute drill



Effluent Treatment

The manufacturing process generates water containing coolant oil and salt.

We have water effluent treatment plant to treat effluent containing coolant oil effluent from shop floor and Heat Treatment Department. The collected water in E.T.P. tanks are being treated in four batches daily. The quality of treated water is being tested and in approved lab and certified to re-used for gardening. The sludge from the E.T.P. is disposed to Mumbai waste management, Taloja and the waste oil from the oil and grease trap of the E.T.P. collected and disposed to the authorized dealer for re-refining purpose.

In the solid effluent we generate mainly Grinding Dust. The grinding dust generated during the process is processed in the centrifugal separator where the oil is separated from the iron dust. The separated oil is reused in the process while the iron dust is sold as a scrap.

We have the consent to operate under section 26 of the water (Prevention and control of pollution) Act 1974 and under Section 21 of the Air (Prevention and control of pollution) Act 1981. The consent for operation of the plant is granted for a period upto June 30, 2008 for manufacturing the product i.e. Drills, Reamers, cutters and Taps.

Quality

We have certification of ISO 9001 – 2000. We have developed various systems to maintain our product quality by adopting various systems and actions like inward inspection of raw material & other items, process inspection, on line audit of the production process. The final inspection is done by trained quality assurance personnel.

Competition & Marketing Strategy

We have a large network of distribution through six offices and 200 dealer network backed by service engineers located at major industrial towns. With the wide network of Dealer Market, the needs are catered to the best of the user satisfaction. Our Companies own branches and their live wire service engineer are always on the move to the users end and the customer satisfaction levels earned are high. We face competition from big and small players like Addison, Miranda, Forbes, JK, etc. in many potential territories but through consistent quality, timely delivery, marketing policy and field contacts by branches intensively, we retain our market share without foregoing any margin.

Insurance

Date	Policy No.	Name of Insurance Co.	Nature of Policy	Period		Sum Insured (Rs, in Lacs)	Amount of Premium (Amount in Rs.)
1.07.05	2005 - 21189408-MOP	Iffco Tokio General Insurance	Marin Cargo Open	1.07.2005	30.06.2006	500.00	5511
1.07.05	2005 - 45006171-INY	Iffco Tokio General Insurance	Marine Insurance	1.07.2005	30.06.2006	47.00	435
1.07.05	2005 - 41003812 - IFG	Iffco Tokio General Insurance	Fidelity Guarantee	1.07.2005	30.06.2006	1.36	309
1.07.05	44020132	Iffco Tokio General Insurance	Burgulary Guest House	1.07.2005	30.06.2006	4.77	79
1.07.05	2005 - 11073050-IFR	Iffco Tokio General Insurance	Standard Fire and Special Perils	1.07.2005	30.06.2006	4.77	316

			Policy Guest House				
1.07.05	2005 - 11073084-IFR	Iffco Tokio General Insurance	Standard Fire and Special Perils Policy (AGB)	1.07.2005	30.06.2006	1267.00	152478
1.07.05	2005 - 11073049-IFR	Iffco Tokio General Insurance	Standard Fire and Special Perils Policy (NSK BRS)	1.07.2005	30.06.2006	1900.00	232544
29.07.05	2005 - 11073099-IFR	Iffco Tokio General Insurance	Standard Fire and Special Perils Policy (AGB)	29.07.2005	28.07.2006	332.62	39026
29.07.2005	2005 - 11073096-IFR	Iffco Tokio General Insurance	Standard Fire and Special Perils Policy (NSK)	29.07.2005	28.07.2006	599.24	73953
29.07.2005	2005 - 11073098-IFR	Iffco Tokio General Insurance	Standard Fire and Special Perils Policy Material Damage	29.07.2005	28.07.2006	258.53	30237
12.09.2005	2005 - 51019244-IGP	Iffco Tokio General Insurance	Group Personnel Accident Policy	12.09.2005	11.09.2006	135.50	25478
01.08.2005	131100/44/05/30044		Boiler and Pressure Plant Insurance	01.08.2005	31.07.2006	11.00	2120
01.08.2005	131100/46/05/00058	The New India Assurance Co. Ltd	Fidelity - Floating	01.08.2005	31.07.2006	10.00	5196
01.08.2005	131100/46/05/00059	The New India Assurance Co. Ltd	Fidelity - Floating	01.08.2005	31.07.2006	10.00	5205
01.08.2005	131100/46/05/00060	The New India Assurance Co. Ltd	Fidelity - Floating	01.08.2005	31.07.2006	0.50	276
01.08.2005	131100/46/05/00061	The New India Assurance Co. Ltd	Burglary I. R..	01.08.2005	31.07.2006	10.00	3306
01.08.2005	131100/46/05/00062	The New India Assurance Co. Ltd	Burglary I. R..	01.08.2005	31.07.2006	5.00	1378



01.08.2005	131100/11/05/00329	The New India Assurance Co. Ltd	Standard Fire and Special Perils Policy	01.08.2005	31.07.2006	4037.00	556097
01.08.2005	131100/48/05/00081	The New India Assurance Co. Ltd	Money Insurance	01.08.2005	31.07.2006	5.00	3108
01.08.2005	131100/42/05/00062	The New India Assurance Co. Ltd	Group Personal Accident	01.08.2005	31.07.2006	1305.69	115843
01.08.2005	131100/11/05/00330	The New India Assurance Co. Ltd	Standard Fire and Special Perils Policy	01.08.2005	31.07.2006	108.00	5951
01.08.2005	131100/11/05/00331	The New India Assurance Co. Ltd	Standard Fire and Special Perils Policy	01.08.2005	31.07.2006	27.00	1488
01.08.2005	131100/11/05/00332	The New India Assurance Co. Ltd.	Standard Fire and Special Perils Policy	01.08.2005	31.07.2006	45.00	2430
01.08.2005	131100/11/05/00448	The New India Assurance Co. Ltd.	Standard Fire and Special Perils Policy	01.08.2005	31.07.2006	324.00	50142

Our Proposed Plans are as follows

We are planning to set up extensive facility for Mechanical Tubes (primarily used in Automobile sector).

Mechanical Tube Project Mechanical Tubings (CDW)

These pipes generally referred as tubes are used for specialized industrial applications like auto industry, heat exchangers, boilers, hydraulic / pneumatic cylinders. Such tubes requires special grade of raw material, closer Outside Diameter (OD) tolerance specified Internal Diameter (ID) tolerances, OD / ID surface finish, internal scarfing, heat treatment, cold drawing etc.

Key Infrastructure facilities required for expansion

Raw Material

HR coil will be the basic raw material for manufacturing precession tubes. Existing sources, both for domestic procurement and imports shall be used for procurement of additional HR coils required for this project. We are meeting our existing import requirement of HR Coils from different suppliers under OGL from the Trading Houses like Thyssen (Germany), Midland (Canada), Clockner (Germany) Voest Alpine (Germany), Vinar Overseas, Kritanlal etc. Manufacturing Plants of these coils are in Ukraine, CIS countries, South Africa, Iran, Egypt etc. The domestic requirement of HR coils are met from different suppliers viz. Ispat Industries, Jindal, SAIL, Lloyd and Essar Steel. We do not foresee any problem in procurement of additional requirement of HR Coils.

Power & Utilities

The additional requirement of power for precession tube project will be 2500 KVA and the same will be secured from existing source i.e. Maharastra State Electricity Board. The in principal approval from the board for availability has already been obtained. The existing sub-station will be used for receiving power by installing additional transformers.

Man Power

The incremental manpower requirement for mechanical tube project will be as under

Particulars	No. of Employees
Managerial	13
Non Managerial	42
Workers – Skilled	53
Semi Skilled	53
TOTAL	161

Water

The incremental water is requirement for mechanical tube project will be 200 cubic meteres per day which will be sourced from our existing source i.e. patalganga river. Our existing water treatment facilities are adequate to meet the additional water requirements of mechanical tube and API projects

Fuel

Fuel requirement will be in anneling section where we intent to use HSD/LDO. The same will be procured from our existing sources i.e IOCL, BPCL, etc.

Manufacturing Process

Pickling

The HRcoil procured from various sources will frist be pickled to remove the scale. Pickling process will be carried out by passing it through hydrochloric acid. The extra acid is removed by successsesive rinsing by water.

Slitting

The pickled HR coil is cut in to required widths by slitting the coil on slitting machine.

Tube Mill

The slitted coil are fed to the tube mill where flat coil is cold formed in to circular shape by successively passing it between the set of rolls specially designed for each diameter of tube. The circular shaped form is then passed between a copper coil in which electricity at high frequency, generated by high frequency induction welder, flows. In this process the edges of circular form becomes red hot (plastic stage) which are then fused by pressing together to form the tube. The excess material in the process of fusing/forging flows inside and outside of tube which is continuously removed by special toolings. Tubes are then cut to desired lengths by double action shear blades. The entire process from coil feeding to tube cutting is automated and manpower is required only for feeding the coil and for removing the tube.

Drawing

The tube made on tube mill is then shifted to drawing section. At first stage each tube is passed through pointing machine where diameter of about 100mm of one end of tube is reduced. From pointing machine tubes are shifted to draw bench where reduced diameter end is pushed inside a carbide die, held from the other side and the entire tube is pulled through the die thereby reducing the diameter. In case of DOM tubes, a carbide plug is also placed inside the tube just below the die before pulling the tube through the die. In this case the diameter as well as wall thickness of tube get reduced. In drawing operation four tubes are pulled together at a time to increase the output. The entire process from pointing to drawing is fully automatic and manpower is required to feed the pointing machine and to remove the tubes after drawing.

Annealing

After drawing the tubes are shifted to annealing section. Due to extensive cold working in drawing process the hardness and tensile properties increase beyond acceptable limits. To correct the hardness and to achieve desired metallurgical properties annealing process is required. In annealing furnace tubes are fed from one end and move inside the furnace on roller. Tubes are heated to a particular temperature (700 to 900 degree centigrade) depending upon the process requirement, and thereafter cooled in a particular cycle. The entire heating and cooling operation inside the furnace is carried in total oxygen free atmosphere to avoid oxidation. The oxygen free atmosphere is created by and continuously purging exothermic gas and maintaining positive pressure inside the furnace. The entire process from feeding the tubes in to furnace till the exit of tube from furnace duly annealed and cooled and manpower is required only for feeding the tubes in furnace and removing the tubes at the exit end of furnace.

Finishing

From annealing section tubes are shifted to finishing section. In finishing section tubes are cleaned of any foreign particles, cut to required length, packed and moved to warehouse for dispatch. The entire operation of cleaning, cutting and packing is fully automatic and manpower will be required only to feed the tubes at cleaning machine and remove the packed tubes to warehouse.

Property

There is no property which we have purchased or acquired or propose to purchase or acquire which is to be paid for whole, or in part, from the net proceeds of the Issue or the purchase or acquisition of which has not been completed on the date of this Draft Prospectus. The details of the properties occupied/used/owned by us are given below:

Sr. No	Location	Area	Freehold / Leasehold / Rental	Activities
1.	Khalapur, Tal Khopoli Dist. Raigad, Maharashtra	5,52,988 sq mtrs	Freehold	Factory: Pipe Division
2.	MIDC Satpur, Nasik, Maharashtra	28,419 sq mtrs	Leasehold	Factory: Tool Division
3.	MIDC Waluj, Aurangabad Maharashtra	25,679 sq mtrs	Leasehold	Factory: Tool Division
4.	Dalamal House, 1 st floor, Jammalal Bajaj Marg, Nariman Point, Mumbai 400 021	1000 Sq Ft	Rental	Registered Office

5	S/2 Vedant Commercial Complex, 2 nd floor vartak Nagar, 1 st Pokharam Road, Thane West	11500 sq ft	Rental	Corporate and Administration Office
6	3/1 ground floor, 4 th cross, Opp Old Toll Gate, Mysore Road, Bangalore 560 026	750 sq ft	Rental	Marketing Office
7	P.O. Box no. 16752, Jabel Ali, Dubai, UAE	1500 sq ft	Rental	Branch office

Major Customers

Major Customers of our Company are:-

- a. Indian Railways
- b. Defense organizations such as Indian Space Research Organisation, Bhabha Atomic Research Centre
- c. Tata Motors Limited
- d. Bajaj Auto
- e. Ashok Leyland
- f. Maruti Udyog
- g. Mukand Limited
- h. Bharat Earth Movers Limited
- i. Brakes India Limited
- j. Escorts Limited
- k. Kirloskar Oil Engines Limited
- l. Hindalco Industries

KEY INDUSTRIAL REGULATION

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

Customs Regulations:

All imports to the country or export from the country are subject to duties under the Customs Act, 1962 at the rates specified under the Customs Tariff Act, 1975. However, the Government has the power to exempt certain specified goods from customs duty, by notification. An import duty is levied on the value of our raw material viz. high speed steel in accordance with Custom Tariff Act, 1975.

Excise Regulations:

The Central Excise Act, 1944 seeks to impose an excise duty on specified excisable goods, which are produced or manufactured in India. However, the Government has the power to exempt certain specified goods from excise duty, by notification. The rate at which the said duty is sought to be imposed, is contained in the Central Excise Tariff Act .

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. 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.

Environmental and other Regulations:

We have to comply with the provisions of Environment Protection Act, 1986. Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981. Ours is an Engineering Company and there is no hazardous waste or process and also no need for effluent disposal.

Other than abovementioned Acts and regulations there are other legislations such as the Factories Act, 1948 and various other Labour legislations, which are also applicable to manufacturing companies such as our company. Pursuant to our business profile, there are no specific set of legislations and regulations applicable to our Company.

OUR HISTORY AND CORPORATE MATTERS

Incorporation

Our Company was incorporated under the provisions of Companies Act on August 5, 1960. Our company was promoted by house of Birla and received its Certificate of Commencement of business 17th August, 1960 as Zenith Steel Pipes Limited with the main object to manufacture black welded and galvanized steel pipes.

We have changed our name as under:

1. From Zenith Steel Pipes Ltd. in 1960 to Zenith Steel Pipes & Industries Ltd. with effect from 31st October 1975.
2. From Zenith Steel Pipes and Industries Ltd. to Zenith Ltd. with effect from 28th January, 1986
3. From Zenith Ltd. to Zenith Birla (India) Ltd. with effect from 18th October 2005.

Changes in Registered Office of our Company

The Registered Office of our Company was changed from Industry House, 159, Churchgate Reclamation, Mumbai – 400 020 to Moti Mahal, 195, Churchgate Reclamation, Mumbai – 400 020 in the year 1963-1964 and then to the present address at Dalamal House, 1st Floor, J. B. Marg, Nariman Point, Mumbai – 400 021 with effect from October 30, 2002.

Major Events:

S. N.	Year	Events
1	1960	Incorporation of Co. as Zenith Steel Pipes Ltd. for Mfg. Of Steel Pipes & Tubes
2	1960	1st Public Issue of Equity Shares
3	1961	Started Factory at Khopoli for Pipe Mfg.
4	1962	Pipe production started at Khopoli
5	1968	Rolls & Shears Division (RSD)/Tool Mfg. Division (TMD) Started
6	1974	Special Steel Division Started at Khopoli
7	1980	Chemical Division started at Boisar for Mfg. Dyeintermediates & production started
8	1981	Joint Venture in PT South Pacific Viscose incorporated in Indonesia
9	1980-81	Paper Plant at Banah (Punjab) started
10	1982	Indian Tool Mfrs. Ltd. merged with the Co.
11	1982	Textile Division of M/s. Indian Tool Mfrs. Ltd. became a division of our Co. after its merger with the Co.
12	1982	M/s. Avit Overseas Corporation, New York, Subsidiary of ITM, became our Subsidiary Co.
13	1982-83	Equity Shares allotted to the holders of 13.5% Secured Debentures of Rs. 120/- each in terms of Right attached
14	1983-84	Allotment of Equity Shares in terms of scheme of amalgamation of ITM with the Co.
15	1989	Created new Division 'Zenith International' for Exports
16	1991	Co. had gone under BIFR
17	1992	Co. was declared as Sick Industrial Co. by BIFR
18	1994-95	Paper Division was sold to M/s. Shreyans Industries Ltd.
19	1995-96	Reduction of Equity Share Capital by 75% as per BIFR Order dated 08-01-1996
20	1996	Special Steel Division sold to M/s. Isibars Ltd.
21	1997	Rehabilitation Scheme sanctioned by BIFR was implemented
22	2000	BIFR declared that the Co. ceased to be a Sick Industrial Co.

23	2002	3 New subsidiary companies formed: (1) M/s. Valueworth Trade Pvt. Ltd., (2) M/s. Zenith Dyeintermediates Ltd., & (3) M/s. Khamgaon Syntex India Ltd.
24	Nov.-2004	Chemical Division hived off & sold to M/s. Nipur Chemicals Ltd.
25	2005	Textile Division transferred to M/s. Khamgaon Syntex India Ltd.
26	2005	Change of Name as 'Zenith Birla (India) Ltd.'

Pipe Division:

We have put up a plant to manufacture Black welded and Galvanized Steel Pipes with a licensed capacity of 24000 TPA. at Khopoli, Maharashtra in the year 1960. Initially we were manufacturing the Pipes in the range of ½” to 4” NB. In May 1979 we have put up a second Pipe Plant to manufacture Steel Pipes upto 8” diameter. With the Technical improvement of the Plant the License capacity of our Plant has reassessed by Government of India at 91000 TPA and with the Installed Capacity of 120000 TPA.

Rolls & Shear Division

In the year 1974 we entered into a Technical collaboration with American Shear Knives Company, USA for the manufacture of Industrial Knives and Rollers. The said agreement was expired in 1980 but our company continued to manufacture the said product on its own. Due to high cost of manufacturing and adverse market condition our company has closed down the Division in the year 1995-96.

Special Steel Division

During 1974-75 we diversify our activities by installing 10/12 Tonnes Electric arc furnace and two stand continues casting machine to manufacture Steel billets with a capacity of 18000 TPA at Khopoli. In 1977-78 we also set up a Rolling Mill for manufacture of 16500 TPA of rolled product which was subsequently increased to 30000 TPA.

In the year 1987-88 the billet making capacity was enhanced to 50000 TPA. During the year 1990-90 the production suffered a major set back on account of electrical break down of the transformer for about 4 months. Due to adverse market condition and high cost of raw material we have to resort to suspension of production of Steel Division and Rolling Mill during the year 1994. Because of the severe recessionary conditions prevailing in the steel industry and stiff competition, the steel division had been incurring heavy losses. The plant was lying closed for the past two years and ultimately it was sold to Isibar Ltd. during 1996.

Paper Division

In March 1980, we also received Letter of Intent for manufacture of writing and printing paper with an annual capacity of 9,900 TPA in aggregate, which has been converted into an Industrial License in January 1981. In 1981, we diversified our activities by setting up a paper plant at Hoshiarpur, Punjab with a capacity of 9,900 TPA, which was enhanced, subsequently to 16,500 TPA. This division faced several problems in its initial stages because of the prevailing situation, non-availability of power and difficulty in retaining experienced and qualified personnel. We approached BIFR and as per the approved rehabilitation Scheme, we had to incur heavy capital expenditure to make it viable.

The scheme envisaged a capital expenditure of Rs. 243 lakhs for acquisition of pollution control equipment and electricity feeder lines to the paper unit besides expansion of the capacity. The total expenditure proposed was Rs. 6000 lakhs. Our company therefore decided to dispose-off this division, which has since then also been approved by BIFR. The paper plant has been sold to Shreyans Industries Limited in the year 1994-95.

Tool Division

In 1982, the Indian Tool Manufacturers Ltd. (ITM) was amalgamated with our Company. According to the scheme of amalgamation, our company issued equity shares of the aggregate face value of Rs 135 lakhs to the erstwhile shareholders of ITM in the ratio of 10 equity shares of Rs 10 each of our company for every one share of Rs 100 each of ITM.

ITM had two divisions namely;

- Cutting tool division having manufacturing facility at Sion (Mumbai), Nashik and Aurangabad
- Textile division having manufacturing facility at Khamgaon.

Soon after amalgamation, the Aurangabad unit was sold to Dagger Forst Tools Ltd; another associate company of our Group.

The tools division at Sion, Mumbai was under lock out for three years and the properties belonging to the tools division at Sion, Mumbai has been sold off and the same has been approved by BIFR.

Our Company had set up a new unit for manufacture of tools at Aurangabad as on 1989 with a licensed capacity of 1 crore number of pieces of cutting tools.

Textile Division

The textile division was promoted by the erstwhile ITM by putting a yarn spinning plant with a capacity of 15,000 spindles at Khamgaon, Maharashtra. This division became part of our company on amalgamation of ITM with us.

As a part of core competence exercise we decided to divest the textile division as per the scheme of arrangement sanctioned by High court, Mumbai into a subsidiary Company with effect from 1st January 2005.

Chemical Division

In the year 1979-80 we have put up a Plant for the manufacture of Dye-Intermediates such as H-Acid, Tobias Acid, Gama Acid, K-Acid etc. with a capacity of 500 TPA at MIDC, Tarapore. The operation of this plant was adversely effected till 1983-84 mainly due to sluggish market for Dye-Intermediates on account of prolonged strike of Textile Unit in Maharashtra. The Operation of this division was improved after 1984-85 as our company started exporting the material. In November 1987, we entered into a technical collaboration agreement with Sitraco s.r.l. Italy for improving the productivity and updating the technology of the plant. In 1988-89 we undertook an expansion scheme and increased the capacity of this plant to 3000 TPA. This division was under lockout from May 1990 to January 1991, on account of labour problems.

Chemical Division suffered substantial losses due to various factors like depressed Industry scenario, falling market prices and uncompetitive margin. Hence as a part of scheme of arrangement sanctioned by High court, we sold the Chemical Division in November 2004 to Nipur Exports Private Limited

Our Main Objects

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

The main objects as contained in our Memorandum of Association are:

- (1) To manufacture and/or produce and/or otherwise engage generally in the manufacture or production of or dealing in all types of pipe and tube products, fittings and by-products and the sale, dealing or fabrications of steel and iron or non-ferrous metal and byproducts and to all acts and things necessary or required in the premises.
- (2) To conduct and carry on any business relating to rolling, casting welding extruding, stretch reducing, forging, forming, pressing, machining of all kinds of metals and alloys including the production or manufacture of and trading and/or sale or dealing in such products and metals.
- (3) Without prejudice to the generality of the other powers of the Company.
 - (a) to mine, quarry, smelt, refine, manufacture, process, fabricate, purchase or otherwise acquire, sell or otherwise dispose of or deal in ores, metals and compounds, metal goods, wares and products of all kinds, chemicals, chemical compounds and metals minerals or other materials of every kind needed for or resulting from the mining, production or processing of iron and steel or other ferrous or non-ferrous metals and metal products of every kind.
 - (b) to make or cause to be made studies, reports and tests to determine the desirability and feasibility of establishing an integrated metal fabrication business in the Union of India or to determine the desirability and feasibility of establishing plants, factories, and other facilities at various locations to serve such a metal fabrication business.
- (4) To buy, sell, refine, manufacture, and deal in minerals and metals of all kinds.

- (5) To buy, sell, manufacture and/or deal in machinery plant, implements, rolling stock, hardware, and other articles and things which may be of use in connection with the business of the Company including metallurgical or other operations which may be required by those employed in or about the business of the Company.
- (6) To search for, get, work, raise, make merchantable, sell and deal in iron, steel, brass, copper, zinc, aluminum, lead and any other metals, minerals or substances.
- (7) To purchase, take on lease or on royalty basis or otherwise acquire mines, mining rights and lands or any interest therein.
- (8) To search for, inspect, prospect, examine and explore, take on licence, lease, purchase or otherwise acquire any territories, lands and places in India or elsewhere for the purpose of extracting, drawing, purifying, refining, smelting, manufacturing or otherwise producing and dealing in or quarrying any ores, metals or other minerals and substances or for the purpose of carrying on any of the businesses of the Company, and to employ and equip expeditions, commissions, experts or other agents for any purpose connected with such business.
- (9) To introduce, buy or sell in the Union of India or elsewhere in the world as importers, exporters, merchants, manufacturers, agents or otherwise, any metals, minerals, mineral substances, chemicals, goods and materials, articles or appliances, and generally to purchase, sell, deal in and supply as manufacturers, distributors, merchants, agents or otherwise all kinds of metals, minerals, mineral substances, chemicals, goods, products, appliances or things which can be advantageously dealt in by the company to attain the foregoing objects, and to carry on operations or business of any nature which the company from time to time may deem fit or expedient to carry on in connection with its main business at any time being conducted and which may seem calculated or capable of being conducted so as to directly or indirectly benefit the Company.

Since incorporation of our Company, the following changes have been made to our authorised capital:

Increase in authorised capital	Date of Amendment
The Authorised Capital at the time of Incorporation consists of 10,00,000 Equity Shares of Rs. 10 each aggregating Rs. 100 lakhs and 10,00,000 unclassified Shares of Rs. 10/- each aggregating Rs. 100 lakhs.	Incorporation
The Authorised Capital of Rs. 200 lakhs consisting of 10,00,000 Equity Shares of Rs. 10 each aggregating Rs. 100 lakhs and 10,00,000 unclassified Shares of Rs. 10/- each aggregating Rs. 100 lakhs changed to 15,00,000 equity shares of Rs. 10/- each aggregating Rs. 150 lakhs and 5,00,000 unclassified shares of Rs. 10/- each aggregating Rs. 50 lakhs.	August 22, 1966
The Authorised share Capital of our Company was increased from Rs. 200 lakhs divided into 15,00,000 Equity shares of Rs.10/- each to Rs. 150 lakhs and 5,00,000 unclassified shares of Rs. 10/- each aggregating Rs. 50 lakhs to Rs. 500 lakhs divided into 30,00,000 Equity Shares of Rs. 10/- each aggregating Rs. 300 lakhs and 20,00,000 unclassified shares of Rs. 10/- each aggregating Rs. 200 lakhs.	October 17, 1974
The Authorised share Capital of our Company was reclassified from Rs. 500 lakhs divided into 30,00,000 Equity shares of Rs.10/- each to Rs. 300 lakhs and 20,00,000 unclassified shares of Rs. 10/- each aggregating Rs. 200 lakhs into 40,00,000 Equity Shares of Rs. 10/- each aggregating Rs. 400 lakhs and 10,00,000 unclassified shares of Rs. 10/- each aggregating Rs. 100 lakhs.	October 3, 1978
The Authorised share Capital of our Company was further reclassified from Rs. 400 lakhs divided into 40,00,000 Equity shares of Rs.10/- each and 10,00,000 unclassified shares of Rs. 10/- each aggregating Rs. 100 lakhs into 45,00,000 Equity Shares of Rs. 10/- each aggregating Rs. 450 lakhs and 5,00,000 unclassified shares of Rs. 10/-	November 2, 1982

each aggregating Rs. 50 lakhs.	
The Authorised share Capital of our Company was increased from Rs. 500 lakhs divided into 45,00,000 Equity shares of Rs.10/- each to Rs. 450 lakhs and 5,00,000 unclassified shares of Rs. 10/- each aggregating Rs. 50 lakhs to Rs. 1000 lakhs divided into 75,00,000 Equity Shares of Rs. 10/- each aggregating Rs. 750 lakhs and 25,00,000 unclassified shares of Rs. 10/- each aggregating Rs. 250 lakhs.	December 6, 1983
The Authorised share Capital of our Company was increased from Rs. 1000 lakhs divided into 75,00,000 Equity shares of Rs.10/- each to Rs. 750 lakhs and 25,00,000 unclassified shares of Rs. 10/- each aggregating Rs. 250 lakhs to Rs. 1500 lakhs divided into 125,00,000 Equity Shares of Rs. 10/- each aggregating Rs. 1250 lakhs and 25,00,000 unclassified shares of Rs. 10/- each aggregating Rs. 250 lakhs.	December 24, 1987
The Authorised share Capital of our Company was increased from Rs. 1500 lakhs divided into 125,00,000 Equity shares of Rs.10/- each aggregating to Rs. 1250 lakhs and 25,00,000 unclassified shares of Rs. 10/- each aggregating Rs. 250 lakhs to Rs. 5000 lakhs divided into 450,00,000 Equity Shares of Rs. 10/- each aggregating Rs. 4500 lakhs and 50,00,000 unclassified shares of Rs. 10/- each aggregating Rs. 500 lakhs.	December 4, 1989
The Authorised share Capital of our Company was reclassified from Rs. 5000 lakhs divided into 450,00,000 Equity shares of Rs.10/- each to Rs. 4500 lakhs and 50,00,000 unclassified shares of Rs. 10/- each aggregating Rs. 500 lakhs to 60,00,000 Equity Shares of Rs. 10/- each aggregating Rs. 600 lakhs and 10,998 15.5% CCPS of Rs. 20/- each aggregating to Rs. 2.20 lakhs; 3,44,455 CCPS - 15.5% CCPS of Rs. 60/- each aggregating to Rs. 206.67 lakhs; 7,23,059 CCPS - 15.5% CCPS of Rs. 90/- each aggregating to Rs. 650.75 lakhs; 5102 - 15.5% CCPS of Rs. 50/- each aggregating to Rs. 2.55 lakhs; 19,21, 224 - 15.5% CCPS of Rs. 100/- each aggregating Rs. 1921.23 lakhs and 161,65,993 - 15.5% CCPS of Rs. 10/- each aggregating to Rs. 1616.60 lakhs	June 17, 1996
The Authorised share Capital of our Company was reclassified from 60,00,000 Equity Shares of Rs. 10/- each aggregating Rs. 600 lakhs and 10,998 15.5% CCPS of Rs. 20/- each aggregating to Rs. 2.20 lakhs; 3,44,455 CCPS - 15.5% CCPS of Rs. 60/- each aggregating to Rs. 206.67 lakhs; 7,23,059 CCPS - 15.5% CCPS of Rs. 90/- each aggregating to Rs. 650.75 lakhs; 5102 - 15.5% CCPS of Rs. 50/- each aggregating to Rs. 2.55 lakhs; 19,21, 224 - 15.5% CCPS of Rs. 100/- each aggregating Rs. 1921.23 lakhs and 161,65,993 - 15.5% CCPS of Rs. 10/- each aggregating to Rs. 1616.60 lakhs into Rs. 5000 lakh divided into 5,00,00,000 equity shares of Rs. 10/- each	October 12, 1998

Since incorporation of our company, the following changes have been made to its Memorandum of Association over and above the changes to the authorised capital of our company:

Amendment	Date of Amendment
Memorandum of Association:	
1. Re-classification of Authorized Share Capital	22 nd August, 1966
2. Six new Object Clause Added	7 th May, 1969
3. Scope of definitions and object clauses were widened	7 th May, 1969
4. Increase in Authorized Share Capital from Rs.200 Lacs to Rs.500 Lacs	17 th October, 1974
5. Four new Object Clause Added	3 rd October, 1978
6. Re-classification of Authorized Share Capital	3 rd October, 1978
7. Two new Object Clause Added	29 th September, 1981
8. Re-classification of Authorized Share Capital	2 nd November, 1982
9. Increase in Authorized Share Capital from Rs.500 Lacs to Rs.1000 Lacs	6 th December, 1983
10. Increase in Authorized Share Capital from Rs.1000 Lacs to Rs.1500 Lacs	24 th December, 1987
11. Increase in Authorized Share Capital from Rs.1500 Lacs to Rs.5000 Lacs	4 th December, 1989
12. Re-classification of Authorized Share Capital	17 th June, 1996
13. Re-classification of Authorized Share Capital	12 th October, 1998

OTHER DISCLOSURES

BIFR

We had become potentially sick under the Sick Industrial Companies (Special Provision) Act, 1985 as on 31st March 1990. In view of the cash losses in previous successive financial years the entire networth of our company was eroded and we become a Sick Industrial Company as per section 3(1)(o) of the Sick Industrial Companies (Special Provisions) Act, 1985. Thereafter we submitted a rehabilitation scheme to the BIFR. Our company was declared a Sick Company on 7th January 1992 and ICICI Limited was appointed as operating agency.

ICICI Limited had submitted a rehabilitation scheme to BIFR on April 29, 1992 for its consideration. BIFR sanctioned the rehabilitation scheme. As per the sanctioned scheme, the total outlay towards capital expenditure, pressing creditors, etc. which was required to be financed by further equity share capital, sale of assets and investments, deferment of interest by banks and financial institutions, etc. A rehabilitation scheme was sanctioned by BIFR on January 1996.

The sale of paper and steel division was approved by BIFR. As per the approved rehabilitation scheme, it was envisaged that our company would incur Rs. 843 lakhs towards capital expenditure in this division, which would enable our company to produce stainless steel and high alloy steel and enhance the capacity of its rolling mill to 50,000 TPA to match the melting capacity.

However, due to liquidity crunch, non-implementation of rehabilitation scheme, severe recessionary conditions prevailing in the steel industry and stiff competition, the steel division had been incurring heavy losses.

The plant was lying closed for the past two years and it was estimated by us that to make the steel division viable, we would have to incur capital expenditure of about Rs. 2500 lakhs to Rs. 3000 lakhs. We decided to dispose-off the division, which was approved by BIFR. The steel plant was sold to isibars Limited during 1995-96.

Our Company ceased to be a Sick Industrial Company within the meaning of section 3(1)(O) of the Sick Industrial Companies (Special Provisions) Act., 1985 (SICA) vide BIFR order dated January 22,2000

OTS/NS Scheme - IDBI

After 1998-99, we incurred losses mainly in our chemical business which resulted in the accumulated losses to increase to Rs. 18819.12 lakhs during 2003-05. We approached Industrial Development Bank of India, Stressed Asset Stabilisation Fund Cell, Mumbai in March, 2005 for Negotiated Settlement (NS) / One-Time Settlement (OTS) which was approved by IDBI in April, 2005 and in terms of this, we are required to pay a total amount of Rs. 1600 lakhs towards full and final settlement of their dues. Till date Rs 1180 lacs has been paid and balance of Rs. 420 lacs is payable by June 2006.

REDUCTION OF CAPITAL: -

In 1996-97 there was a reduction of Equity share capital of our company by 75% as per BIFR Order and the share capital of our company was reduced from Rs. 1988 lacs to Rs. 497 lacs.

Again in the year 2003-04 there was reduction of Equity share capital of our company from Rs. 33,96,09,060 divided into 3,39,60,906 Equity Shares to Rs. 13,85,43,620 divided into 1,38,54,362 Equity Shares as per section 78,100 and 101 of the Companies Act, 1956

The Hon'ble High Court of Judicature at Bombay vide its order-dated 08-10-2003, had approved the above scheme of reduction which resulted 60% of Company's paidup Equity Share Capital. As per this scheme the accumulated losses being debit balance in profit and loss account of our Company upto Rs. 32,71,67,052 as on 30-06-2002 was written off by reducing the issued and subscribed Equity Share capital of Rs. 20,10,65,440 and balance sum of Rs. 12,61,01,612 was written off by utilizing the share premium account of Rs. 12,61,01,612 of our company.

NOTE ON SCHEME OF ARRANGEMENT OF ZENITH LIMITED

Our Company has entered into a Scheme of Arrangement under section 391 and 394 of the Companies Act, 1956. This scheme of arrangement was presented for the purpose of:

1. Transfer of Chemical Division of Zenith Limited to Nipur Chemicals Limited
2. Transfer of Textiles Division of Zenith Limited to Khamgaon Syntex Limited

The whole of the undertaking of the Chemical Division and Textile Division of Zenith as a going concern and all its assets and liabilities immediately before the Appointed Date i.e. 01.01.2005 and the employees of Zenith engaged in or in relation to the Chemical Division and Textile Division immediately before the Appointed Date shall be transferred to and vested in or be deemed to be transferred to and vested in Nipur Chemicals Ltd. and Khamgaon Syntex Ltd. respectively.

In consideration for the transfer, Nipur Chemicals Ltd. shall allot to Zenith 6,50,000, 0% Debentures of Rs.100/- each redeemable within a period of 30 days from the Effective Date.

In consideration for the transfer, Khamgaon Syntex Ltd. being wholly owned subsidiary of Zenith Ltd. shall allot 6% 6,90,440 Debentures of Rs.100/- each redeemable within a period 7 years or mutually agreeable date from the Effective Date.

The Hon'ble High Court of Judicature of Bombay vide its order-dated 12.08.05, has approved the above scheme of arrangement.

Reasons for Separating the Zenith's Chemical Division and Textile Division:

1. Zenith Limited was engaged in the business of manufacturing of Pipes and Tools, which was making profits. It has two other Divisions viz. Chemical Division and Textile Division.
2. Chemical Division had been making losses on account of sluggish market conditions. Textile Division was spinning with 18,000 Spindles that was not at all an economical size and it was not core business for Zenith.
3. The losses of Chemical Division were adversely affecting profits of Zenith. Hence the Company proposed to transfer Chemical Division to Nipur.
4. After the scheme was sanctioned, Khamgaon syntax (India) Limited being wholly owned subsidiary of Zenith took over Textile Division and Nipur Chemicals Limited had taken over the Chemical Division of Zenith
5. By virtue of the said Scheme of Arrangement, Zenith intended to concentrate on its core business i.e. manufacturing of pipes and Tools, which is now making profits.
6. The implementation of Scheme resulted in the operations being more economical, efficient, and cost effective and simplify the operations and management of Zenith.
7. To separate the diversified, different activities under the separate Companies and to carry out the same from different companies in a more professional manner.
8. The vesting of Chemicals division and Textile Division to Nipur and Khamgaon is in interest of the shareholder, creditors, stakeholders and employees of petitioner Company as it enabled focused business approach for maximization of benefit to all stakeholders in future.

SUBSIDIARY OF THE COMPANY

Our Company has two subsidiaries as on the date of filing of this Draft Prospectus.. For further details, please refer to the section titled 'Group Companies' beginning on page no. [●] of this Draft Prospectus.

OTHER AGREEMENTS

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

STRATEGIC AND FINANCIAL PARTNERS

We do not have any strategic or financial partners

OUR MANAGEMENT

Board of Directors

Under our Articles of Association we cannot have less than four directors and more than fifteen Directors. We currently have Five Directors on our Board. Mr. Yashovardhan Birla is Chairman and Mr. Arun Jain is Executive Director of our Company.

The following table sets forth current details regarding our Board of Directors:

Name, Designation, Father's Name, Address, Occupation	Age	Date of Appointment and Term	Other Directorships
Mr Yashovardhan Birla Chairman S/o. Late Shri Ashokvardhan Birla Birla House, 21 Mt. Pleasant Road, Mumbai 400006 Industrialist	37 yrs.	30 th March, 1990 Term: Rotational Basis	1. M/s. Asian Distributors Ltd 2. M/s. Birla Bombay Pvt. Ltd. 3. M/s. Birla Brothers Pvt. Ltd. 4. M/s. Birla Cement and Industries. Ltd 5. M/s. 3M India Ltd 6. M/s. Birla Kennametal Ltd 7. M/s. Birla Power Solutions Ltd. 8. M/s. Shearson Investment & Trading Co. Pvt. Ltd. 9. M/s. Viking Travels Pvt. Ltd 10. Dagger Forst tools ltd. 11. Birla Cotsyn India Private Limited
Dr. D. V. Kapur Independent Non executive S/o. Late Shri N.C. Kapur 405, Aradhana Apt. Sector – 13, R. K. Puram New Delhi – 100 066 Retired Government Executive	77 yrs.	23 rd December, 1988 Term: Rotational Basis	1. M/s. Reliance Industries Ltd. 2. M/s Tata Chemicals Ltd. 3. M/s Honda Seil Power Products Ltd. 4. M/s DLF Power Ltd. 5. M/s GKN Driveline (India) Ltd. 6. M/s Drivotech Accessories Ltd. 7. M/s Jacob H & G Pvt. Ltd. 8. Reliance Jamnagar power Private Limited 9. DLF Universal Ltd.
Shri Augustine Kurias Independent Non-Executive S/o. Late Shri Paul Kurias Villa Kurias 5, Cosmos Garden, 460, S.V.P. Road, Borivali (West), Mumbai 400 103 Retired Bank Executive	73 yrs	27 th October 1999 Term: Rotational Basis	None
Shri Anirudha R. Barwe Independent Non-Executive S/o Late Shri. Ramakrishna Barwe B-1, Bageshree Shankar, Ghanekar Marg, Prabhadevi Marg, Prabhadevi, Mumbai- 400 025 Retired Bank executive	67 years	24 th October 2005 Next AGM	1. M/s. IFCI Financial Services Ltd. 2. M/s. ILFS Investment India Ltd. 3. M/s. Jain Irrigation Systems Ltd. 4. MSPL Limited 5. Kotak Mahindra Trustee Company Ltd. 6. Jayant Oils and Dirivatives Ltd. 7. Sigma Laboratories Ltd.

Mr. Arun Jain Executive Director S/o. Hagamilal Jain Hill Crest, Ground Floor, 31F, Peddar Road, Mumbai - 400026 Chartered Accountant	52yrs.	10 th June 2004 Term: For a period of 5 years	1. Birla Global Corporate Services Ltd. 2. Dagger Forst tools limited 3. Birla Kennametal Ltd. 4. Khopoli Investments Limited 5. PT South Pacific Viscose 6. Khamgaon Syntex India Limited 7. Laxmi Properties Limited
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Details of Directors (brief profile)

- **Mr. Yash Birla** is the Chairman of the diversified Yash Birla Group. He has been the chairman of the group for over 12 years. Mr. Birla is M. Com., LLB by academic qualifications. He has long standing experience of managing and leading companies.

He is director on 11 other companies and has given valuable contribution to growth of these companies in last 12 years. These companies include Birla Bombay Private Limited, Birla Brothers Private Limited, Birla Cement and Industries Limited, 3M India Limited, Birla Kennametal Limited, Birla Power Solutions Limited, Viking Travels Private Limited etc.

Mr. Birla is ably supported by other senior directors of our company, who have varied and extensive experience in different sectors.

- **Dr. D. V. Kapur**, aged 77 years, is having more than 4 decades of experience in various facets of industrial and business activities in the corporate environment. His experience includes his role as Founder Chairman & Managing Director of National Thermal Power Corporation (NTPC). He was also Secretary to the Government of India in the Department of Power, Heavy Industry and Chemicals & Petrochemicals. He is also on the Board of companies like Reliance Industries Limited, Reliance Power Limited, Tata Chemicals Limited, DLF Power Limited, Honda Suel Power Products Limited, GKN Driveline (India) Limited etc.
- **Mr. Augustine Kurias**, aged 73 years, is having more than 40 years experience including as Chief General Manager & Principal, CAB and Vice Principal, Bankers Training College, Reserve Bank of India and also as a Director in Public Sector Banks & Financial Institutions. He has also worked on the Panel of Consultants to World Bank.
- **Mr. Aniruddha Barwe**, 67 Years, is M. Sc. CAIIB. He has more than 3 decades of experience in Banking, Foreign Exchange Management and Capital Markets with State Bank of India Group including as a Managing Director of SBI Capital Markets Limited. He is also on the Board of organizations like IFCI Financial Services Limited, ILFS Investmart India Limited, Jain Irrigation, Sigma Laboratories Limited, Kotak Mahindra Trustee Company Limited, Jayant oil and Derivatives Limited. He is also a committee member of BSE Limited, Disciplinary Action Bench of the NSE Limited, Mutual Fund Advisory Committee of SEBI and Maharashtra Economic Development Council.
- **Mr. Arun Jain**, 52 Years, is Chartered Accountant. He is Executive Director of our company. He has more than 25 years of experience in handling Finance, Operations etc. He is associated with our company for last 15 years in various capacities. He also holds directorship of other companies like Nirved Traders Private Limited, Shloka Infotech Limited, Birla Global, Shearson Investment & Trading Company Private Limited, Dagger Forst Tools Limited, Birla Kennametal Limited, Laxmi Properties Limited, Khopoli Investments Limited, PT Southpacific viscose etc.

Borrowing Powers of the Board

Pursuant to resolution passed under provisions of Section 293(1)(d) by our shareholder at the Extraordinary General Meeting held on 4th December 1989, the Board of directors of Company has been authorized to borrow money for Company upon such terms and conditions and with or without security as the Board may think fit, provided the money or monies to be borrowed together with the Monies already borrow by our company (apart from temporary loans obtained from our company's bankers in the ordinary course of

business), shall not exceed, at any time, a sum of Rs. Rs. 25000 lakhs (Rupees Twenty five thousand lakhs only) over and above the paid up capital and free reserves of our company.

Compensation of the Directors

In the 42nd Annual General Meeting of our Company held on 31st March 2004, Mr. Arun Jain was appointed as Whole Time Director (designated as Executive Director) for a period of 5 years from 10th June 2004 to 9th June 2009 on the terms and conditions set out in an agreement executed between our Company and Mr. Arun Jain. Further in our Board Meeting held on 28th July 2004, the Board has approved the supplementary deed of Agreement for modification in terms and conditions of appointment of Mr. Arun Jain as Whole Time Director. Current terms and conditions of are as under :

1. Mr. Arun Jain to perform such duties and exercise such powers as are ennumerated to him by the Board from time to time.

2. Remuneration

- A. Salary and Allowances per month

- i) Basic salary: Rs. 60 000 /- (Rupees Sixty Thousand) per Month
With authority to the Board of Directors to fix annual incremental salary (Total salary not exceeding as it is permissible under schedule XIII of the Act) from time to time as it may deem appropriate.

- B. Perquisites

- i) Reimbursements of Leave Travel and Medical Expenses for self and family, as per rules of Pipe Divisions of our company.
 - ii) Leave with full pay and allowances as per the rules of pipes Divisions of our company.
 - iii) Fees of Club subject to a maximum of two clubs excluding admissions and files membership fees.
 - iv) Personal Accident Insurance Premium not to exceed Rs. 4000 per year
 - v) Company's contribution toward Provident Fund (12%) and superannuation fund (15%)
 - vi) Gratuity as per rules applicable to pipe divisions of our company.
 - vii) Provisions of a Chauffeur driven car provided and maintained by our company for the use of Company's Business
 - viii) Provision of a Telephone at residence
 - ix) *Our company shall provide residential accommodation to the whole time director
 - x) *Expenses incurred for gas, water, electricity, furnishing at the residence to be born by our company and shall be valued as per income tax rules,1962.
 3. In the event of absence or inadequacy of profit in any financial year, the remuneration payable to him by way of salary and perquisite shall not exceed limit specified under Schedule XIII to the Companies Act,1956
 4. The Board shall have the discretion and authority to modify the foregoing terms and remuneration within, however, the limit limit specified under Schedule XIII to the Companies Act, 1956.
 5. The appointment will be for 5 years which may be terminated by either party giving to the other 90 days notice in writing or upon Shri Arun Jain ceasing to be a director of our company
- * The clauses added vide execution of supplementary deed of Agreement for modification in terms and conditions of appointment of Mr. Arun Jain as Whole Time Director.

Corporate Governance

Structure of Board of directors

In terms of clause 49 of the Listing Agreement the Board of Directors our Company has an optimum combination of Executive, non-executive and Independent Director.

Sr. No.	Name of the Director	Nature of directorship
1.	Mr. Yash Birla	Chairman & Non executive Director
2.	Mrs. D.V. Kapur	Non Executive & Independent
3.	Mr. Augustine P. Kurias	Non Executive & Independent
4.	Mr. Anirudha R. Barwe	Non Executive & Independent
5.	Mr. Arun Jain (w.e.f. 10.06.2004)	Executive Director

There is service contract between our company and Executive Director, which provides for benefits upon termination of employment.

Committees of the Board

Audit Committee

Audit Committee is constituted by Board of Directors consist of 3 directors details of which is given below:-

Sr. No	Name of the Director	Designation	Nature of Directorship
1.	Mr. A.P.Kurias	Chairman	Non Executive & Independent
2.	Mr. D.V. Kapur	Member	Non Executive & Independent
3.	Mr. Arun Jain	Member	Executive Director

The Audit Committee provides directions to and reviews functions of the Audit Department. The Committee evaluates internal audit policies, internal control, review of quarterly performance, plans, procedures and performance and reviews the other functions through various internal audit reports and other year-end certificates issued by the statutory auditors. Quarterly and Annual Accounts will be reviewed by the Audit Committee, prior to their presentation to the Board along with the recommendations of the Audit Committee. Besides, Audit Committee will be authorized to exercise all such powers as are required under the amended Clause 49 of the Listing Agreement.

Share/Debenture Transfer & Investors' Grievance Committee

The Shareholders/ Investors Grievance Committee constituted by Board of Directors consist of 2 Directors, details of which given below:

Sr. No	Name of the Director	Designation	Nature of Directorship
1.	Mr A.P. Kurias	Chairman	Non Executive and Independent
2.	Mr Arun Jain	Member	Executive Director

The Committee inter alias, approves issue of Duplicate share certificates & reviews all matters connected with the Securities transfer. The Committee also looks into redressing of Shareholders/Investors Compliance like transfer of shares, Non receipt of Balance sheet, Non receipt of Dividend warrants & also handles the queries/complaints relating to dematerialisation of shares etc. The committee oversees the performance of the Registrar & transfer agent & recommends measures for the overall improvement of the quality of Investors services.

Remuneration Committee

The Remuneration Committee constituted by Board of Directors consist of 3 Directors details of which is given below:

Sr. No	Name of the Director	Designation	Nature of Directorship
1.	Mr. A. P. Kurias	Chairman	Non Executive& Independent
2.	Mr. Yashovardhan Birla	Member	Non Independent
3.	Mr. D. V. Kapur	Member	Non Executive& Independent

The Committee fixes the remuneration payable to the Executive Director and Working director (if any) including the payment of commission on Net Profit and issue of shares under Employees Stock Options

Shareholding of the Directors in our company

The Articles of Association do not require the directors to hold any qualification shares. Non of our directors hold any shares in our company except Mr. Yashovardhan Birla who hold 36078 equity shares constituted 0.22 % of pre issue paid-up share capital.

Name of the Director	Designation	No. of Shares held	% of pre issue paid-up share capital
Mr. Yashovardhan Birla	Chairman	36078	0.22%
Mr. Arun Jain	Executive Director	10	

Interest of Directors

All Directors of our 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 under the Articles of Association of our company. All our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in our company or that may be subscribed for and allotted to them, out of present issue in terms of this Draft Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

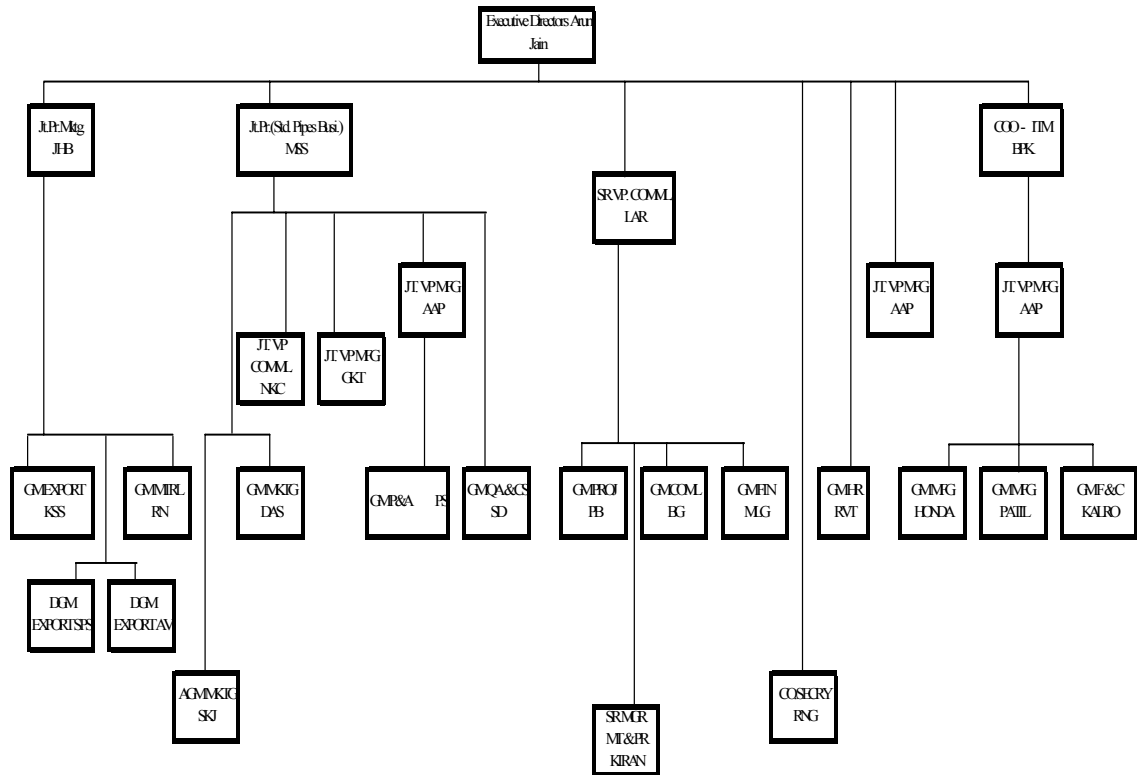
The Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and allotted to the Companies, firms and trust, in which they are interested as Directors, members, partners or trustees.

Changes in our Board of Directors during the last three years

The changes in the Directors during last three years are as follows:

Sr. No	Name of Director	Date of Appointment/ Cessation/Change	Reasons
1.	Mr. Raj Mal Jain	01.06.2004	Resigned from the office of Director
2.	Mr. U.S.Sethia	10.06.2004	Terms expired as Managing Director
3.	Mr. Arun Jain	10.06.2004	Appointed as whole time Director
4.	Mr. Anirudha R. Barwe	24.10.2005	Appointed as additional Director

ORGANISATION CHART ZENITH BIRLA (INDIA) LIMITED AS ON 02-05-2005



KEY MANAGEMENT PERSONNEL:

The details of our Key Managerial Personnel other than directors are as under:

Mr. Arun Jain, Executive Director, aged 52 years, has an experience of over 27 years in handling various financial and technical related matters. He is a Qualified Chartered Accountant and is a Fellow Member of The Institute of Chartered Accountants of India with a degree in Bachelor of Science. Previously he was with Birla Kennametal Limited as Vice President (commercial) for 4 years. He joined us in August 1991 and is currently designated as Executive Director of our Company. He is overall incharge of day-to-day management and is responsible for techno-commercial decisions. Currently, he is drawing a remuneration of Rs. 9,30,543/- p.a.

Mr. Lalit A. Rungta (Sr. VP. Comml), aged 52 years, has an experience of over 27 years in industry. He holds a degree of Chartered Accountant, Company Secretary, Cost and Work Accountant, Bachelors in Law, and Bachelors in Commerce. Previously he was working with Akta Real Estate Pvt. Ltd. He joined us in March 2004 as Senior Vice-President. He is overall in charge of commercial activities like procurement for pipes & new project implementation. Currently, he is drawing a remuneration of Rs. 6,83,705/- p.a.

Mr. Thomas Paul, Jt. VP, aged 49 years, has an experience of over 25 years in the field of . He holds a degree of Masters of Business Administration and a Bachelor of Arts. Previously, he has worked with M/s. Addison & Company Limited. He joined us in 1998 and he is currently designated as Joint Vice President and he looks after the Technical aspects of the ITM. His current remuneration is Rs. 8,24,336/- p.a.

Mr. G. B. Kalro, GM (Fin. & Commercial), aged 48 years, has an experience of over 33 years. His experience covers Commercial and Financial side and was also Head of Finance and Secretarial functions and profit center head leading corporates. He holds a degree of Chartered Accountant, Company Secretary, Cost and Work Accountant, Bachelors in Law, and Master in Commerce and Diploma in Business Administration. Previously he has worked with M/s. Ador Technopack Limited. He joined us in 2003 as General Manager Finance & Commercial and he looks after the plant finance of our Company. His current remuneration is Rs. 6,16,376/- p.a.

Mr. J. H. Baxi, Jt. President (Exports, Engg. Division), aged 66 years, has an experience of over 44 years in Marketing and Engineering Division. holds a degree of Bachelor of Commerce (Hons.). Before joining us, he served the M/s Lloyd Metals & Engineering Ltd. He joined us in March 1998 and is currently designated as the Jt President (Mktg.), Engg. Division of our company and is responsible for exports and imports of raw material co-ordination for Production and Planning. Currently, he is drawing a remuneration of Rs. 18,32,100/- p.a.

Mr. G. K. Toshniwal, Jt. VP (Manufacturing), aged 55 years, has an experience of over 32 years in the field of Production and Manufacturing. He holds a Degree in Mechanical Engineering. He was previously employed with M/s. Zaheera Tubes Mills, as Production Manager. He joined us in November 2000 as Joint Vice President, Manufacturing and is currently looking after the Production and Technical Activities of our Company. His current remuneration is Rs. 9,19,325/- p.a.

Mr. R. S. Malani (Jt. VP Admin), aged 59 years, has an experience of over 37 years in industry. He holds a degree of Bachelor of Commerce. Previously, he was working with M/s Verdhan Syntex. . He joined us in May 1988 and is working as Joint Vice-President of Administration. He is responsible for general administration and Industrial Relations. Currently, he is drawing a remuneration of Rs. 5,31,118/- p.a.

Mr. N. K. Chaudhari, Jt. VP (Commercial), aged 47 years, has over 26 years of experience in the field of financial matters. He is a Qualified Chartered Accountant and is a Fellow Member of The Institute of Chartered Accountants of India with a degree in Bachelor of Commerce. Before joining us he has worked with M/s N.R. Jasani, Chartered Accountants, as General Manager. He joined us in September 1998 as Joint Vice-President (Commercial). He is currently looking after the Commercial aspects of Plant at Khopoli. His current remuneration is Rs. 12,05,172/- p.a.

Mr. Pavan Sharma, GM (P&A), aged 50 years, has an experience of over 29 years in the field of Administration. He is a Bachelor of Science and Bachelor of Law and Master of Business Administration. Previously, he has worked with M/s. Grasim Industries Ltd. He joined us in October 2001 as General Manager

(Personnel and Administration) and he looks after the personnel and administration, welfare & industrial relations of our Company. His current remuneration is Rs. 5,54,739/- p.a.

Mr. B. Girvanesh, General Manager - Commercial, aged 49 years, has an experience of over 13 years in Financials and Accounting matters. He is a Qualified Chartered Accountant and is a Fellow Member of The Institute of Chartered Accountants of India with a degree in Bachelor of Commerce. Before joining us, he was working with M/s Shalina Laboratories Ltd as Finance Controller. He joined us in October 2001. Currently, he is looking after our company's overall accounting, financial matters and cash allocations. His current remuneration is Rs. 3,83,320/-p.a.

Mr. Dilip Shah, General Manager – Marketing, aged 48 years, has an experience of over 27 years in the field of Marketing. He holds a degree of Bachelors of Commerce. Prior to joining us, he has worked with M/s Radhika silk Mills. He joined us in January 1980. He is currently working as General Manager – Marketing. He looks after the marketing and procurement of raw material for our company. His current remuneration is Rs. 6,58,706/-p.a.

***Mr. Rajiv N. Gandhi, Company Secretary**, aged 34 years, has an experience of over 10 years in the field of Legal Secretarial and Compliance Matters. He is a Qualified Company Secretary with the additional qualification of Bachelor of Commerce. Prior to joining us, he was working with M/s Omitech Infosolution Ltd as Senior Manager (Finance) & Co. Secretary. He joined us in August 2005 as Company Secretary and is currently looking after the Corporate Governance and Legal, Secretarial and Regulatory Compliance Matters. His current remuneration is Rs.4,40,000/- p.a.

Mr. A. A. Mapkar, VP (P&A), aged 59 years, has an experience of over 36 years in the field of Personnel and Administration. He holds a degree in Bachelors of Arts and Bachelors of Law. Previously he was with Ministry of Labour, Government of Maharashtra. He joined us in July 2005 as a Vice President (Personnel & Administration). Currently he is in charge of Personnel and industrial relationship of our Khopoli Plant. His current remuneration is Rs. 3,31,452/- p.a.

Mr. B. P. Kejriwal, COO (Tool Div), aged 62 years, has over 42 years of experience in Marketing and Sales. He holds a Diploma in Mechanical Engineering. Prior to joining us, he was with J. K. Tools as Marketing Consultants. He joined us in August 2004 and he is overall in-charge of our Company's Tool Division. His current remuneration is Rs. 11,40,000/- p.a.

Mr. S. A. Hoda, General Manager (Manufacturing), aged 56 years, has over 29 years of experience in the field of tool design engineering and production. He holds a Diploma in Mechanical Engineering and Tool Designing. Prior to joining us, he was with M/s. Miranda Tools Limited. He joined us in 1980 and is currently looking after Designing and Technical Development of Tools. His current remuneration is Rs. 5,97,526/- p.a.

Mr. M. S. Sethi Jt. President (Std. Pipes), aged 56 years has over 32 years of experience in the field of Operations. He is a Bachelor in Mechanical Engineering (Hons), has done Post Graduate in Naval Constructions from I.I.T. Kharagpur and has done master in Business Administration. Previously he has worked with Auto Ignition Ltd. as Executive Vice-president (Operations & Mktg.), he also has experience in the field of Manufacturing and R&D, Production, Engineering and International Marketing. He joined us in January 2006 as Jt. President for Standard Pipes and is responsible for domestic marketing and planning for our Company. His current remuneration is 9,34,400/-p.a.

Mr. R. Nagarajan General Manager (Raw-materials), aged 57 years has over 35 years of work experience in the field of handling import license matters, customs clearance, insurance matters of our company, sale of bye-products and payments involved in import trade. He holds a degree of Bachelor in Commerce and has done Diploma in Business Management. Previously he has worked with companies like M/s. Crompton Greaves Ltd; M/s voltas Ltd; M/s. Bush India Ltd and etc. He joined us in March 2006 as General Manager (Raw Materials) and is responsible for marketing and procurement of raw materials for our Company. His current remuneration is 5,87,868/-p.a.

For details of directors, Please refer to section titled 'Our Management' on page no. [●] of this document

None of the Key Managerial Personnel are related to each other. All the above-mentioned key managerial personnel are permanent employees of our Company.

None of the Key Managerial Personnel hold any shares in our Company except stated below:-

Sr. No	Name	No. of Shares held
1	Mr. Arun Jain	10
2	Mr. G. K. Toshniwal	650

Bonus and/or profit sharing plan for Key Managerial Personnels:

We do not have any Bonus and/or Profit Sharing plan with our Key Managerial Personnel.

Changes in Key Managerial Personnel during last three years

Name	Date of Appointment	Date of Cessation	Reasons
Mr. S.G.Samdani	16.12.1997	30.04.2003	Resignation
Mr.R.R. Takle	31.07.2000	27.05.2003	Resignation
Mr. Anil K.Sharma	05.04.2000	28.05.2004	Resignation
Mr. Sudhir Kumar Joshi	15.07.1997	31.05.2004	Resignation
Mr.S.S. Oswal	19.01.1998	31.07.2004	Resignation
Mr. LR Daga	03.08.1995	10.08.2005	Terminated
Mr. Ravindra P. Waghmare	20.10.2003	31.10.2005	Resignation
Nimish Shah	17.01.2002	30.06.2005	Resignation
Rajiv N. Gandhi	28.08.2005		Appointment

ESOPS: Employees Stock Option Scheme (If any) Presently, we do not have any Employee Stock Option Scheme. However, our shareholders in the Extra Ordinary General Meeting held on September 5, 2005 passed resolution for offering securities under ESOP scheme

OUR PROMOTERS AND THEIR BACKGROUND

Details of Promoters Being Individuals:

Name: Mr. Yash Birla

Designation: Chairman



Permanent Account Number	AAJPB2505N
Passport Number	F3355431
Voter ID Number	-
Driving License Number	-
Bank A/c no.	SB A/C No. – 002-704757-006, HSBC, Fort Branch
Address:	Birla House, 21 Mt. Pleasant Road, Mumbai - 400006

Mr. Yashovardhan Birla is the Chairman of the diversified Yash Birla Group. He has been the chairman of the group for over 12 years. Has experience in this field & has played key role in the development & up building of the diversified Yash Birla Group of Companies. Under the aegis of Mr. Yashovardhan Birla, the Group Chairman, the Group is striving to build on and contribute to the expansion of formidable Birla Conglomerate through identifying and exploiting various business opportunities.

We confirm that the Permanent Account Number, Bank Account Number and Passport Number of Mr. Yashovardhan Birla have been submitted to the BSE and at the time of filing the Draft Prospectus with them.

Details of Promoter Being a Company/Trust/Estate:

Unlisted Companies	
I	Birla Bombay Pvt. Ltd
II	Birla International Pvt. Ltd
III	Asian Distributors Ltd
IV	Shearson Investments & trading Co. Pvt. Ltd
V	Godavari Corporation Pvt Ltd
VI	Birla Cotsyn (India) Private Limited
Trusts/Estates	
VII	Yash Society
VIII	Birla Industries Group Charity Trust (Medical)
IX	Birla Industries Group Charity Trust (Educational)
X	Matri Seva Sadan Charity Trust
XI	Estate of Mrs. Sunanda Birla
XII	Estate Mrs. Sujata Mehta
XIII	Estate Mr Ashokvardhan Birla

I. BIRLA BOMBAY PRIVATE LIMITED

Background

The company was incorporated on September 26, 1923 under the name and style of The Cotton Agents Pvt. Ltd. the name was changed to Birla Bombay Pvt. Ltd. on September 28, 1965. The company's registered office is located at Industry House, 159, Churchgate Reclamation, Mumbai – 400 020.

Initially the company was engaged amongst others in business as merchants on its own account and as commission Agents & Brokers in Cotton, Bullion, Seeds, Piece goods, Hosiery, Sugar, lands, building, hardware, machinery, stores and other commodities and articles and also to act and work as Managing Agents of Joint Stock Companies. At present the company is carrying on the business of financier, Guarantor and dealing in shares and securities. The company also holds properties and agricultural lands at various places.

Promoters:

Mr. Yash Birla.
M/s Birla International Pvt. Ltd.
M/s Shearson Investment & Trading Co. Pvt. Ltd.
M/s Godavari Corporation Pvt. Ltd.

Shareholding Pattern (As on March 31, 2006)

Sr. No	Name of Shareholders	Number Of Equity Shares	% Of Holding
1	Mr. K.K. Birla	72	1.29
2	Mr Kumar Mangalam Birla	24	0.43
3	Mr. S.K. Birla & Mr. C.K. Birla	72	1.29
4	M/s Shekavati Investment & Traders Ltd	160	2.86
5	Hari Om Educational Institute	210	3.75
6	Govind Education Institute	288	5.14
7	Rukmani Birla Educational Institute	288	5.14
8	Calcutta Hospital Institute	71	1.26
9	Calcuttal Medical Institute	76	1.36
10	M/s Godavari Corporation Pvt. Ltd	840	14.99
11	M/s Birla International Pvt. Ltd	703	12.55
12	Mr Yash Birla & Mrs. Avanti Birla	346	6.18
13	Mr Yash Birla	558	9.96
14	Mr. Yash Birla C/o. Mr. Ashok V. Birla HUF	635	11.33
15	Yash Society	400	7.14
16	M/s Shearson Investment & Trading Co. Pvt. Ltd	857	15.31
	Total	5,600	100.00

Board of Directors as on March 31, 2006

The Board of Directors comprises of:

Sr. No	Name	Designation
1	Mr. Yash Birla	Director
2	Ms Kusum Singhi	Director
3	Mr. Shailesh Agarwal	Director
4	Mr. Manish Malani	Director

Financial Performance:

The brief financials are given below:

Particulars	(Rs. in Lakhs.)		
	Year ended 31 st march 2005	Year ended 31 st march 2004	Year ended 31 st march 2003
Total Income	231.21	109.98	72.52
Profit / (Loss) After Tax	129.72	18.68	(11.74)
Equity Share Capital	56.00	56.00	56.00
Reserves & Surplus	1,432.24	1,302.53	1,283.85
Share Holders Funds / Net Worth (Rs)	1,488.24	1,358.53	1,339.85
NAV per share of FV Rs. 1000/- each (Rs.)	26,575.71	24,259.46	23,925.90
EPS of FV Rs. 1000/- each (Rs.)	2293.13*	310.27*	Nil

* EPS of Rs. 2293.13 for the year 2005 and of Rs 310.27 for the year 2004 is calculated after taking into account Preference Dividend of Rs 1,30,000/-.

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

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

Promoter's PAN, Bank Account Details, Promoters Registration Number :

PAN	AAACB2436N
Bank Account Details	UCO Bank, Churchgate Reclamation Branch
Registration Number	11-01084 dated 26th September 1923

II. BIRLA INTERNATIONAL PRIVATE LIMITED

Background

The company was incorporated on April 15, 1963 under the name and style of Vallabh Textile Mills Ltd. the name was changed to Maharashtra Commodity Trading Company Limited on January 30, 1970, then it was changed to Maharashtra Commodity Trading Company Private Limited on February 15, 1971 and finally it was changed to Birla International Pvt. Ltd. on May 1, 1978. The registered office is located at Industry House, 159, Churchgate Reclamation, Mumbai – 400 020.

Initially the company was operating a small textile unit producing Cotton Blankets at its establishment situated at Thane. At present the company is engaged, amongst others, in trading of HSS Tools & Abrasive, Fire Hose fittings, furnace oil, Cast Iron Powder, Generators, Heavy Duty angle grinder, Raw wool etc. The company is also dealer of other items like Fire Hose fittings, Gunmetal Couplings, Cutting Oil, purifier and Coolers. The company has also undertaken exports of fabrics and yarn.

Promoters:

Mrs. Avanti Birla
M/s Godavari Corporation Pvt. Ltd
M/s Shearson Investment & Trading Co. Pvt. Ltd

Shareholding Pattern as on March 31, 2006:

SL. No.	Name of the Shareholder	No. Of Shares Held	% of Issued Capital
1	M/s. Godavari Corporation Pvt. Ltd.	86600	19.24
2	Smt. Avanti Birla	50000	11.11
3	M/s. Shearson Investment & Trading Co. Pvt. Ltd.	219400	48.76
4	Yash Society	40000	8.89
5	Sunanda Educational Society	35000	7.78
6	Smt. Avanti Birla & Mr. Arunkumar Singhi	19000	4.22
	Total	450000	100

Board of Directors as on March 31, 2006:

The Board of Directors comprises of:

Sr. No	Name	Designation
1	Ms. Ashadevi Mohta	Director
2	Mr. G.L.Lath	Director
3	Mr. R.S. Malani	Director

Financial Performance:

(Rs. in Lakhs.)

Particulars	Year ended 31 st March 2005	Year ended 31 st March 2004	Year ended 31 st March 2003
Total Income	3570.43	2,005.49	1,819.40
Profit / (Loss) After Tax	(31.03)	(116.12)	18.61
Equity Share Capital	45.00	45.00	45.00
Reserves & Surplus (excluding revaluation reserve)	273.80	242.76	358.88
Share Holders Funds / Net Worth (Rs)	318.80	287.76	403.88
NAV per share of FV Rs. 10/- each (Rs.)	70.84	63.95	89.75
EPS of FV Rs. 10/- each (Rs.)	-	-	4.14

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

There are no defaults in meeting any statutory/bank/institutional dues other than as under:

1. Income Tax appeals for the assessment years 1997-98 to 2001-02 are pending before the ITAT, Mumbai. The tax due is Rs. 719.48 lakhs plus interest.
2. Income Tax appeal for the year 2002-03 is pending before the CIT (Appeals), Mumbai. The Tax due is Rs.162.30 lakhs

No proceedings have been initiated for economic offences against the Company.

Promoter's PAN, Bank Account Details, Promoters Registration Number

PAN	AAA-CB-4327L
Bank Account Details	Bank of Baroda, Backbay Reclamation
Registration Number	11-12630 dated 15 th April 1963

III. ASIAN DISTRIBUTORS LTD

Originally incorporated on December 24, 1942 in the name and style of M/s. East-West Import & Export Limited and further renamed on February 3, 1962 to Asian Distributors Limited. Presently Asian Distributors Limited is into investment and trading activities.

Promoters:

Mr. Mahadev Singhi
Mr. Nirmal Khetan

Shareholding Pattern (as on March 31, 2006):

Sr. No.	Name of the Shareholder	No. of Shares	% Holding
1	M/s Indore Exporting & Importing Co. Ltd	22,750	23.63
2	Sushila Birla Memorial Institute	11,375	11.82
3	Yash Society	37,425	38.88
4	Mr. Yash Birla	3,000	3.12
5	M/s Godavari Corporation Pvt. Ltd	8,450	8.78
6	M/s Shearson Investment & Trading Co. Pvt. Ltd	13,250	8.88
	Total	96,250	100.00

Board of Directors: (as on March 31, 2006)

Sr. No.	Name of the Director
1	Mr. Yash Birla.
2	Mrs. Avanti Birla.
3	Mrs. Kusum Singhi.
4	Mr. K. P. Chokhani

Brief Financial Performance (For Last Three Years):

(Rs. in Lakhs)

	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Equity Share Capital	96.25	96.25	96.25
Reserves (excluding revaluation reserves)	310.04	310.00	304.88
Total Income	33.18	32.96	32.74
Profit/Loss after Tax	0.05	4.37	3.20
EPS of FV Rs. 100/- each (Rs.)	-	4.54	3.32
NAV per share of FV Rs. 100/- each (Rs.)	422.12	421.97	416.54
Share Holders Funds / Net Worth (Rs)	406.29	406.15	400.92

Other Details:

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

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

Promoter's PAN, Bank Account Details, Promoters Registration Number:

PAN	AAACA5013E
Bank Account Details	UCO Bank Current A/c - 00616
Registration Number	14209

IV. SHEARSON INVESTMENTS & TRADING CO. PVT. LTD

Background

The company was incorporated on November 10, 1989 under the name and style of Shearson Investment and Trading Co. Pvt. Ltd. The registered office of the company is located at Industry House, 159, Churchgate Reclamation, Mumbai – 400 020. The company is carrying on business of financier and dealing in shares and securities.

Promoters

Mr. Yash Birla.
M/s Godavari Corporation Pvt. Ltd.
M/s Capricon Leasors & Distributors Pvt. Ltd.
M/s Hallmark Leasors & Distributors Pvt. Ltd.
M/s Opus Investment & Trading Co. Pvt. Ltd.

Shareholding Pattern as on March 31, 2006

SL. No.	Name of the Shareholder	No. Of Shares Held	% of Issued Capital
1	Mr. Yash Birla	7,335	55.01
2	M/s. Godavari Corporation Pvt. Ltd.	5,892	44.18
3	M/s. Birla Global Corporate Limited	42	0.31
4	M/s. Birla International Ltd.	66	0.49
	Total	10,000	100

Board of Directors as on March 31, 2006:

The Board of Directors comprises of:

Sr. No	Name	Designation
1	Mr. Yash Birla	Director
2	Mr. Arun Jain	Director
3	Mr. G.L. Lath	Director
4	Mr. R.P. Todi	Director

Financial Performance:

The brief financials are given below:

(Rs. in Lakhs)

Particulars	Year ended 31st March 2005	Year ended 31st March 2004	Year ended 31st March 2003
Total Income	13.66	67.84	33.73
Profit / (Loss) After Tax	(53.96)	(119.17)	(31.66)
Equity Share Capital	1.00	1.00	1.00
Reserves & Surplus	1217.81	1272.17	1391.13
Share Holders Funds / Net Worth	1218.81	1273.17	1392.34
NAV per share of FV Rs. 10/- each (Rs.)	12188.10	12731.70	13921.30
EPS of FV Rs. 10/- each (Rs.)	-	Nil	Nil

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

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

Promoter's PAN, Bank Account Details, Promoters Registration Number:

Promoters have confirmed the following details:

PAN	AABCS4653H
Bank Account Details	UCO Bank, Churchgate Reclamation
Registration Number	11-54227 dated 10 th November 1989

V. GODAVARI CORPORATION LIMITED

Background

The company was incorporated on February 13, 1946 under the name and style of Godavari Corporation Ltd. under the Indore Companies Act, VII of 1940, Madhya Pradesh. The company's registered office was changed from the state of Madhya Pradesh to the state of Maharashtra on March 25, 1980. The present registered office is located at Industry House, 159, Churchgate Reclamation, Mumbai – 400 020. The name was changed to Godavari Corporation Pvt. Ltd. on September 21, 2004.

At present the company is engaged in dealing in investment and trading in shares and securities. The company has also commissioned a windmill at Karad in Maharashtra which is generating electrical power and transmitting/distributing the same through the MSEB.

Promoters:

M/s Shearson Investment & Trading Co. Pvt. Ltd.
M/s Birla International Pvt. Ltd.
Yash Society.

Shareholding Pattern (As on March 31, 2006)

Sr. No.	Name of the Shareholder	No. of Shares Held	% of Issued Capital
1	Yash Society	14795	34.96
2	M/s. Shearson Investment & Trading Co. Pvt. Ltd.	16600	39.23
3	M/s. Birla International Pvt. Ltd.	5645	13.34
4	Mr. Yash Birla	2572	6.08
5	Mr. Yash Birla & Smt. Avanti Birla C/o Birla Industries Group Charity Trust	1800	4.25
6	Yash Birla HUF	900	2.13
7	Mr. Arun Singhi	1	0.00
8	Smt. Kusum Singhi	1	0.00
	Total	42314	100

Board of Directors as on March 31, 2006:

The Board of Directors comprises of:

Sr. No	Name	Designation
1	Mrs. Avanti Birla	Director
2	Mr. R.S. Malani	Director
3	Ms Rita Agarwal	Director
4	Mr. Arun Singhi	Director
5	Mr. G.L.Lath	Director

Financial Performance:

The brief financials are given below:

Particulars	(Rs. in Lakhs)		
	Year Ended 31st March 2005	Year Ended 31st March 2004	Year Ended 31st March 2003
Total Income	197.63	526.61	455.47
Profit / (Loss) After Tax	(44.99)	161.43	212.43
Equity Share Capital	42.31	42.31	42.31
Reserves & Surplus	4659.78	4,919.32	4,757.90
Share Holders Funds / Net Worth (Rs)	4702.09	4,961.64	4,800.21
NAV per share of FV Rs. 100/- each (Rs.)	11,113.42	11,725.75	11,344.26
EPS of FV Rs. 100/- each (Rs.)	-	381.49	502.03

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

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

Promoter's PAN, Bank Account Details, Promoters Registration Number:

Promoters have confirmed the following details:

PAN	AAACG1850D
Bank Account Details	South Indian Bank, Fort Branch
Registration Number	11-022398 dated 13 th February 1946

VI. BIRLA COTSYN (INDIA) PVT. LTD. (Formerly known Birla Agro Private Limited)

Originally incorporated in the year 1941 under the name and style of M/s. Jamod Ginning Company Private Limited, renamed in the year 1978 to M/s. Birla Agro Private Limited and now renamed to Birla Cotsyn (India) Pvt. Ltd. on 9th December 2005

Presently the M/s. Birla Cotsyn (India) Private Limited is engaged in carrying on all or any of the business of the manufacturers, importers, exporters, wholesalers, retailers and dealers in all kinds of yarns, carpets and carpet tiles, furnishing fabric materials, various fabrics including woven, knitted, etc. and also in all kinds of agro chemicals related to pesticides and chemical product for plant growth stimulizers.

Promoters:

Mr. Yash Birla
Yash Society
Birla Industries Group Charity Trust
Sunanda Medical Institute
Birla International Pvt. Ltd
Shearson Investment & Trading Co. Pvt. Ltd.

Shareholding Pattern: (As on March 31, 2006)

Sr. No.	Name of the Shareholder	No. of Shares	% Holding
1	Mr. Yash Birla	1,907	1.28
2	Yash Society	1,084	0.48
3	Birla Industries Group Charity Trust	1,000	0.44
4	Sunanda Medical Institute	1,440	0.64
5	Birla International Pvt. Ltd	60,000	26.44

6	Shearson Investment & Trading Co. Pvt. Ltd.	71,037	31.30
7	Chervil Capital Invest Ltd	90,500	39.87
	Total	2,26,968	100.00

Board of Directors: (as on March 31, 2006)

Sr. No.	Name of the Director
1	Mr. Yash Birla
2	Mr. Arun Singhi
3	Mr. K. P. Chokhani.
4	Mr. Manish Malani

Financial Performance

(Rs. in lakhs)

	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Equity Share Capital	226.97	6.18	6.18
Reserves (excluding revaluation reserves)	1731.47	6.51	(5.48)
Total Income	353.14	339.85	228.86
Profit/Loss after Tax	5.47	11.99	(25.99)
EPS of FV Rs. 100/- each (Rs.)	2.41	194.01	-
NAV per share of FV Rs. 100/- each (Rs.)	862.75	205.32	-
Share Holders Funds / Net Worth (Rs)	1958.44	12.69	(0.70)

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

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

Promoter's PAN, Bank Account Details, Promoters Registration Number:

PAN	AAACJ1362K
Bank Account Details	Bank of India, Churchgate Branch
Registration Number	11-3429

VII. Yash Society

Date of Incorporation	Originally incorporated on March 13, 1970 under the name and style of Birla Vidya Vihar Society, renamed on December 13, 1988 under the present name of Yash Society.
Nature of Activities	To relieve ailing persons, providing medical attention, constructing and maintaining or assisting Charitable Dispensaries, Hospitals, Convalescent Homes, Sanatoria and Maternity Homes. Presently Yash Society is running a hospital at Nasik and Ayurvedic/Homeopathic Dispensary at Mumbai.
Permanent Account Number	AAATY0007D
Registered Office	Industry House, 159, Churchgate Reclamation, Mumbai-400 020
Registration Number	Bom 52/70 GBBD under the Societies Registration Act, 1860. PTR No. F2195 (Bom) under the Bombay Public Trust Act, 1950.

Board of Trustees/Management

As on March 31, 2006, the list of Present Trustees/Board of Management of Yash Society consisted of:

1. Mr. Yashovardhan Birla, Chairman
2. Mrs. Avanti Birla,
3. Mr. Arun Singhi, Hon. Secretary.
4. Mr. K. P. Chokhani, Jt. Hon. Secretary
5. Mr. Manish Malani
6. Mrs. Asha Mohta

VIII. BIRLA INDUSTRIES GROUP CHARITY TRUST (MEDICAL)

Date of Incorporation	Originally registered under the Bombay Public Trusts Act, 1950 on December 31, 1953 in the name of Birla Industries Group Charity Trust.
Nature of Activities	The main activities of the trust are Educational, Medical & Relief of Poverty.
Permanent Account Number	AAATB0010B
Registered Office	Industry House, 159, Churchgate Reclamation, Mumbai-400 020
Registration Number	Public Trust Registration No. E-912 (Mumbai)

Board of Trustees/Management

As on March 31, 2006, the list of Present Trustees/Board of Management of Yash Society consisted of:

1. Mr. Yashovardhan Birla.
2. Mrs. Avanti Birla.
3. Mr. G. Lath.
4. Mr. Arun Singhi

IX. BIRLA INDUSTRIES GROUP CHARITY TRUST (EDUCATIONAL)

Date of Incorporation	Originally registered under the Bombay Public Trusts Act, 1950 on December 31, 1953 in the name of Birla Industries Group Charity Trust.
Nature of Activities	The main activities of the trust are running a school at Walkeshwar and Neoeansea Road, Mumbai.
Permanent Account Number	AAATB0010B
Registered Office	Industry House, 159, Churchgate Reclamation, Mumbai-400 020
Registration Number	Public Trust Registration No. E-912 (Mumbai)

Board of Trustees/Management

As on March 31, 2006, the list of Present Trustees/Board of Management of Yash Society consisted of:

1. Mr. Yashovardhan Birla.
2. Mrs. Avanti Birla.
3. Mr. G. Lath.
4. Mr. Arun Singhi

X. MATRI SEVA SADAN CHARITY TRUST

Date of Incorporation	Originally registered under the Bombay Public Trusts Act, 1950 on September 29, 1952 in the name of Matri Seva Sadan Charity Trust.
Nature of Activities	The main activities of the Trust are Educational, Medical & Relief of Poverty.
Permanent Account Number	AAATM0010A
Registered Office	Industry House, 159, Churchgate Reclamation, Mumbai-400 020
Registration Number	Public Trust Registration No. E-2412 (Mumbai)

Board of Trustees / Management

As on March 31, 2006, the list of Present Trustees/Board of Management of Yash Society consisted of:

1. Mr. Yashovardhan Birla
2. Mrs. Avanti Birla
3. Mr. S. N. Baheti.
4. Mr. Manish Malani.
5. Mr. Arun Singhi

XI. ESTATE OF LATE MS. SUNANDA BIRLA

Address of the Executor	Industry House, 5 th floor, 159, Churchgate Reclamation, Mumbai, Maharashtra-400020
Permanent Account Number	AAAAE1512G
Bank Details	Name of the Bank: UCO Bank, Churchgate Branch Type of Account: Current Account Number: 1229

XII. ESTATE OF LATE SMT. SUJATA BIRLA

Address of the Executor	Industry House, 5 th floor, 159, Churchgate Reclamation, Mumbai, Maharashtra-400020
Permanent Account Number	AAAAE1510E
Bank Details	Name of the Bank: UCO Bank, Churchgate Branch Type of Account: Savings Account Number: 7961

XIII. ESTATE OF LATE ASHOKVARDHAN BIRLA

Address of the Executor	Industry House, 5 th floor, 159, Churchgate Reclamation, Mumbai, Maharashtra-400020
Permanent Account Number	AAAAE1509R
Bank Details	Name of the Bank: UCO Bank, Churchgate Branch Type of Account: Current Account Number: 1230

XIV. ESTATE OF LATE ASHOKVARDHAN BIRLA (HUF)

Address of the Executor	Industry House, 5 th floor, 159, Churchgate Reclamation, Mumbai, Maharashtra-400020
Permanent Account Number	AAAHA2366P
Bank Details	Name of the Bank: Bank of Baroda, Nepansea Road Branch Type of Account: Savings Account Number: 12787

COMMON PURSUITS

There are two Companies in the same group whose business falls in the same sector as that of Zenith Birla. These Companies are Tungabhadra Holdings Pvt. Ltd., which is engaged in the manufacture of standard pipes, and Dagger Forst Tools Ltd., which is engaged in the manufacture of cutting tools used in the engineering industry.

We have entered into a technical and marketing agreement with DFTL. The facilities are at different Geographical locations and is as part of Strategic Sourcing plan of the division.

Tungabhadra Holdings Pvt.Ltd. and Zenith Birla (India) Limited sell their products under their brand names and different channels of distribution.

Therefore, there is no conflict of interest between the business carried on by Zenith Birla and those carried on by Tungabhadra Holdings Pvt.Ltd. and Dagger Forst Tools Ltd.

INTEREST OF THE PROMOTERS AND PROMOTER GROUP

Except as stated in the Related Party Transactions on page [●] of this Draft Prospectus and to the extent of shareholding in the company, the promoters do not have any other interest in the business. The promoters as shareholders have significant shareholding in the company. For the rights of the shareholders please see page [●] detailing the main provisions of the Articles of Association.

Save as stated in this Draft Prospectus neither the Promoters nor the Firms or Companies in which they are members have any interest in the business of our Company, except to the extent of investments made by them and their group / investment companies in our Company and earning returns thereon. None of the Promoters or the firms or companies in which they are members have any interest in any property acquired by the Company within two years of the date of this Draft Prospectus or proposed to be acquired by it. The promoters are also interested in the company to the extent of their shareholding, for which they are entitled to receive the dividend declared if any, by the company.

RELATED PARTY TRANSACTIONS

For the detail of such transaction, please refer to the section titled 'Financial Statements' beginning from page no. [●] of this Draft Prospectus.

CURRENCY OF PRESENTATION

Our currency of presentation in this Draft Prospectus is Indian Rupee (Rs.) only else otherwise mentioned.

DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and approved by our shareholders. However, the declaration of dividend may require prior approval of some of our lenders as per the terms of the loan agreements executed with them. Declaration of dividend will also depend on a number of factors, including but not limited to our Company's earnings, capital requirements and overall



THE YASH BIRLA GROUP



financial condition. Our Company has no stated dividend policy. In order to conserve funds, we have neither declared nor paid any equity dividend since our inception.

SECTION V- FINANCIAL STATEMENT

AUDITOR'S REPORT

The Board of Directors

ZENITH BIRLA (INDIA) LIMITED.

Dalamal House, First Floor
206, Jammalal Bajaj Marg,
Nariman Point,
MUMBAI-400 021.

Dear Sirs,

We have examined the financial information of ZENITH BIRLA (INDIA) LIMITED (formerly known as ZENITH LIMITED) [hereinafter referred to as 'the Company'] contained in the statements annexed to this report, which is proposed to be included in this Prospectus in connection with the proposed Public Offer of Equity Shares of the Company.

In terms of the requirement of :

- a. Paragraph B (1) of Part – II of Schedule II to the Companies Act, 1956,
- b. The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, issued by SEBI on January 19, 2000, in pursuance of Section 11 of Security and Exchange Board of India Act (SEBI), 1992, 'the SEBI Guidelines' ;
- c. The instructions dated 10th January 2006, received from the Company, requesting us to issue a report as Statutory Auditors of the Company relating to the Offer Document being issued by the Company in connection with the Public issue Offer of Equity Shares of the Company.

The Company :

- (a) We have examined the accompanying 'statement of adjusted Profits and Losses' (Annexure- I) for the five financial periods/years ended 31st March, 2000, 2001, 30th June 2002, 30th September 2003 and 31st March 2005 and for the nine months period ended 31st December, 2005 examined and certified by us and the 'statement of adjusted assets and liabilities' (Annexure - II) as on those dates, forming Part of the 'Financial Information' dealt with by this Report, detailed below. Both read together with the notes thereon, which are the responsibility of the Company's management, have been extracted from the financial statements for each of the financial periods/years audited by us and/or certified by us and made up.
- (b) We report as under :-
 - (i) The statement of adjusted profits and/or losses, and the assets and liabilities of the Company as at the end of each of the five financial periods/years ended 31st March, 2000, 2001, 30th June 2002, 30th September 2003 and 31st March 2005, and for the nine months period ended 31st December 2005, reflect the profits and losses and assets and liabilities extracted from the Profit and Loss Accounts and Balance Sheets for those periods/years, audited by us and/or certified by us after making such adjustments, ***except that certain adjustments have not been made in respect of matters listed in the annexure "V"***, regrouping and disclosures as were, in our opinion, appropriate and required to be made in accordance with Clause (b) of paragraph 6.10.2.7 of The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000, issued by SEBI on January 19, 2000, in pursuance of Section 11 of SEBI Act, 1992, "the SEBI Guidelines," ;
 - (ii) in our opinion, read with the respective Significant Accounting Policies and ***subject to/read*** together with the notes thereon and after making such adjustments, ***except that adjustments have not been made in respect of certain matters listed in the annexure "V"***, regroupings and disclosures as were, in our opinion, appropriate and required, have been prepared in accordance with Part – II of Schedule II of the Companies Act, 1956, and the SEBI Guidelines.

We have also examined the following financial information relating to the Company proposed to be included in the Prospectus, approved by the Board of Directors and annexed to this report :-

- i) Statement of the Cash Flow of the Company (Annexure -VII)
- ii) Details of Other Income (Annexure - VIII)

- iii) Adjusted statement of investments- (Annexure - IX)
- iv) Age-wise analysis of Sundry Debtors and details of Loans and Advances as at 31st December 2005 (Annexure – X & XI)
- v) Capitalization Statement (Annexure - XII)
- vi) Details / Analysis of Outstanding Secured & Unsecured Loans taken by the Company (Annexure –XIII & XIV)
- vii) Statement of Segment Reporting (Annexure : XV)
- viii) Related Party Transactions (Annexure -XVI)
- ix) Summary of Accounting Ratios based on adjusted profits relating the earning per share, net asset value and return on net worth (Annexure – XVII)

We further state that the statement of Tax Shelter (Annexure -XXIV) is as examined and certified by the Tax Consultants of the Company, on which we have placed our reliance.

We confirm that the Company has not paid/proposed any dividend on Equity Shares in respect of each of the financial periods/years ended 31st March 2000, 31st March 2001, 30th June 2002, 30th September 2003 and 31st March 2005, and that the Company had no other class of issued and paid-up shares during those periods/years.

Consolidated Company:

We have examined the ‘Statement of Consolidated Profits and Losses – Restated’ (Annexure - XVIII) for each of the financial periods/years ended on 30th June 2002, 30th September 2003 and 31st March 2005, and for the nine months period ended 31st December, 2005 the ‘Statement of Consolidated Assets and Liabilities – Restated’ (Annexure -XIX) as on those dates, the ‘Statement of Consolidated Cash Flow – Restated’ (Annexure –XXIII) for the periods/years ended as on those dates and the related financial statements schedule as extracted from the Audited and certified Consolidated Financial Statements for each of the Financial periods/years ended on 30th June 2002, 30th September 2003, 31st March 2005 and 30th December 2005 and approved by the Board of Directors of the Company and after making the necessary and relevant disclosures and adjustments as appropriate and required to be made in our opinion in accordance with the provisions of Part-II of Schedule-II of the Companies Act, 1956, and the SEBI Guidelines. In regard to the said consolidated Financial statements compiled by the management, while the accounts of one of the subsidiary have been audited by us, the accounts of other subsidiary viz. Zenith (U.S.A.) Inc have been audited and/or certified by the management.

Our this Report, is being provided solely for the use of Zenith Birla (India) Limited, for the purpose of inclusion in the said Prospectus in connection with the Rights cum public Issue Offer of the Equity Shares of the Company.

This Report may not be used or relied upon by or disclosed, referred to or communicated by yourself (in whole or in part) to any third party for any purpose other than the stated use, except with our written consent in each instance and which consent may be given only after full consideration of the circumstances at that time.

For and on behalf of
DALAL & SHAH
Chartered Accountants

SHISHIR DALAL
Partner
Membership No.37310

MUMBAI: 4th May 2006.

ANNEXURE I
CONSOLIDATED STATEMENT OF ADJUSTED PROFITS & LOSSES

(Rs. In lacs)

Particulars	For the period ended 30.06.02 (15 months)	For the period ended 30.09.03 (15 months)	For the period ended 31.03.05 (18 months)	For the period ended 31.12.05 (9 months)
INCOME				
Sales:				
Of products manufactured by the Company (net of Excise duty)	33,204.98	41,927.70	55,908.65	25,173.33
Of products traded in by the Company	-	13.68	-	-
Sub-total	33,204.98	41,941.38	55,908.65	25,173.33
Other Income	258.77	690.05	796.93	587.48
Increase/Decrease in Stock	(649.04)	1,300.85	(562.45)	448.77
Total	32,814.71	43,932.28	56,143.13	26,209.58
EXPENDITURE				
Purchase of goods traded	1,553.45	3,298.06	3,833.54	3,971.91
Raw materials Consumed	18,968.42	26,144.88	36,043.28	14,723.57
Staff Costs	3,440.38	3,518.07	4,378.14	2,098.34
Other Manufacturing expenses	4,286.84	5,175.16	5,302.58	1,954.16
Administrative expenses	1,190.75	1,033.84	2,123.38	803.19
Selling and Distribution exp.	2,384.41	2,987.68	2,967.52	945.16
Interest	1,574.95	1,389.50	1,494.41	792.43
Total Expenditure	33,399.20	43,547.19	56,142.85	25,288.76
Profit before depreciation & extraordinary items	(584.49)	385.09	0.28	920.82
Depreciation	400.04	422.38	575.38	385.04
Less: Transfer from Revaluation reserve	35.29	35.19	26.94	-
Net Depreciation	364.75	387.19	548.44	385.04
Profit/(Loss) before taxation	(949.24)	(2.10)	(548.16)	535.78
Less: Loss transferred to reconstruction reserve	-	-	898.34	-
Extraordinary items (credit)	3.63	-	-	-
Profit before tax	(945.61)	(2.10)	350.18	535.78
Provision for wealth Tax	1.06	4.90	-	-
Deferred tax credit (Net)	570.99	85.74	-	-
Provision for current Tax (incl.FBT)	-	-	(5.42)	94.65
Effect of adj. on Tax	-	-	-	(32.69)
Profit after tax	(373.56)	88.54	350.18	473.82
Less: Loss transferred to reconstruction reserve	-	-	79.10	-
Profit/(Loss)	(373.56)	88.54	429.28	473.82

ANNEXURE II

CONSOLIDATED STATEMENT OF ADJUSTED ASSETS & LIABILITIES

(Rs. In lacs)

	30.6.02	30.9.03	31.3.05	31.12.05
<u>A -FIXED ASSETS:</u>				
Gross Block	10,658.69	10,649.18	10,096.58	10,195.57
Less: Accumulated Depreciation	6,637.79	6,928.86	321.49	701.19
Less: Revaluation reserve	778.24	86.89	-	-
NET BLOCK	3,242.66	3,633.43	9,775.09	9,494.38
Capital work in Progress	104.77	124.48	21.21	63.33
TOTAL	3,347.43	3,757.91	9,796.30	9,557.71
B-Investments	2.51	2.55	127.34	100.37
C-Net deferred tax assets	1,464.58	1,550.32	-	-
D - Current Assets , Loans & Advances:				
Inventories	6,154.72	7,265.57	6,647.33	7,973.27
Sundry Debtors	2,987.61	3,563.54	4,350.88	6,353.12
Cash & Bank Balances	805.86	866.10	910.95	1,059.93
Loans & Advances	3,453.70	2,631.14	4,352.24	3,189.60
	13,401.89	14,326.35	16,261.40	18,575.92
A+B+C+D	18,216.41	19,637.13	26,185.04	28,234.00
E -Less: Liabilities & Provisions:				
Secured Loans	6,612.26	6,365.68	6,086.56	4,747.08
Unsecured Loans	604.47	590.30	1,461.92	1,747.07
Hire purchase liability	25.98	23.09	18.44	10.30
Current Liabilities	9,422.71	10,126.49	11,997.64	14,095.25
Provisions	879.46	1,085.79	1,051.09	1,112.62
	17,544.88	18,191.35	20,615.65	21,712.32
Networth (A+B+C+D-E)				

	671.53	1,445.78	5,569.39	6,521.68
Represented By:				
i - Share Capital	3,384.17	1,384.25	1,384.25	1,505.44
ii - Minority Interest	0.18	-	-	-
Reserves & Surplus	2,355.42	150.67	4,185.45	5,137.90
Less: Revaluation Reserve	778.24	86.89	-	-
iii -Reserves (net of Revaluation Reserve)	1,577.18	63.78	4,185.45	5,137.90
iv -Less: Misc.Expenditure (to the extent not writtenoff/adjusted)	173.08	133.03	0.31	121.66
v -Less:P & L (loss)	(4,116.92)	130.78	-	-
Networth (i+ ii + iii - iv - v)	671.53	1,445.78	5,569.39	6,521.68

ANNEXURE III

MAJOR NOTES FORMING PART OF THE ACCOUNTS (CONSOLIDATED)

1. Subsidiaries

The consolidated Financial Statements present the consolidated accounts of ZENITH BIRLA (INDIA) LIMITED with its following Subsidiaries:

<u>Name of the Subsidiary</u>	<u>Country of Incorporation</u>	<u>Proportion of Ownership Interest</u>
<u>Indian Subsidiary:</u> Khamgaon Syntex India Ltd.	India	100%
<u>Foreign Subsidiary:</u> Zenith USA inc.	United States of America	100%

2.

(Rs.in Lacs)

	December 31, 2005	March 31, 2005
Contingent Liabilities not provided for in respect of:-		
a) Claims against the company not acknowledged as debts	62.07	62.15
b) Disputed Sales Tax Demands	137.00	136.32
c) Disputed amount of Excise duty	233.77	233.77
d) Disputed amount of Customs duty including penalty	128.45	128.45
e) Disputed Income tax matters	124.05	124.05
3. Estimated amount of contracts remaining to be executed on capital account –Net of advance	52.18	94.56

4. Pending reconciliations and in absence of confirmation received from certain lenders, one of the Bank, Sundry Debtors, Sundry Creditors, Loans & Advances, Deposits and etc., balances are as per our books of accounts only. Necessary adjustment, if any, which may affect revenue will be made on receipt of confirmation and reconciliation of such balances.
5. In accordance with the provisions of Section 205C of the Companies Act, 1956 following unpaid and unclaimed amounts have not been transferred to “Investor Education and Protection Fund”. Due to stringent financial conditions it has not been possible for the Company to deposit the sum with the prescribed authorities. Out of the total outstanding amount of Rs. 69.98 lacs a sum of Rs. 60.96 lacs has been deposited till the end of the financial period in “Investor Education and Protection Fund”. Necessary steps are being taken for remitting the balance amount at the earliest.

(Rs. in Lacs)

	31-12-2005
Fixed Deposits	17.49
Unclaimed Cheques on Fixed Deposits and Interest there on	10.30
	38.60
Unclaimed/Convertible Debenture and Interest accrued and payable there on	3.59
Right Issue Refund a/c 1992	69.98
	60.96
Total	
Amount deposited till the end of the financial period	
Balance	9.02

6. Taxes on Income
 - (a) Provision for current income tax represents Minimum Alternate Tax (MAT).
 - (b) In accordance with Accounting Standard 22 "Accounting for Taxes on Income" issued by the Institute of Chartered Accountants of India and as a matter of prudence the Company has not taken credit for Deferred Tax Assets (net) as at the end of the financial period.
7. The Company had availed Term Loan of Rs. 15.00 crores (on which interest of Rs. 4.22 crores was accrued and provided in the accounts). Both the principal and interest had become overdue for repayment. The Company approached IDBI with one time settlement proposal and pursuant to which the said loan along with the interest thereon since stands settled at a lumpsum amount of Rs. 16.00 crores. Accordingly the surplus representing excess interest liability provided for Rs. 3.22 crores has been written back under the head Miscellaneous Receipts for the year ended 31st March 2005.
8. In the opinion of the Board, Current Assets, Loans & Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.
9. The Company has as on 31st December 2004, revalued the following major items of Fixed Assets on the basis of the valuation report obtained from the qualified Government Engineers & Valuers.

The particulars of revaluation is as follows:

(Rs. In Lacs)		
Particulars of Assets	Fair Market value after depreciation	Written down value as per books of account
1. Freehold Land	1445.74	313.87
2. Leasehold Land	430.58	107.55
3. Building	5030.76	1030.78
4. Plant & Machinaries	3240.56	1760.16
	10147.64	3212.36
Difference in value		6935.28

This has resulted in increase in gross block and net block by Rs. 6935.28 Lacs and correspondingly to the Revaluation Reserve Account by the like amount.

10. In pursuance of the Order dated 12th August, 2005 received from the Hon'ble High Court of Judicature at Bombay approving the Scheme of Arrangement submitted u/s 391 and 394 of the Companies Act, 1956; the following effects were given in the accounts for the period ended 31st March, 2005, from the appointed date i.e. 1st January 2005:
 - (a) the chemical business of the Company was transferred on going concern basis to Nipur Chemicals Limited (Nipur), for an aggregate consideration of Rs 650.00 Lacs and is represented by Zero 0% 6,50,000 Debentures of Rs. 100/- each allotted by Nipur to the Company which would stand redeemed within period of 30 days from the effective date. The chemical business w.e.f. 20th November 2004 was carried on licence basis by Nipur.
 - (b) the textile business of the Company was transferred on going concern basis to Khamgaon Syntex India Limited (Khamgaon) a wholly Owned subsidiary at the book values. The consideration representing 6% 690440 Debentures of Rs. 100/- each of Khamgaon have been allotted to the Company which are redeemable within a period of seven years or as mutually agreeable date from the effective date. The said textile business up to the effective date was carried out by vardhan syntex, a division of the company on behalf of and in trust for Khamgaon.
 - (c) the balances appearing under Revaluation Account, Capital Reserve Account, Central Subsidy Account as on the appointed date stood credited to "Reconstruction Reserve Account",
 - (d) the aggregate of debit balance in Profit and Loss Account, Miscellaneous Expenses to the extent not written off, Deferred Tax Asset, Arrears of Service charges /Rent, and impairment in the value of Fixed Assets as on the appointed date were debited to "Reconstruction Reserve Account",
 - (e) after the adjustments as set out in para 24 (c) and (d) above, an amount of Rs 2000 lacs was transferred to "Contingency Reserve" and balance Rs. 1368.87 lacs to "General Reserve".

11. A. During the current accounting period and in pursuance of resolution passed by Shareholders at the Extra Ordinary General Meeting held on 5th September, 2005, Paid up Share Capital and Reserves & Surplus have increased on account of: -

- a) 4,00,000 Equity Share of Rs. 10/- each amounting to Rs. 200 lacs, allotted to the Promoters Group, at a price of Rs. 50/- per share,
- b) 8,00,000 Equity Share of Rs. 10/- each amounting to Rs. 400 lacs, allotted to the Foreign Institutions Investors (FII), at a price of Rs. 50/- per share.

B. During the current accounting period and in pursuance of resolution passed by Shareholders at the Extra Ordinary General Meeting held on 5th September, 2005, Company has issued Convertible Warrants as under:

- a) 4,00,000 Warrants have been issued to Promoters Group at a price of Rs. 50/- per warrant (Rs. 5/- paid up),
- b) 8,00,000 Warrants have been issued to Foreign Institutions Investors (FII) at a issue price of Rs. 50/- per warrant (Rs. 5/- paid up).

The above Warrant Holders have the right to convert each of the Warrant into one Equity Share at a price of Rs. 50/- each (including premium of Rs. 40/-) at the option of the holder within a period of 18 months from the date of allotment. As on date all warrant holders have exercised their option for conversion in to equity and pursuant thereto the paid up share capital stands increased by Rs. 1.20 crores.

Auditor's qualifications pertaining to year 1999-00 for which adjustments could not be carried out in the adjusted financial statements and response of the company in respect of the same:

Sr. No.	Qualifications	Response
a.	As reported by the branch auditors of Tools Division - Cost of Finished goods and goods under process of Tools Division of Company is determined by using the retail method whereby the cost is computed by reducing from the sale value of the inventory, the global gross margin which is not as per Accounting Standard As-2 on "Valuation of Inventories" issued by Institute of Chartered Accountants of India. The impact of this on the loss for the period is not quantifiable.	The Company has followed retail basis of valuation at Tools Division consistently. As the valuation process involves heterogeneous items and in the absence of any alternative basis of valuation being available, the effect whereof in the opinion of management not material.
b.	No provision has been made for sundry debtors amounting to Rs. 64.20 lacs of textile division appearing in schedule 8 of sundry debtors considered as good, but reported by the auditor of textile division as doubtful of recovery	The debts part of which has been recovered and part has been adjusted against Reconstruction Reserve in terms of Scheme of arrangement passed by Hon'ble Bombay High Court.
c.	Relating to accounting of relief and concessions laid down by the BIFR in respect of waiver of interest etc. as detailed in the note.	There is no financial impact arising out of qualification.
d.	Relating to transfer of Development Rights to a nominee according to the consent terms filed by the company as detailed in the note;	There is no financial impact arising out of qualification.



e.	Relating to pending confirmation and reconciliation of Balances of Sundry Debtors various Lenders, sundry creditors, Loans and Advances, Deposits given and one of the Bank Accounts and its effects, if any on the revenue, as detailed in the note are as disclosed by the Books of Accounts	There is no financial impact arising out of qualification.
f.	Relating to Non provision of doubtful debts and advances amounting to Rs. 53.50Lacs and Rs. 38.17 Lacs respectively as the loss in respect of which is at present indeterminable.	Provision fully made in the accounts for the period ended 31 st March 2005 against Reconstruction Reserve in terms of Scheme of arrangement passed by Hon'ble Bombay High Court
g.	Relating to materials lost in transit in respect of chemical division amounting to Rs. 65.25 Lacs and expenses of Rs. 11.90 Lacs, its adjustments if any on settlement of Insurance claim, which may affect revenue, as detailed in the Note.	Provision fully made in the accounts for the period ended 31 st March 2005 against Reconstruction Reserve in terms of Scheme of arrangement passed by Hon'ble Bombay High Court
h.	Relating to Non-accruing of interest aggregating of Rs. 103.46 lacs till 31.3.2000 (Rs.30.70 lacs for the year) due on inter corporate deposits as detailed in the Note.	As a matter of Prudence the income has not been recognized.

Auditors qualifications pertaining to year ended 2000-01 for which adjustments could not be carried out in the adjusted financial statements and response of the company in respect of the same:

Sr. No.	Qualification	Response
a.	As reported by branch auditors of Tool Division - Cost of Finished goods and goods under process of Tools Division of company is determined by using the retail method whereby the cost is computed by reducing from the sale value of the inventory, the global gross margin which is not as per Accounting Standard As-2 on "Valuation of Inventories" issued by Institute of Chartered Accountants of India. The impact of this on the loss for the period is not quantifiable.	The Company has followed retail basis of valuation at Tools Division consistently. As the valuation process involves heterogeneous items and in the absence of any alternative basis of valuation being available, the effect whereof in the opinion of management not material.
b.	No provision has been made for sundry debtors amounting to Rs. 51.71 lacs of textile division appearing in schedule 9 of sundry debtors considered as good, but reported by the auditor of textile division as doubtful of recovery.	The debts part of which has been recovered and part has been adjusted for against Reconstruction Reserve in terms of scheme of arrangement passed by Hon'ble Bombay High Court, no effect is being given thereof.
c.	Relating to accounting of debits of relief and concessions laid down by the BIFR in respect of waiver of interest etc. as detailed in the note;	There is no financial impact arising out of qualification.
d.	Relating to transfer of Development Rights to a nominee according to the consent terms filed by the company as detailed in the note;	There is no financial impact arising out of qualification.
e.	Relating to pending confirmation and reconciliation of Balances of Sundry Debtors various Lenders, sundry creditors, Loans and Advances, Deposits given and one of the Bank Accounts and its effects, if any on the revenue, as detailed in the note are as disclosed by the Books of Accounts	There is no financial impact arising out of qualification.
f.	Relating to Non-provision of doubtful debts and advances amounting to Rs.57.13 lacs and Rs.115.33 lacs respectively, as the loss in respect of which is, at present, indeterminable.	Provision fully made in the accounts for the period ended 31 st March 2005 against Reconstruction Reserve in terms of Scheme of arrangement passed by Hon'ble Bombay High Court
g.	Relating to materials lost in transit in respect of chemical division amounting to Rs. 65.25 Lacs and expenses of Rs. 13.46 Lacs, its adjustments if any on settlement of Insurance claim, which may effect revenue, as detailed in the Note.	Provision fully made in the accounts for the period ended 31 st March 2005 against Reconstruction Reserve in terms of Scheme of arrangement passed by Hon'ble Bombay High Court
h.	relating to Non-accruing of interest aggregating of Rs. 134.16 lacs till 31.3.2001 (Rs.30.70 lacs for the year) due on inter corporate deposits as detailed in the Note.	As a matter of Prudence the income has not been recognized.

Auditors qualifications pertaining to year 2001-02 for which adjustments could not be carried out in the adjusted financial statements and response of the company in respect of the same:

Sr. No.	Qualification	Response
a.	Cost of Finished goods and goods under process of Tools Division of company is determined by using the retail method whereby the cost is computed by reducing from the sale value of the inventory, the global gross margin which is not as per Accounting Standard As-2 on "Valuation of Inventories" issued by Institute of Chartered Accountants of India. The impact of this on the loss for the period is not quantifiable.	The Company has followed retail basis of valuation at Tools Division consistently. As the valuation process involves heterogeneous items and in the absence of any alternative basis of valuation being available, the effect whereof in the opinion of management not material.
b.	Relating to accounting of relief and concessions laid down by the BIFR in respect of waiver of interest etc. as detailed in the note;	There is no financial impact arising out of qualification.
c.	Relating to transfer of Development Rights to a nominee according to the consent terms filed by the company as detailed in the note;	There is no financial impact arising out of qualification.
d.	Relating to pending confirmation and reconciliation of Balances of Sundry Debtors various Lenders, sundry creditors, Loans and Advances, Deposits given and one of the Bank Accounts and its effects, if any on the revenue, as detailed in the note are as disclosed by the Books of Accounts	There is no financial impact arising out of qualification.
e.	Relating to Non provision of doubtful debts and advances amounting to Rs. 89.43Lacs and Rs. 125.11Lacs respectively as the loss in respect of which is at present indeterminable.	Provision fully made in the accounts for the period ended 31 st March 2005 against Reconstruction Reserve in terms of Scheme of arrangement passed by Hon'ble Bombay High Court
f	relating to materials lost in transit in respect of chemical division amounting to Rs. 65.25 Lacs and expenses of Rs. 13.46 Lacs, its adjustments if any on settlement of Insurance claim , which may effect revenue, as detailed in the Note.	Provision fully made in the accounts for the period ended 31 st March 2005 against Reconstruction Reserve in terms of Scheme of arrangement passed by Hon'ble Bombay High Court
G	Relating to Non-accruing of interest aggregating of Rs. 172.51 lacs till 30.6.2002 (Rs.38.35 lacs for the year) due on inter corporate deposits as detailed in the Note.	As a matter of Prudence the income has not been recognized.
h.	Relating to accounting of deferred tax assets (net) aggregating to Rs. 1464.58 lacs. We have placed reliance of the management perception and judgment about virtual certainty of future taxable profits that would be available to realize deferred tax assets recognized in the accounts in terms of As-22 "Taxes on Income" and the computation of expected future profits on the basis of which relevant effect has been given in the financial statements as detailed in the note	In terms of Scheme of arrangement passed by Hon'ble Bombay High Court the Company has derecognised the Deferred Tax Assets. Thus there is no carry forward of any Deferred Tax Assets.
i.	Unpaid and unclaimed amounts in respect of Fixed Deposits, Interest on fixed Deposits, Debenture interest etc. have not been disclosed in the Balancesheet under the head "Investor Education and Protection Fund". For the reasons detailed in Note.17 as required by section 205C of	There is no financial impact arising out of it.

	the companies Act, 1956, and rules made thereunder, these amounts remain un-deposited in "Investor Education and Protection Fund".	
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Auditors qualifications pertaining to year 2002-03 for which adjustments could not be carried out in the adjusted financial statements and response of the company in respect of the same:

Sr. No.	Qualification as per annual accounts	Management Reply
a.	Cost of Finished goods and goods under process of Tools Division of company is determined by using the retail method whereby the cost is computed by reducing from the sale value of the inventory, the global gross margin which is not as per Accounting Standard As-2 on "Valuation of Inventories" issued by Institute of Chartered Accountants of India. The impact of this on the loss for the period is not quantifiable.	The Company has followed retail basis of valuation at Tools Division consistently. As the valuation process involves heterogeneous items and in the absence of any alternative basis of valuation being available, the effect whereof in the opinion of management not material.
b.	Relating to transfer of Development Rights to a nominee according to the consent terms filed by the company as detailed in the note.	There is no financial impact arising out of qualification.
c.	Relating to pending confirmation and reconciliation of Balances of Sundry Debtors various Lenders, sundry creditors, Loans and Advances, Deposits given and one of the Bank Accounts and its effects, if any on the revenue, as detailed in the note are as disclosed by the Books of Accounts	There is no financial impact arising out of qualification.
d.	Relating to Non provision of doubtful debts and advances amounting to Rs. 31.53 Lacs and Rs. 125.11 Lacs respectively as the loss in respect of which is at present indeterminable.	Provision fully made in the accounts for the period ended 31 st March 2005 against Reconstruction Reserve in terms of Scheme of arrangement passed by Hon'ble Bombay High Court
e.	Relating to materials lost in transit amounting to Rs. 65.25 Lacs and expenses of Rs. 13.97 Lacs, its adjustments if any on settlement of Insurance claim, which may effect revenue, as detailed in the Note.	Provision fully made in the accounts for the period ended 31 st March 2005 against Reconstruction Reserve in terms of Scheme of arrangement passed by Hon'ble Bombay High Court
f.	Relating to accounting of deferred tax assets (net) aggregating to Rs. 1550.32 lacs. We have placed reliance of the management perception and judgement about virtual certainty of future taxable profits that would be available to realize deferred tax assets recognized in the accounts in terms of As-22 "Taxes on Income" and the computation of expected future profits on the basis of which relevant effect has been given in the financial statements as detailed in the note	In terms of Scheme of arrangement passed by Hon'ble Bombay High Court the Company has derecognised the Deferred Tax Assets. Thus there is no carry forward of any Deferred Tax Assets.
g.	Relating to adjustment of debit balance in the profit & loss account of Rs. 650.69 lacs against Revaluation Reserve, which is not in accordance with accounting principles generally accepted in India as also not in consonance with the recommendation made in the guidance note "Treatment of Surplus on revaluation reserve" issued by the Institute of Chartered Accountant of	Adjustment carried out was supported by opinion of counsel. Moreover the scheme passed by the Hon'ble High court at Bombay also approved of the adjustment in subsequent period.

	India	
h.	Relating to non provision of interest Rs. 436 Lacs for the period on Term Loan from the IDBI and proposal for waiver of interest outstanding as on 30 th September, 2003, amount as at present is indeterminate, which is explained to be under active consideration of IDBI. Necessary adjustment if any, will be made in the year in which receipt of final approval is received from IDBI.	Proposal for waiver was accepted and Company has entered into one time settlement with IDBI in terms of which there is no further liability envisaged in this regard.
i.	Unpaid and unclaimed amount Rs.64.76 Lacs in respect of Fixed Deposits, Interest on Fixed Deposits, Debenture interest etc. have for the reasons detailed in Note No.15, remain undeposited in Investor Education and Protection Fund as required by Section 205 C of the companies Act, 1956, and rules made there under.	There is no financial impact arising out of it.

Auditors qualifications pertaining to year 2003-05 for which adjustments could not be carried out in the adjusted financial statements and response of the company in respect of the same:

Sr.No.	Qualification	Response
a.	Cost of Finished goods and goods under process of Tools Division of company is determined by using the retail method whereby the cost is computed by reducing from the sale value of the inventory, the global gross margin which is not as per Accounting Standard As-2 on “ Valuation of Inventories” issued by Institute of Chartered Accountants of India. The impact of this on the loss for the period is not quantifiable.	The Company has followed retail basis of valuation at Tools Division consistently. As the valuation process involves heterogeneous items and in the absence of any alternative basis of valuation being available, the effect whereof in the opinion of management not material.
b.	Relating to pending confirmation and reconciliation of Balances of Sundry Debtors various Lenders, sundry creditors, Loans and Advances, Deposits given and one of the Bank Accounts and its effects, if any on the revenue, as detailed in the note are as disclosed by the Books of Accounts	There is no financial impact arising out of it.
c.	Unpaid and unclaimed amounting to Rs. 49.58 lacs, in respect of Fixed Deposits, Interest on fixed deposits, Debenture interest etc., have for reasons detailed in Note No. 9, remain un-deposited in Investor Education and Protection Fund as required by section 205 C of the Companies Act, 1956, and rules made there under.	There is no financial effect arising out of it.

ANNEXURE IV

SIGNIFICANT ACCOUNTING POLICIES (CONSOLIDATED)

1. Fixed Assets:

(a) Gross Block:

All fixed assets are stated at cost less accumulated depreciation except free hold land. However, Fixed Assets, which are revalued by the Company, are stated at their revalued book values.

(b) Depreciation/Amortisation:

- i) The Company provides depreciation on all its assets acquired after 30th June, 1987 on the Straight Line Method, at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956, as amended vide notification dated 16th December 1993 issued by the Department of Companies Affairs, Government of India.
- ii) Depreciation on all assets acquired upto 30th June, 1987 is provided at the rates of depreciation prevalent at the time of acquisition of the assets in accordance with Circular No.1 of 1986(1/1/86-CL-V) dated 21-5-1986 issued by the Company Law Board.
- iii) Depreciation on assets revalued is also calculated at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, subject to (ii) mentioned above. The additional charge of depreciation on account of revaluation is withdrawn from Revaluation Reserve (to the extent not adjusted) and credited to Profit & Loss Account.
- iv) Cost of leasehold land is amortised over the period of lease.

2. Borrowing cost:

Borrowing costs that are attributable to acquisition of qualifying assets are capitalised as a part of total cost of such assets.

3. Investments:

Investments are stated at cost of acquisition or at book value in case of diminution in value.

4. Inventories:

- i)

a) Raw Material	At cost/at net realisable value
b) Stores & Spares parts	At cost/at estimated value
c) Semi-Finished Goods/Work-in-Process	At estimated cost
d) Finished Goods	Lower of cost or net realisable value
e) Material in transit	Cost to date
f) Industrial scrap	Estimated realisable value
- ii) The Cost of Raw Materials, Stores & Spares is determined on 'First In First out' or 'Weighted Average Cost' basis.
- iii) In case of Tools Division Cost of Finished Goods and under Process is determined by using the 'retail method', whereby the cost is computed by reducing from the sale value of the yearend inventories the global gross margin.

5. Recognition of Income and Expenditure:

- i) Revenues/incomes and cost/expenditure are generally accounted on accrual basis as they are earned or incurred except in case of significant uncertainties.
- ii) Liability on account of Excise Duty in respect of Goods manufactured is provided for.

6. Research and Development Expenditure:

Expenditure on Research and Development is charged to revenue through the natural heads of expenses in the year in which it is incurred. Such expenditure is charged to Capital if it results in the creation of capital assets.

7. Retirement Benefits:

- a) Provision for gratuity is made, as per actuarial valuation however, the same is not funded.

- b) Liability for accrued unencashed leave is provided on actual/actuarial basis the same being not funded.

8. Foreign Currency Transactions:

Current assets and liabilities are restated at the rate prevailing at the year end or at the forward rate where forward cover has been taken. The difference between the exchange rate at the yearend and that at the date of the transaction is recognised as income or expenses in the profit and loss account.

9. Expenses on New Projects:

Expenses incurred on new projects are carried in the Accounts under the head Loans and Advances, such expenses are written off or charged to revenue in the year in which decision is taken not to pursue or the same is abandoned.

10. Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised on timing differences between taxable & accounting income/expenditure that originates in one period and are capable of reversal in one or more subsequent period(s). Deferred Tax Assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws are recognised only if there is a virtual certainty of its realisation. Deferred tax assets on account of other timing differences are recognised on the basis of reasonable certainty about its realisation.

ANNEXURE V
STATEMENT OF ADJUSTED PROFIT & LOSSES (UNCONSOLIDATED)

(Rs. In Lacs)

For the year Ended	31.03.00 (12 months)	31.03.01 (12 months)	30.06.02 (15 months)	30.09.03 (15 months)	31.03.05 (18 months)	31.12.05 (9 months)
INCOME						
Sales:						
Of products manufactured by the Company (net of Excise duty)	17,960.96	23,897.10	32,552.25	42,240.11	54,049.43	21,616.59
Of products traded in by the Company	-	-	-	13.68	-	-
Sub-total	17,960.96	23,897.10	32,552.25	42,253.79	54,049.43	21,616.59
Other Income	284.11	243.91	258.77	654.37	622.67	543.80
Increase/(Decrease) in Stock	751.11	(163.28)	(463.83)	668.30	(257.59)	565.46
Total	18,996.18	23,977.73	32,347.19	43,576.46	54,414.51	22,725.85
EXPENDITURE						
Purchase of goods traded	420.55	472.99	1,257.93	3,051.59	3,399.79	3,905.83
Raw materials Consumed	11,440.66	14,891.15	18,968.42	26,144.88	35,394.95	12,701.45
Staff Costs	2,415.35	2,681.80	3,380.33	3,454.40	4,157.76	1,575.88
Other Manufacturing expenses	2,666.83	3,285.43	4,286.84	5,175.16	5,171.85	1,567.24
Administrative expenses	1,231.29	1,192.67	1,170.73	1,022.04	1,955.88	805.69
Selling and Distribution exp.	1,254.04	1,325.84	2,368.16	2,983.90	2,970.89	750.99
Provision for doubtful Loans & advances	-	-	-	-	-	-
Provision for workers wages	-	-	-	-	-	-
(Write back)/Provision for diminution in value of investments	-	-	-	-	-	-
Interest	1,125.57	1,346.27	1,569.87	1,387.49	1,438.89	674.05
Total Expenditure	20,554.29	25,196.15	33,002.28	43,219.46	54,490.01	21,981.13
Profit before depreciation, and extraordinary items	(1,558.11)	(1,218.42)	(655.09)	357.00	(75.50)	744.72
Depreciation	341.16	305.29	399.88	422.06	551.54	320.22
				-		



Less: Transfer from Revaluation reserve	26.58	27.39	35.29	35.19	26.94	-
Net Depreciation	314.58	277.90	364.59	386.87	524.60	320.22
Profit/(Loss) before taxation	(1,872.69)	(1,496.32)	(1,019.68)	(29.87)	(600.10)	424.50
Less: Loss transferred to reconstruction reserve	-	-	-	-	898.34	-
Extraordinary items(credit)	51.94	303.76	3.63	-	-	-
Profit before tax	(1,820.75)	(1,192.56)	(1,016.05)	(29.87)	298.24	424.50
Current wealth Tax	(1.65)	(3.24)	1.06	4.90	-	-
Deferred tax credit(Net)	-	-	570.99	85.74	-	-
Provision for current Tax (incl.FBT)	-	-	-	-	-	82.44
Effect of adj. on Tax	-	-	-	-	-	(32.69)
Profit after tax	(1,822.40)	(1,195.80)	(444.00)	60.77	298.24	374.75
Income/wealth tax in respect of earlier years	-	-	-	-	-	-
Expenses in respect of earlier years	-	-	-	-	-	-
Less: Loss transferred to reconstruction reserve	-	-	-	-	79.10	-
Profit/(Loss)	(1,822.40)	(1,195.80)	(444.00)	60.77	377.34	374.75

ANNEXURE VI

STATEMENT OF RESTATED ASSETS & LIABILITIES (UNCONSOLIDATED)

(Rs. In Lacs)

	AS AT 31ST MARCH 2000	AS AT 31ST MARCH 2001	AS AT 30th JUNE 2002	AS AT 30th SEP 2003	AS AT 31ST MARCH 2005	AS AT 31ST December 2005
A- FIXED ASSETS:						
Gross Block	10,176.81	10,216.26	10,657.34	10,647.46	9,310.59	9,370.02
Less: Accumulated Depreciation	6,048.40	6,266.80	6,637.56	6,928.31	297.09	611.84
Less: Revaluation reserve	840.92	813.53	778.24	86.89	-	-
NET BLOCK	3,287.49	3,135.93	3,241.54	3,632.26	9,013.50	8,758.18
Capital work in Progress	129.00	120.92	104.77	124.48	17.51	59.63
TOTAL (A)	3,416.49	3,256.85	3,346.31	3,756.74	9,031.01	8,817.81
B- Investments	2.51	2.51	17.33	17.37	822.72	795.75
C-.Net deferred tax assets	-	-	1,464.58	1,550.32	-	-
D- Current Assets , Loans & Advances:						
Inventories	5,772.93	5,536.78	5,933.40	6,411.70	5,837.28	7,207.54
Sundry Debtors	2,169.98	3,836.36	2,573.01	2,856.21	3,980.82	5,801.75
Cash & Bank Balances	578.30	368.90	773.50	838.95	770.22	766.75
Loans & Advances	1,373.61	2,618.63	3,427.33	2,604.79	4,083.92	2,838.16
TOTAL (D)	9,894.82	12,360.67	12,707.24	12,711.65	14,672.24	16,614.20
TOTAL (A+B+C+D)	13,313.82	15,620.03	17,535.46	18,036.08	24,525.97	26,227.76
E-Less :Liabilities & Provisions:						
Secured Loans	5,852.67	6,392.00	6,612.26	6,365.68	5,371.89	4,124.73
Unsecured Loans	319.73	323.98	604.47	590.23	1,223.21	1,639.62
Hire Purchase Liabilities	20.83	16.17	25.98	23.09	18.44	10.30
Current Liabilities	5,001.32	7,806.52	8,716.28	8,527.53	11,489.41	13,129.98
Provisions	608.51	668.29	879.46	1,085.79	906.51	953.28

	11,803.06	15,206.96	16,838.45	16,592.32	19,009.46	19,857.91
Networth (A+B+C+D-E)	1,510.76	413.07	697.01	1,443.76	5,516.51	6,369.85
Represented By:						
I- Share Capital	3,384.17	3,384.17	3,384.17	1,384.25	1,384.25	1,505.44
II. Reserves & Surplus	2,418.10	2,390.71	2,355.42	150.67	4,132.26	4,985.76
Less: Revaluation Reserve	840.92	813.53	778.24	86.89	-	-
Reserves (net of Revaluation Reserve)	1,577.18	1,577.18	1,577.18	63.78	4,132.26	4,985.76
iii- Less: Misc. Expenditure (to the extent not written off/adjusted)	105.37	8.15	172.15	132.01	-	121.35
iv- Less :P & L (loss)	(3,345.22)	(4,540.13)	(4,092.19)	127.74	-	-
Networth (i+ ii - iii- iv)	1,510.76	413.07	697.01	1,443.76	5,516.51	6,369.85

ANNEXURE VII

MAJOR NOTES FORMING PART OF THE ACCOUNTS

	December 31, 2005 (Rs.in Lacs)	March 31, 2005
1. Contingent Liabilities not provided for in respect of:-		
a) Claims against the company not acknowledged as debts	25.17	25.25
b) Disputed Sales Tax Demands	137.00	136.32
c) Disputed amount of Excise duty	190.24	190.24
d) Disputed amount of Customs duty including penalty	125.45	125.45
e) Disputed Income tax matters	124.05	124.05
2. Estimated amount of contracts remaining to be executed on capital account –Net of advance	23.41	65.79
3. Pending reconciliations and in absence of confirmation received from certain lenders, one of the Bank, Sundry Debtors, Sundry Creditors, Loans & Advances, Deposits and etc., balances are as per our books of accounts only. Necessary adjustment, if any, which may affect revenue will be made on receipt of confirmation and reconciliation of such balances.		
4. In accordance with the provisions of Section 205C of the Companies Act, 1956 following unpaid and unclaimed amounts have not been transferred to “Investor Education and Protection Fund”. Due to stringent financial conditions it has not been possible for the Company to deposit the sum with the prescribed authorities. Out of the total outstanding amount of Rs. 69.98 lacs a sum of Rs. 60.96 lacs has been deposited till the end of the financial period in “Investor Education and Protection Fund”. Necessary steps are being taken for remitting the balance amount at the earliest.		

	(Rs. in Lacs)
	31-12-2005
Fixed Deposits	17.49
Unclaimed Cheques on Fixed Deposits and Interest there on	10.30
	38.60
Unclaimed/Convertible	3.59
Debenture and Interest accrued and payable there on	69.98
Right Issue Refund a/c 1992	60.96
Total	
Amount deposited till the end of the financial period	
Balance	9.02

5. Taxes on Income
 - (a) Provision for current income tax represents Minimum Alternate Tax (MAT).
 - (b) In accordance with Accounting Standard 22 “Accounting for Taxes on Income” issued by the Institute of Chartered Accountants of India and as a matter of prudence the Company has not taken credit for Deferred Tax Assets (net) and will be considered as at the end of the financial period.
6. The Company had availed Term Loan of Rs. 15.00 crores (on which interest of Rs. 4.22 crores was accrued and provided in the accounts). Both the principal and interest had become overdue for repayment. The Company approached IDBI with one time settlement proposal and pursuant to which the said loan along with the interest thereon since stands settled at a lumpsum amount of Rs. 16.00 crores. Accordingly the surplus representing excess interest liability provided for Rs. 3.22 crores has been written back under the head Miscellaneous Receipts for the year ended 31st March 2005.

7. In the opinion of the Board, Current Assets, Loans & Advances have a value on realisation in the ordinary course of business at least equal to the amount at which they are stated.
8. The Company has as on 31st December 2004, revalued the following major items of Fixed Assets on the basis of the valuation report obtained from the qualified Government Engineers & Valuers.

The particulars of revaluation is as follows:

Particulars of Assets	(Rs. In Lacs)	
	Fair Market value after depreciation	Written down value as per books of account
1. Freehold Land	1445.74	313.87
2. Leasehold Land	430.58	107.55
3. Building	5030.76	1030.78
4. Plant & Machinaries	3240.56	1760.16
	10147.64	3212.36
Difference in value		6935.28

This has resulted in increase in gross block and net block by Rs. 6935.28 Lacs and correspondingly to the Revaluation Reserve Account by the like amount.

9. In pursuance of the Order dated 12th August, 2005 received from the Hon'ble High Court of Judicature at Bombay approving the Scheme of Arrangement submitted u/s 391 and 394 of the Companies Act, 1956; the following effects were given in the accounts for the period ended 31st March, 2005, from the appointed date i.e. 1st January 2005:
 - i. The chemical business of the Company was transferred on going concern basis to Nipur Chemicals Limited (Nipur), for an aggregate consideration of Rs 650.00 Lacs and is represented by Zero 0% 6,50,000 Debentures of Rs. 100/- each allotted by Nipur to the Company which would stand redeemed within period of 30 days from the effective date. The chemical business w.e.f. 20th November 2004 was carried on licence basis by Nipur.]
 - ii. The textile business of the Company was transferred on going concern basis to Khamgaon Syntex India Limited (Khamgaon) a wholly Owned subsidiary at the book values. The consideration representing 6% 690440 Debentures of Rs. 100/- each of Khamgaon have been allotted to the Company which are redeemable within a period of seven years or as mutually agreeable date from the effective date. The said textile business up to the effective date was carried out by vardhan syntex, a division of the company on behalf of and in trust for Khamgaon.
 - iii. The balances appearing under Revaluation Account, Capital Reserve Account, Central Subsidy Account as on the appointed date stood credited to "Reconstruction Reserve Account",
 - iv. The aggregate of debit balance in Profit and Loss Account, Miscellaneous Expenses to the extent not written off, Deferred Tax Asset, Arrears of Service charges /Rent, and impairment in the value of Fixed Assets as on the appointed date were debited to "Reconstruction Reserve Account",
 - v. After the adjustments as set out in para 24 (c) and (d) above, an amount of Rs 2000 lacs was transferred to "Contingency Reserve " and balance Rs. 1368.87 lacs to "General Reserve".
10. A. During the current accounting period and in pursuance of resolution passed by Shareholders at the Extra Ordinary General Meeting held on 5th September, 2005. Paid up Share Capital and Reserves & Surplus have increased on account of: -
 - i. 4,00,000 Equity Share of Rs. 10/- each amounting to Rs. 200 lacs, allotted to the Promoters Group, at a price of Rs. 50/- per share,
 - ii. 8,00,000 Equity Share of Rs. 10/- each amounting to Rs. 400 lacs, allotted to the Foreign Institutions Investors (FII), at a price of Rs. 50/- per share.

- B. During the current accounting period and in pursuance of resolution passed by Shareholders at the Extra Ordinary General Meeting held on 5th September, 2005, Company has issued Convertible Warrants as under:
- 4,00,000 Warrants have been issued to Promoters Group at a price of Rs. 50/- per warrant (Rs. 5/- paid up),
 - 8,00,000 Warrants have been issued to Foreign Institutions Investors (FII) at a issue price of Rs. 50/- per warrant (Rs. 5/- paid up).

The above Warrant Holders have the right to convert each of the Warrant into one Equity Share at a price of Rs. 50/- each (including premium of Rs. 40/-) at the option of the holder within a period of 18 months from the date of allotment. As on date all warrant holders have exercised their option for conversion in to equity and pursuant thereto the paid up share capital stands increased by Rs. 1.20 crores.

Notes for the year ended 31st March, 2000.

- The Banks, State Government and Central Government shall have the right to recompense and right to accelerate the repayment of their dues in case the future profitability of the Company so warrants but such rights shall be exercised with the prior approval of BIFR.
 - The Financial Institutions and Banks shall have the right to reverse the waiver of interest envisaged in the Scheme and restore the original liability and adjust the payment if any, received towards the same in case their entire dues are not paid in full within the stipulated time as per paras 5(A) and (C) of the Scheme.
 - In accordance with the said BIFR Scheme, effects of reliefs and concessions were accounted for in earlier years. During the year the Company has also given effect to certain further reliefs and concessions on the basis of reconciliation of accounts and intimations regarding waivers received from various lenders, Creditors etc. amounting to Rs. 51.94 lacs (net) (Previous Year Rs. 38.05 lacs (net)) in the annexed account.
- In connection with the suit filed against the Company by the Developers canceling Development Rights Agreement and the forfeiting of Rs. 88.75 lacs deposited with the Company in terms of the Development Rights Agreement, in earlier years, the consent terms in the said suit were filed whereby rights and obligations under the above referred Development agreement stand transferred to a nominee of the said Developer. The amount received against the value of the land will be adjusted, and stamp and other charges accounted, only on the Conveyance of the land to the aforesaid nominee.

Notes for the period ended 30th September, 2003.

- A) Pursuant to the order dated 8th October, 2003, passed by the Hon'ble High Court of Judicature at Bombay:

 - The Equity Share Capital of the Company comprising of of 3,39,60,906 Equity Share of Rs.10/each, stands reduced to 1,38,54,362 Equity Share of Rs. 10/- each by cancelling the existing Equity Share Capital to the extent of Rs. 2010.65 lacs divided into 2,01,06,544 Equity Share of Rs. 10/- each,
 - The accumulated losses upto Rs. 3271.67 lacs as on 30/06/2002 has been written off against the aforesaid reduction of the issued and subscribed Equity Share Capital of Rs. 2010.65 lacs and Rs. 1261.02 lacs against the Share Premium Account.

B) To fall in line with the aforesaid Order, the calls in arrears have also been adjusted proportionately and charged to Profit & Loss account.

The Debit balance in the Profit & Loss account as on 30th June, 2002 after giving effect to the Court Order as detailed in Note No. 24 above, is Rs. 650.69 lacs. The same is further adjusted against Revaluation Reserve so as to represent realistic picture of Company's reserves carried in the books of account. The Company has been legally advised that this treatment is not in contravention of any of the provisions of the Companies Act, 1956.

ANNEXURE VIII UNCONSOLIDATED SIGNIFICANT ACCOUNTING POLICIES

1. Fixed Assets:

(a) Gross Block:

All fixed assets are stated at cost less accumulated depreciation except free hold land. However, Fixed Assets, which are revalued by the Company, are stated at their revalued book values.

(b) Depreciation/Amortisation:

- i) The Company provides depreciation on all its assets acquired after 30th June, 1987 on the Straight Line Method, at the rates and in the manner specified in Schedule XIV of the Companies Act, 1956, as amended vide notification dated 16th December 1993 issued by the Department of Companies Affairs, Government of India.
- ii) Depreciation on all assets acquired up to 30th June, 1987 is provided at the rates of depreciation prevalent at the time of acquisition of the assets in accordance with Circular No.1 of 1986(1/1/86-CL-V) dated 21-5-1986 issued by the Company Law Board.
- iii) Depreciation on assets revalued is also calculated at the rates and in the manner specified in Schedule XIV to the Companies Act, 1956, subject to (ii) mentioned above. The additional charge of depreciation on account of revaluation is withdrawn from Revaluation Reserve (to the extent not adjusted) and credited to Profit & Loss Account.
- iv) Cost of leasehold land is amortised over the period of lease.

2. Borrowing cost:

Borrowing costs that are attributable to acquisition of qualifying assets are capitalised as a part of total cost of such assets.

3. Investments:

Investments are stated at cost of acquisition or at book value in case of diminution in value.

4. Inventories:

- i)

a) Raw Material	At cost/at net realisable value
b) Stores & Spares parts	At cost/at estimated value
c) Semi-Finished Goods/Work-in-Process	At estimated cost
d) Finished Goods	Lower of cost or net realisable value
e) Material in transit	Cost to date
f) Industrial scrap	Estimated realisable value
- ii) The Cost of Raw Materials, Stores & Spares is determined on 'First In First out' or 'Weighted Average Cost' basis.
- iii) In case of Tools Division Cost of Finished Goods and under Process is determined by using the 'retail method', whereby the cost is computed by reducing from the sale value of the yearend inventories the global gross margin.

5. Recognition of Income and Expenditure:

- (i) Revenues/incomes and cost/expenditure are generally accounted on accrual basis as they are earned or incurred except in case of significant uncertainties.
- (ii) Liability on account of Excise Duty in respect of Goods manufactured is provided for.

6. Research and Development Expenditure:

Expenditure on Research and Development is charged to revenue through the natural heads of expenses in the year in which it is incurred. Such expenditure is charged to Capital if it results in the creation of capital assets.

7. Retirement Benefits:

- a) Provision for gratuity is made, as per actuarial valuation however, the same is not funded.

- b) Liability for accrued unencashed leave is provided on actual/actuarial basis the same being not funded.

8. Foreign Currency Transactions:

Current assets and liabilities are restated at the rate prevailing at the year end or at the forward rate where forward cover has been taken. The difference between the exchange rate at the yearend and that at the date of the transaction is recognised as income or expenses in the profit and loss account.

9. Expenses on New Projects:

Expenses incurred on new projects are carried in the Accounts under the head Loans and Advances, such expenses are written off or charged to revenue in the year in which decision is taken not to pursue or the same is abandoned.

10. Taxes on Income:

Current tax is determined as the amount of tax payable in respect of taxable income for the period. Deferred tax is recognised on timing differences between taxable & accounting income/expenditure that originates in one period and are capable of reversal in one or more subsequent period(s). Deferred Tax Assets arising mainly on account of brought forward losses and unabsorbed depreciation under tax laws are recognised only if there is a virtual certainty of its realisation. Deferred tax assets on account of other timing differences are recognised on the basis of reasonable certainty about its realisation.

ANNEXURE IX

STATEMENT OF ADJUSTED CASH FLOW						
	31.03.00	31.03.01	30.06.02	30.09.03	31.03.05	31.12.05
CASH FLOW FROM OPERATING ACTIVITIES						
Net Profit before Taxation	(1,872.69)	(1,496.32)	(1,019.68)	(29.87)	(600.10)	424.50
Adjustments for :						
Add: adj. On a/c of prior period & Excess prov.w/back of earlier years I.e. before 1999-2000	(353.10)	0.89	(1.65)	(4.90)	-	-
depreciation (Net)	314.58	277.90	364.59	386.87	524.60	320.22
Interest Income	(0.08)	(0.09)	(1.45)	(0.01)	(10.85)	(31.63)
Fixed Assets discarded	-	-	-	-	(134.81)	-
Defecit due to transfer of chemical division	-	-	-	-	(51.34)	-
Arrears of service charges	-	-	-	-	(586.62)	-
Interest	1,125.57	1,406.61	1,852.26	1,388.55	1,438.89	674.05
Profit/Loss on Sale of Assets	(7.82)	(1.08)	4.47	(75.45)	(176.99)	(219.99)
Ammortisation of						
Miscellaneous Expenditure	102.72	104.55	47.50	45.57	43.76	-
Excess provision for depreciation written back	-	(0.89)	-	-	-	-
Diminution in value of investments written off	65.97	-	-	-	-	-
Operating Profit before Working Capital Changes	(624.85)	291.57	1,246.04	1,710.76	446.54	1,167.15
Trade and other receivable	1,756.71	(1,323.99)	417.96	244.84	(2,672.10)	(1,748.18)
Inventories	(285.18)	236.15	(396.62)	(478.30)	574.42	(1,370.26)
Trade payables	(236.63)	1,234.16	1,147.78	351.50	2,789.21	2,875.29
Cash Generated from Operations	610.05	437.89	2,415.16	1,828.80	1,138.07	924.00
Direct Tax	(1.65)	(3.24)	1.06	4.90	-	(49.75)
Interest paid	(1,130.54)	(1,363.20)	-	-	-	-
Cash flow before extra-ordinary items	(522.14)	(928.55)	2,416.22	1,833.70	1,138.07	874.25
Extraordinary items						
Deferred revenue expenditure	-	-	(215.19)	(3.62)	-	(121.35)
Recoveries under BIFR scheme	51.94	(7.41)	3.63	-	-	-
Net Cash from Operating Activities	(470.20)	(935.96)	2,204.66	1,830.08	1,138.07	752.90
CASH FLOW FROM INVESTING ACTIVITIES						
Purchase of Fixed Assets	(321.29)	(167.82)	(458.30)	(177.98)	(602.02)	(111.35)
Proceeds from Sale of	16.84	362.70	3.47	105.01	1,932.34	224.33



Assets						
Investments	-	-	-	(0.04)	(51.22)	26.97
Investments in subsidiary company	-	-	(14.82)	-	(690.44)	-
Interest Received	0.08	0.09	1.45	0.01	10.85	31.63
Deferred expenditure for leasehold assets	-	(7.33)	-	-	-	-
Net Cash from Investing Activities	(304.37)	187.64	(468.20)	(73.00)	599.51	171.58
CASH FLOW FROM FINANCING ACTIVITIES.						
Borrowings	909.47	538.92	344.73	(263.71)	56.27	(838.89)
Share capital and issue related expenses	(10.09)	-	-	-	-	599.94
Calls in arrears received	-	-	-	0.05	-	-
Interest Paid	-	-	(1,676.59)	(1,427.97)	(1,862.58)	(689.00)
Net Cash from Financing Activities	899.38	538.92	(1,331.86)	(1,691.63)	(1,806.31)	(927.95)
Net increase in cash and cash equivalents	124.81	(209.40)	404.60	65.45	(68.73)	(3.47)
Cash and Cash equivalents:						
At the begining of the year	453.49	578.30	368.90	773.50	838.95	770.22
At the end of the year	578.30	368.90	773.50	838.95	770.22	766.75
Balance as per B/S	578.30	368.90	773.50	838.95	770.22	766.75

ANNEXURE X

STATEMENT OF SEGMENT REPORTING

(Rs in Laacs)

Primary Business Segment:

	As on	As on	As on	As on
	31.12.2005	31.03.2005	30.09.2003	30.06.2002
Segment Revenue				
(a) Pipes	20,163.77	41,929.04	31,399.21	23,733.39
(b) Chemicals	13.65	4,663.64	5,359.05	3,783.55
(c) Tools	3,430.37	5,746.54	3,679.06	2,872.71
(d) Textiles	0.00	6,087.72	4,853.90	4,477.44
(e) Other	0.00	0.00	592.09	535.27
Total	23,607.79	58,426.94	45,883.31	35,402.36
Less: Inter segment revenue	0.00	0.00	649.93	517.14
Less: Excise Duty	1,991.20	4,377.51	3,629.52	2,850.11
Net Sales income from operation	21,616.59	54,049.43	41,603.86	32,035.11
Segment Results profit/(loss)(before tax and interest)from segment				
(a) Pipes	372.84	1,177.13	1,363.56	1,460.31
(b) Chemicals	(54.49)	(1,172.14)	(164.26)	(724.94)
(c) Tools	531.78	669.99	(0.93)	(121.93)
(d) Textiles	-	343.02	198.41	108.11
(e) Other	-	(16.58)	36.18	(0.61)
Total	850.13	1,001.42	1,432.96	720.94
Less: i) Interest	674.05	1,438.89	1,387.49	1,870.67
ii)Other un-allocated expenditure net off unallocable income	(248.42)	162.63	75.34	(133.07)
	424.50	(600.10)	(29.87)	(1,016.66)
Add: Loss transferred to Reconstruction Reserve Account	-	898.34	-	-
	424.50	298.24	(29.87)	(1,016.66)
Less:current tax	49.75	-	4.90	1.67
Add: Deferred tax Assets/liabilites	-	-	85.74	570.99
Total profit/(loss) after	374.75	298.24	60.77	(444.00)



tax				
Capital Employed				
(a) Pipes	4,975.00	4,689.33	(2,772.20)	(2,801.38)
(b) Chemicals	-	-	2,243.99	1,502.17
(c) Tools	2,810.00	2,259.15	1,260.76	1,149.76
(d) Textiles	-	-	975.57	527.68
(e) Other	(1,449.03)	(1,431.97)	(264.36)	318.78
Total	6,335.97	5,516.51	1,443.76	697.01

ANNEXURE XI

DETAILS OF OTHER INCOME

(Rs. in Lacs)

	Year ended 31.03.2000 12 Months	Year ended 31.03.2001 12 Months	Period ended 30.06.02 15 Months	Period ended 30.09.03 15 Months	Period ended 31.03.2005 18 Months	Period ending 31.12.2005 9 Months
<u>Details of Other income</u>						
<u>Recurring</u>						
Misc. Income (net)	107.42	104.40	141.84	211.41	226.32	187.53
Sales tax refunds/set off	161.27	89.65	54.40	54.29	43.19	96.82
Insurance claims	6.62	4.35	14.30	14.12	0.60	-
Income from investments(gross)						
(a) Interest on investments	0.08	0.09	1.45	0.01	10.85	31.63
(b) Dividend income	-	-	-	-	-	-
Premium on sales DEPB	-	13.85	21.56	128.77	(5.93)	-
Foreign Exchange loss(net)	-	-	2.69	139.99	31.81	(27.34)
Income from job contract	0.46	29.94	21.08	18.97	79.75	-
TOTAL (A)	275.85	242.28	257.32	567.56	386.59	288.64
<u>Non Recurring</u>						
Profit on sale of stores & raw material	-	-	0.65	-	14.37	-
Profit on sale of investments	-	-	-	-	-	33.62
Profit on sale of fixed assets	8.26	1.63	0.80	86.81	221.71	221.54
Total (B)	8.26	1.63	1.45	86.81	236.08	255.16
Total (A+B)	284.11	243.91	258.77	654.37	622.67	543.80

Note:

1. Details of Other income is as per the Statement of Adjusted Profit and Loss.
2. The Classification of Other income by management into recurring and non-recurring is based on the current operations and business activities of the company.

ANNEXURE XII

RELATED PARTIES

As per Accounting Standard (AS-18) effective from 01.04.01, disclosure of transactions with related party as defined in AS 18 is given below:

		For the period ended 31st December, 2005	For the period ended 31st March, 2005	For the period ended 30th SEP 2003	For the year ended 30 JUNE 2002
A	Where control exists:				
	Associate Companies:	Birla Perucchini Ltd.	Birla Perucchini Ltd.	Birla Perucchini Ltd.	Birla Perucchini Ltd.
		Birla Bombay Pvt. Ltd.	Birla Bombay Pvt. Ltd.	Birla International Pvt. Ltd.	Tungabhadra Holdings Pvt. Ltd.
		Birla International Pvt. Ltd.	Birla International Pvt. Ltd.	Scimiter Investment&Trading Co pvt Ltd	Birla International Pvt. Ltd.
		Scimiter Investment&Trading Co pvt Ltd	Scimiter Investment&Trading Co pvt Ltd	Birla Kennametal Ltd.	Scimiter Investment&Trading Co pvt Ltd
		Birla Kennametal Ltd.	Birla Kennametal Ltd.	Dagger Forst Tools Ltd	Birla Kennametal Ltd.
		Dagger Forst Tools Ltd	Dagger Forst Tools Ltd	Birla Power Solutions	Dagger Forst Tools Ltd
		Birla Power Solutions	Birla Power Solutions	Godavari Corporation Ltd.	BCI International Ltd
		Shloka Infotech	Shloka Infotech	Viking Travels Pvt. Ltd.	Godavari Corporation Ltd.
		Godavari Corporation Ltd.	Godavari Corporation Ltd.	BCI International Ltd	Viking Travels Pvt. Ltd.
		Viking Travels Pvt. Ltd.	Viking Travels Pvt. Ltd.		
		BCI International Ltd	BCI International Ltd		
		Indoasean Oceanic Export Ltd	Indoasean Oceanic Export Ltd		
		Gentronic Leasors & Dist.			
		Birla Global Corporate Ltd.			
		Zenith Dye Intermediates			
B	Key Management Personnel:	Shri Yashovardhan Birla (Chairman)	Shri Yashovardhan Birla (Chairman)	Shri Yashovardhan Birla (Chairman)	Shri Yashovardhan Birla (Chairman)
		Shri Arun Jain (Director)	Shri Arun Jain (Director)	Shri U.S.Sethia (Director)	Shri D.V.Kapur(Director)
C	Subsidiary	Zenith(USA)Inc(Wholly owned)	Zenith(USA)Inc(Wholly owned)	Zenith(USA)Inc(Wholly owned)	Zenith(USA)Inc(Wholly owned)
		Khamgoan Syntex India Ltd	Khamgoan Syntex India Ltd	Valuworth Trade Ltd	Valuworth Trade Ltd
				Zenith Dyeintermediated	Zenith Dyeintermediated

				Ltd	Ltd
		For the period ended 31st December, 2005	For the period ended 31st March, 2005	For the period ended 30th SEP 2003	For the year ended 30 JUNE 2002

Transactions with Related Parties during the year:

(Rs. in Laacs)

Particulars	Year	Related Parties referred in (A) above	Related Parties referred in (B) above	Related Parties referred in (c) above
Sale of goods	Dec-05	1,080.99	-	76.36
	2003-05	1,508.11	-	913.40
	2002-03	827.91	-	2271.80
	2001-02	670.09	-	1,015.80
Purchase of goods	Dec-05	7.86	-	-
	2003-05	444.56	-	-
	2002-03	1,135.73	-	785.85
	2001-02	266.28		1326.16
Purchase of electric power	Dec-05	85.05	-	-
	2003-05	85.38	-	-
	2002-03	33.78	-	-
	2001-02	-	-	-
Job work charges	Dec-05	-	-	-
	2003-05	-	-	-
	2002-03	633.15	-	-
	2001-02	704.34		
Comission paid	Dec-05	8.46	-	14.69
	2003-05	-	-	53.92
	2002-03	-	-	8.29
	2001-02	37.91	-	-
Travel Agency	Dec-05	4.61	-	-
	2003-05	15.15	-	-
	2002-03	6.89	-	-
	2001-02	8.65	-	-
Loan Taken	Dec-05	75.00	-	-
	2003-05	-	-	-
	2002-03	12.39	-	-
	2001-02	322.00	-	-
Loan Refund	Dec-05	-	-	-
	2003-05	280.00	-	-
	2002-03	201.88	-	-
	2001-02	18.00	-	-

Loan Transfer	Dec-05	-	-	-
	2003-05	250.00	-	-
	2002-03	-	-	-
	2001-02	-	-	-
Lease rent paid	Dec-05	-	-	-
	2003-05	0.17	-	-
	2002-03	0.20	-	-
	2001-02	86.87	-	-
Lease rent received	Dec-05	-	-	-
	2003-05	0.03	-	-
	2002-03	1.37	-	-
	2001-02	2.67		
Rent paid	Dec-05	-	-	-
	2003-05	42.42	-	-
	2002-03	32.85	-	-
	2001-02	34.53		
Rent Recovery	Dec-05	1.31	-	-
	2003-05	0.38	-	-
	2002-03	0.60	-	-
	2001-02	-	-	-
Interest paid on loans taken	Dec-05	22.50	-	-
	2003-05	46.65	-	-
	2002-03	60.59	-	-
	2001-02	65.32		
Commitment charges	Dec-05	-	-	-
	2003-05	20.96	-	-
	2002-03	19.49	-	-
	2001-02	-	-	-
Others	Dec-05	21.85	-	-
	2003-05	60.70	-	-
	2002-03	-	-	-
	2001-02	324.00		
Services received	Dec-05	-	-	-
	2003-05	-	-	-
	2002-03	4.85	-	-

	2001-02	1.21	-	-
Interst credit on loans taken	Dec-05	-	-	-
	2003-05	-	-	-
	2002-03	-	-	-
	2001-02	15.60	-	-
Investments	Dec-05	-	-	-
	2003-05	-	-	-
	2002-03	-	-	-
	2001-02	-	-	14.82
Advances	Dec-05	30.52	-	-
	2003-05	-	-	-
	2002-03	-	-	-
	2001-02	-	-	0.9
Interest paid	Dec-05	-	-	-
	2003-05	-	-	-
	2002-03	-	-	8.06
	2001-02	-	-	25.42
Remuneration	Dec-05	-	8.27	-
	2003-05	-	28.54	-
	2002-03	-	17.78	-
	2001-02	-	16.4	-
Purchase of assets	Dec-05	-	-	-
	2003-05	-	-	-
	2002-03	-	-	-
	2001-02	0.83	-	-
Interest on Debentures	Dec-05	-	-	31.05
	2003-05	-	-	-
	2002-03	-	-	-
	2001-02	-	-	-
Sale of assets	Dec-05	-	-	-
	2003-05	-	-	-
	2002-03	-	-	-
	2001-02	0.04	-	-

DETAILS OF TRANSACTION RELATED PARTIES

Transactions with Related Parties during the period ended 31st December 2005

(Rs.in Lacs)

Particulars	Name of Related Party	Subsidiary	Associate	Foreign Enterprises	Key Management Personnel	Relative of Key Management Personnel
Sales	Zenith USA Birla International Pvt.Ltd. Birla Kennametal Ltd.	76.36	1073.90 7.09			
Purchase	Birla International Pvt.Ltd. Birla Kennametal Ltd. Dagger Forst Tools Ltd.		7.00 0.36 0.50			
Purchase of Electric Power	Birla Power Solution Ltd.		85.05			
Commission Paid	Zenith USA Indoasean Oceanic Export Ltd.	14.69	8.46			
Receiving of Services & Agency Arrangemnt	Birla International Pvt. Ltd. Viking Travels Pvt.Ltd. Dagger Forst Tools Ltd. Birla Perucchini Ltd. Indoasean Oceanic Export Ltd.		7.00 4.61 0.93 0.18 3.39			
Rent	Birla International Pvt.Ltd.		1.31			
Interest	Khamgaon Syntex India Ltd. Birla Bombay Pvt.Ltd.	31.05	22.50			
Loan taken	Gentronic Leasors & Distributors		75.00			
Advance given	Zenith Dye Intermediates Ltd.		30.52			
Purchase of Computer systems	Shloka Infotech Ltd.		10.35			
Amount Outstanding shown under Loans & Advances	Birla Internatioanl Pvt.Ltd. BCI International Ltd. Birla Peruchhini Ltd. Birla Kennametal Ltd. Khamgaon Syntex India Ltd. Indoasean Oceanic Export Ltd. Zenith Dye Intermediates Ltd. Birla Global Corporate Ltd.	727.31	404.36 1.11 55.20 2.69 3.39 2.22 16.56			
Amount Outstanding Shown under	Zenith USA Birla Power Solution Ltd.	1119.67	33.36 764.81			



Sundry Creditors	Birla Internatioanl Pvt.Ltd.		2.08			
	Viking Travels		1.68			
	Godavari Corporation Ltd.		0.54			
	Dagger Forst Tools Ltd.		14.21			
	Scimitar Investment Ltd.		1.48			
	Shloka Infotech Ltd.		289.03			
Key Managerial Personnel Remuneration & Sitting Fees	Birla Bombay Pvt.Ltd.					
	Shri Yash Birla				0.18	
	Shri Arun Jain				8.09	

**ANNEXURE XIII
ACCOUNTING RATIO**

Particulars	Year ended 31st March, 2000	Year ended 31st March, 2001	Period ended 30th June, 2002 (15 months)	Period ended 30th Sept. 2003 (15 months)	Period ended 31st March, 2005 (18 mths)	Period ended 31st December, 2005 (9 mths)
EARNINGS PER SHARE (EPS)						
Net Profit after Tax	(1,822.40)	(1,195.80)	(444.00)	60.77	377.34	374.75
No.of Equity shares	33,960,906	33,960,906	33,960,906	28,505,301	13,854,362	14,308,180
EARNINGS PER SHARE (EPS)	(5.37)	(3.52)	(1.31)	0.21	2.72	2.62
NET ASSETS VALUE (NAV)						
Net Assets	1,510.76	413.07	697.01	1,443.76	5,516.51	6,369.85
No.of Equity shares	33,960,906	33,960,906	33,960,906	28,505,301	13,854,362	14,308,180
NAV PER SHARE	4.45	1.22	2.05	5.06	39.82	44.52
RETURN ON NET WORTH						
Net Profit after Tax	(1,822.40)	(1,195.80)	(444.00)	60.77	377.34	374.75
Net Worth	1,510.76	413.07	697.01	1,443.76	5,516.51	6,369.85
RETURN ON NET WORTH	(1.21)	(2.89)	0.64	0.04	0.07	0.06

Definations of Ratios

- Earning per Equity Share :-(Adjusted Net Profit after tax)/ (weighted average number of Equity shares). The figure of Nine months period ended 31st December 2005 have not been annualised.
- Net Asset Value: - (Adjusted Net assets after reduction of miscellaneous expenditure not written off)/ (weighted average number of equity shares).
- Return on Net Worth: - (Adjusted Net Profit After Tax /Adjusted Equity Share holders fund after reduction of Miscellaneous expenditure not written off at the end of the year)
- The Equity Share Capital of the Company comprised of 33960906 Equity share of Rs. 10/- each, has been reduced to 13854362 Equity Share of Rs.10/- each by cancelling the existing 20106544 Equity Shares of Rs. 10/ each and further 1200000 Equity Shares has been allotted to Promoters and FIIS, on Preferential basis in current year which are added Proportionately in weighted average number of Equity Shares.

ANNEXURE XIV

STATEMENT OF SECURED LOANS

(Rs.in Lacs)

Secured Loans	31.12.05	31.03.05	30.09.03	30.06.02	31.03.01	31.03.00
1,07,048-11%(increased to 13.5% with effect from 1st NOV,1981) Redeemable Mortgage Debentures of Rs.100/-each	-	-	-	-	-	2.40
4,00,000 - 13.5% Secured Redeemable Debentures of Rs. 120/- each	-	-	-	-	-	1.12
(Above both debentures are secured by first charge by way of deposit of title deeds (Equitable Mortgage) on the immovable assets (excluding residential quarters) and hypothecation on the movable assets (except book debts) of the Company's plants at Khopoli, Boisar, Nashik, and Khamgaon, ranking pari passu with other first charge created in favour of Financial Institutions/banks/debenture trustees on the aforesaid immovabl and movable assets, but subject to prior charges on specified movables for working capital and on specified plant & machinaries)						
Working Capital Loans from Banks secured by hypothecation of inventories and/or book debts and export incentives recoverable etc. and collaterally secured by way of second charges on the fixed assets ranking peri passu with other second chargeholders.	3494.73	3,771.89	4443.94	4792.98	4738.55	4549.15
Term Loan under Working Capital Scheme from Industrial Development Bank of India	630.00	1,600.00	1500.00	1500.00	1500.00	1300.00
Secured by First charge on the Company's immovable property situated at Sion (Mumbai), Aurangabad and Boisar. (Security yet to be created) and 2nd charge by way of Deed of Hypothecation of the movable properties of the Company both present and future (save and except book debts) subject to the charge created and / or to be						

created by the Company in favour of its various lender, including Company's Bankers in the ordinary course of business. (including Instalment over due Rs. 93.75 lacs previous year Rs.Nil)						
Interest accrued and due on above	-	-	421.74	319.28	153.45	-
TOTAL	4124.73	5371.89	6365.68	6612.26	6392.00	5852.67

ANNEXURE XV

STATEMENT OF UNSECURED LOANS

(Rs. In Lacs)

	As on 31st Dec. 2005	As on 31st March 2005	As on 30th Sept. 2003	As on 30th June 2002	As on 31st March 2001	As on 31st March 2000
Unclaimed Fixed Deposits	17.49	17.49	17.49	17.49	17.70	18.05
Less: Transferred to investor Education and Protection Fund	17.49	17.49	17.49	-	-	-
	-	-	-	17.49	17.70	18.05
From State Industrial & Investment Corpn. of Maharashtra Ltd. (SICOM) (Interest-free).	54.65	54.65	54.65	55.00	58.85	66.16
Due to a bank under L/C arrangement	16.30	90.10	53.75	53.75	53.75	53.75
Fixed Deposits	75.24	-	-	-	-	-
Sales tax deferred payment loan	-	-	115.62	117.65	120.07	120.07
Due to body corporate	316.48	328.98	262.70	272.02	-	-
Due to a body corporate under arrangement	629.04	629.04	-	-	-	-
Convertible Warrants	418.50	-	-	-	-	-
Interest accrued and due	129.41	120.44	103.51	88.56	73.61	61.70
Total	1,639.62	1,223.21	590.23	604.47	323.98	319.73

ANNEXURE XVI

ADJUSTED STATEMENT OF LOANS & ADVANCES GIVEN

(Rs. in Lacs)

	As on 31st December 2005	As on 31st March 2005	As on 30th September 2003	As on 30th June 2002	As on 31st March 2001	As on 31st March 2000
Receivable from Promoter/ Promoter Group Co.	157.38	45.19	53.23	48.87	38.17	31.20
Loans To Body corporates	160.48	209.66	323.45	323.45	307.85	300.76
Loans To Employees	8.86	9.12	14.78	13.00	18.45	25.05
Advance tax including TDS & refund receivable (net of provision)	181.44	172.62	143.29	147.85	129.94	104.74
Income Tax Refund Receivable	0.00	0.00	0.00	0.00	0.00	0.00
Balance with Central Excise/Custom Authorities	73.75	219.23	189.40	142.86	417.74	231.23
Other advances recoverable in cash or in kind or for value to be received	342.29	515.93	590.23	509.75	478.54	24.30
Interest Receivable	2.25	2.60	8.80	9.06	7.79	8.43
Receivable for Assignment of Lease Right of Land	0.00	0.00	0.00	0.00	324.00	0.00
Claims Receivable	1008.24	1181.47	650.66	1415.32	200.30	87.23
Deposits	232.27	255.18	341.36	335.40	372.11	337.52
Others	671.21	1472.92	289.59	481.77	323.75	223.15
Total	2838.16	4083.92	2604.79	3427.33	2618.63	1373.61

ANNEXURE XVII

SCHEDULE OF SUNDRY DEBTORS

Sundry Debtors		As on	As on	As on	As on	As on	As on
		31.12.2005	31.03.2005	30.09.2003	30.06.2002	31.03.2001	31.03.2000
More than 6 months	Receivable from Promoter/ Promoter Group Co. *	8.51	8.32	8.08	8.08	440.44	733.69
	Receivable from Others	244.46	184.84	990.17	1,026.56	772.41	651.71
	Less: Provision	26.00	-	700.15	663.60	531.57	516.86
		226.97	193.16	298.10	371.04	681.28	868.54
Less than 6 months	Receivable from Promoter/ Promoter Group Co. *	384.26	218.02	188.02	142.96	262.25	286.45
	Receivable from Others	5,190.52	3,569.64	2,370.09	2,059.01	2,892.83	1,014.99
		5,574.78	3,787.66	2,558.11	2,201.97	3,155.08	1,301.44
Total		5,801.75	3,980.82	2,856.21	2,573.01	3,836.36	2,169.98
Note:							
*Promoter/ Promoter Group Co. consists of :							
Birla Perucchini (More than six months)		8.51	8.32	8.08	8.08	8.08	5.58
Zenith USA (Subsidiary Company)(more than six months)		-	-	-	-	432.36	728.11
Birla International Pvt. Ltd. (Less than six months)		381.21	214.65	185.68	140.82	260.11	283.72
Birla Kennametal (Less than six months)		3.05	3.37	2.34	2.14	2.14	2.73

ANNEXURE XVIII

ADJUSTED STATEMENT OF INVESTMENTS

(Rs. In Lacs)

	As on 31st December	As on 31st March	As on 30th September	As on 30th June	As on 31st March	As on 31st March
	2005	2005	2003	2002	2001	2000
Investments (at cost/book value)						
Non-Trade (LONG TERM)						
Quoted						
(a)4,35,350 Fully paid equity shares of Rs.10/-each of BTCL	63.69	63.69	63.69	63.69	63.69	63.69
Less:provision for dimunition in value	63.69	63.69	63.69	63.69	63.69	63.69
	0.00	0.00	0.00	0.00	0.00	0.00
(b)20 Fully paid equity shares of Rs.10/-each of HDFC Ltd(Rs 259.50)	0.00	0.00	-	-		
©6556 Fully paid equity shares of Rs.10/-each of ICICI Ltd	0.00	1.97	1.97	1.97	1.97	1.97
Un-Quoted:						
0% 650000 Debentures of Rs.100/- each of Nipur Exports Chemicals Ltd(redeamable within 30 days from effective date)(pending allotment)	650.00	650.00	-	-	-	-
Less:Amount received towards redemption	550.00	525.00		-	-	-
	100.00	125.00	-	-	-	-
1000Fully Paid up Equity Shares of Rs. 10/- each of Zenith(USA)Inc,awholly owned subsidiary co.	2.28	2.28	2.28	2.28	2.28	2.28
Less: Provision for Diminution in value of Investments	(2.28)	(2.28)	(2.28)	(2.28)	(2.28)	(2.28)
Net Value	-	-	-	-	-	-
6% 690440 Debentures of Rs.100/- each of Khamgoan Syntex India Ltd,a wholly owned subsidiary(pending allotment)	690.44	690.44	-	-	-	-
49,400 Fully paid equity shares of Rs.10/-each of Valueworth trade pvt ltd (a subsidiary)BTCL	-	-	4.94	4.94	-	-
49,400 Fully paid equity shares of Rs.10/-each of Zenith Dyeintermediaries Ltd (a subsidiary)	-	-	4.94	4.94	-	-
49,400 Fully paid equity shares of Rs.10/-each of Khamgoan syntex india Ltd (a subsidiary)	4.94	4.94	4.94	4.94	-	-
236 Fully paid equity shares of US\$1000 each of P.T.Horizon Syntex Indonesia	19.31	19.31	19.31	19.31	19.31	19.31
Less:provision for dimunition in	19.31	19.31	19.31	19.31	19.31	19.31



value						
	0.00	0.00	0.00	0.00	0.00	0.00
National Savings Certificates(Deposited with Govt. and semi-govt authorities)	0.37	0.37	0.37	0.37	0.37	0.37
10 Fully paid shares of Rs.50/-each of the Bandra Trishul Premises Co- op Society Ltd	-	-	-	0.01	0.01	0.01
118 (74) Fully paid equity shares of Rs.220/-each of Satnam Builders Pvt Ltd	-	-	0.21	0.16	0.16	0.16
TOTAL	795.75	822.72	17.37	17.33	2.51	2.51

ANNEXURE XIX

STATEMENT OF CAPITALISATION

(Rs. In lacs)

Particulars	Pre issue as at 31st December 2005	Adjusted for present issue
<u>Borrowings:</u>		
Short Term Debts (Note-1)	5145.61	5145.61
Long Term Debts	629.04	629.04
Total Debts	5774.65	5774.65
<u>Shareholders Funds:</u>		
Share Capital	1,505.44	Note-2
Reserves & Surplus	4,985.76	Note-2
Total shareholders Funds	6491.20	
Long Term Debt/ Equity ratio	0.10	Note-2

Statement of Tax Shelters

Particulars Period /Year Ended	31.03.2000 12 Months	31.03.2001 12 Months	30.6.2002 15 Months	30.9.2003 15 Months	31.3.2005 18 Months	31.12.2005 9 months
Profit before current and deferred taxes, as restated A	(1,820.75)	(1,192.56)	(1,016.05)	(29.87)	298.24	424.50
Adjustments :						
Permanent Differences						
Amount of Loss Transferred to Reconstruction Reserve Account	-	-	-	-	(898.34)	-
Diminution in Value of Investments	65.97	-	-	-	63.69	-
Disallowance of Employers & Employees Cont to PF, FPF & ESIC Etc.	1.85	2.44	36.80	39.71	26.30	-
Provision for diminution in Loans & Advances	89.62	-	55.01	-	-	-
Provision for Workers Wages	15.15	-	-	-	-	-
Other Adjustments	5.70	(1.05)	1.40	17.15	18.06	9.00
Total B	178.29	1.39	93.21	56.86	(790.29)	9.00
Temporary Differences						
Difference between tax depreciation and book depreciation	(16.73)	(18.91)	(50.47)	33.09	(317.74)	278.03
Net Disallowable / (Allowable) expenses u/s 43B of the I.Tax Act.	165.98	(78.29)	259.68	528.98	(378.24)	4.20
Loss / (Profit) on sale of Fixed Assets	(7.81)	(312.29)	4.47	(75.45)	(176.99)	(219.99)
Deferred Revenue Expenses W/Off	98.37	98.37	-	-	-	-
Provision for Slow Moving Inventories	-	15.48	-	-	-	-
Disallowance u/s 40(a)(ia)	-	-	-	-	54.66	-
Other Adjustments	(0.07)	(0.51)	(1.45)	(0.01)	(10.85)	(31.63)
Amount not Debited to Profit & Loss account towards Service charges / Rent (charged to Reconstruction Reserve account)	-	-	-	-	(586.62)	-
Provision for Gratuity/ (w / back of gratuity)	59.49	105.71	54.17	189.85	(147.39)	1.80

Total C	299.23	(190.44)	266.40	676.46	(927.69)	32.41
Business Profit / Loss D=A+B+C	(1,343.23)	(1,381.61)	(656.44)	703.45	(1,419.74)	465.91
Capital Gains u/s 50 E	5.77	330.49	-	77.84	489.32	211.78
Income from Other Sources F	0.07	-	-	-	10.35	31.63
TOTAL INCOME G=D+E+F	(1,337.39)	(1,051.12)	(656.44)	781.29	(920.07)	709.32
Set-off of brought forward unabsorbed losses/depreciation /long term capital loss H	-	-	-	(781.29)	-	(709.32)
Taxable Profit I=G-H	(1,337.39)	(1,051.12)	(656.44)	-	(920.07)	-
Tax Liability	-	-	-	-	-	-
Tax Liability under MAT	-	-	-	-	-	35.72
Tax as per P/L A/c	-	-	-	-	-	68.41
Adjusted Tax Provision	-	-	-	-	-	(32.69)

- As per return of income for assessment year 2002-2003
- **As per return of income for assessment year 2003-2004
- ** As per Return of income for assessment year 2005-2006

@ worked out on proportionate basis

Note : The above Statement excludes capital Losses which company has /is eligible to carry forward and set off.

Detail of Existing Working Capital Loans

(Rs. in lakhs)						
Limit	SBI	PNB	OBC	BoB	TOTAL	*Security
Fund Based						
Cash Credit sanctioned	3500	375	500	300	4675	
Utilised as on December 31, 2005					3495	
Non Fund based	2800	300	400	240	3740	
Rate of Interest (%)	12.75	14.25	13.50	13.50		

* The above working capital facilities from banks are secured through hypothecation of inventories and or book debts and export incentives, receivables, etc. and collaterally secured by way of second charges on the fixed assets ranking pari passu with other second charge holders.

However, State Bank of India as a lead banker along with the other Bank has sanctioned the revised consortium working capital facility amounting to Rs. 130.95 crores. Details are as follows:-

(Rs. in Crores)			
NAME OF THE BANK	FUND BASED	NON-FUND BASED	TOTAL
S B I	30.80	77.00	107.80
P N B	5.75	3.00	8.75



THE YASH BIRLA GROUP



O B C	5.00	4.00	9.00
B O B	3.00	2.40	5.40
TOTAL	44.55	86.40	130.95

INFORMATION ON GROUP COMPANIES

In addition to our Promoter, as specified under the section “Promoters” on page no. [●] of the prospectus, the following companies and entities shall form part of our Group:

LISTED GROUP COMPANIES

1. Birla Transasia Carpets Ltd
2. 3M India Ltd (Formerly Birla 3M Ltd)
3. Birla Kennametal Ltd
4. Birla Capital and Financial Services Limited
5. Birla Power Solutions Limited
6. Dagger Forst Tools Limited
7. Shloka Infotech Limited

UNLISTED GROUP COMPANIES

1. Tungabhadra Holdings Pvt. Ltd
2. Birla Lifestyle Pvt. Ltd
3. Viking Travels Pvt. Ltd
4. BCI International Limited
5. Birla Electricals Ltd
6. Birla Concept India Pvt Ltd
7. Birla Perucchini Ltd
8. Shloka Publication Private Limited

LISTED GROUP COMPANIES

1. BIRLA TRANSASIA CARPETS LTD (BTCL)

The company was incorporated on September 04, 1972 with the main object of manufacturing of carpets. The Company’s plant is situated at Sikandrabad in Uttar Pradesh. The products of the company include carpets of different styles like DVD, Galaxy, Prime, Luxury, Top notch, Renaissance and Astral.

Board of Directors as on March 31, 2006:

Sr. No	Name
1.	Mr. Arun Singhi
2.	Mr. Rameshwar Singh
3.	Mr. Anil Mahale

Shareholding Pattern (As on March 31, 2006)

Category	Number of Equity Shares	Shareholding Percentage (%)
Promoter's Holding		
Promoters		
Indian Promoters	2040247	71.97
Persons acting in Concert	38600	1.36
Sub Total (A)	2078847	73.33
Non Promoter's Holding		
Institutional Investors		
Mutual Funds and UTI	5550	0.20
Banks, Financial Institutions, Insurance Companies	26532	0.94
Sub Total (B)	32082	1.13

Others		
Private Corporate Bodies	34400	1.21
Indian Public	689700	24.33
Sub Total (C)	724100	25.54
Grand Total (A+B+C)	2835029	100.00

Brief Financial Performance:

(Rs. in Lakhs)

Particulars	For the Financial year Ended March 31 st		
	2005	2004	2003
Share Capital	283.83	283.83	283.83
Reserves (Excluding Revaluation Reserve)	132.00	132.00	132.07
Profit & loss A/c (not written off)	(2580.53)	(2317.36)	(2064.43)
Net Worth	(2164.70)	(1901.53)	(1648.53)
Total Income	482.80	333.50	507.94
PAT	(263.17)	(252.93)	(286.97)
EPS (Per Share) (Rs.)	-	-	-
NAV Per Share (Rs.)	-	-	-

Monthly high and low price of the equity shares of BTCL at BSE are as follows:

Month	High (Rs.)	Low (Rs.)	No. of Shares Traded	Net Turnover (Rs in Lakhs)
April 2006	49.40	38.70	1,81,400	75.69
March 2006	36.95	36.95	50	0.0185
February 2006	No data Available for the month			
January 2006	No data Available for the month			
December 2005	No data Available for the month			
November 2005	No data Available for the month			

(Source: www.bseindia.com)

Other Details:

Public or rights Issue in the preceding three years	No
Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up	Yes*
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	Yes

* The Company has been declared a Sick Industrial Company within the meaning of clause (O) of the sub section (10) of the section 3 of the Sick Industrial Companies (Special Provisions) Act, 1985 by the Board for Industrial & Financial Reconstruction (BIFR) at the hearing on 04.11.91.

There are no defaults in meeting any statutory/bank/institutional dues except as mentioned below. No proceedings have been initiated for economic offences our Company.

(Rs. In Lakhs)

Particulars	Amount Dues as on 30.06.05	Recovery initiated by the department as on 30.06.05
Provident Fund	39.83	21.11
ESI	9.24	6.63
Excise Duty	34.32	34.32
Sales Tax	57.26	41.56

2. 3M INDIA LTD (Formerly BIRLA 3M LTD)

The company was incorporated in the year 1987 and is located at Bangalore. The company manufactures Adhesives [Milling, Compounding], Coating, Screen Painting, Solvent Extraction Injection Moulding, Optic Assembly etc.

Board of Directors: (as on March 31, 2006)

Sr. No	Name
1	Mr Yash Birla
2	Mr. Bert O' Donoghue
3	Dr. Carlisle S. Boyce
4	Ms Mary McCormick
5	Mr Thomas P Spencer
6	Mr B S Iyer
7	Mr Amit Mukherjee
8	Mr D.J. Balaji Rao
9	Mr B.V. Shankaranarayana Rao

Shareholding Pattern (as on March 31, 2006):

Category	No. of Shares Held	% of Share Holding
PROMOTER'S HOLDING		
Indian Promoters	810900	7.20
Foreign Promoters	8562000	76.00
Sub Total	9372900	83.20
NON PROMOTER'S HOLDING		
Institutional Investors	57719	0.51
Others	1834958	16.29
Grand Total	11265070	100.00

Brief Financial Performance:

(Rs. in Lakhs)

Particulars	For the Financial year Ended December 31 st		
	2005	2004	2003
Share Capital	1,126.51	1,126.51	1,126.51
Reserves (Excluding Revaluation Reserve)	16,214.15	12,372.38	9,818.81
Net Worth	17,340.68	13,498.89	10,945.32
Total Income	38,306.05	25,973.74	22,899.08
PAT	3,841.77	2,553.57	2,496.83
EPS (Per Share) (Rs.)	34.10	22.67	21.43
NAV Per Share (Rs.)	153.93	119.83	97.16

Monthly high and low price of the equity shares of 3M India Ltd at BSE are as follows:

Month	High (Rs.)	Low (Rs.)	No. of Shares Traded	Net Turnover (Rs in Lakhs)
April 2006	1,749.00	1,318.00	38,852	583.62
March 2006	1531.55	1240.00	1,74,476	2,549.54
February 2006	1,321.00	866.10	1,26,246	1,407.41
January 2006	970.00	845.00	45,368	414.42
December 2005	939.00	769.00	33,818	289.24
November 2005	809.00	705.20	12,900	99.45

(Source: www.bseindia.com)

Other Details:

Public or rights Issue in the preceding three years	No
Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	No

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

3. BIRLA KENNAMETAL LTD (BKL)

The company was incorporated in the year 1986. BKL is a joint venture between Birla's and Kennametal Inc, USA. The plant is situated at Aurangabad in Maharashtra. The company manufactures and markets tool handling and work holding products as per original "Erickson" design which have been invented by Kennametal Erickson. The company enjoys market leadership in all its products with very strong presence in the Machine Tools Manufacturing Industry.

Board of Directors: (As on March 31, 2006)

Sr. No.	Name
1	Mr Yash Birla
2	Mr Kumar Kanetkar
3	Mr Mirko Cvjeticanin
4	Mr Arun Jain
5	Dr William R Correa
6	Mr. Shailesh Sheth

Shareholding Pattern (As on March 31, 2006)

Name of the Shareholder	No. of Shares	% Holding
Promoter's Holding	28,32,100	88.50
Non-Promoters Holding		
Private Corporate Bodies	27582	0.86
Indian Public	334495	10.45
NRIs/OCBs	2941	0.09
Any Other	2882	0.09
Total	32,00,000	100.00

Brief Financial Performance:

(Rs. in Lakhs)

Particulars	For the Financial year Ended March 31 st		
	2005	2004	2003
Share Capital	320.00	320.00	320.00
Reserves (Excluding Revaluation Reserve)	464.14	322.64	216.20
Total Income	1,416.79	1,038.64	915.89
PAT	189.53	106.44	80.60
Net Worth	784.14	642.64	535.70
EPS (Per Share) (Rs.)	5.92	3.33	2.52
NAV Per Share (Rs.)	24.50	20.08	16.74

Monthly high and low price of the equity shares of BKL at BSE are as follows:

Month	High (Rs.)	Low (Rs.)	No. of Shares Traded	Net Turnover (Rs in Lakhs)
April 2006	118.90	102.50	15,175	16.67
March 2006	125.00	100.00	59,357	66.12
February 2006	135.00	107.00	54,659	67.76
January 2006	159.00	125.55	1,28,220	191.20
December 2005	168.00	93.50	6,79,936	1,016.00
November 2005	111.00	94.00	14,256	14.52

(Source: www.bseindia.com)

Other Details:

Public or rights Issue in the preceding three years	No
Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	No

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the company.

4. BIRLA CAPITAL AND FINANCIAL SERVICES LIMITED (BCFSL):

The company was originally incorporated in the name of Dolphin International Limited on 7th May 1985 and further fresh certificate of incorporation was obtained on 3rd December 2001 in the name of Birla Capital and Financial Services Limited. The Company is carrying the business of Hire purchase & leasing. Company is also into the business of advancing loans, Inter-corporate Deposits & Investments.

Board of Directors as on March 31, 2006:

Sr. No	Name of the Director
1	Mr. Arun Singhi.
2	Mr. K. P. Chokhani.
3	Mr. G.L. Lath.
4	Mr. B. L. Varma
5	Mr. Ashok Parmar

Shareholding Pattern (As on March 31, 2006)

Category	Number of Equity Shares	Shareholding Percentage (%)
Promoter's Holding		
Promoters		
Indian Promoters	5737460	73.44
Persons acting in Concert	1240	0.02
Sub Total (a)	5738700	73.46
Non Promoter's Holding		
Others		
Private Corporate Bodies	722610	9.25
Indian Public	1350690	17.29
Sub Total (b)	2073300	26.54
Grand Total (a)+(b)	7812000	100.00

Brief Financial Performance:

Particulars	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Share Capital	781.20	781.20	781.20
Reserves (Excluding Revaluation Reserve)	78.53	61.92	86.13
Net Worth	859.73	841.51	865.73
Total Income	57.99	70.90	153.48
PAT	18.21	(24.21)	9.27
EPS (Per Share) (Rs.)	0.23	-	0.12
NAV Per Share (Rs.)	11.01	10.77	11.08

Monthly high and low price of the equity shares of BCFSL at BSE are as follows:

Month	High (Rs.)	Low (Rs.)	No. of Shares Traded	Net Turnover (Rs in Lakhs)
April 2006	12.00	9.90	85,144	9.42
March 2006	12.07	8.80	7,78,966	78.55
February 2006	10.58	8.75	61,182	5.77
January 2006	13.65	9.63	1,09,362	12.52
December 2005	14.17	9.05	62,436	7.16
November 2005	15.00	11.45	74,645	10.01

(Source: bseindia.com)

Other Details:

Public or rights Issue in the preceding three years	No
Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	No

There are no defaults in meeting any statutory/bank/institutional dues except as mentioned below. No proceedings have been initiated for economic offences against the Company.

5. BIRLA POWER SOLUTIONS LIMITED (BPSL)

BPSL was originally incorporated as Birla Yamaha Limited on 27th April, 1984 and received the Certificate of Commencement of Business on 2nd May, 1984 under Companies Act, 1956. The name of the company was changed to Birla Power Solutions Limited w.e.f. December 04, 2003.

The Company is presently producing a wide range of Generators, Multi-purpose Engines, Invertors/Batteries, Sprayers, Water pumps etc. BPSL was the first Company to roll out Self Start Gensets and recently became the first Company to launch emission compliant Generators under the brand name – **BIRLA ECOGEN**. The present domestic market share of BPSL in Generator's segment is around 32%.

Board of Directors (as on March 31, 2006)

Sr. No.	Name
1	Mr. Yash Birla
2	Mr Sanjay Khazanchi
3	Mr Y.P. Trivedi
4	Mr. Rajesh V. Shah
5	Mr. P.V.R. Murthy
6	Mr. Manish Malani

Shareholding Pattern (As on March 31, 2006)

Category	Number of Equity Shares	Shareholding Percentage (%)
Promoter's Holding		
Promoters		
Indian Promoters	5063632	48.31
Persons acting in Concert	499800	4.77
Sub Total (a)	5563432	53.08
Non Promoter's Holding		
Institutional Investors	3850	0.04
Others		
Private Corporate Bodies	1424533	13.59
Indian Public	3466856	33.08
NRIs/OCBs	22227	0.21
Any Other	152	0.00
Sub Total	4913768	46.88
Grand Total	10481050	100.00

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. In lacs)

	31.3.2003 (12 months)	30.09.2004 (18 months)	30.09.2005 (12 months)
Equity Capital	1048.25	1048.25	1048.25
Reserves & Surplus (Excluding Revaluation Reserves)	4246.48	4460.37	4618.99
Total Income	7,379.71	10,657.32	9,127.05
Profit/(Loss) after Tax & Adjustments (PAT)	14.74	9.82	356.27
Book value per Share (Face Value Rs. 10/-)	49.49	50.35	54.06
Earning per Share (Rs.)	0.14	0.09	3.40

Monthly high and low price of the equity shares of BPSL at BSE are as follows:

Month	High (Rs.)	Low (Rs.)	No. of Shares Traded	Net Turnover (Rs in Lakhs)
April 2006	59.70	35.25	10749490	4666.09
March 2006	66.15	45.05	5795409	3219.10
February 2006	51.30	43.55	366227	173.91
January 2006	54.90	46.00	672100	344.86
December 2005	51.90	45.10	363650	173.59
November 2005	53.90	43.30	323201	158.12

(Source: www.bseindia.com)

Other Details:

Public or rights Issue in the preceding three years	Yes*
Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	No

There are no defaults in meeting any statutory/bank/institutional dues except as mentioned below. No proceedings have been initiated for economic offences against the Company.

* BPSL has recently completed its public issue of 120,00,000 equity shares of Rs. 10/- each for cash at a premium of Rs. 32 per share (i.e. issue price of Rs. 42/- per share) aggregating to Rs. 5040 Lacs. The company raised Rs. 5040 lacs from this issue which opened on March 24,2006 and closed on March 29, 2006.

6. DAGGER FORST TOOLS LIMITED

Dagger Forst Tools Limited (DFTL) is engaged in the manufacture of highly precession Cutting Tools viz. Broaches, Hobs, Shaper Cutters & Shaving Cutters (Gear Cutting Tools). DFTL was incorporated in the year 1965 to set up a Broach manufacturing plant at Thane in Maharashtra in Technical collaboration and equity participation with Oswald Forst GmbH of Germany and their nominee German Investment and Development Company. All these manufacturing units have obtained ISO certification and satisfy all the norms related to environmental clearances. The company has manufacturing facilities at Thane and Aurangabad.

Promoters:

Mr. Yash Birla
Birla Bombay Pvt. Ltd
Birla International Pvt. Ltd
Asian Distributors Ltd
Shearson Investments & trading Co. Pvt. Ltd
Godavari Corporation Pvt. Ltd
Birla Cotsyn (India) Private Limited
Forst Technologies GmbH & Co. KG

Shareholding Pattern (as on March 31, 2006):

Category	No. Of Shares	% Holding
Promoter's	32,93,589	70.75
Non-Promoters Holding		
Banks & FI's	200	0.00
Private corporate Bodies	4,74,976	10.21
Indian Public	8,71,282	18.72
NRI/OCBs	3295	0.07

Clearing Members	11,593	0.25
Total	46,54,935	100.00

Board of Directors as on March 31, 2006:

Sr. No	Name of the Director
1	Mr. Yash Birla
2	Mrs. Avanti Birla
3	Mr. U.S. Sethia
4	Mr. Vijay Agarwal
5	Mr. Arun Jain
6	Mr. Shishir Dalal

Brief Financial Performance:

Particulars	(Rs. in Lakhs)		
	Year ended 30 th June 2005 (12 Months)	Year ended 30 th June 2004 (15 Months)	Year ended 31 th March 2003
Share Capital	465.49	465.49	465.49
Reserves (Excluding Revaluation Reserve)	1819.59	(593.46)	586.58
Net Worth	2285.08	(127.97)	1052.07
Total Income	2789.00	2895.21	1990.93
PAT	42.67	77.39	122.63
EPS (Per Share) (Rs.)	0.92	1.66	2.63
NAV Per Share (Rs.)	49.09	(2.75)	22.60

The Company is not a Sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act 1985 or is not under winding up.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

Promoter's PAN, Bank Account Details, Promoters Registration Number:

PAN	AAACD1812A
Bank Account Details	Central Bank of India, Ghatkopar Branch
Registration Number	13198

Dagger Forst Tools Limited has proposed to come out with a composite issue of equity shares of Rs. 10/- each aggregating to Rs. 2900.00 lacs comprising of:

Rights issue of 33,24,954 equity shares of Rs. 10/- each for cash at a premium of Rs. 23 per share (i.e. at a price of Rs. 33 per share) aggregating to Rs. 1,097.23 lacs to the existing equity shareholders of the company in the ratio of (5) equity shares for every (7) equity shares held as on [•] (record date) and

Public issue of [•] equity shares of Rs. 10/- each for cash at a price band of Rs. 65 to Rs. 78 inclusive of premium aggregating to Rs. 1,802.77 lacs of which 10,000 shares being offered to lead managers on a firm basis at a price band of Rs. 65 to Rs. 78 inclusive of premium. Thus net offer to the public is [•] equity shares of Rs. 10/- for cash at a price band of Rs. 65 to Rs. 78 inclusive of premium.

The company has filed the draft prospectus for the above-mentioned issue with SEBI and the same is currently being examined by SEBI.

7. SHLOKA INFOTECH LIMITED

Originally incorporated in the year 1992 under the name and style of M/s. Rathi Merchantile & Management Services Limited as per the Companies Act, 1956 and further renamed in the year 2002 to Shloka Infotech Limited. Presently M/s. Shloka Infotech Limited is dealing in Hardware and Software items.

Promoters:

Birla International Pvt. Ltd.
Birla Bombay Pvt. Ltd.
Godavari Corporation Pvt. Ltd.
Asian Distributors Ltd.
Birla Capital & Financial Services Ltd.
Shri. K.P. Chokhani

Shareholding Pattern (As on March 31, 2006)

Category	No. Of Shares	% Holding
Promoter's & PAC	11,17,151	29.43
Non-Promoters Holding		
Private Corporate Bodies	2,16,583	5.70
Indian Public	24,04,211	63.29
NRI's/OCB's	23,402	0.62
Others	36,400	0.96
Total	37,98,600	100.00

Board of Directors as on March 31, 2006:

Sr. No	Name of the Director
1	Mr. Ajay Jain
2	Mr. K.P. Chokani
3	Mr. Shishir Dalal

Financial Performance

	(Rs. in lakhs)		
	Year ended March 31, 2005	Year ended March 31, 2004	Year ended March 31, 2003
Equity Share Capital	379.86	379.86	379.86
Reserves (excluding revaluation reserves)	(128.08)	(133.94)	(18.25)
Net Worth (Rs)	251.78	245.92	361.61
Total Income	120.25	111.56	81.3
Profit/Loss after Tax	5.54	(115.69)	(45.59)
EPS of FV Rs. 10/- each (Rs.)	0.15	-	-
NAV per share of FV Rs. 10/- each (Rs.)	6.63	6.47	9.52

The Company is not a Sick Company within the meaning of the Sick Industrial Companies (Special Provisions) Act 1985 or is not under winding up.

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

Promoter's PAN, Bank Account Details, Promoters Registration Number:

Promoters have confirmed the following details:

PAN	AAACR 1837 P
Bank Account Details	State Bank of India, Nariman Point Branch
Registration Number	1166910

UNLISTED GROUP COMPANIES:

1. Tungabhadra Holdings Pvt. Ltd
2. Birla Lifestyle Pvt. Ltd
3. Viking Travels Pvt. Ltd
4. BCI International Limited
5. Birla Electricals Ltd
6. Birla Concept India Pvt Ltd
7. Birla Perucchini Ltd
8. Shloka Publication Private Limited

1. TUNGABHADRA HOLDINGS PVT. LTD

Tungabhadra Holdings Pvt. Ltd was incorporated on July 1983 having a share capital of Rs.550 lakhs. The company produces high frequency induction welded pipes. The pipes produced are black and galvanized with size of 15 mm to 80 mm MB. The plant of the company is located at Tarapur district and has installed capacity of 36000 tons per annum, with fully automatic imported pipe manufacturing and online galvanizing. The pipes produced are used in the Building industry for water supply, Bore Well, Structural General Engineering, Fencing, Furniture, Automobiles, and Conduits etc.

Shareholding pattern (As on March 31, 2006)

Name of Shareholder	No. of Shares	% of Shareholding
Mr. Arun Kumar Singhi	10	0.00
Mr. Kashiprasad Chokhani	10	0.00
Mr. Purushotam Sharma	10	0.00
Godavari Corporation Private Limited	6,62,000	13.14
Birla International Private Limited	9,68,400	19.23
Shearson Investment & Trading Co. Private Limited	5,68,000	11.28
Asian Distributors Limited	2,00,000	3.97
Hallmark Leasors & Distributors Private Limited	3,65,000	7.25
Capricorn Leasors & Distributors Private Limited	2,73,000	5.42
M/s. Chervil Capital Limited	20,00,000	39.71
Total	50,36,430	100

Board of Directors (As on March 31, 2006)

Sr. No.	Name
1	Mr. J.H.Baxi
2	Mr. Lalit A. Rungta
3	Mr. G.L Lath

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in lacs)			
Particulars	31.03.2002	30.09.2003 18 months	31.03.2005 18 months
Equity Capital	192	303.64	503.64
Reserves & Surplus (Excluding Revaluation Reserves)		271.81	1396.3
Sales and Other Income	529.58	1472.69	4853.24
Profit/(Loss) after Tax (PAT)	50.58	72.68	121.15
Book value per Share (Face Value Rs. 10/-)	12.60	18.95	37.72
Earning per Share (Rs.)	2.63	2.39	2.41

Other Details:

Public or rights Issue in the preceding three years	No
Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	No

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

2. BIRLA LIFESTYLE PVT. LTD

Birla Lifestyle Pvt. Ltd. was incorporated on 16th February 2001. Mr. Yash Birla in association with architect Mr. Nozer Wadia came up with the idea of building a chain of lifestyle stores in major cities of India. The aim was to provide stylish furniture and lifestyle products that match the tastes of urban Indian. Birla Lifestyle Pvt. Ltd. with the help of its stores aims at providing basic utilities required for home or office. The items that are showcased at the stores include not only exclusive designer furniture that are designed by world's finest designers but also small accessories such as folding ladder, ironing boards, cutlery etc.

Board of Directors: (as on March 31, 2006)

Sr. No	Name of the Director
1	Ms. Kaajal Anand
2	Mr. Arun Singhi
3	Mr. K.P. Chokhani

Shareholding Pattern (as on March 31, 2006):

Name of the Shareholder	No. of Shares	% Holding
M/s Shearson Investment & Trading Co. Pvt. Ltd	1,84,750	40.54
M/s Birla International Pvt. Ltd	1,84,750	41.05
M/s. Nirved Traders Pvt. Ltd.	80,000	17.78
Mr. Arun Singhi	100	-
Mr. K.P. Chokhani	100	-
Mr. R.S. Malani	100	-
Ms. Kaajal Anand	100	-
Mr. Purushotam Sharma	100	-
Total	4,50,000	100

Brief Financial Performance:

(Rs. in Lakhs)

Particulars	For the Financial year Ended March 31 st		
	2005	2004	2003
Share Capital	45.00	45.00	45.00
Reserves (Excluding Revaluation Reserve)	(2.59)	2.13	(7.46)
Net Worth	41.76	46.34	36.63
Total Income	252.82	416.85	253.44
PAT	(4.72)	9.58	14.99
EPS (Per Share) (Rs.)	-	2.14	3.33
NAV Per Share (Rs.)	9.28	10.30	8.14

Other Details:

Public or rights Issue in the preceding three years	No
Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	No

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

3. VIKING TRAVELS PVT. LTD

The company was incorporated on October 15, 1976 and is in the travel agency business. The company has membership with International Organizations like IATA, UFTA, AAI. The registered office of Viking Travels Pvt. Ltd. is located at Queen's Mansion, Prescott Road, Mumbai – 400 001.

Board of Directors: (as on 30th September 2005)

Sr. No	Name of the Director
1	Mr Yash Birla
2	Ms Avanti Birla
3	Ms Asha Mohta
4	Mr. A. K. Singhi
5	Mr Manish Malani
6	Mr G L Lath
7	Ms Kaajal Anand
8	Mr. Arun Jain

Shareholding Pattern (as on March 31, 2006):

Name of Shareholder	No. of Shares	% of Shareholding
M/s Shearson Investment & Trading Co. Pvt. Ltd	1,00,000	33.33
M/s Scimitar Investments & Trading Co. Pvt. Ltd.	1,00,000	33.33
Mr. Yash Birla	12,600	4.20
M/s. Birla International Pvt. Ltd.	62,000	20.67
M/s Hallmark Leasors & Distributors Pvt. Ltd	6,000	2.00
M/s Capricorn Leasors & Distributors Pvt. Ltd	5,400	1.80
M/s. Birla Bombay Pvt. Ltd.	4,500	1.50
M/s. Godavari Corpn. Ltd.	4,000	1.33
Mr. Yash Birla & Ms Avanti Birla C/o Mr. Ashok V Birla HUF	2,000	0.67
Mr. Sharad Dalal	1,000	0.33
Ms Smita Ladha	1,000	0.33
Sunanda Medical Institute	500	0.17
Mrs. Pravina S Dalal	500	0.17
Mr. S. S. Ladha	500	0.17
Total	3,00,000	100

Note: - Scimitar Investment & Trading Co. Pvt. Ltd has been merged with Godavari Corporation Pvt. Ltd. However the shares held by Scimitar are pending transfer in the name of Godavari Corporation Pvt. Ltd.

Financial Performance

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in lacs)

Particulars	Year Ended 31 st March		
	2003	2004	2005
Equity Capital	25.00	25.00	25.00
Reserves & Surplus (Excluding Revaluation	(9.49)	0.5	

Reserves)			7.38
Sales and Other Income	146.87	168.33	241.76
Profit/(Loss) after Tax (PAT)	(4.47)	10	6.88
Book value per Share (Face Value Rs. 10/-)	6.20	10.20	12.95
Earning per Share (Rs.)	(1.79)	4.00	2.75

Other Details:

Public or rights Issue in the preceding three years	No
Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	No

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the company.

4. BCI INTERNATIONAL LIMITED

BCI International was incorporated under Companies Act 1956 on 12th January 1977 at Delhi. The Company transferred its Registered Office from Delhi to Mumbai (Maharashtra) in 1997 for operational convenience. BCI International is currently engaged in Business of Development and Construction of properties in Mumbai, Finance and Trading of various products in Domestic as well as in International Market.

Board of Directors: (as on March 31, 2006)

Sr. No.	Name of the Directors
1	Mr. B.L Varma
2	Mr. K.P. Chokhani
3	Mr. G.L. Lath
4	Mr. R.P. Todi
5	Mr Purushotam Sharma

Shareholding Pattern (As on March 31, 2006):

Name of the Shareholder	No. of Shares	% Holding
M/s Birla International Pvt. Ltd.	4,780	47.80
M/s Shearson Investment & Trading Co. Pvt. Ltd	4,900	49.00
Mr. Yash Birla	270	2.70
Mr Arun Singhi	10	0.10
Mr. K.P. Chokhani	20	0.20
Mr. Arun Singhi & M/s. Birla International Pvt. Ltd.	10	0.10
Mr. K.P. Chokhani & M/s Birla International Pvt. Ltd.	10	0.10
Total	10,000	100.00

Brief Financial Performance:

The brief audited financials of the company for the past three Financial Years are as follows:

(Rs. in lacs)

Particulars	Year Ended 31 st March		
	2003	2004	2005
Equity Share Capital	10.00	10.00	10.00
Reserves & Surplus (Excluding Revaluation Reserves)	5.78	19.20	27.88
Sales and Other Income	85.90	1823.40	459
Profit/(Loss) after Tax (PAT)	24.11	13.43	8.67
Book value per Share (Face Value Rs. 100/-)	157.80	292.00	378.80

Earning per Share (Rs.)	241.11	134.27	86.70
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Other Details:

Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	No

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the company.

5. BIRLA ELECTRICALS LTD

The Company was incorporated in the year 1996. With Head Office in Mumbai it operates from various metro cities in India. The products of the company include room heating system, air purifier, ice cream maker, blender, coffee maker, juicer, oven & toasters, cooking hobs, iron, mixer grinder, oil heaters etc.

Board of Directors: (as on March 31, 2006)

Sr. No	Name of the Director
1	Mr. G.L. Lath
2	Mr. Subhash Sonthalia
3	Mr. Sudhir Kumar Saldhi

Shareholding Pattern (as on March 31, 2006):

Name of Shareholder	No. of Shares	% Holding
Mr. Yash Birla	100	0.01
Mrs. Avanti Birla	100	0.01
M/s Asian Distributors Ltd	75,000	9.99
M/s Godavari Corporation Pvt. Ltd	1,00,000	13.32
M/s Scimitar Investment & Trading Co. Pvt. Ltd	75,000	9.99
M/s Shearson Investment & Trading Co, Pvt. Ltd	1,00,000	13.32
M/s Birla International Pvt. Ltd	1,50,000	19.98
M/s Hallmark Leasors & Distributors Pvt. Ltd	1,00,000	13.32
M/s Birla Bombay Pvt. Ltd	1,50,000	19.98
Mr. Subhash Sonthalia	500	0.07
Total	7,50,700	100.00

Note: - Scimitar Investment & Trading Co. Pvt. Ltd has been merged with Godavari Corporation Pvt. Ltd. However the shares held by Scimitar Investment & Trading Co. Pvt. Ltd are pending transfer in the name of Godavari Corporation Pvt. Ltd.

Brief Financial Performance:

(Rs. in Lakhs)

Particulars	For the Financial year Ended March 31 st		
	2005 (unaudited)	2004	2003
Share Capital	75.07	75.07	75.07
Reserves (Excluding Revaluation Reserve)	(632.70)	(173.44)	(18.74)
Net Worth	(618.01)	(188.98)	(64.50)
Total Income	480.68	1217.42	611.88
PAT	(459.26)	(154.70)	(44.95)
EPS (Per Share) (Rs.)	-	-	-
NAV Per Share (Rs.)	-	-	-

Other Details:

Whether the company has become a sick company within the meaning of the Sick	No
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Industrial Companies (Special Provisions) Act, 1985 or is under winding up	
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	Yes

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

6. BIRLA CONCEPTS (INDIA) PRIVATE LIMITED

The company was incorporated in the year 2002. The products sold by the company include various types of furniture and fixtures.

Board of Directors: (as on March 31, 2006)

Sr. No	Name of the Director
1	Ms Kaajal Anand
2	Mr K.P. Chokhani
3	Mr Mustafa Eisa
4	Ms. Russhana Eisa

Shareholding Pattern (as on March 31, 2006):

Name of the Shareholder	No. of Shares	% Holding
Ms. Kaajal Anand	100	0.20
Mr. Arun Singhi	100	0.20
Mr. K.P. Chokhani	100	0.20
Mr. Radheshyam Malani	100	0.20
M/s Godavari Corporation Pvt. Ltd	6,275	12.55
M/s Birla International Pvt. Ltd	6,275	12.55
M/s Shearson Investment & Trading Co. Pvt. Ltd	12,550	25.10
Mr. Mustafa Eisa	24,000	48.00
Ms Rukshana Eisa	500	1.00
Total	50,000	100.00

Brief Financial Performance:

(Rs. in Lakhs)

Particulars	For the Financial year Ended March 31 st		
	2005	2004	2003
Share Capital	5.00	5.00	5.00
Reserves (Excluding Revaluation Reserve)	23.02	14.62	6.35
Net Worth	27.82	19.38	11.08
Total Income	319.15	315.77	196.79
PAT	8.70	8.27	6.35
EPS (Per Share) (Rs.)	17.40	16.53	12.70
NAV Per Share (Rs.)	55.62	38.76	22.16

Other Details:

Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	No

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the Company.

7. BIRLA PERUCCHINI LIMITED (BPL)

The company was incorporated in the year 1997. Birla Perucchini was founded in collaboration with M/s. Fonderia Perucchini Spa, Italy with plant situated at Aurangabad in Maharashtra. The products manufactured are SG Iron [Nodular], CG Iron and Grey Iron casting.

Board of Directors: (as on March 31, 2006)

Sr. No	Name of the Director
1	Mr U.S. Sethia
2	Mr. Ajay Jain
3	Mr. Sanjay Chaddha
4	Mr. S P Singhal

Shareholding Pattern (as on March 31, 2006):

Name of the Shareholder	No. of Shares	% Holding
Fonderia Peruchhini SPA	15,60,000	22.94
Kinglor Limited	6,00,000	8.82
Mr. Yash Birla	50,100	0.74
Mrs. Avanti Birla	100	-
Birla International Pvt. Ltd	6,17,800	9.09
Dagger Forst Tools Ltd	27,10,000	39.85
Shearson Investment & trading Co. Pvt. Ltd	4,82,000	7.09
Scimitar Investment & Trading Co. Pvt. Ltd.	4,82,000	7.09
Mr. U.S. Sethia	2,20,100	3.24
Mr. L R Daga	2,100	0.03
Others –Staff	75,800	1.14
Total	68,00,000	100.00

Brief Financial Performance:

(Rs. in Lakhs)

Particulars	For the Financial year Ended March 31 st		
	2005	2004	2003
Share Capital	680.00	680.00	680.00
Reserves (Excluding Revaluation Reserve)	(2355.57)	(2290.90)	(1896.59)
Net Worth	(1677.00)	(1,612.78)	(1,226.29)
Total Income	1385.76	837.13	424.34
PAT	(64.68)	(394.30)	(415.01)
EPS (Per Share) (Rs.)	Nil	Nil	Nil
NAV Per Share (Rs.)	-	-	-

Other Details:

Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up	Yes
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	Yes

The Company is a Sick Company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985. The company has filed reference under provisions of SICA (Special Provisions), 1985 on 1st April 2002 and subsequently the case got registered as case no. 702/2002 with BIFR, New Delhi. On the hearing held on 13/07/2005, BIFR has declared that the company is a sick company u/s 15 of SICA. However the company is not under winding up.

There are no defaults in meeting any statutory/bank/institutional dues except as mentioned below. No proceedings have been initiated for economic offences against the company.

Name of the bank / financial institution	Principal amount (rs. In lakhs)	Interest amount (rs. In lakhs)
Bank of maharashtra (term loan)	194.00	79.00
Bank of maharashtra (cash credit)	384.00	161.00

8. SHLOKA PUBLICATION PRIVATE LIMITED

The company was incorporation in the year 2003. The company is in to publication of books. The Company has tied up with WRC, Media Discovery India. The location of the company is in Mumbai with activities like publication of books. The Company's main objective is to make continuous efforts towards the constant evolution of our nation's education pattern.

Board of Directors: (as on March 31, 2006)

Sr. No.	Name of the Director
1	Mr. Arun Singhi
2	Mr. K.P.Chokhani
3	Mr. Manish Malani

Shareholding Pattern (as on March 31, 2006):

Name of the Shareholder	No. of Shares	% Holding
Mr. Arun Singhi	100	1.00
Ms. Rummana Rangwala	100	1.00
Mr. K.P.Chokhani	100	1.00
Mr. Manish Malani	100	1.00
Mr. b l Varma	100	1.00
Birla International Pvt. Ltd	1,900	19.00
Godavari Corporation Pvt. Ltd	1,900	19.00
Shearson Investment & trading Co. Pvt. Ltd	1,900	19.00
Opus Investment & Trading Company Pvt. Ltd	1,900	19.00
Nirved Traders Pvt. Ltd	1,900	19.00
Total	10,000	100.00

Brief Financial Performance (For Last two Years):

Particulars	(Rs. in Lakhs)	
	For the Financial year Ended March 31 st 2005	2004
Share Capital	1.00	1.00
Reserves (Excluding Revaluation Reserve)	(37.77)	-
Net Worth	(36.77)	1.00
Total Income	56.33	-
PAT	(30.94)	-
EPS (Per Share) (Rs.)	-	-
NAV Per Share (Rs.)	-	-

Other Details:

Whether the company has become a sick company within the meaning of the Sick Industrial Companies (Special Provisions) Act, 1985 or is under winding up	No
Whether the company has made a loss in the immediately preceding year and if so, the profit or loss figures for the immediately preceding three years	No

There are no defaults in meeting any statutory/bank/institutional dues. No proceedings have been initiated for economic offences against the company.

Note on Amalgamation of the Group Companies

Opus Investment and Trading Company Private Limited and Hallmark Leasors and Distributors Private Limited and Capricorn Leasors and Distributors Private Limited being group companies are merged with another group company namely Shearson Investment and Trading Company Private Limited. The company had filled applications for the Amalgamation on 15th September 2005. The Company has filled petition under section 394 of The Companies Act, 1956 for sanctioning the scheme of Amalgamation. The Honorable High Court, Mumbai on January 20, 2006, approved the Scheme.

Subsidiaries of our Company -

1. Zenith (USA) Inc

Date of Incorporation	The Company was originally incorporated in New York on June 18, 1970. It subsequently relocated its office in Virginia on September 3, 1997.		
Nature of Activities	The Company is a general trader in steel pipes and other products. Generally it imports steel pipes from India and sells them to various customers throughout the United States of America.		
Permanent Account Number	Virginia Tax No. 0018004755		
Registration No.	23-1743406		
Financial Performance (USD in lakhs except per share data)	Year ended December 31, 2004	Year ended December 31, 2003	Year ended December 31, 2002
Equity Share Capital	0.30	0.30	0.30
Reserves (excluding revaluation reserves)	0.22	(0.20)	(0.19)
Total Income	30.33	40.05	(56.86)
Profit/Loss after Tax	0.42	(0.008)	0.47
EPS	42.17	-	46.80
NAV	52.00	9.00	100.42
Share Holders Funds / Net Worth	0.52	0.09	(0.10)

Shareholding Pattern (As on March 31, 2006)

Sr No	Name of Shareholders	Number of Equity Shares	% of holding
1	Zenith Limited	1000	100%
	Total	1000	100%

Board of Directors

As on March 31, 2006, Mr. Pushkar Natu is a Director of Zenith USA Limited.

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

We confirm that the Permanent Account Number, Bank account Numbers, the Company Registration Number and the address of the Registrar of Companies where Zenith (USA) Inc is registered have been submitted to BSE at the time of filing this Draft Prospectus with them.

2. Khamgaon Syntex India Limited.

Date of Incorporation	June 24 th , 2002		
Nature of Activities	The Company deals in Textile Business.		
Permanent Account Number	AACCK4730C		
Registration No.	11-136301		
Financial Performance (Rs. in lakhs except per share data)	March 31, 2005 (18 months)	September, 2003 (15 Months)	June 2002 (15 Months)
Equity Share Capital	5.00	5.00	5.00
Reserves (excluding revaluation reserves)	21.08	-	-
Total Income	1227.54	-	-
Profit/Loss after Tax	21.08	-	-
EPS of FV Rs. 5/- each (Rs.)	42.16	-	-
NAV per share of FV Rs. 5/- each (Rs.)	51.54	9.26	9.30
Share Holders Funds / Net Worth	25.77	4.63	4.65

Shareholding Pattern (As on March 31, 2006)

Name of shareholders	Number of Equity Shares	% of holding
Zenith Limited	5.00	100%
Total	5.00	100%

Board of Directors as on (As on March 31, 2006)

1. Mr. Arun Jain.
2. Mr. G. L. Lath
3. Mr. P. V. R. Murthy

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

We confirm that the Permanent Account Number, Bank account Numbers, the Company Registration Number and the address of the Registrar of Companies where Khamgaon Syntex India Limited is registered have been submitted to BSE at the time of filing this Draft Prospectus with them.

Dissociation of Businesses in the Last Three years

The following businesses were dissociated from the Company in the last three years:

- In October 2003 the following two subsidiary (100%) Companies were ceased to be subsidiaries of our company and their investments divested to third parties:
 - Valueworth Trades Ltd. was incorporated for trading in cutting tools manufactured by Zenith
 - Zenith Dye Intermediates Ltd. was incorporated as an extension of the chemical business carried on by Zenith at that point in time.
- On 1st January 2005 the Textile and Chemical businesses of our company were hived of into separate entities as follows:
 - The Textile business was hived of into a subsidiary Company named Khamgaon Syntex India Ltd. which has its manufacturing facilities at Khamgaon in the Buldana District of Maharashtra.
 - The Chemical business was hived of to a third party namely Nirpur Chemicals Ltd. who are now managing the business and are not connected with our company nor the group.

These above mentioned hiving of was completed under a scheme of arrangement approved by the Hon'ble High Court of Mumbai. The disassociation of the above businesses were carried out so that Zenith Birla can focus on its main businesses namely, Steel Pipes and Cutting Tools which are also its core competencies.

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

You should read the following discussion of our financial condition and results of operations together with our restated financial statements each of the financial years ended June 30, 2002(15 months), September 30, 2003(15 months), March 31, 2005(18 months), and for 9 month ended Dec 31, 2005 including the notes thereto and the reports thereon, in the section titled 'Financial Statements' beginning from page no. ---- Of this Draft. The financial information have been audited by our Statutory Auditors. These financial statements have been prepared in accordance with Indian GAAP, SEBI Guidelines and the Companies Act We have changed the accounting periods on account of various restructuring completed by us during these periods.

The term "revenues" or "turnover" or "sales" as used in this discussion refers to the item titled "Net Sales (net of excise duty)" in our financial statements

OVERVIEW OF OUR BUSINESS

Our Company was incorporated on August 5, 1960 under the provisions of Companies Act with the main object to manufacture ERW welded steel pipes at Khopoli, Maharashtra. We consolidated our steel pipe business till 1974. Post 1975 in line with prevailing industrial practice, we diversified our operations and ventured into steel, chemical, paper, cutting tools and textiles. The conglomerate approach did benefited us by way of different industries contributing to the profitability during different period, however, we could not be leaders in the respective industries except in steel pipe, chemicals and cutting tools. Following core competencies analysis, we exited from steel and paper business during the period 1994-96.

Arising out of South-Asian meltdown, the Chemical business saw decline in profitability, which was further compounded by excess capacity and consequential un remunerative pricing from China. We decided to sell the Chemical Business and to also divest the Textile Business to our subsidiary with an intention of eventually exiting from the textile sector too. Therefore as a part of Scheme of Arrangement proposed by our company and sanctioned by Bombay High court, we sold the Chemical Business in November 2004 to Nipur Exports Private Limited and we spun off the Textile Division into a subsidiary Company namely Khamgaon Syntex Limited with effect from 1st January 2005.

In line with current industrial requirement, we have now decided to focus on our core competencies of "Engineering industry" and intend to aggressively pursue steel pipes and cutting tools businesses for future growth opportunities.

STANDARD PIPE BUSSINESS

We are at present manufacturing standard steel pipes with a focus on galvanized products at Khopoli, Maharashtra, which has locational advantages in terms of proximity to Mumbai Port. In order to exploit locational advantage, we as a strategy have decided to service West & South India as our domestic market. For domestic market, our product is used for plumbing, agriculture - bore-well application, drinking water distribution network, where ultimate consumers are individuals; we therefore, focused on building strong distribution channels for domestic marketing of our products.

We have developed distribution network of five consignment agents, eleven branch offices of consignment agents, 41 direct dealers, 7 direct dealers of consignment agents and 667 sub-dealers. Most of the channel partners have a history of long association with our company, in many cases, our association is spanning over three generations. The distribution channel also services the small industrial users while the major industrial users are serviced by us directly.

Leveraging the brand equity and well placed distribution network, we our strategy for Standard Pipe Business is to focus on volume growth by optimal use of current capacity supported by outsourcing. I.

API PIPE BUSSINESS

To take advantage of projected growth in pipe laying for transportation of Oil and Gas, We have Converted a part of our Standard Pipe capacity i.e. 60000 mta (Mill No 2) for manufacturing API standard Pipes. The converted facility has already been inspected and we have already received License from American Petroleum Institute to manufacture API pipes PSL-1. From the year 06-07, we will move up in value chain in our

product profile as we will be offering API pipes in addition to Standard pipes both in domestic and export market. Going forward we also propose to create facilities to manufacture PSL2 class of API pipes. As Pipeline net-work for transportation of Petroleum products is expected to grow rapidly in next couple of years, our company will take the advantage of resultant demand for API pipes

MECHANICAL TUBE BUSINESS

In their quest to optimize fuel efficiency, the auto industry is continuously focusing on ways and means to reduce the weight of components maintaining or improving the strength. Steel tubes have played an important role in achieving this objective as tubular structure require up to 30% less weight than conventional sections to achieve the same strength. Auto industry therefore has become largest consumer of Mechanical tubes world wide. Auto component Industry is projected to grow at CAGR of 20% thereby creating substantial demand for Mechanical tubes.

To take advantage of the market scenario, our company has decided to set up a new facility to manufacture Mechanical tubes at our existing location at Khopoli with installed capacity of 60000 mta which will go into stream from June 2007.

With the inclusion of API pipes and Mechanical tubes in our product range, coupled with volume growth in Standard pipe business, our company will, not only move up in value chain in its product range but will also improve the projected margin in its tubular business

CUTTING TOOL BUSINESS

Indian Tool Manufacturers Limited (ITM) was incorporated in 1937 by British Company and then acquired by Birlas in 1939. In 1983, ITM was amalgamated with our Company. At present we have installed capacity of 20.37 million no. of cutting tools, out of which we have manufactured 16.84 million no. for the period ended March 31, 2005 (18 months). Our cutting tools are primarily used for a boring, forming, cut-off and parting, drilling, grooving, hobbing, milling, sawing, shearing and cutting, tapping, threading, turning, and brake rotor turning. These operations find major application in automotive capital good and general engineering industries.

We plan to modernize our existing Cutting Tool facilities to optimize quality and quantity and leverage existing distribution network by increasing product range by outsourcing tie-ups in order to take full advantage of projected growth in major consuming industries e.g. Automobile, capital goods and general engineering industry

FACTORS AFFECTING RESULTS OF OUR OPERATION

Income

We derive our income from (i) Sale of products including income from operation (ii) Miscellaneous Receipts (iii) Income from Dividend and other income from Investments.

Operational Income

Earlier our operational income was including income from operation of Chemical, Man-made Fibres Yarn, Pipes and Cutting Tools. As a part of scheme of arrangement under section 391 and 394 of The Companies Act 1956, sanctioned by High court, we sold the Chemical Division in November 2004 to Nipur Exports Private Limited and we spin off the Textile Division into a wholly owned subsidiary Company Khamgaon Syntex India Ltd. with effect from 1st January 2005.

Currently our operational income comprises of (i) revenue from sale of product viz. Pipes, and Cutting Tools (ii) export incentive in the nature of DEPB, Duty draw back on Exports made during the year, Benefit under target plus scheme and refund of terminal excised duty.

Other Income

Our other income includes (i) Dividend from Investment, (ii) Profit on Sale of Assets

Other Miscellaneous Income including scrap sales, unspent liability, provisions no longer required written back, refund of sales tax and set off and income from insurance claims settled with the insurer.

The following table sets forth our segment wise revenue for the period ended June 30, 2002, September 30, 2003, March 31, 2005 and for the nine months period ended December 31, 2005.

(Rs. In lacs)

<i>Year / Period ended</i>	<i>31.12.2005 9 Months</i>	<i>31.03.2005 18 Months</i>	<i>30.09.2003 15 Months</i>	<i>30.06.2002 15 Months</i>
a) Pipes	20,164	41,929	31,399	23,733
b) Chemicals	14	4,664	5,359	3,784
c) Tools	3,430	5,746	3,679	2,873
d) Textiles	-	6,088	4,854	4,477
e) Others	-	-	592	535
Total :	23,608	58,427	45,883	35,402
Less: Excise Duty	1,991	4,378	3,629	2,850
	21,617	54,049	42,254	32,552

We are selling our products through the Distribution Network that is developed over a period of last thirty years. In domestic markets, we have a network of Consignment Agents and Dealers. With the wide network of Dealer Market, the needs are catered to the best of the user satisfaction. Our company's own branches and their live wire service engineer are always on the move to the users end and the customer satisfaction levels earned are high.

We currently export around 60% of our total production. We exported our production to more than 30 countries in the last five years. The following table shows our revenue from activities geographically in domestic and overseas market for the period June 30, 2002, September 30, 2003, March 31, 2005 and for the nine months period ended December 31, 2005.

(Rs. in Lacs)

<i>Year / Period ended</i>	<i>31.12.2005 9 Months</i>	<i>31.03.2005 18 Months</i>	<i>30.09.2003 15 Months</i>	<i>30.06.2002 15 Months</i>
Domestic	14,358	32,367	24,315	18,400
FOB value of Exports	7,259	21,682	17,939	14,122
Total :	21,617	54,049	42,254	32,522

The price of pipes is generally determined by the market forces. The consumption of steel pipes has been increased due to growth in infrastructure development and use of these pipes in industry application.

Our current revenue is dependent on growth and developments in Engineering and Automobile, Industries.

Expenditure

Materials consumed and cost of goods sold :

We consume raw material, which are both Imported and Indigenous. Our raw materials and components mainly consist of Hot Rolled Steel, Zinc & Zinc Alloy, High Speed Steel (HSS) and Others. The segment wise break-up of Imported and Indigenous raw materials consumed by us for the period June 30, 2002, September 30, 2003, March 31, 2005 and for the nine months period ended December 31, 2005 is as follows:

(Rs.in Lacs)

For Period/Year	31.12.2005 9 Months	31.03.2005 18 Months	30.09.2003 15 Months	30.06.2002 15 Months
Imported				
Pipes	6360	5685	3648	2936
Chemicals	-	892	1385	724
Tools	657	588	269	276
Textiles	-	125	20	31
(a)	7017	7290	5322	3967
Indigenous				
Pipes	4954	21737	15353	10390
Chemicals	-	2197	1971	1610
Tools	730	1005	742	456
Textiles	-	3138	2757	2546
(b)	5684	28077	20823	15002
Total	12701	35367	26145	18969
(a)+(b)				

Zinc

Another major raw material i.e. zinc is used for galvanizing process. The domestic sources for zinc are Hindustan Zinc Limited and Binani Zinc Limited. Zinc can also be imported through specialized International Trading houses dealing in non ferrous metals. Zinc prices are governed by London Metal Exchange quotes and agreed premium over and above the LME quotes.

The major raw materials required for cutting tools is High Speed Steel (HSS), which is available internationally and from domestic market. The domestic suppliers of High Speed Steel are M/s GKW Ltd. (Powmex Steel Division) and the overseas suppliers are M/s Erasteel Kloster, France, M/s Bohler GmbH, Austria and M/s Hitachi Metals, Japan.

As smaller sizes of HSS (below 6 mm) are not manufactured in India, these sizes are imported from overseas suppliers. With regards to bigger sizes, quality, price and delivery being equal, preference is given to domestic suppliers.

Interest and Finance charges including Interest on Term Loans and other fixed loans, Interest on Hire purchase arrangement, and Banks interest towards cash credit facilities and other financial charges on letters of credit, bank guarantees and other bank charges.

Manufacturing and maintenance expenditure mainly consists of Stores and Spares consumed, Power and Fuel, Repairs and Maintenance of Equipments and other facilities, Conversion, Octroi and other related manufacturing expenses;

Employees Remuneration and Benefits including salaries, wages and bonus payment to our employees, Contributions made to provident fund and other similar personnel expenses and expenses relating to workmen and staff welfare.

Administration, Selling and other Expenditures which includes among others: Rent paid by us office space and other facilities, Insurance charges, Rates and Taxes, Freight, Forwarding and Handling Expenses on our sales, Commission and discount to our dealers and customers, Provision for doubtful debts and advances and Bad debts written off, Other Miscellaneous expenses such as administrative and establishment expenses and professional consultation charges.

Other Factors:-

Our results of operations could potentially be affected by the following factors:

1. General economic conditions in Indian and global markets;
2. Our ability to successfully implement the projects mentioned in the “Objects of the Issue”
3. Our ability to continuously operate and maintain our facilities optimally;
4. Our ability to continue to obtain raw material at competitive rates for our existing and expanded facility.
5. Fluctuations in the rate of exchange between the Rupee and major foreign currencies, such as the U.S. dollar, the U.K. pound, etc.
6. Change in government policies in relation to export incentives.
7. Upward change in Interest Rates.
8. Commencement of fresh anti dumping proceedings against our product in USA
9. Competition from China in general and in US market in particular in the scenario where the prices are not cost based.
10. Threat from new entrants.
11. Product replacement by polymer

Results of Operations

The following table sets forth certain information with respect to our results of operation for the period indicated.

<i>Year / Period ended</i>	<i>(Rs. in Lacs)</i>				
	<i>Mar-01 12 Months</i>	<i>Jun-02 15 Months</i>	<i>Sept-03 15 Months</i>	<i>Mar-05 18 Months</i>	<i>Dec-05 9 Months</i>
INCOME					
Sales of Products	23,897.10	32,552.25	42,253.79	54,049.43	21,616.59
Other Income	243.91	258.77	654.37	622.67	543.80
Total	24,141.01	32,811.02	42,908.16	54,672.10	22,160.39
EXPENDITURE					
Raw materials Consumed and cost of goods sold	15,527.42	20,690.18	28,528.17	39,052.33	16,041.82
Staff Costs	2,681.80	3,380.33	3,454.40	4,157.76	1,575.88
Other Manufacturing expenses	3,285.43	4,286.84	5,175.16	5,171.85	1,567.24
Administrative, Salling & Other expenses	2,518.51	3,538.89	4005.94	4,926.77	1,556.68
Interest	1,346.27	1,569.87	1,387.49	1,438.89	674.05
Total Expenditure	25,359.43	33,466.11	42,551.16	54,747.60	21,415.67
Profit before depreciation,doubtful advances & extraordinary items	(1,218.42)	(655.09)	357.00	(75.50)	744.72
Depreciation	305.29	399.88	422.06	551.54	320.22
Less: Transfer from Revaluation reserve	27.39	35.29	35.19	26.94	-
Net Depreciation	277.90	364.59	386.87	524.60	320.22
Profit/(Loss) for the year	(1,496.32)	(1019.68)	(29.87)	(600.10)	424.50

before taxation					
Less: Loss transferred to reconstruction reserve	-	-	-	898.34	-
Extraordinary items (credit)	303.76	3.63	-	-	-
Profit before tax	(1,192.56)	(1016.05)	(29.87)	298.24	424.50
Current wealth Tax	(3.24)	1.06	4.90	-	-
Deferred tax credit (Net)	-	570.99	85.74	-	-
Provision for Current Tax (incl. FBT)	-	-	-	-	49.75
Profit after tax	(1,195.80)	(444.00)	60.77	298.24	374.75
Less: Loss transferred to reconstruction reserve	-	-	-	79.10	-
Profit/(Loss)	(1,195.80)	(444.00)	60.77	377.34	374.75

Adjustments

The adjustments to our financial statements, including on account of changes in accounting policies and estimates, are described below:

	<i>Year / Period ended</i>				
	<i>Mar-01 12 Months</i>	<i>Jun-02 15 Months</i>	<i>Sep-03 15 Months</i>	<i>Mar-05 18 Months</i>	<i>Dec-05 9 Months</i>
<u>Profit/(Loss) before restatement adjustment</u>	(1,274.90)	(1104.93)	(258.20)	489.37	778.14
<i>Adjustments:</i>					
Provision for Doubtful Loans & Advances	-	(55.01)	-	-	-
Provision for Diminution in value of Investment	-	-	-	63.69	-
Effect of Adjustment on Tax	-	-	-	-	32.69
Prior period Items	(71.34)	498.84	88.54	1,221.35	123.12
Excess Provision Written Back	150.44	217.10	230.43	(1,397.07)	(559.20)
Profit/(Loss) after restatement	(1,195.80)	(444.00)	60.77	377.34	374.75

Comparison of Period ended December 30, 2005 (Nine months) to period ended March 31, 2005 (18 Months)

Revenue

Our total revenue in the nine months ended December-2005 of FY 2006 were Rs. 21617 lacs against total revenue of Rs. 54049 lacs in the March 31, 2005 (18 Months). Other Income was Rs. 544 lacs as against Rs. 623 lacs for the 18 months period ended March 31, 2005

Expenditures

Our total expenditure were Rs. 21416 lacs in the nine month ended December-2005 of FY 2006 as against total expenditure of Rs. 54748 lacs during 18 months period ended March 31, 2005. Our Raw Materials consumption and cost of goods sold were Rs. 16042 lacs during the nine month ended December-2005 as

against Rs. 39052 lacs during the period ended March 31, 2005 (18 Months). Staff Cost for the nine month ended December-2005 were Rs. 1576 lacs against Rs. 4158 lacs for the period ended March 31, 2005 (18 months). Manufacturing, Administrative, Selling & Other Expenses for the nine month ended December-2005 were Rs. 3124 lacs as against Rs. 10099 lacs for the period ended March 31, 2005 (18 Months). Interest and Finance charges for the nine month ended December-2005 of FY 2006 were Rs. 674 lacs as against Rs. 1439 lacs for the period March 31, 2005 (18 Months).

Profit

Our profit after tax in the nine month ended December-2005 of FY 2006 were Rs. 375 lacs as against Profit of Rs. 377 lacs for the period ended March 31, 2005 (18 Months).

Net Profit, as restated.

Our profit after tax has been restated on account of, among other things: changes in accounting policies as well as certain items attributable to prior periods. As a result of these adjustments, our restated profit for the period ended December 31, 2005 were Rs. 374.75 lacs as compared to our restated Profit for the period ended March 31, 2005 of Rs. 377.34 lacs. The main adjustments for the nine month ended December 31, 2005 are described below:

- In the financial statements for the period ended March 31, 2005 and December 30, 2005, certain liabilities of earlier financial year were written back. These liabilities have been appropriately adjusted in the respective financial periods and Profit for the period ended December 31, 2005 has been reduced by Rs. 559.20 lacs and Profit for the period ended March 31, 2005 has been reduced by Rs. 1,397.07 lacs.
- In the financial statement for the period ended March 31, 2005 and December 31, 2005, we have classified certain items of income/expense as prior period. Pursuant to the restatement, such income/expense has been appropriately adjusted in the respective years. As a result, the profit for the period ended December 31, 2005 has been increased by Rs. 123.12 lacs and profit for the period ended March 31, 2005 has been increased by Rs. 1221.35 lacs.

Year ended March 31, 2005 (18 Months) compared to Year ended September 30, 2003 (15 Months)

Revenue

Our total revenue for period ended March 31, 2005 (18 Months) were Rs. 54672 lacs as compared to Rs. 42908 lacs in September 30, 2003 (15 Months), which includes Rs. 54049 lacs of Sale and Rs. 623 lacs of other income for the period ended March 31, 2005 (18 Months) and Rs. 42254 lacs of Sales and Rs. 654 lacs of other income for the period September 30, 2003 (15 Months)

Expenditure

Raw Material Consumed

We have consumed raw materials of value of Rs. 35367 lacs in the period ended March 31, 2005 (18 months). Raw material constitutes 65% of total sales as per compare to Rs. 26145 lacs in the period ended September 30, 2003 (15 Months) 62% of total sales.

Other Expenditure

Our Expenditure of Rs. 14256 lacs in the period ended March 31, 2005 (18 Months), mainly staff cost Rs. 4158 lacs, Manufacturing Rs. 5172 lacs and Administrative, Selling and Other Expenses Rs. 4926 lacs. As compared to Rs. 12636 lacs in the period ended September 30, 2003 (15 Months) mainly Rs. 3455 lacs staff cost, Rs. 5175 lacs of Manufacturing and Rs. 4006 lacs of Administrative, Selling and Other Expenses

Profit before Interest, depreciation and Tax

The PBIDT (Profit before interest, depreciation and tax) to Rs. 1363 lacs in March 31, 2005 (18 months), and this is attributed mainly due to decrease in sales volumes and over all increase in expenditure during the year as compare to Rs. 1744 lacs in the period September 30, 2003 (15 Months).

Interest

Net interest outgoes in the financial period March 31, 2005 (18 Months) were Rs.1439 lacs. The increase was mainly due to increase in volumes both in production and sales, as compared to Rs. 1387 lacs for the period September 30, 2003 (15 Months).

Depreciation

Our depreciation has increased to Rs. 525 lacs in March 31, 2005 (18 Months) from Rs. 387 lacs in September 30, 2003 (15 Months) on account of higher asset base.

Profit after Tax

The restated net profits for the year March 31, 2005 (18 Months) were Rs. 377 lacs as compared to Rs.61 lacs in the previous period September 30, 2003 (15 Months).

Fixed Assets

Net Fixed Assets including capital work in progress has gone up to Rs. 9014 lacs in 2003-05 (18 Months) from Rs. 3632 lacs in 2002-03 (15 Months). This increase in block took place mainly on account of revaluation of fixed assets to the tune of Rs. 6935 lacs (net) carried out during the year.

Net Profit, as restated.

Our profit after tax has been restated on account of, among other things: changes in accounting policies as well as certain items attributable to prior periods. As a result of these adjustments, our restated profit for the period ended March 31, 2005 was Rs. 377.34 lacs as compared to our restated Profit for the period ended September 30, 2003 of Rs. 60.77 lacs. The main adjustments for the year ended March 31, 2005 are described below:

- In the financial statements for the period ended September 30, 2003 and March 31, 2005, certain liabilities of earlier financial year were written back. These liabilities have been appropriately adjusted in the respective financial periods and Profit for the period ended March 31, 2005 has been reduced by Rs. 1397.07 lacs and loss for the period ended September 30, 2003 has been reduced by Rs. 230.43 lacs.
- In the financial statement for the period ended September 30, 2003 and March 31, 2005, we have classified certain items of income/expense as prior period. Pursuant to the restatement, such income/expense has been appropriately adjusted in the respective years. As a result, the profit for the period ended March 31, 2005 has been increased by Rs. 1221.35 lacs and loss for the period ended September 30, 2003 has been reduced by Rs. 88.54 lacs.
- In the financial statement for the period ended March 31, 2005, we made a provision of Rs. 63.69 lacs for permanent diminution in value of certain investment held by our company. The adjustment for the same has been carried out against the opening reserve i.e. prior to year 2000-01. As a result, the profit for the period ended March 31, 2005 has been increased by Rs. 63.69 lacs

Year ended September 30, 2003 (15 months) compared to year ended June 30, 2002 (15 Months)

Sales

Our sales of products increased 30% from Rs. 32552 lacs in June 30, 2002 (15 Months) to Rs.42254 lacs in September 30, 2003 (15 Months). The increase was because of increased volumes and better realization. Out of which in there is increase in turnover of pipe division from Rs.21509.5lacs in financial year 2002 to Rs. 27817.47 lacs in financial year 2003 which amount to 30%. There is increase in export incentives from Rs. 1948.58 lacs in financial year 2002 to Rs. 3152.62 lacs in financial year 2003. As export of our company has increased from 14122 lacs in financial year 2002 to 17939 lacs in financial year 2003

Other Income

Our other income has increased 153% from Rs. 259 lacs June 30, 2002 (15 Months) to Rs. 654 lacs September 30, 2003

Expenditure

Raw materials consumed and cost of goods sold increased 38% to Rs. 26145 lacs for the period September 30, 2003 (15 months) as per compared to Rs. 18969 lacs for the period June 30, 2002 (15 Months). Staff cost increased to 6.62% from Rs. 3233 lacs for the period June 30, 2002 (15 Months) to Rs. 3447 lacs for the period September 30, 2003 (15 Months).

Manufacturing Expenses increased to 21.50% from Rs. 4259 lacs for the period June 30, 2002 (15 Months) to Rs. 5175 lacs for the period September 30, 2003 (15 Months).

Administrative, Selling and other Expenditure increased to 11.55% from Rs. 3455 lacs for the period June 30, 2002 (15 Months) to Rs. 3855 lacs in the period September 30, 2003 (15 Months).

Profit before Interest, Depreciation and Tax

The PBIDT (Profit before interest, depreciation extraordinary items and tax) increased to Rs. 1459 lacs for the period ended September 30, 2003 (15 Months) as compared to Rs. 762 lacs in the period June 30, 2002 (15 Months). This can be attributed mainly to increase in sales and reduction in expenditures during the year.

Interest

Net interest outgo in the financial period ended September 30, 2003 (15 Months) were decreased 11% to Rs. 1388 lacs as compared to Rs. 1552 lacs for the period ended June 30, 2002. As our company has requested IDBI for waivers of liquidated damages, additional interest, interest for the current period as well as part of interest for previous periods, pending outcome of IDBI's agreement to the request of company, we have not provided interest of Rs. 4.36 crore for the period ended September 30, 2003.

Depreciation

Our depreciation has increased to Rs. 387 lacs in September 30, 2003 (15 Months) from Rs. 365 lacs in June 30, 2002 (15 Months) on account of higher asset base.

Net Profit/ (Loss) after Tax

The restated net profit for the year September 30, 2003 (15 Months) stood at Rs. 220 lacs as compared to Loss of Rs. 167 lacs in the period June 30, 2002 (15 Months).

During the period, our company has wiped out the accumulated loss upto 30-06-2002 vide Bombay High Court Order dated 08-10-2003 against reduction of share capital by Rs. 20.11 crore, Securities premium Account of Rs. 12.61 crore, Investment Allowance Reserve Account of Rs. 2.52 Crores and revaluation reserve Account of Rs. 6.40 crore.

Net Fixed Assets

Net Fixed Assets including capital work in progress has gone up to Rs. 3632 lacs in September 30, 2003 (15 Months) from Rs. 3242 lacs in June 30, 2002 (15 Months). This increase was due to additions made during the period.

Net Profit, as restated. Our profit after tax has been restated on account of, among other things: changes in accounting policies as well as certain items attributable to prior periods. As a result of these adjustments, our restated profit for the period ended September 30, 2003 was Rs. 220.36 lacs as compared to our restated loss for the period ended June 30, 2002 of Rs. 167.00 lacs. The main adjustments for the year ended September 30, 2003 are described below:

- In the financial statements for the period ended June 30, 2002 and September 30, 2003, certain liabilities of earlier financial year were written back. These liabilities have been appropriately adjusted in the respective financial periods and Profit for the period ended September 30, 2003 has been increased by Rs. 230.43 lacs and loss for the period ended June 30, 2002 has been reduced by Rs. 217.12 lacs.
- In the financial statement for the period ended June 30, 2002 and September 30, 2003, we have classified certain items of income/expense as prior period. Pursuant to the restatement, such income/expense has been appropriately adjusted in the respective years. As a result, the profit for the period ended September 30, 2003 has been increased by Rs. 220.31 lacs and loss for the period ended June 30, 2002 has been reduced by Rs. 545.26 lacs.

Year ended June 30, 2002 (15 months) compared to year ended March 31, 2001 (12 Months)

Sales

Our sales of products were Rs. 32552 lacs in June 30, 2002 (15 Months) as compared to Rs.23897 lacs in March 31, 2001 (12 Months). The sales of pipe division were higher in the financial year 2002 at 100427 MT as compared to 62526 MT in the financial year 2001. There was increase in sales of pipe division from Rs. 14196.91 lacs in the Financial year 2001 to Rs. 21509.51 lacs in financial year 2002. Due to sluggish market condition Chemical division could not manage past year turn over there was fall of the turnover from Rs. 3720 lacs in 2001 to Rs. 3525 lacs in the year 2002. Similarly Engineering industry was facing recession due to which there was a fall in the turn over from Rs 2992 lacs in Fin Year 2001 to Rs. 2812 lacs in financial year 2002. There was increase in sales in Textile division in financial year 2002

Other Income

Our other income was Rs. 259 lacs in June 30, 2002 (15 Months) as compared to Rs. 244 lacs March 31, 2001 (12 Months).

Expenditure

Raw materials consumed and cost of goods sold were Rs. 18969 lacs for the period June 30, 2002 (15 months) as per compares to Rs. 14891 lacs for the period March 31, 2001 (12 Months). The price of Raw material of pipe division i.e HR Coils increased during the year

Staffs cost were Rs. 3233 lacs for the period June 30, 2002 (15 Months) as compared to Rs. 2680 lacs for the period March 31, 2001 (12 Months).

Manufacturing Expenses were Rs. 4259 lacs for the period June 30, 2002 (15 Months) from Rs. 3285 lacs for the period March 31, 2001 (12 Months).

Administrative, Selling and other Expenditure were Rs. 3455 lacs for the period June 30, 2002 (15 Months) from Rs. 2397 lacs in the period March 31, 2001 (12 Months).

Profit before Interest, Depreciation and Tax

The PBIDT (Profit before interest, depreciation and tax) were Rs. 1174 lacs for the period ended June 30, 2002 (15 Months) as compared to Rs. 252 lacs in the period March 31, 2001 (12 Months).

Interest

Net interest outgo in the financial period ended June 30, 2002 (15 Months) were Rs.1552 lacs as compared to Rs. 1346 lacs for the period ended March 31, 2001 (12 Months).

Depreciation

Our depreciation was Rs. 365 lacs in June 30, 2002 (15 Months) from Rs. 278 lacs in March 31, 2001 (12 Months) on account of higher asset base.

Net Profit/ (Loss) after Tax

The restated net loss for the period June 30, 2002 (15 Months) were Rs.167 lacs as compared to Loss of Rs. 1072 lacs in the year March 31, 2001 (12 Months). But Pipe division made a profit of Rs.554 lacs during the year as against the loss of Rs. 141 lacs in last year even though the prices of HR coils increased during the year

Net Fixed Assets including Capital WIP

Net Fixed Assets including capital work in progress has gone up to Rs. 3346 lacs in June 30, 2002 (15 Months) from 3257 lacs in March 31, 2001 (12 Months). This increase was due to additions made during the year.

FINANCIAL MARKET RISK

Quantitative and Qualitative Disclosures about Market Risk

Unusual or infrequent events or transactions

In our opinion, there was no an unusual or infrequent transaction that have taken place during the last three years except as disclosed as non recurring items in section titled “Management’s Discussion and analysis of Financial Condition and Results of Operations “

Significant Economic/regulatory changes

The management does not foresee any significant economic changes concerning the Steel Industry and Cutting Tools Industry in the immediate future, which might have an impact on the profitability or operations of our Company, other than the changes in government policies, changes in demand / supply of steel ,and such other changes which are in usual course of business.

Interest Rates

Financing costs are the second most important expenditure after the raw material expenses. We are subject to risks arising from changes in interest wherever the prescribed interest rates are not fixed. Further, interest on working capital finance is quite material in our case. Interest is thus dependent on average inventory holding. If the liquidation of stocks takes place faster, the average inventory holding would be lower and lower working capital finance would be required, resulting in lower finance cost. Similarly, in the event of slower liquidation of stocks, the finance cost will be higher.

Significant Developments after December 31, 2005 that may affect the Future of our Operations

Except as stated in this Draft Prospectus, to our knowledge no circumstances have arisen since the date of the last financial statements as disclosed in this Draft Prospectus which materially and adversely affect or are likely to affect, the trading and profitability of our company, or the value of the consolidated assets or their ability to pay their material liabilities within the next 12 months. There are no subsequent developments after the date of the Auditor’s report, which we believe are expected to have material impact on the consolidated reserves, profits, earnings per share or book value of our company.

Known Trends or Uncertainties

Except as described in this Draft Prospectus in general and the section titled “Risk Factors” and “Management Discussion and Analysis of Financial Conditions and Results of Operations”, in particular, to our knowledge, there are no known trends or uncertainties that have or had or expected to have any material adverse impact on revenues or income of our Company from continuing operations.

Future changes in relationship between costs and revenues

We have successfully manufactured steel pipes and cutting tools and we continue to improvise on our products and our operations resulting in synergies in our operating results. There are no known factors, which will affect the future co-relation of costs and income, or which will have material impact on the operations and finances of our Company.

Seasonality of the Business

Steel Industry and Cutting Tool Industry is relatively stable throughout the year.

New products or business segment

Our Company is proposing for the new product, which is considered as an extension of existing business line i.e Mechanical Tube. As our company is in the existing pipe business since last 40 years so entering in mechanical tube business is not risky

Any significant dependence on a single or few suppliers or customers

Our company is not dependent on single customer we have a wide distribution and selling network. Similarly for our raw material we have both the option of import as well as domestic market for the raw material availability. Our main raw material i.e. HR Coil, Zinc and HSS coil are easily available in India Domestic sources for HR coils are Ispat Industries, Jindal, SAIL, Lloyd and Essar Steel. . HR Coils are imported from different countries i.e. Germany, Canada etc

Another major raw material i.e. zinc is used for galvanizing process. The domestic sources for zinc are Hindustan Zinc Limited and Binani Zinc Limited. Zinc can also be imported through specialized International Trading houses dealing in non ferrous metals

The major raw materials required for cutting tools is High Speed Steel (HSS), which is available internationally and from domestic market. The domestic suppliers of High Speed Steel are M/s GKW Ltd. (Powmex Steel Division) and the overseas suppliers are M/s Erasteel Kloster, France, M/s Bohler GmbH, Austria and M/s Hitachi Metals, Japan

Competitive Conditions

The major players in this industry are TISCO, Surya Roshni Limited, Jindal Pipes Limited, Jindal Hissar Limited and Swastik Pipes Limited. In addition there are several manufacturers in small and medium scale which are operating as regional players. However, we are the largest exporter of ERW steel pipes from India.

SECTION VI-LEGAL AND REGULATORY INFORMATION

OUTSTANDING LITIGATION

THE COMPANY CERTIFIES THAT EXCEPT AS STATED HEREIN, THERE ARE NO:

- Other pending litigations against the company.
- Outstanding litigations, defaults etc pertaining to matter likely to affect operations and finances of the company including prosecution under any enactment in respect of Schedule XIII of the Companies Act 1956 (1 of 1956).
- Such cases of pending litigations, defaults etc in respect of Companies/firms/ventures with which the promoters were associated in the past but are no longer associated, and their names continue to be associated with particular litigation.
- Disciplinary action/ investigation has been taken by Securities and Exchange Board of India(SEBI)/ Stock Exchanges against the Company, its directors , promoters and their other business ventures (irrespective of the fact whether or not they fall under the purview of section 370(1B) of the Companies Act 1956.
- Cases against the Company or its Promoters of economic offences in which penalties were imposed on promoters.
- Pending litigations, defaults, non payment of Statutory dues, proceedings initiated for economic offences/civil offences, any disciplinary action taken by the Board /Stock Exchanges against the Company/Promoters and their business ventures/Directors other than those mentioned in this Offer Document and that no litigations have arisen after the issue of SEBI's Observation letter and the Company and its Directors take full responsibility of the information mentioned in the Offer Document.

CASES FILED AGAINST OUR COMPANY

CASES PERTAINING TO CRIMINAL LAWS

Sr. No.	Case No.	Name of Opposite Party	Court before which litigation is Pending	Brief History and Prayer	Claim Amount (Rs.)	Interlocutory reliefs if any	Current Status/ Next Date of Hearing
1.	388/RC/9/697/S/2000	Asst. Registrar of Companies, Maharashtra	Additional Metropolitan Magistrate's Court, Mumbai	Case filed by Registrar of Companies, Mumbai against the Company and its erstwhile Directors pertaining to the 53 applications made by the depositors which covers 56 deposits amounting to Rs.2,93,000/- which is due from the Company. The Company Law Board passed an order on 25 th March, 1992 directing the Company to repay the Impugned Deposits on or before 30 th April, 1992. The Company in accordance with the order paid the 56 depositors but erred in making the payments after the due date.	—	—	6 th July, 2006
2.	614/SW/04	Bimla Holdings Pvt. Ltd.	Metropolitan Magistrate's Court at Esplanade, Mumbai	Bimla Holdings Company Pvt. Ltd. which had let out certain premises to the Company, has filed a Criminal complaint dated 20 th August, 2003 under Sections 415, 420, 427 read with Sections 34 and 114 of the Indian Penal Code against the Company, some of its Directors including Executive Director Shri Arun Jain and its then Company Secretary, charging them of cheating it and knowingly or intentionally destructing the property and destroying its value and utility.	—	—	10 th May, 2006
3.	Misc. Criminal	Maharashtra Rajya	First Labour Court,	Criminal complaint filed by the Union against the	—	The Compa	----- --

	Complaint (ULP) no.36 of 2005	Mathadi Transport & General Kamgar Union	Thane	Company its Chairman Shri Yash Birla, Executive Director Shri Arun Jain and Vice President Shri R. N. Bhomia alleging the Contempt of Industrial Court order in Revision Application (ULP) no.11 of 2002 and First Labour Court of Thane in Complaint (ULP) no.47 of 2001 in relation to the dismissal of services of Mathadi Kamgar employed in its erstwhile Chemical Division.		ny will soon file its reply to the same	
CASES PERTAINING TO CIVIL LAWS							
Sr. No.	Case No.	Name of Opposite Party	Court before which litigation is Pending	Brief History and Prayer	Claim Amount (Rs.)	Interlocutory reliefs if any	Current Status/ Next Date of Hearing
1.	298 of 1991	India Steel Industries	High Court Bombay	India Steel Industries (“ISI”) has filed a suit dated 21 st January, 1991, for specific performance of six orders of carbon steel totaling to 2630 M.T. placed by them with the Company during the period August, 1987 to November, 1988. In the alternative, ISI has prayed that the Company be ordered to pay the aggregate sum of Rs.1,14,52,069/- with interest thereon at the rate of 18%p.a. from the date of the suit till realization. Further, ISI has also prayed that pending the hearing and final disposal of the suit, the Company be ordered and directed to give security for the sum of Rs.1,14,52,069/- or such sum as the Court may deem proper. ISI has also taken out a notice of motion dated 15 th February, 1991. The hearing of the case is adjourned in view of the declaration issued by BIFR under Section 22(3) of the	1,14,52,069/-	----- --	-----

				Sick Industrial Companies (Special Provisions) Act, 1985. ISI has now purchased the Steel Division of the Company and they have agreed to withdraw the case after all the legal formalities regarding the sale of the Steel Division are completed.			
2.	Long Cause Suit No.960 of 1988	Paschimanchal Udyog	City Civil Court, Ahmedabad	<i>A suit was filed in the year 1988 by a Company called Paschimanchal Udyog, claiming refund of Rs.50,000/- advanced to the Company for service charges for importing certain materials. The Company has denied the contentions as false and the suit is pending.</i>	50,000/-	-----	-----
3.	T.E. & R. Suit No.24/25 of 2001	Hillcrest Constructions	Small causes Court, Mumbai	Hill Crest Constructions (“HCC”), the owners and landlords of residential premises, had accepted the Company as a monthly tenant in respect of the same. HCC terminated the tenancy on the ground that it needed the premises for its own use. The Company, however, did not vacate the premises. HCC has therefore filed a suit in the Court of Small Causes at Bombay to obtain possession of the premises, and to obtain mesne profits as may be deemed fit by the Court. The Company has filed an Application for stay of the suit on 5 th August, 2003 and the suit is pending.	----- -	-----	12 th May, 2006
4.	R.P.No.3 23/04 IN OA No.263 /02	Industrial Development Bank of India	Debt Recovery Tribunal, Mumbai	<i>By an order dated 30th July, 2004, the Presiding Officer of the Mumbai Debt Recovery Tribunal had ordered the Company to pay a sum of Rs.18,93,95,714/- with future interest @ 16%p.a. with quarterly interest from 11th July, 2002 till realization of the amount,</i>	18,93,95,714/-		The Company has arrived at One Time Settlement (OTS) with the Stressed Assets

				<i>which the Company owed to IDBI.</i>			Stabilization Fund (SASF), to whom the IDBI had absolutely transferred its recovery certificate Out of the total OTS of Rs.16 crores, the Company has already re-paid Rs.11.80 crores as on date.
5.	Special Civil Suit No.675/04	Praj Industries Ltd.	City Civil Court, Pune	Praj Industries Ltd. has filed a Special Civil suit No. 675 of 2004 against the Company in City Civil Court, Pune for the specific performance of a contract and recovery of unpaid consideration amounting to Rs.25,00,000, inclusive of the interest payable on the principal amount. The Company has challenged the jurisdiction of the court and the matter is pending for order.	25,00,000/-		-----
6.	W.P. 2474 / 1992	Ramson Enterprises	Delhi High Court	<i>Ramson Enterprises, a dealer of the Company has filed a suit in 1992 in the Delhi High Court for recovery of Rs 15 lacs towards an unpaid bill. The company in turn filed another civil suit in High Court of Punjab and Haryana for recovery of Rs.7,72,912, which was stayed till the decision of the previous suit instituted by Ramson Enterprises.</i>	15,00,000/-		4 th May, 2006
7.	25/1993	Lohia Dyes & Chemicals-	Rajasthan High Court	A Suit was filed by Lohia Gum & Chemicals Industries against the	47,115/-		----

				Company in 1991 for recovery of Rs.47114.80/- in the District Court, Jodhpur and an order was passed against the Company. The Company filed an appeal in the Sessions Court, Jodhpur against the order of the District Court, but the appeal was dismissed. The Company has filed an appeal in the Rajasthan High Court in August 2005 against the order of the Sessions Court, which is pending.			
8.	----	Shree Yarns Industries Ltd	Board level Review Committee Of Punjab State Electricity Board	A petition was filed by Shreyans Industries Ltd. on 20 th May, 2002 against the Punjab State Electricity Board (“PSEB”) in the Dispute Settlement Authority, PSEB. An order was passed by the authority on 25 th August 2003 against Shreyans Industries Ltd for a claim of Rs.19,57,000/-. Shreyans Industries Ltd made a counter claim on Zenith Ltd as the Paper Division was purchased from the Company. Shreyans Industries prays that the amount claimed by PSEB should be paid by the Company. An appeal was made by Zenith Ltd. against Punjab State Electricity Board and Shreyans Industries Ltd against the orders dtd 25/8/03 passed by Dispute Settlement Authority of PSEB, Patiala whereby PSEB was allowed to charge energy loss for the period from July 1988 to 3/12/1992 and the Company prays that it is not liable to pay any amount.	19,57,000/-		Matter is pending
9.	75/92	Royce Dyestuffs	Court of the Additional District	A suit was filed in the Court of the Additional District Judge, Delhi, on 15 th November, 1991 by Royce Dyestuffs Company	99,999/-		Matter is pending



			and Sessions Judge, Delhi	against Zenith Ltd. for recovery of Rs.99,999/- for the goods supplied to the Companies. An ex parte money decree was passed against the Company for Rs.99,999/- with interest on 22 nd July,1996. Zenith Ltd. applied under Order IX, Rule 13 of the Code of Civil Procedure, 1908 for setting aside the ex parte decree and order dated 22 nd July,1996 in the Court of the Additional District and Sessions Judge, Delhi on 23 rd August, 1997.			
10.	80 / 2005	Umga Gears Pvt. Ltd.	Judicial Magistrate, Nashik	Recovery suit filed by the party as the Company has rejected the materials supplied by Umga Gears as the same is not as per the quality specifications of the Company.	24,000/-		Matter is pending
11.	59 / 93	Jayram Mukund Patil / Vasudev J. Patil & others	Civil Court, Palghar Dist. Thane	Suit filed claiming encroachment of land adjacent to factory boundary at erstwhile Chemical Division at Tarapur, Dist Thane	-----	-----	8 th May, 2006

CASES FILED AGAINST THE COMPANY

CASES PERTAINING TO LABOUR LAWS

Sr. No.	Case No.	Name of Opposite Party	Court before which litigation is Pending	Brief History and Prayer	Claim Amount (Rs.)	Interlocutory reliefs if any	Current Status/ Next Date of Hearing
1.	ULP 312/90	Purushottam	Labour Court Buldhana	A former workman of the Company, Purushottam has filed a Petition in the year 1990 in the Labour Court, Buldhana, against the Company under Section 28 of the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act, 1971, alleging that the Company has committed an unfair labour practice by removing him from service and has claimed reinstatement with back wages. The matter is still pending. Four other workers namely Prakash Ite, Prakash Fasale, Ram Prasad, Devendra also file Petitions nos. ULP 264 of 1992, ULP 267 of 1992, ULP 267 of 1992 and ULP 268 of 1992 respectively on the same cause of action in the Labour Court of Buldhana.	3,71,238		For Evidence
2.	ULP 264/92	Prakash Ite	Labour Court Buldhana	Same cause of action as mentioned in sr. no.1.	----		For Arguments
3.	ULP 267/92	Prakash Fasale	Labour Court Buldhana	Same cause of action as mentioned in sr. no.1.	----		For Arguments
4.	ULP 267/92	Ram Prashad	Labour Court Buldhana	Same cause of action as mentioned in sr. no.1.	----		For Arguments
5.	ULP 268/92	Devendra	Labour Court Buldhana	Same cause of action as mentioned in sr. no.1.	----		For Arguments
6.	ULP 6/96	Sheshrao	Labour Court Akola	The Company has filed an industrial revision petition in the labour	2,54,832		----

				Court, Akola against the order dated 22 nd October, 1997 of the Labour Court, Akola ordering the Company to reinstate a dismissed workman, Sheshrao. The Court has stayed the operation of the said order till a reply is filed by the workman.			
7.	BIR/3/97	Girmi Kamgar Sangh	Labour Court Akola	The action of the Company to deduct wages for continuous absenteeism under the notice by its order dated 9 th October, 1997. The complaint is now pending for evidence. The Company had issued a notice dated 30 th September, 1997 to one of its workers informing him that in view of the continuous absenteeism from the work, wages shall be deducted. The labour union filed a complaint in the Labour Court, Akola praying for full back wages. The Court has stayed	----		For Evidence
8.	REF/ULP/5/98	Girmi Kamgar Sangh & Ors.	Labour Court Akola	The Company had filed a reference under Section 25 of the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act, 1971, seeking a declaration that the employees working with it had adhered to a go-slow policy, which tantamounts to an illegal strike. Simultaneously, the General Secretary of the Girmi Kamgar Sangh filed a Petition under the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act, 1971 in the Labour Court, Akola, challenging the declaration of lock-out by the Company. Both the matters are ordered to be heard together and are pending.	----		----
9.	ULP 380/04	Madhukar	Labour Court Akola	Madhukar Ramchandra Badgujar, a permanent employee of the Company	1,83,520		For Evidence

				has filed a petition in the year 2000 in the Labour Court, Akola under the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act, 1971 as his services were terminated due to absence without leave. He has prayed for reinstatement in service to his usual position with continuity and full back wages and the matter is pending.			
10.	BIRI/2000	GKS	Industrial Court Akola	On the request of the employees the Company paid them Rs.1,000/- towards festival advance, on the condition that the said advance shall be deductible in five equal installments at the time of payment of salary, and no further advance would be paid till then. Sarchitnis Girani Kamgar Sabha, which is a recognized trade union, (the Respondents) filed a suit in the year 2000 in the Labour Court, Buldana wherein they misled the Court by contending that the payment of advance is a custom, and suppressed the fact that the said advance is again recovered by installments. The Court passed the order entertaining an application under Section 46(2) of Bombay Industrial Relations Act restraining the company from deducting the advance amount. The Company has filed a revision petition Before the Industrial Court, Akola, B.I.R. Case No./Revision No.1/2000, on 8 th November, 2000.	----		Written Statement
11.	ULP 20/02	Ganjan	Labour Court Akola	Gajan, a permanent employee of the Company has filed a complaint dated 29 th	----		Written Statement

				July, 2002 under Section 28 read with Item 1 of the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act, 1971 in the Labour Court, Akola as his services were terminated due to absence without leave. He has prayed for reinstatement with continuity in service and full back wages and the matter is pending.			
12.	ULP 60/03	G.M.Tiwari	Labour Court Buldhana	Ghanshyam M. Tiwari, a former workman, has made an application in 2003 under Section 30(2) of the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act, 1971, in the Labour Court Buldhana alleging that the Company has indulged in an unfair labour practice by orally terminating his services. He has prayed that he be reinstated in service.	----		Written Statement
13.	ULP69/03	Ajay	Labour Court Akola	Ajay Kisanrao Waghade, a former workman has filed a complaint before the Labour Court Akola, under Section 28 read with Schedule IV Item 1 [a] [b] [d] [f] and [g] of the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act, 1971 praying that it be declared that the Company has indulged in an unfair labour practice by terminating his services and that he be reinstated with back wages and continuity of service.	----		For Evidence
14.	ULP93/03	J.K.Jadon	Labour Court Akola	Jitenderakumar, a former workman has filed a complaint with the Labour Court, Akola under Section 28 read with Schedule IV Item 1	----		Written Statement

				of the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act, 1971 praying that it be declared that termination of his services was illegal and that he be reinstated with back wages and continuity of service.			
15.	ULP 572/04	M.Choudhari	Labour Court Buldhana	Murlidhar Prahalad Choudhari was a permanent employee of the Company. On 26 th February, 2003, the company terminated Mr.Choudhari by issuing a charge sheet, on the ground of remaining absent. Mr. Choudhari filed a complaint in 2004 in The Labour Court, Buldhana under Section 30(2) of Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices, 1971 and states that his absence was due to illness, and prays that the company be directed reinstate him on his original post along with full salary. Whereas the company contends that Mr. Choudhari was found guilty after holding departmental enquiry, and has admitted the charges leveled against him. The matter is pending in the court.	----		For Evidance
16.	ULP 596/04	P.D.Patil	Labour Court Akola	Mr. Prabhakar Patil, a former workman, has filed a petition in 2004 before the Labour Court, Akola under Section 28 read with Schedule IV, Item 9 of the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act, 1971 praying that he be	65,222		For Evidance

				reinstated with back wages. The case is still pending.			
17.	ULP 705/04	H. Charkhe	Labour Court Akola	Haribhau Bhikaji Charkhe, a former workman, has filed a petition in 2004 before the Labour Court, Akola under Section 28 read with Schedule IV of Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act, 1971, praying that the Company's order dated 22 nd April, 2003 discharging him from service be set aside and that he may be reinstated in service. The case is still pending.	----		----
18.	ULP 709/04	M. Mishra	Labour Court Buldhana	Manish Nandkishor Mishra, a former workman, has filed a complaint dated 1 st December, 2004 before the Labour Court, Buldhana under Section 28 read with Schedule IV of the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act, 1971, praying that he be reinstated in service because the Company had wrongfully terminated his services on the ground that he had committed theft. The case is still pending.	----		For Hearing
19.	ULP 137/02	GKS	Industrial Court, Akola	Girni Kamgar Sabha has filed a case against the Company seeking appointment of members as temporary workers instead of learners. The case is still pending.	----		For Hearing
20.	C-231 / 95 /	Mr. R.K. Gupta	VII th Labour	The Presiding Officer of the Labour Court	5,00,000		The Company

	NDD/3643 And WP (C) 788/2006		Court, Delhi And High Court, Delhi	No. VII, has passed an award dated 26 th April, 2005 directing that Mr. R. K. Gupta whose services were terminated by the Company, be reinstated in service.			has now filed a Writ Petition in the Delhi High Court, challenging the award for which necessary notice has been issued to the Respondent and shall come up for initial hearing on 19 th July, 2006
21.	PGA/CA/71-21/2004	N.K. Malhotra	Dy. Comm of Labour	By an order dated 25 th October, 2005, the Dy. Commissioner of Labour has directed the Company to pay the outstanding Gratuity as per the Payment of Gratuity Act an amount of Rs. 33,000/- with interest @ 10%. to one N. K. Malhotra, who was employed as a Manager with the Company. The Company is in the process of challenging the order so as to make payment as per Company policy since the employee is from Manager Category.	70,000		15 th May, 2006
22.	ULP no. 231/1992	A.S. Rangnekar	10 th Labour Court at Bombay and Industrial Labour Court	Anita Anant Rangnekar, an employee of the Company has filed a complaint under Items 1(a), 1 (b), 1(d) and (f) of the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act, 1971 in the 10 th Labour Court at Mumbai, as her services were	3,00,000/-		The Company has now filed an appeal with Industrial Labour Court, where the matter will come up for initial

				terminated by the Company by order dated 8 th February, 1992. She has prayed that the said termination order be quashed and set aside and that she maybe reinstated with continuity in service and full back wages. The court passed an order on 19 th September, 2005 and directed to pay an amount of Rs.3,00,000/- compensation instead of reinstatement, back wages etc. of the deceased Rangnekar to her heirs.			hearing on 10 th May, 2006
23.	ULP no.8/2005	I.N.Rathi	10 th Labour Court at Bombay,	Ishwardas Nandlal Rathi, an employee of the Company has filed a complaint dated 29 th June, 1992 under Items 1(a), 1 (b), 1(d) and 1(f) Schedule IV of the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act, 1971 in the 10 th Labour Court at Bombay, as his services were terminated by the Company by order dated 8 th April, 1992. He has prayed that the said termination order be quashed and set aside and that he maybe reinstated with continuity in service and full back wages and the matter is pending.	----		10 th May, 2006
24.	ULP no.9/2005	N.K.Utekar	10 th Labour Court at Bombay	Nana Krishna Utekar, an employee of the Company has filed a complaint dated 22 nd June, 1992 under Items 1 (b), 1(d) and 1(f) Schedule IV of the Maharashtra Recognition of Trade Unions and Prevention of Unfair	----		----

				Labour Practices Act, 1971 in the 10 th Labour Court at Bombay, as his services were terminated by the Company by order dated 8 th April, 1992. He has prayed that the said termination order be quashed and set aside and that he maybe reinstated with continuity in service and full back wages and the matter is pending.			
25.	PGA no. 53&54/ 1997	I.S.Raju and Amba Shetty (Legal Heir of Late I.S.Raju)	Dy. Comm of Labour	The Company has filed a Petition before the Deputy Commissioner of Labour challenging the order of the VIIIth Labour Court at Mumbai, directing it to pay a sum of Rs.57,231/-, the gratuity payable to two workers, Mr. I. S. Raju and Mrs. Amba Babu Shetty. The Petition is pending.	----		5 th May, 2006
26.	ULP 50/98	Pradip Digambar Banaitkar	Industrial Court, Aurangabad	Mr. Pradip Digambar Banaitkar has filed a Complaint under section 26 and 28 R/W ITEM 1(a), (b), (d), (e), (f) & (g) of schedule IV of The MRTU & PULP ACT, 1971 for terminating him from service on the grounds that he abused his superior, gave less production and remain absent. Mr. Pradip Banaitkar prays that, the court held the Company guilty of engaging into Unfair Labour Practices and quash the impugned dismissal order thereby reinstating him in his continuous service, in addition to compensation and costs. The Complainant has not appeared in the court after filing of the Complaint.	----		9 th May, 2006

27.	ULP 71 / 2000	Namdeo Baburao Dhulgande	Labour Court Aurangabad	Namdeo Baburao Dhulgande was terminated from services on the grounds of continuous and recurring absenteeism from work. He filed a Complaint ULP /71/2000, in The Labour Court Aurangabad, under section 28 (1) R/W ITEM 1(a), (b), (d), (f) & (g) of schedule IV of The MRTU & PULP ACT, 1971 quashing the impugned dismissal order thereby reinstating him in service with continuity and full back-wages. The matter is still ongoing and the evidence of the complainant has been recorded and that of the Respondents is still in process.	----		12 th May, 2006
28.	ULP 47 / 2001	Maharashtra Rajya Mathadi Transport & General Kamgar Union	First Labour Court, Thane	Case filed by the Union restraining the Company from terminating the Mathadi workers from its erstwhile Chemical Division	-----	Ad-interim order was issued on 04.04.2001 directing the Company to maintain the status quo in respect of services of Mathadi workers. Revision application filed by the Company with Industri	The Company has now filed a application to First Labour Court at Thane for reviewing the Original Interim Order dated 04.04.2001 where the matter is pending.

						al Court at Thane has also been rejected and the matter has been again referred back to the First Labour Court at Thane	
29.	126 / 2004	Amrutlal M. Patel	Third Labour Court, Thane	Case filed against the Company for quashing of termination order and reinstatement into the services	-----	-----	19 th April, 2006
30.	ULP 46 / 2002	Mumbai Mazdoor Sabha	Labour Court, Nashik	Case filed by the Mumbai Mazdoor Sabha on behalf of one of the employees Mr. Gosavi, who has been dismissed by the Company. The case has been filed for his reinstatement with back wages.	Not Ascertainable	-----	On going
31.	S.C.S. no.303 / 05	Ratnakar K. Sathe	In the Court of Hon'ble Civil Judge (Sr. Div), Nashik	Case filed by the ex-employee of the Tool Division, whose services have been terminated in the year 1987 claiming for reinstatement with back wages. The Company has challenged the suit over the jurisdiction of the Court and on Limitation Period	Rs.16,50,000/-	-----	On going

CASES FILED AGAINST THE COMPANY

CASES PERTAINING TO EXCISE / CUSTOM / INCOME TAX / SALES TAX LAWS

1.	--	Central Excise Department	Joint Commissioner, Central Excise, Raigad	Various Show Cause Notices issued by the Excise Dept. for the period March' 98 to February' 2000 for Rate Difference due to Classification Disputes. The notices have been issued by the excise department against the company for the difference in the rate of excise duty. Duty paid on Zinc waste and scrap under chapter 2620 @ 8% Advl. Whereas department is asking to pay under chapter 7902 @ 15% Advl. Out of the total demand of Rs.53 lacs, the Company has paid Rs.3.09 lacs under protest and the hearing is currently on with the Joint Commissioner, Central Excise, Raigad.	53,34,689		On going
2.	Appl no. 28/90 dt.12.1.90	Central Excise Department	Commissioner of Central Excise (Appeals) Mumbai	Central Excise Divisional Officer at Amravati, disallowed the duty exemption on exports for non submission of export proof and demanded the payment of excise duty by its order dt.30.11.89. The Company has filed an appeal with Collector of Central Excise (Appeals) for quashing of the order passed by the Divisional Office. The matter is due for final hearing very shortly.	5,30,000		On going
3.	Appeal no. E/1623/94-A	Central Excise Department	Commissioner of Central Excise, Mumbai	Appeal filed by the Central Excise Department against the deductions allowed by the Collector (Appeals) in respect of cash discount given by the Company's tool division to its customers.	Not ascertainable		On going
4.	Appl. No.	Central	Dy.	The matter is related to	4,96,000		On going



	E/2507/04 Mum	Excise Department	Comm of Appeal Amravati	dispute on assessable value, where the Dy. Commissioner levied the excise duty on commissions paid to agents for yarn sales. The Company went into appeal against the said levy to the Commissioner (Appeals), who up-held the order of Dy. Commissioner on which the Company filed appeal to CEGAT, which referred the matter back to Dy. Commissioner, where it is currently pending for final decision.			
5.	ADJ/198/ B/SDE/K NR/04	District Collector, Dues Recovery Branch	Directorat e of Enforcem ent New Delhi	Levy of Penalty in relation to submission of Export Proof The Adjudicating Authority in the Office of the District Collector, imposed penalty in relation to submission of export proof and thus claiming the duty. The Company went into appeal with Directorate of Enforcement against the order passed by the District Collector. The said appeal has been granted and the recovery proceedings have been stayed by the Tribunal till the disposal of the final hearing.	40,00,000	Appella te Tribuna l of Foreign Exchan ge granted the stay on the recover y proceed ings subject to deposit of 5% of the penalty amount i.e. Rs.2 lacs	The Company deposited Rs.2 lacs with the Tribunal. Final hearing shall take place on 16 th June, 2006
6.	----	Central Excise Department	Collector of Central Excise Chandiga rh	The Company received a notice dated 2 nd February, 1994 from the Collector, Central Excise, Chandigarh, claiming that the Company had contravened the provisions of Rules 9(1), 173F, 173G and 226 of the Central Excise Rules, 1944 and asking the Company to show cause as to why the sum of Rs. 1,14,53,344/- on account of short payment of excise duty on 2416.041MT of paper	1,14,53,344 /-		On going

				should not be recovered from them under the proviso to Section 11-A of the Central Excise and Salt Act, 1944 and why penal action should not be taken against them under Rules 9(2), 173-Q and 226 of the Central Excise Rules, 1944. The Company has submitted a detailed reply to the said notice and has prayed that the proceedings be dropped. The matter is pending.			
7.	----	Central Excise Department	Collector of Central Excise, New Delhi.	The Collector passed an order dated 29 th January, 1992 demanding duty of Rs.11,86,325.32/- and Rs.4,00,000/- as penalty on the ground that the Company had paid less excise duty than that which was due. The Company appealed against the said order on 27 th November 1997 to the Customs, Excise & Gold (Central) Appellate Tribunal, New Delhi (“CEGAT”), which was dismissed by order dated 19 th December, 1997. The Company filed an application for rectification of mistake in the said order dated 19 th December, 1997 before the CEGAT on 21 st March 1998. In response to the Company’s application for rectification, an order was passed by the CEGAT on 10 th July 1998 for adjustment of MODVAT cess. Final adjustment orders are yet to be received.	15,86,326/-		On going
8.	----	Sales Tax Department	The Deputy Commissioner of Sales Tax (Appeals) IV	During the period of assessment from 1 st July, 1985 to 30 th June, 1986 the Assistant Commissioner of Sales Tax (Assessment) IV passed an order dated 30 th December, 1989	7,27,958/-		On going

				directing the Company to pay Rs.7,27,958/- The Company filed an appeal against the said order before the Deputy Commissioner of Sales Tax (Appeals) IV, Maharashtra State, Bombay on 26 th February, 1990, which is pending			
9.	----	Sales Tax Department	The Deputy Commissioner of Sales Tax (Appeals) XI	During the period of Assessment from 1 st July 1986 to 30 th June, 1987, the Sr. Assistant Commissioner of Sales Tax (Assessment), Bombay passed an order dated 7 th August, 1999 directing the Company to pay Rs.9,96,014/-.The Company filed an appeal before Dy. Commissioner of Sales Tax (Appeal) XI, Mumbai against the said order. The said Appellate Tribunal passed an order dated 29 th November, 2004, whereby the Company was held not entitled to any remission in interest in C.S.T. as remission in interest was already granted in B.S.T. at the time of Assessment only.	9,96,014/-		On going
10.	----	Sales Tax Department	The Deputy Commissioner of Sales Tax (Appeals) IV, Bombay	During the period of Assessment from 1 st July, 1987 to 31 st December, 1988 the Assistant Commissioner of Sales Tax (Assessment), Bombay passed an order dated 30 th March, 1992 whereby the Company was directed to pay Rs.3,47,467/- The Company has filed an appeal before the Deputy Commissioner of Sales Tax (Appeals) IV, Bombay against the order on 21 st April, 1992, which is pending.	3,47,467/-		On going

11.	----	Asst. Comm. of Central Excise, Boisar, Thane	----	Demand cum Show Cause Notice dated 24 th March, 2006 received from the Asst Commissioner of Central Excise, Boisar, Thane claiming wrongful availment of CENVAT Credit on certain Capital Goods at our erstwhile Chemical Division at Boisar, Thane	1,17,033/-	----	The Company will soon file its reply to the said Demand cum Show Cause Notice
12.	24.11.92	Income Tax Department	ITAT	Assessment Order Challenged	Not Ascertainable	--	Pertains to Assessment Year 1989 – 90
13.	21.03.03	Income Tax Department	ITAT	Assessment Order Challenged	Not Ascertainable	--	Pertains to Assessment Year 1997 – 98
14.	21.03.03	Income Tax Department	ITAT	Assessment Order Challenged	Not Ascertainable	--	Pertains to Assessment Year 1998 – 99
15.	21.03.03	Income Tax Department	ITAT	Assessment Order Challenged	Not Ascertainable	--	Pertains to Assessment Year 1999 – 00

CASES FILED BY THE COMPANY

CASES PERTAINING TO CRIMINAL LAWS

Sr. No.	Case No.	Name of Opposite Party	Court before which litigation is Pending	Brief History and Prayer	Claim Amount (Rs.)	Interlocutory reliefs if any	Current Status/ Next Date of Hearing
1.	106/N/00	Harbanslal Sharma	Metropolitan Magistrate	The Company filed a complaint against Harbanslal Sharma in GB CB CID-Mumbai for cheating the Company under Section 420 of Indian Penal Code and filed a suit for recovery of Rs.5,01,379/-. The Metropolitan Magistrate, 28 th court passed an order to dispose off the property and to deposit a sum of Rs.2,27,912/- in fixed deposits in State Bank of India, Mumbai initially for the period of 12 months in the name of the learned Metropolitan	5,01,379/-		Accused absconding. Case Dormant

				Magistrate, 28 th Court, Shri Risbud. The Company is yet to recover the amount.			
2.	2540/SS/03	Modern Traders/Sunil Shah	Metropolitan Magistrate, Mumbai	The company has filed a complaint under Section 138 of the Negotiable Instruments Act, in 2003 before the Metropolitan Magistrate, Bombay, against M/s. Modern Traders and its proprietor, Mr. Sunil Shah for dishonour of a cheque for Rs.4,00,000/- drawn by Mr. Sunil Shah in favour of the Company. The Complaint is pending.	4,00,000/-		8 th May, 2006
3.	59/S/1996 and 1164/03	V.D. Chokhani	High Court Bombay	The Company has filed a Criminal Application in the Bombay High Court for leave to appeal against the order dated 25 th March, 2003 passed by the Metropolitan Magistrate, Kurla, Mumbai acquitting Mr. V.D. Chokhani, an ex-employee of Indian Tool Manufacturers in a complaint filed by the Company under Section 630 of the Companies Act, 1956. The Application has been admitted and is pending for hearing.	----		Yet to be taken on Board
4.	63/S/1996 and 101/2003 and 544/97 and Rev/343/2005	I.S. Raju	High Court Bombay	The Company had filed a complaint before the Metropolitan Magistrate, Kurla, Mumbai under Section 630 of the Companies Act, 1956 against Mr. I.S. Raju, a former employee of the Company for wrongfully withholding property. The Metropolitan Magistrate convicted the employee, who appealed to the Court of Session, which appeal was dismissed. Mr. I. S. Raju has filed an appeal dated in the High Court, Bombay against the said order dated 31st March	----		5 th May, 2006

				2003 of the Court of Session. The appeal is at the stage of arguments.			
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CASES PERTAINING TO CIVIL LAWS

1.	ULP 01/04	VSKS	Labour Court Akola	The Company has filed a case in Labour Court against the Labour Union for Declaration of strike by workers as illegal. The case is pending.	----		For Evidence
2.	SS no.2083/83	Amitabh Textiles Mills Ltd.	High Court, Bombay	The Company has filed a summary suit on 10 th October, 1983 against Amitabh Textile Mills Limited for recovery of a loan granted by it to them and has claimed a sum of Rs.5,05,451/- with further interest on Rs.3,00,000/- at the rate of 17% p.a. from the date of the suit till payment or realization. The Defendants have been granted unconditional leave to defend the suit and the suit is pending.	5,05,451/-		Yet to be taken on Board
3.	Short Cause no.1497/87	Khaitan Fenesty Holdings Pvt. Ltd.	City Civil Court, Bombay	The Company had accepted a certain consignment of computer print out waste paper of Khaitan Fenesty Holdings Pvt. Ltd. ("KFH"), at Bombay on the condition that the containers' demurrage and detention charges would be reimbursed to the Company by them. KFH, however, paid only a part of the amount owed by them to the Company. The Company therefore filed a Short Cause Suit in the Bombay City Civil Court on 13 th February, 1987 to recover the balance amount of Rs.29,100/- together with interest on Rs.24,405.09/- at 21% per annum from the date of filing of the suit till payment. The suit is yet	29,100/-		Yet to be taken on Board

				to come up for hearing.			
4.	Summary Suit no.868 of 1994	Khatri Bros. & Anr. Bros	High Court, Bombay	<i>The Company has filed a Summary Suit in the Bombay High Court against Mr. Hiralal Ratanlal Khatri and Mr Sanjay Hiralal Khatri for the recovery of Rs.11,92,710. The summons has been issued, but the defendants are absconding and the suit is pending.</i>	11,92,710/-		----
5.	Suit no.3174 of 1992	Khatri Bros.	High Court Bombay	The Company had filed a suit dated 3 rd September, 1992 in the High Court, Bombay against M/s Khatri Brothers& Anr. to claim an amount of Rs.12,26,247 being the amount owed under three invoices, and interest on the same up to the date of filing of the suit. An ex-parte decree was passed by the High Court on 23 rd August 1993, granting the amount to the Company.	12,26,247/-		Execution of decree pending.
6.	Suit no.2800 of 1992	Shree Mahalaxmi Agencies Pvt. Ltd.	High Court Bombay	The Company has filed a suit in the year 1992, in the High Court, Bombay against Shree Mahalaxmi Agencies Pvt. Ltd. for the recovery of Rs.10,58,64/-, being the principal and interest against the supply of Zinc Scrap by the Company to them. The court has passed an ex-parte decree dated 30 th June, 1998 in favour of the Company. Shree Mahalaxmi Agencies Pvt. Ltd. is trying to negotiate with the Company for settlement.	10,58,642/-	Ex-parte Decree passed on 30 th June 98 in favour of the Co. for Rs.12,30,655/-	Execution of decree pending.
7.	RCS 99/97	J.K.Textiles		The Company has supplied materials to the above party under various invoices, which were outstanding for payment. In spite of repeated reminders, the party failed	15,00,000		Written statement on behalf of D(3) wherein D(3) has submitted

				to make payment. Hence, the Company filed the suit for the recovery of its outstanding dues.			that no relief shall be claimed against D(3) Appl made on 14.11.05. Case pending since then.
8.	CS 56/99	K.S.Supplier s	City Civil Court, Khamgaon	The Company had filed a suit in the City Civil Court, Khamgaon on 29 th September, 1999 to recover an amount of Rs.22,00,000/- from M/s. K.S.Suppliers, who had been appointed as a sales representative by the Company. The Court has passed a decree in 2004 in favour of the Company for Rs.14,56,000/- with interest.	22,00,000/-		Execution of decree pending.
9.	CS 8/04	Sandhya Enterprises	City Civil Court, Khamgaon	M/s Sandhya Enterprises were the agents of the Company for a period from 1 st April, 2002 to 31 st March, 2003. M/s. Sandhya Enterprises was to sell goods and it was agreed by the Company to pay brokerage or commission to them as per the contract. Under the given arrangement, an amount of Rs.1,45,584.20 became due and outstanding to be paid to the Company by M/s. Sandhya Enterprises and hence the present Suit was filed by the Company to recover the said amount with appropriate interest. The matter is still pending.	1,45,584/-		----
10.	Suit no 728 of 1982	Modi Dyes & Chemicals Industries.	High Court Bombay	The Company had filed a suit in 1982 in the High Court, Bombay against M/s. Modi Dyes & Chemicals. The Court passed an ex parte decree against M/s. Modi Dyes & Chemicals for	3,40,946/-		----

				Rs.3,40,946.26. The decree is to be executed by the Company.			
11.	Suit no 4507/93	K.K Goyal	High Court Bombay	No adequate information Suit filed for recovery of balance amount of car loan and liquidated damages for abandoning services while under contract. Ex-parte decree passed in our favour, could not be executed as the party is now absconding.	2,57,420		----
12.	4526/2000	Praj Industries Ltd.	High Court Bombay	M/s. Praj Industries Ltd. had entered into a contract with the Company for commissioning a ring dryer plant. The contract was breached by Praj Industries Ltd., and the Company has filed a suit in the year 2000 in the High Court, Bombay to recover the sum of Rs. 80,76,300.00 inclusive of the interest accrued on the principal amount. The suit is pending and has not yet come up for hearing.	80,76,300/-		----
13.	6620/1987 and First Appeal No 855 of 1990	Board of Trustees Of Bombay Port Trust	City Civil Court	Suit No. 6620 of 1987 for recovery in respect of 65 bales of waste paper. The case came up for hearing several times and on 30.8.90. Hon. Justice Desai has passed order and a decree for Rs. 28275-04 with interest @ 6% p.a. has been passed in our favour. BPT has gone in for Appeal in High Court against Decree of Civil Court, where the matter is pending.	68,820/-		Yet to be taken on Board

14.	Suit No.3897 of 1988.	Indian Road ways corporation	High Court Bombay	<i>The Company had an agreement for transportation of goods with the Indian Roadways Corporation. Indian Roadways Corporation failed and neglected to deliver the said goods to the Company. The Company has therefore filed a suit in the year 1988 in the High Court, Bombay to recover Rs.4,49,200/- with interest, from the Indian Roadways Corporation. The matter is yet to come up for hearing.</i>	4,49,200/-		Yet to be taken on Board
15.	S. S. No. 1798/83	Kota Steel Re-rolling Mills Pvt Ltd.	High Court Bombay	The Bombay High Court had passed an ex- parte decree dated 9 th January, 1984 for Rs.1,96,902.52 plus interest @20% per annum from 19 th March, 1982 in favour of the Company in a suit filed by the Company against Messrs Kota Steel Re-Rolling Mills Private Limited. The decree was not executed and it is presently time-barred due to a lapse of 12 years. However the Company is in the process of getting an extension of time for execution of the decree.	1,96,903/-		Execution of Decree pending
16.	S. S. 3923 of 1988	Deege Steel Traders	High Court, Bombay	Recovery Suit filed by the Company. The Court has passed ex-parte decree in Company's favour for sum of Rs.8,72,110, which is yet to be executed as the property declared by the partners of Defendant's firm are not sufficient to recover full dues.	8,72,110		Decree is yet to be executed
17.	C.P.No 18/85	D.V. Raju Springs Pvt Ltd	High Cout Hyderabad	<i>The Company had filed a suit in the year 1985 against D.V.Raju Springs Private Limited for the recovery of Rs.3,33,392/- in the High Court,</i>	3,33,392/-		----

				Hyderabad. The Defendant Company has been wound up and the Company has filed its claim with the Official Liquidator, Hyderabad and the matter is still pending.			
18.	S.S.No 1210/1987	Creations (India)	High Court Bombay	The Company and Creations (India) had agreed that Creations (India) would arrange for an irrevocable letter of credit from the Minerals & Metals Trading Corporation of India Limited, New Delhi, for the Company on the payment of an advance of Rs. 50,000/-. On failure on the part of Creations (India) to do so, the Company has filed a suit in the year 1987 in the High Court, Bombay for the recovery of Rs.72,750/- alongwith interest. The suit is yet to come for hearing.	72,750/-		Yet to come up for hearing
19.	Appeal No. 769/98 in Com. Petition No.408/97	Grand Foundry Limited	High Court Bombay	The Company had filed a Petition in the Bombay High Court on 4 th April, 1997 for winding up of Grand Foundry Limited ("GFL") because GFL had failed to repay Rs.25,00,000/-, which was part of the Inter-Corporate Deposit granted by the Company to GFL. The Court, by an order dated 10 th July, 1998, admitted the Petition. GFL filed an appeal against the said order, which was dismissed. However, the amount is still recoverable as the party has been referred to BIFR.	25,00,000/-		----
20.	C.P.No. 436/97	Western Paques India Limited	High Court Bombay	The Company has filed a company petition in the High Court, Bombay, for winding up of Western Paques (India) Ltd. ("WP") because WP failed to pay the	85,00,000/-		----

				outstanding principal and interest of Rs. 85,00,000/- towards inter-corporate deposit given to it by the Company. The court has ordered for the winding up of the party in 1999. We are in the process of filing our claim with the official liquidator.			
21.	1985/1994	D.K. Mehta	High Court Bombay	<i>The Company has filed a suit in the year 1994 in the High Court of Bombay against Mr. Devendra Kumar Mehta to recover a sum of Rs.3,74,272.36/- towards an amount advanced to him for the purchase of accommodation, including interest on the same. The suit is yet to come up for hearing.</i>	3,74,273.		-----
22.	28/1997	Ramson Enterprises	Punjab & Haryana High Court	The Company had filed civil suit No. 37/93 against Ramson Enterprises, for recovery of Rs.7,72,912/- in the Punjab & Haryana High Court, which was stayed vide an order dated 27.9.93, till the decision of the previous suit, instituted by the petitioner at Delhi.	7,72,912/-		5 th May, 2006
23.	123 / 98	Meghdoot Publishers & Ors-	Punjab and Haryana High Court	The Company has filed an appeal dated 10 th January 1992 in the Punjab and Haryana High Court against the award dated 10 th March 1998 of the Arbitrator directing the Company to pay Rs.2,50,000/- to Meghdoot Publishers towards security deposit lying with the Company and rejecting the Company's claim of Rs.11,11,942/- towards material supplied to Meghdoot Publishers. The appeal is pending	11,11,942/-		----
24.	Civil Suit	State of	Civil	The said suit was filed	Not		30 th June,



	no.2 / 93 and Civil Appeal no.20 / 2003	Maharashtra thru Executive Engg. Raigad	Judge Sr. Division at Panvel and Dist. Judge, Panvel And District Court at Alibaug, Raigad	against the State of Maharashtra for restraining the Company from lifting the water from the Patalganga River and charging exorbitant rate for water drawn. The Hon'ble Court passed the judgement on 20.10.2003 in favour of the Company, allowing it to un-interrupted lifting of water at only the prescribed nominal rate. The State of Maharashtra has now gone into appeal in the District Court at Alibaug against the said judgement and the matter is pending.	ascertainable		2006
25.	R.C.S. no.333 / 2004	Maharashtra Industrial Developmen t Corporation, Nashik	Court of Hon'ble Civil Judge, Senior Division, Nashik	On 6.07.2004, MIDC issued a notice of repossession of Plot no.61 that has been leased to the Company. In spite of repeated request, MIDC refused to withdraw the notice. Hence the Company has filed a case, seeking injunction against MIDC for taking possession of the said plot of land.	Not ascertainable	On 30 th Septem ber, 2004 the Hon'ble Court has issued a stay order to MIDC from reposses sing the plot till the final disposal of the matter.	Matter on going
26.	Civil Suit 41 / 1993 and W P no 2284 / 1993	Central Bank of India	Court of Civil Judge at Khopoli and High Court, Bombay	Suit filed for allowing the Company to lift H R Coil which was imported under irrevocable Letter of Credit established by Central Bank. Civil Court at Khopoli passed an ex-interim order allowing the Company to use H R Coil.	----	Against the order of the Civil Court, Central Bank than filed a petition in the High Court, which passed an ad- interim	In the meantime, the Company has arrived at One Time Settlement with the Bank and the entire outstandin g dues have been re-paid to Central Bank. The Bank has

						stay order against the injunction of Civil Court.	also issued a No Dues Certificate in this regard and has written a letter dated 26 th April, 2006 to its Advocates requesting them to withdraw the suit.
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***CASES PERTAINING TO EXCISE / CUSTOMS/
INCOME TAX / SALES TAX LAWS***

1.	F. No. 161-CE/APPL NGP / 95 / 13981	Central Excise Dept	CEGAT, Mumbai	Case pertains to product classification disputes. Excise authorities demanded the pre-deposit of rate difference in duty, before the case is heard. Later the matter was settled and the pre-deposit was refunded by the department. However, immediately after that the department claimed it back treating it as an erroneous refund, which has been paid forthwith.	28,60,000	--	We have now filed an appeal in CEGAT claiming the refund of the duty, final order for which is expected soon.
2.	1829/82	Custom Department	High Court Bombay	The Company had imported certain goods, in respect of which the Customs Authority did not accept the CIF value as declared in the contract, invoice and bill of entry and enhanced the same arbitrarily. The Company has therefore filed a writ petition in the Bombay High Court in the year 1986 under Articles 14, 19(1)(g), 226, 265, 300A and 301 of the Constitution of India and under the Customs Act, 1962. The Company has given a bank guarantee for	2,95,799/-		Yet to come up for hearing

				Rs.2,95,799/- The Company has also undertaken that in case the petition fails, the Customs Authority would be entitled to the amount with interest at the rate of 18% per annum. The case is pending.			
3.	1826/86	Custom Department	High Court Bombay	The Company had imported certain goods, in respect of which the Customs Authority did not accept the CIF value as declared in the contract, invoice and bill of entry and enhanced the same arbitrarily. The Company has therefore filed a writ petition in the Bombay High Court in the year 1986 under Articles 14, 19(1)(g), 226, 265, 300A and 301 of the Constitution of India and under the Customs Act, 1962. The Company has given a bank guarantee for Rs.49,036/-. The Company has also undertaken that in case the petition fails, the Customs Authority would be entitled to the amount with interest at the rate of 18% per annum. The case is pending.	49,036/-		Yet to come up for hearing
4.	----	Excise Department	High Court Bombay	<i>The Company has filed a Writ Petition on 5th October, 1984 in the High Court, Bombay, for the refund of customs tariff. The High Court passed an order dated 10th April, 2002 stating that the Company is entitled to a refund of Rs.41,32,569.60. However, the amount is not yet paid by the Customs authorities.</i>	41,32,570/-		----
5.	7591 / 2004	Custom Department	High Court	<i>The Company filed a Writ Petition in the</i>	13,69,328/-		Yet to come up

			Bombay	<i>High Court, Bombay claiming refund of access excise duty of Rs. 13,69,328 which was granted to the Company vide an order to the commission dated 2nd February 2000, but was not refunded by the customs department. The court has passed an interim order, directing the Assistant Commissioner to enquiry on the issue of unjust enrichment". The report is still awaited and the Petition is therefore pending.</i>			for hearing
6.	----	Joint Comm. Sales Tax Bangalore	Karnataka Appellate Tribunal	As per the Assessment Order dated 18 th June 2003 passed by the Deputy Commissioner of Commercial Taxes (Assts.), Bangalore under Section 13(5) of the Karnataka Tax on Entry of Goods Act, 1979 for the Assessment year 2000-01, the Company was liable to pay an amount of Rs.13,81,931/- . The Company appealed before the Joint Commissioner of Commercial Taxes (Appeals), Belgaum but the appeal was dismissed on 14 th July 2004. The Company has appealed before the Karnataka Appellate Tribunal at Bangalore on 30 th August 2004 against the order dated 14 th July 2004 and the appeal is pending.	13,81,931/-		
7.	W.P. No.3419 of 1996	P.F. Commissioner	High Court bench at Aurangabad	The Company's Aurangabad section was entitled to be exempted from the provisions of the Employees Provident Fund Act, 1952 for a period of three years from the date of its set up, i.e. 25 th July, 1989, as per Section 16(d) of the Employees Provident Fund Act, 1952.	4,00,986/-		----

				Accordingly, the Company claimed “infancy protection” from the Assistant Regional Provident Fund Commissioner, Employees Provident Fund Organisation (“ARPF”) but the ARPF proceeded to claim the amount of Rs.4,00,986/- from the Company for the period from 25 th July, 1989 to 31 st March, 1992 under the said Act, by an order dated 8 th February, 1996. The Company filed an Application dated 12 th March, 1996 for review of the impugned order, but the Company’s plea was not granted and it was directed to pay the amount. The Company has filed a writ petition in the High Court, Bombay on 17 th April, 1996 praying that the order be quashed and set aside. The petition is pending.			
8.	S. S. 1220 / 97	Sales Tax Officer, New Delhi	Delhi High Court	The Company filed the suit in Delhi High Court against the Sales Tax Department challenging their assessment order for AY 1990 – 91 demanding Rs.58.04 lacs and also against the order of the Sales Tax Appellate Tribunal. The Company has also challenged the constitutional validity of the Central Government appointing certain statutory authorities.	58,03,550	--	Matter is pending
9.	----	Asst.Comm Sales Tax, Kolkata	CTO Kolkata	In August 2003, the Sales Tax Department (West Bengal) claimed Rs. 21,30,000/- from the Company for the financial year 2000-01. The Company has disputed the claim under Section 82 of the West Bengal Sales Tax Act, 1994 read with Rule 257 and 240 of the	21,30,000/-		----

				West Bengal Sales Tax Rules, 1995 read with section 9(2) of the Central Sales Act, 1956.			
10.	----	Asst.Comm Sales Tax, Kolkata	CTO Kolkata	In March 2004, the Sales Tax Department (West Bengal) claimed Rs. 5,66,000/- from the Company for the financial year: 2001-02. The Company has disputed the claim under section 82 of the West Bengal Sales Tax Act, 1994 read with Rule 257 and 240 of the West Bengal Sales Tax Act, 1995 read with section 9(2) of the Central Sales Act, 1956.	5,66,000/-	-----	----
11.	-----	Asst Comm of Central Excise, Boisar, Thane	Commissioner of Central Excise, Mumbai	Application filed for stay against the recovery of Excise Duty and penalty on sale of scrap	5,48,926/-	-----	Yet to come up for hearing

INCOME TAX ORDER CHALLENGED

Sr. No.	Date / Year	Name of Opposite Party	Court / Authority before which matter is pending	Matter	Claim Amount (Rs.)	Interlocutory reliefs if any	Current Status/ Next Date of Hearing
1.	19.04.05	Income Tax Dept	DCIT 1(3), Mumbai	Assessment Order Challenged	Not Ascertainable	--	Penalty proceedings u/s 271(1)(c) for A.Y. 2002-03
2.	19.04.05	Income Tax Dept	ACIT 1(3), Mumbai	Assessment Order Challenged	Not Ascertainable	--	Penalty proceedings u/s 271(1)(c) for A.Y. 2001-02
3.	29.04.92	Income Tax Dept	ITAT	Assessment Order Challenged	Not Ascertainable	--	Disallowance of various expenses for A.Y. 1989-90
4.	--	Income Tax Dept	ITAT	Assessment Order Challenged	Not Ascertainable	--	Disallowance of various expenses for A.Y. 1995-96

Sales Tax Assessment Order challenged (Indian Tool Division)

SR.NO.	ASSESSMENT ORDER CHALLENGED	ASSESSING AUTHORITY	DATE INSTITUTED	CALIM AMOUNT	REMARK
1	CTO Kolkata	CTO Kolkata	JULY 1986	2,41,000	Sales Tax F.Y. 81-82
2	CTO Kolkata	CTO Kolkata	10.11.1987	91,000	Sales Tax F.Y. 82-83
3	CTO Kolkata	CTO Kolkata	14.12.1992	1,87,000	Sales Tax F.Y. 83-84
4		CTO Kolkata	29.12.1993	36,000	Sales Tax F.Y. 84-85
5	CTO Kolkata	CTO Kolkata	25.06.1991	2,75,000	Sales Tax F.Y. 86-87
6	CTO Kolkata	CTO Kolkata	28.06.1995	1,90,000	Sales Tax F.Y. 92-93

All the above case matters are disputed U/s 20 of the BF(ST) Act, 1941 read with Section 9(2) of the CST Act, 1956.

OUTSTANDING LITIGATIONS INVOLVING PROMOTERS/DIRECTORS:

Except as stated herein, there are no outstanding litigations, disputes, defaults, non-payment of statutory dues, over dues to banks and/or fis, defaults against banks and/or fis, proceedings initiated for economic/civil/any other offences (including past cases where penalties may /may not have been awarded and irrespective of whether they are specified under paragraph (1) of part (1) of schedule xiii of companies act 1956 against promoters/ directors of Zenith Birla (India) Ltd.

LITIGATIONS INVOLVING PROMOTERS:

A) PROMOTERS BEING INDIVIDUALS:

I. Mr. Yash Birla:

TAX DISPUTES

Sr. No.	Assessment Order Challenged	Assessing Authority	Date Instituted	Claim Amount
1	Assessment Year 1998-99	ITAT	02.05.2005	Rs. 1,25,518

ARBITRATION MATTERS:

Mr. Yash Birla is one of the co applicant in the case filed against Founderrria Perucchini by Birla International with regards to recovery of its share in the amount of Rs. 1100 lacs paid to IL&FS with regards to loan. The matter is pending before the International Court in Milan in Italy.

Cases pertaining to Criminal Laws:

Sr. No	Case No	Name of Opposite Party	Court before which litigation is pending	Brief history and prayer	Claim Amount (Rs.)	Current Status/Next date of hearing
1	388/RC/92/697/S/2000	Asst. Registrar of Companies, Maharashtra	Additional Metropolitan Magistrate's Court, Mumbai	Case filed by Registrar of Companies, Mumbai against Zenith Birla India Ltd. And me in my capacity of the Director of the Company for late the delay in payment of fixed deposits to the 53 applications made by the depositors which covers 56 deposits amounting to Rs. 2,93,000/- which is due from the company. The Company Law Board passed an order on 25 th March, 1992 directing the Company to repay the impugned Deposits on or before 30 th April 1992. The Company in accordance with the order paid the 56 depositors but erred in making the payments after	----	6 th July, 2006

				the due date.		
2.	Misc. Criminal Compliant (ULP) no. 36 of 2005	Maharashtra Rajya Mathadi Transport & General Kamgar Union	First Labour Court, Thane	Criminal compliant filed by the Union against Zenith Birla (India) Ltd and me in my capacity as its Chairman alleging the Contempt of Industrial Court order in Revision Application (ULP) no.11 of 2002 and First Labour Court of Thane in Complaint (ULP) no. 47 of 2001 in relation to the dismissal of services of Mathadi Kamgar employed in its erstwhile Chemical Division.		

B) PROMOTERS BEING CORPORATES:

I. Birla International Private Limited (BIPL)

CASES FILED AGAINST BIPL

1. Income-tax appeals for the assessment years 1997-98 to 2001-02, amounting to rs. 719.48 lakhs plus interest, are pending before the itat, mumbai
2. Income-tax appeals for the assessment years 2002-03, amounting to rs. 162.30 lakhs plus interest, is pending before cit (appeals), mumbai
3. Wealth tax assessment years 1986-87 to 1992-93 pending before the itat, mumbai, the amount is not ascertainable
4. Interest tax assessment years 1996-97 to 1998-99 pending before the itat, mumbai, and the amount is not ascertainable

CASES FILED BY BIPL

civil cases

1. Birla international private limited has filed a case against fonderia perucchini with regards to recovery of rs. 1,100 lakhs paid to il&fs with regards to loan in terms of arbitration award dated 13.01.03. the matter is pending before the international court in milan in italy.
2. Case filed by the company against surya corporation before the state consumer dispute redressal commission, maharashtra is pending for not giving the possession of the flat purchased by the company at thane.

II. Godavari Corporation Pvt. Ltd:

CASE FILED AGAINST GODAVARI COPORATION PVT. LTD.

Pertaining to securities laws:

A case has been filed by sebi with regard to dealing in script of DFTL during the period from november 2000 to january 2001 as an insider trading transaction. this case was initiated in the year 2003. the last date of hearing was 24th january 2005. the company is awaiting the final order.

SEBI vide their letter dated December 30, 2005 issued a Show Cause notice to SITCL for violation of Regulations 3, 4(a), 4(b) & 4(b) & 4(e) of the SEBI(Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 1995 and Regulations 7(1), 8(2) & 11(1) of SEBI (SAST) Regulations, 1997 read with Section 11 B and Section 11(4) of the SEBI Act, 1992.

Godavari Corporation Private Limited had vide their letter dated January 12, 2006 replied to the above Show Cause Notice and also requested for certain details from SEBI which was received vide SEBI letter no. IVD/ID- /MSR/CM/60709/2006 dated February 20, 2006.

CASES FILED BY GODAVARI CORPORATION PVT. LTD.

Pertaining to Criminal Laws:

Sr. No.	Name of the Party	Place of Litigation	Court before which Litigation is Pending	Date of Instituted	Claim Amount
1	Mr. B. L. Jain	Mumbai	Additional Metropolitan Magistrate, 33 rd Court at Ballard Pier, Mumbai	18.01.2000	Rs 25,00,000

Pertaining to Statutory Laws:

TAX DISPUTES

Sr. No.	Assessment Order Challenged	Assessing Authority	Date Instituted	Claim Amount
1	A.Y. 1997-1998 u/s 143(3) by Joint Commissioner of Income Tax S.R 6 u/s 147. By Income Tax Officer 1(1)(4)	ITAT	07.07.2005	Rs.25, 43,980 in the matter of Interest, Ready Shares & Speculation Loss.
2	A.Y. 1998-1999 u/s 143(3) Joint Commissioner of Income Tax SR-6	ITAT	23.02.2005	Rs 69,67,268/- in the matter of Interest.
3.	A.Y. 2001-2002	CIT Appeal (1)	17.04.2006	Rs. 24,00,750 in the matter of rent & Legal & Professional fees
4.	A.Y. 2003-2004	CIT Appeal (1)	14.03.2006	Rs. 29,64,128 in the matter of Expenses & Sales Tax Liability

We are co-applicant in the case filed against FP by international with regards to recovery of shares in the amount of Rs. 11 crores paid to IL & FS with regards to loan. This case is lying in international court of law in Milan in Italy. Company is awaiting for order.

III. Shearson Investment & Trading Company Pvt. Ltd (SITCPL)

CASES FILED BY SITCPL

There are no pending litigations/proceedings initiated by or against the Company under civil, criminal, statutory, securities, economic laws.

ARBITRATION MATTER

Shearson Investment & Trading Co. Pvt. Ltd is one of the co- applicant in the case filed against Founderria Peruchhini by Birla International with regards to recovery of share in the amount of Rs. 11 Crores paid to

IL&FS with regards to loan. This case is lying in international court of law in Milan in Italy. Company is awaiting for order.

IV. Birla Bombay Private Limited

Pertaining to Statutory Laws

Tax Disputes

S. No	Assessment Order Challenged	Assessing Authority	Date instituted	Claim Amount
1	Assessment Year 1998 – 99	Before ITAT	26.05.2004	24,76,659
2	Assessment Year 2001 – 2002	Before ITAT	13.06.2005	4,96,440

Court Matters

S. No	Name of the Opposite Party	Place of Litigation	Court before which Litigation is pending	Date instituted	Claim Amount
1	State Bank of India	<p>Our company had furnished a Guarantee in respect of cash Credit and other facilities enjoyed by M/s. Akola Oil Industries Ltd.</p> <p>State Bank of India, lender to the aforesaid Akola Oil Industries Ltd. Had filed a case before the DRT Nagpur wherein our Company was made one of the Party.</p> <p>DRT Nagpur has passed an Order stating that our Company as Guarantor is not liable for any dues of State Bank of India and the amount is to be recovered from the borrower against which the Bank has filed an Appeal before the Appellate Tribunal of DRT, Mumbai which is pending.</p> <p>Official liquidator has been appointed as per orders of the Hon'ble Court Nagpur vide order-dated 23.04.2004.</p>			

V. BCI International Ltd.

FILED AGAINST BCI INTERNATIONAL LTD.

Consumer Dispute Redressal Forum

Sr. No.	Name of Party	Court of Litigation	Nature of Case	Date Instituted
1	Mr. Vinod Dhanuka & Others	Bandra (Court -.....)	Consumer Dispute	16.05.05

The complainants are the flat owners of the building. The complainant has filed the suit against the company for failure & neglect of the contractual and statutory obligations.

VI. Asian Distributors Pvt. Ltd

Filed Against the Company

S.No	Name of the Opposite Litigation	Place of Litigation	Court before which Litigation is pending	Date instituted	Claim Amount
1	Muraliji Sabnani For Ashoka Apartment For Garage	Mumbai	City Civil Court	2000	----

Pertaining to Statutory Laws filed by the Company

S.No	Name of the Opposite Litigation	Place of Litigation	Court before which Litigation is pending	Date instituted	Claim Amount
1	GurunanakIndustries For Recovery	Mumbai	High Court	1994	Rs. 273250

C. LITIGATIONS INVOLVING DIRECTORS (OTHER THAN INDIVIDUALS BEING PROMOTERS):

I. MR. ARUN JAIN (Executive Director):

CASES PERTIANING TO CRIMINAL LAWS:

Sr. No	Case No	Name of Opposite Party	Court before which litigation is pending	Brief history and prayer	Claim Amount (Rs.)	Current Status/Next date of hearing
1	Misc. Criminal Compliant (ULP) no. 36 of 2005	Maharashtra Rajya Mathadi Transport & General Kamgar Union	First Labour Court, Thane	Criminal compliant filed by the Union against Zenith Birla (India) Ltd and me in my capacity as its Executive Director alleging the Contempt of Industrial Court order in Revision Application (ULP) no.11 of 2002 and First Labour Court of Thane in Complaint (ULP) no. 47 of 2001 in relation to the dismissal of services of Mathadi Kamgar employed in its erstwhile Chemical Division.	----	Date of hearing not yet fixed

2.	614/SW/04	Bimla Holdings Pvt Ltd	Metropolit an magistrate 's Court at Esplanade Mumbai	Bimla Holdings Company Pvt Ltd let out certain premises to the Zenith Birla (India) Ltd; has filed a Criminal Compliant dated 20 th August 2003 under sec. 415, 420, 427 read with Sec. 34 and 114 of the Indian Penal Code against the Company, and me in my capacity as the then Joint President of the company and now as an Executive Director charging of cheating and knowingly or intentionally destructing the property and destroying its value and utility.		19 July 2006
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II. MR. D.V. KAPUR (Independent Director)

CASES PERTIANING TO CRIMINAL LAWS:

Sr. No .	Case No	Name of Opposite Party	Court before which litigation is pending	Brief history and prayer	Claim Amount (Rs.)	Current Status/Next date of hearing
1	388/RC/92/697/S/2000	Asst. Registrar of Companies, Maharashtra	Additional Metropolit an Magistrate 's Court, Mumbai	Case filed by Registrar of Companies, Mumbai against Zenith Birla India Ltd. And me in my capacity of the Director of the Company for late the delay in payment of fixed deposits to the 53 applications made by the depositors which covers 56 deposits amounting to Rs. 2,93,000/- which is due from the company. The Company Law Board passed an order on 25 th March, 1992 directing the Company to repay the impugned Deposits on or before 30 th April 1992. The Company in accordance with the order paid the 56 depositors but erred in making the payments after the due date.	----	6 th July, 2006

D. LITIGATIONS INVOLVING OTHER GROUP COMPANIES:

I. BIRLA TRANASIA CARPETS LTD. (BTCL)

CASES FILED AGAINST BTCL

A. Pertaining to Statutory Laws:

Sr. No.	Assessment Order Challenged	Assessing Authority	Date of Institution	Claim Amt.(Rs.)
1	Sales Tax -1989-99	U.P. Sales Tax	2001-02	22,77,207
	1999-00		2002-03	14,65,146
	2000-01		2003--04	1,14,97,374
	2001-02		2004-05	28,11,013
	2002-03		2005-06	31,75,513
				2,12,26,253
2	Sales Tax – 1985-86	Delhi Sales Tax	1987-88	1,14,038
	1990-91		1992-93	68,956
	1991-92		1993-94	28,777
	1993-94		1995-96	1,09,656
	1994-95		1996-97	1,73,753
	1995-96		1997-98	39,004
	1996-97		1998-99	1,18,144
	1997-98		1999-00	87,794
	1998-99		2000-01	16,02,224
	1999-00		2001-02	25,66,329
	2000-01		2002-03	7,38,160
	2001-02		2003-04	1,22,840
	2002-03		2004-05	1,53,361
	2003-04		2005-06	4,40,128
	2003-04		2005-06	12,536
				63,75,700
3	Excise Demand	CEGAT		17,26,000
4.	Income Tax 1998 – 99	Tribunal		90,00,000

B. Civil Case

Sr. No.	Name of Party	Court before which Litigation is Pending	Reason	Claim Amount (Rs.)
1	Sanjay Jain – Mahavir Traders	The District Judge, Delhi	Recovery	2,49,556.48
2.	J. K. Associates	The District Judge, Delhi	Recovery	2,19,888.24
3	Triveni Insulations	Sr. Civil Judge, Delhi	Recovery	1,68,400.00
4.	Rockwell Pumps	Civil Court	Civil Court, Ghaziabad	11,875.00

5.	Mohan Lal & Sons	Sr. Civil Judge, Panipat	Recovery	1,42,000.00
6.	Daulat Ram Amar Nath	Sub. Div. Judicial Court, Fazilka	Recovery	50,000.00
7.	Daulat Ram Amar Nath	Sub. Div. Judicial Court, Fazilka	Recovery	50,000.00
	Total			8,91,719.72

C. Labour Case:

Name	Assessing Authority	Year Instituted	Claim Amount
A. R. Zaidi	Labour Commissioner, GZB	1996	Reinstatement
A.K. Srivastav	Labour Commissioner, Delhi	1996	Reinstatement
A. K. Choudhary	Labour Commissioner, Delhi	1997	Reinstatement
J. M. Sharma	Con. C. GZBD.	2000	Reinstatement
Sunder Singh	Labour Commissioner, Delhi	1998	Reinstatement
V. K. Mishra	Labour Commissioner, Gzbd.	2001	Reinstatement
P.N.Pandey	Labour Commissioner, Gzbd.	2001	Reinstatement
Amarjeet	Labour Commissioner, Gzbd.	2001	Reinstatement
Aalam	Labour Commissioner, Gzbd.	2001	Reinstatement
Noor Akram	Labour Commissioner, Gzbd.	2001	Reinstatement
Bule Ram	Labour Commissioner, Gzbd.	2001	Reinstatement
Azam	Labour Commissioner, Gzbd.	2001	Reinstatement
Jagat Singh	Labour Commissioner, Gzbd.	2001	Reinstatement
Santosh kumar	Labour Commissioner, Gzbd.	2001	Reinstatement
S.P.Yadav	Labour Commissioner, Delhi.	2000	Reinstatement
Badruddin	Civil Court, Bullandsahr	2000	Reinstatement
Ram Kishore Saini	ALC, Bsr	2004	Reinstatement
Nagendra Rai	Labour Commissioner, Delhi	1997	Reinstatement
R.N. Tiwari	High Court, Allahabad	1989	Reinstatement

D. Pollution Control Case:

Name	Assessing Authority	Date Instituted
Pollution Control Board	Special Judicial Magistrate (Pollution), Lucknow	1993
Pollution Control Board	Special Judicial Magistrate (Pollution), Lucknow	1993

The above cases are filed under water (prevention & control of pollution act) 1974 by uppcb against the company. Non-bailable warrants were issued to the then directors of the company for personal non-appearance before the court as per the orders. At present the company is in the process of filing the writ petition before high court to get a stay in the above mentioned case.

CASES FILED BY BTCL

Pertaining To Criminal Laws:

Recovery Cases related to Sec. 138 – Dishonour of Cheques

Name of Party	Date	Amt.Rs.
BTCL V/s Vandana Polytex	18.12.02	56,663
	22.01.03	58,449
	30.04.03	50,000
	13.04.03	56,663
	23.04.03	39,967
	16.05.03	1,50,000
	22.05.03	1,50,000
	28.05.03	1,50,000
	09.07.03	57,336
	09.07.03	61,197
	10.09.03	73,680
	15.02.03	3,53,129
	TOTAL	12,57,084

KCM, Bhub settled for Rs. 4.80 Lacs.

II. BIRLA PERUCCHINI LIMITED: (BPL)

LEGAL CASES FILED BY THE PARTIES ON THE COMPANY:

Sr. No.	Name of Party	Place	Nature of Case	Amt. Claimed	Payable as per our Books	Date of Notice
1	Shelik Industries	Pune	Legal notice received through Advocate	11,45,672	3,03,600	29.03.00
2	Shree Precoated	Pune	Trial is in process at Pune court	17,549	(14,122)	08.11.00
3.	Sharda Ispat Ltd.	Nagpur	Legal notice received through Advocate	2,45,426	2,43,546	10.11.00
4.	S. P. Kulkarni	Aurangabad	Legal notice received through Advocate	8,09,538	7,59,376	09.10.01
5.	Shilpa Industries	Chiplun	Legal notice received through Advocate	1,66,044	92,321	30.10.01
6.	Classic Metal	Mumbai	U/s 138 of N. I. Act trial is in process in Mumbai Court.	35,829	8,360	07.08.00
7.	Vardhaman Ind.	Ahemednagar	U/s 433, 434, 439	24,24,877	17,64,435	18.09.01
8.	Vardhaman Ind.	Ahemednagar	U/s 138 of N.I. Act.	24,24,877	17,64,435	Summon reed on 30.10.02
9.	Sunil Despande	Aurangabad	Legal notice received through Advocate	2,91,550	25,796	23.11.2002
10.	Vishal Electricals Aurangabad.	Aurangabad	Summons reed.	2,59,000	1,34,810	20.01.2004

11.	Gajanand Industries	Aurangabad	Legal notice received through Advocate	46,495	46,010	14.01.2004
12.	Pillar Induction	Mumbai	Winding up petition U/S 433,434 of Co"s Act. Filed at Mumbai HC	8,66,614	4,05,416	July ,03
13.	Snam Alloys P Ltd	Pondicherry	Summon received from court.	3,75,805	3,06,713	May, 04
14.	Associated Engineering	Kolhapur	Recovery Suit Filed by party	7,74,287	5,52,550	----

Note:

1. We have sent notice to M/s Shree Precoated, Pune for Rs. 382996 /- towards excess payment on A/c of Excise.
2. Company has filed legal case against three accused employee (S.B.Mathur, V.R.Baheti, S.V.Deshmukh) for Rs. 24.24 lacs in Court.
3. Company has filed FIR against accused employee (Shyam Thampi) for misappropriation of Funds to the tune of Rs. 11.25 lacs. Matter pending before Court.

III. BIRLA CAPITAL AND FINANCIAL SERVICES LIMITED:

1. Cases related to u/s. 138 of Negotiable Instrument Act

Sr. No	Name of the Party	Filling Date	Amount
1	Nygara Paper Product	08-Apr-99	378,000
2	Harshad Parikh	31-Jan-00	29,000
3	Indiana Dairy Products (I) Ltd.	15-Jan-97	865,305
4	Harshad Parikh	14-Oct-99	174,000
5	Nygara Paper Product	09-Oct-97	756,000
6	Sol Ltd.	01-Feb-00	338,550
7	Harshad Parikh	21-Dec-99	58,000
8	Harshad Parikh	21-Dec-99	29,000
9	Sol Ltd.	05-Feb-99	338,550
10	Nygara Paper Product	05-Feb-99	378,000
11	Arif Hudda	20-May-99	169,900
12	Terrance D'souza	03-Mar-00	55,500
13	Mahendra Panchal	09-Dec-98	165,300
14	Sol Ltd.	09-Oct-97	11,213,326
15	Rashid Khan	05-Feb-99	165,500
16	Nygara Paper Product	01-Feb-00	378,000
17	Terrance D'souza	01-Feb-00	13,875
18	Harshad Parikh	03-Mar-00	29,000
			15,534,806

2. Income Tax Disputes

Sr. No.	Assessment Challenged	Order	Assessing Authority	Date Instituted	Remarks
1	Assessment Year 1996-1997 to 2000-2001.		Income Tax Settlement Commission	20.03.2003	Settlement Commission has admitted company's settlement applications u/s 245 D (1) of the Income Tax Act, 1961 on 25.10.2004. Company has paid all the due taxes of the said years. The Final order u/s 245 (D) (4) is awaited. Additional amount of the Income Tax payable shall be known when final order u/s 245 (D) (4) is passed.

CASES FILED BY BCFSL

PERTAINING TO CRIMINAL LAWS:

CASES RELATED TO SEC. 138 – DISHONOUR OF CHEQUES AT METROPOLITAN MAGISTRATE COURT, NEW DELHI

S. No	Name	Dt of Institution	Amount Involved
1	Mrs. Krishana Bala Walia	12.07.04	3,325
2	Mrs. Krishana Bala Walia	19.08.04	3,325
3	Sunil Kumar	19.08.04	1,000
4	M/S Chabra Saree	19.08.04	2,494
5	Durgesh Aggarwal	19.08.04	2,000
6	Mr. Mahfooz Ali Sidiqqi	20.03.04	2,592
7	Mrs. Ranjit Kaur Bal	20.03.04	1,494
8	Mrs. Ranjit Kaur Bal	20.03.04	1,494
9	Mr. Ravinverjeet Singh	20.03.04	2,234
10	Mr. Sanjay Kumar	20.03.04	4,726
11	Mr. Sanjay Kumar	20.03.04	4,726
12	Mr. Mahipal Sharma	20.03.04	3,976
13	Mr. Mahipal Sharma	20.03.04	3,976
14	Mr. Mahipal Sharma	20.03.04	3,750
15	Mr. Mahipal Sharma	20.03.04	2,500
16	Mr Pradeep Grover	20.03.04	9,975
17	Mr Pradeep Grover	20.03.04	9,975
18	Mr. A R Zha	20.03.04	4,125
19	Mr. Sushant Saha Roy	4.08.04	3,972
20	Shree Jalaram	19.08.04	38,505
21	Shree Jalaram	19.08.04	46,196
22	Shree Jalaram	19.08.04	21,444
23	Shree Jalaram	19.08.04	1,00,000
24	Mr P Ananda Reddy	19.05.04	2,483
25	Mr B S Krishna	19.05.04	3,579
26	Mr Manoj Kumar	19.05.04	6,836

S. No	Name	Dt of Institution	Amount Involved
27	M/s Power Home	20.09.04	42,680
28	M/s Power Home	20.09.04	42,680
29	M/s Power Home	6.11.04	42,680
30	MR K Sampth Kumar	9.12.04	3,360
31	MR K Sampth Kumar	9.12.04	6,720
32	MR K Sampth Kumar	9.12.04	6,720
33	S.R K Agency	12.07.04	21,021
34	MR. Shailender Pundir	19.05.04	5,276
35	MR. Shailender Pundir	6.11.04	7,914
36	MR. Shailender Pundir	6.11.04	2,638
37	Human Development	6.11.04	4,000
38	Human Development	6.11.04	4,000
39	MR. Neeraj Kumar	6.11.04	3,332
40	MR. Pradeep Garg	6.11.04	6,484
41	Amit Chabra	6.11.04	6,650
42	MR. Subhash Sharma	6.11.04	2,500
43	MR. Subhash Sharma	6.11.04	2,500
44	Amit Chabra	6.11.04	6,650
45	Amit Chabra	6.11.04	3,325
46	Amit Chabra	9.12.04	3,325
47	MR. Kanhiya Lal	19.05.04	2,326
48	MR. Kanhiya Lal	19.05.04	3,489
49	M/s National Agencies	27.05.04	4,494
50	M/s National Agencies	25.05.04	6,741
51	Mr. Sunil Kumar Gupta	19.05.04	2,000
52	Mr. Ravi Shukla	25.05.04	5,385
53	Mr. Ravi Shukla	25.05.04	3,590
54	Raj Associates tours & travels	20.05.04	2,695
55	ZMr. Rohit Yadav	20.05.04	2,695
56	Mr. Bhupendra singh	20.05.04	2,058
57	Mr. Arindan Bhattacharya	20.05.04	2,018
58	Mr. Abdul jaleel	27.05.04	2,724
59	Mr. Vishawambhar nath tripathi	27.05.04	3,600
60	Mr. Vishawambhar nath tripathi	27.05.04	3,600
61	Mr. Prem dutt verma	27.05.04	4,140
62	Subash Rana	27.05.04	2,637
63	Nisar Ahmad	15.07.04	900
64	Nisar Ahmad	15.07.04	900
65	Nisar Ahmad	15.07.04	3,000
66	Nisar Ahmad	15.07.04	3,000
67	Mr. Sanjay kumar chakrobty	27.05.04	2,000
68	M/s Premier Computers	16.01.04	1,494
69	M/s Premier Computers	16.01.04	1,494
70	Gangotri	16.01.04	1,494
71	Maruti Steel	16.01.04	2,991

S. No	Name	Dt of Institution	Amount Involved
72	Mrs. Suchitra Singh	16.01.04	1,680
73	Mr. Kanhiya Lal	16.01.04	1,163
74	Pardeep kumar Banerje	28.05.04	1,380
			5,90,845

IV. TUNGABHADRA HOLDINGS PRIVATE LTD (THPL)

1. The company has received letter from Central Excise claiming their ownership on Plot No. G-39, MIDC, Tarapur (though the Sales Certificate issued by DRT in favour of the Company), the company has filed a suit on Union of India (Central Excise) for restraining the Excise Department from disturbing and obstructing the peaceful occupation & possession. The court has decided in favour of the company but excise department had file a revised petition against the orders. (Misc. Civil appeal)
2. The excise department has filed an appeal in Tribunal against the order of Commissioner (appeal) who has set aside the order of Asst. Commissioner refusing us the excise license on G-39, MIDC Tarapur

V. BIRLA KENNAMETAL LIMITED (BKL)

FILED AGAINST BKL

Pertaining to Civil Laws:

Sr. No.	Name of opposite Party	Court before which Litigation is pending	Date Instituted	Claim Amount (Rs.)
1	Mr. B. S. Sonwane	Mumbai High Court Bench, Aurangabad	04.05.1989	Premanancy

FILED BY BKL

Pertaining to Criminal Laws:

Sr. No	Name of opposite Party	Court before which Litigation is pending	Date Instituted	Claim Amount (Rs.)
1	Gupta steel & hardware stores Chandigarh	District Court Ahmedabad	04/06/2002	2,60,505.00
2	A. V. Tech - Delhi	District Court Ahmedabad	14/05/2002	7,46,946.00
3	Style World Aurangabad	District Court Ahmedabad	02/16/2005	10,000.00

Pertaining to Civil Laws:

Sr. No	Name of opposite Party	Court before which Litigation is pending	Date Instituted	Claim Amount (Rs.)	Remarks
1	Ambika Steels Aurangabad	District Court A' bad	07-12-1999	14,800.00	Advance payment against order
2	A V I machines Pune	District Court A' bad	13-01-2000	77,388.00	Payment of ordered material
3	I E S - Coimbatore	District Court A' bad	FY 1996	1,77,286.00	Payment of ordered material

Sr. No	Name of opposite Party	Court before which Litigation is pending	Date Instituted	Claim Amount (Rs.)	Remarks
4	Tarun Tools Kameshedpur	District Court A' bad	06-07-2004	82,688.00	Suit for recovery of outstanding payments
5	Amicara	District Court A' bad	28-07-2001	9,734.00	Recovery Proceedings
6	Union of India (Commissioner of customs, Mumbai)	Mumbai High Court	25.04.1990	87,607.00	Custom Duty Difference
7	Union of India and others (Commissioner of customs, Mumbai)	Mumbai High Court	20.01.1989	2,12,490.00	Custom Duty Difference
8	Union of India and others (Commissioner of customs, Mumbai)	Mumbai High Court	27.11.1989	84,500.00	Custom Duty Difference
9	Auram Engineers Ltd	District Court A' bad	07/12/1999	60,966.00	Payment of ordered material

VI. VIKING TRAVELS PRIVATE LIMITED.

CASES FILED BY VTPL

Sr. No.	Name of Party	Amt. Claimed (Rs)
1	M/s Freeway Marketing India	1,05,787.00
2	Miss. S. Gidwani	30,138.00
3	M/s Meltroll Engineering Pvt. Ltd.	38,190.00
4	M/S Vatsa Entertainment Limited	1,06,534.00
	Total	2,80,649.00

VII. BIRLA ELECTRICALS LIMITED.

CASES FILED BY BEL

Pertaining to Criminal Laws:

Cases related to sec. 138 – Dishonour of Cheques filed against our Distributors

Sr. No	Name of opposite Party	Court before which Litigation is pending	Claim Amount (Rs.)
1			
2	Johari Enterprises	Mumbai High Court	5,90,777.00
3	Enbee Enterprise	Mumbai High Court	5,23,496.00
4	T.R. Enterprise	Mumbai High Court	4,75,062.00
5	Kamala Stores	Mumbai High Court	1,60,000.00
6	Anil Enterprises, New Delhi		
6	M/s Shyam Sales	Delhi High Court	4,50,000.00
7	Rajkamal Marketing	Delhi High Court	1,10,000.00
8	Ramdev Marketing	Delhi High Court	1,65,000.00

PERTAINING TO CIVIL LAWS:

Sr. No.	Name of Party	Place	Nature of Case	Amt. Claimed
1	M/s Akrtit Marketing	Delhi Court	Recovery Case	8,50,000
	Total			8,50,000.00

VIII. DAGGER FORST TOOLS LIMITED

FILED AGAINST THE COMPANY:

Pertaining to Securities Laws:

Case History:

The company has received a notice vide letter no. ies/id5/rm/3631/2003 dated 14th February 2003 SEBI, for furnishing the names & addresses of the promoters and their shareholding, and also of the Promoter Group in Dagger Forst Tools Ltd, Annual Distribution schedule of the company as filed with Stock Exchange as on 31st October 2000 or as nearby date. Copies of Annual Report for the year 2000 & 2001, copies of memorandum and articles of the company. the same has been furnished by the company vide letter dt. 19th February 2003.

Sebi vide letter no IES/ID5/RM/6045/2003, dated 25th March 2003 has further asked to furnish the information regarding the disclosures filed under Regulation 7 of the SEBI (SAST) Regulations, 1997 during October 31st 2000 to October 31st 2001. The company has replied vide letter dated 26th March 2003.

SEBI further vide their letter no IES/ID5/RM/7666/2003 dated 22nd April 2003, advising to furnish shareholding pattern of the company as per clause 35 of the Listing Agreement for the period starting, September 2000 to September 2001 on a per quarter basis.

The company vide its letter dated 24th April 2003 furnished the Shareholding Pattern details as required.

The company has further received a notice vide letter no. 31447/2005 dated 18th January 2005 from SEBI as summons u/s 11(3) and section 11c(5) of the Securities and Exchange Board of India Act, 1992 in case of selling or dealing in the shares of M/s Dagger Forst Tools Ltd.

The company, vide its letter dated 24th January 2005 and 27th January 2005, has furnished the details required by SEBI. The reply for the same is awaited from SEBI.

Present Status: SEBI called for entire set of correspondence, which we have filed with them No further communication received from SEBI.

Pertaining to Statutory Laws:

Provident Fund Dispute

Party	Assessing Authority	Date Instituted	Claim Amount	Present Status
Assistant P.F. Commissioner, The Employees Provident Fund Organisation, Maharashtra, Sub-Regional Office, Aurangabad.	The Employees Provident Fund Appellate Tribunal, Aurangabad.	31.03.2003	Rs.2, 35, 013/-	No date has been received as yet .As per our Advocate hearing is expected at the end of 2006.

Labour Dispute

Party	Assessing Authority	Date Instituted	Claim Amount	Present Status
Mr.Stanlay F. Rodrigus	First Labour Court at Thane	13 th December, 2000	Reinstatement with back-wages	Dismissed by the laobour Court on 29.06.2005

FILED BY THE COMPANY:

Pertaining to Criminal Laws:

Sr. No.	Name of the Opposite Party	Place of Litigation	Court before which Litigation is Pending	Date Instituted	Claim Amount
1	Midindia Oil & Exports Ltd	Mumbai	Small Cause Court, Mumbai	23.06.1995	Rs. 56,61,750
2	Vikram Projects Ltd	Mumbai	Additional Chief Metropolitan magistrate Court, Dadar, Mumbai	03.06.1996	Rs. 2,51,490

Case filed against Midindia Oil & Exports Ltd Present Status: Case has not come up for hearing at high court as yet. Hence small cause court hearing is adjourned to 18.01.2006. Without high court order, SCC cannot give its judgment.

Case filed against Vikram Projects Ltd. Present Status: Opposite party missing hence non bail able warrant cannot be served. Next hearing is fixed for 07.01.2006

Pertaining to Statutory Laws:

Tax Disputes

Sr. No.	Party	Assessment Order Challenged	Assessing Authority	Date Instituted	Claim Amount
1	DFTL v/s CIT	Interest on Capital Work in Progress disallowed AY 1997-1998	Deputy Commissioner of Income Tax	18.04.05	Rs. 6,24,763
2	DFTL v/s CIT	Interest on Capital Work in Progress disallowed AY 1999-2000	Deputy Commissioner of Income Tax	18.04.05	Rs. 4,57,372
3	DFTL v/s CIT	Interest on Capital Work in Progress disallowed AY 2002 – 2003	Deputy Commissioner of Income Tax	18.04.05	Rs. 1,56,138

Present status: All the three cases are partly heard on 02.12.2005 and next hearing is fixed for 20.12.2005

Arbitration Matters:

DFTL is one of the co applicant in the case filed against Fonderia Perucchini by Birla International with regards to recovery of its share in the amount of Rs. 1100 Lacs paid to IL&FS with regards to loan. The matter is pending before the International court in Milan in Italy.

XI. BIRLA LIFESTYLE PVT LTD:

There are no pending litigations/proceedings initiated by or against the Company under civil, criminal, statutory, securities, economic laws and the company has not defaulted in making payments of any statutory banks/institutional dues and no proceedings have been initiated for economic offences against the Company. Further the Company is not a Sick Company within the meaning of the Sick Industrial Companies (Special provisions) Act, 1985 or is not under winding up.

XII. BIRLA POWER SOLUTIONS LIMITED

DETAILS OF CASES FILED AGAINST THE COMPANY

1. Civil Proceedings

1. Mr. Kamaljit Singh has filed a case against the company in TIS Hazari court Delhi on 26.04.2005 as a counter claim against suit filed by the company for non payment for supply of invertors. The amount involved is Rs. 5.84 lakhs and the next date of hearing for filing of written statement is 09.03.2006.
2. M/s Material Movell has filed a recovery suit on 13.09.2005 for Rs. 1.75 lakhs against the company for supply of certain material at the TIS Hazari Court, Delhi. The next date of hearing for filing of written statement is 15.03.2006
3. Mr. Manoj Itlychia has filed a case against the Company on 06.08.2001 for non-payment of advertising charges of Rs. 1.08 lakhs. Case is pending before Subordinate Judge, Ernakulam. Suit decreed against Birla Yamaha for a sum of Rs. 0.86 approx. alongwith future interest @ 9%.
4. M/s Goodwill Auto has filed a case against the Company on 04.09.2001 for rendition of accounts. M/s Goodwill Auto was a Dealer at Hubli. Case is pending in Civil Court, Hubli. The next date for hearing is 15.04.2006 for further proceedings.
5. M/s Kavin Auto has filed a case against the Company on 10.10.2002 for rendition of accounts. M/s Kavin Auto was a Dealer at Nagercoil. Case is pending in Civil Court, Nagercoil. The next date for hearing is 05.04.2006 for evidence.
6. M/s Unitech Service Centre has filed a case against the Company on 12/03/2006 for a sum of Rs. 3.00 Lacs plus interest. The case is filed at Tirupattur, Tamilnadu.

2. Cases in Labour court

1. A case has been filed by Mr. B B Saran against the company in Labour Court, Patna on 19.11.2002 for reinstatement with full backwages. The next date for hearing is 20.03.2006
2. A case has been filed by Mr. Lal Babu against the company in Labour Court, Patna on 07.04.2003 for reinstatement with full backwages. The next date of hearing is 19.03.2006
3. A case has been filed by Mr. Mahavir Singh Bisht against the company in Labour Court, Delhi on 15.04.2002 for reinstatement with full backwages. The final order has been passed against us and the copy of the order is awaited.

3. Consumer Forum

1. Mr. Rajeev Sharma has a filed case against the Company on 07.08.1995 for supply of alleged defective Generator before the Consumer Forum, Delhi and has claimed a sum of Rs. 16,600/- plus interest and litigation expenses. Case is fixed for orders.
2. Mr. M Khan has filed a case against the Company on 02.02.1999 for the supply of alleged defective Generator before the MRTP Commission, Delhi and has claimed a sum of Rs. 25,000/- plus interest plus compensation. Further proceedings are awaited; the next date for herring is yet to be fixed.
3. Mr. Simon N V has filed a case against the Company on 18.04.2005 for supply of alleged defective Inverter before the Consumer Forum, Thrissur and has claimed a sum of Rs. 25,000/- plus interest and litigation expenses. Next date of hearing is not yet received.
4. Mr. John V Abraham has filed a case against the Company on 29.11.2004 for supply of alleged defective Inverter before the Consumer Forum, Pathanamthitta and has claimed a sum of Rs. 1.90 lakhs plus interest and litigation expenses. Next date of hearing is not yet received.

5. Mr. N Balakrishnan has filed a case against the Company on 10.01.2005 for supply of alleged defective Generator before the Consumer Forum, Kanjangad and has claimed a sum of Rs. 3.04 lakhs plus interest and litigation expenses. Next date of hearing is not yet received.
6. Mr. V T Anthony has filed a case against the Company on 20.01.2005 for supply of alleged defective Inverter before the Consumer Forum, Kasargode and has claimed a sum of Rs. 15,000/- plus interest and litigation expenses. The next date of hearing is 15.03.2006.
7. Mr. K Jagmohan has filed a case against the Company on 16.09.2004 for supply of alleged defective Battery before the Consumer Forum, Kannur and has claimed a sum of Rs. 1 lac plus interest and litigation expenses. Next date of hearing is not yet received.
8. Dr.Dinesh Marotro Kale has filed a case against the Company on 12.06.2005 for supply of alleged defective Generator before the Consumer Forum, Amravati and has claimed a sum of Rs. 1 lac plus interest and litigation expenses. Next date of hearing is not yet received.
9. Mr. Khem Chand has filed a case against the Company on 20.04.1995 for supply of alleged defective Generator before the State Forum, Lucknow and has claimed a sum of Rs. 50,000/- plus interest and litigation expenses. The next date for hearing is yet to be fixed.
10. Mr. Phool Chand Agarwal has filed a case against the Company on 27.11.2000 for supply of alleged defective Generator before the State Forum, Lucknow and has claimed a sum of Rs. 16,000/- plus interest and litigation expenses. The next date for hearing is yet to be fixed.
11. MOD (Dealer) has filed a case against the Company on 21.09.1993 for supply of defective Generator before the State Commission, Lucknow for stay of proceedings / orders passed against the Dealer by Consumer Forum, Moradabad for a sum of Rs. 25,000/- . The next date for hearing is yet to be fixed.
12. M/s Sehgal Enterprises (Dealer) has filed a case against the Company on 07.06.2000 for supply of defective Generator before the State Commission, Lucknow for stay of proceedings / orders passed against the Dealer by Consumer Forum, Moradabad for a sum of Rs. 25,000/-. The next date for hearing is yet to be fixed.
13. Mr. Shaturghan Prasad Sinha has filed a case against the Company on 20.03.2006 for supply of alleged defective inverter before the Consumer Forum, Chapra and has claimed a sum of Rs. 31,545/- .
14. Mr. Shamim Ahmed has filed a case against the Company on 02.03.2006 for supply of alleged defective inverter before the Consumer Forum, Saharanpur and has claimed a sum of Rs. 76,000/-.
15. Mr. Vinayak James has filed a case against the Company on 28.02.2006 for supply of alleged defective inverter and battery before the Consumer Forum, Jaipur and has claimed a sum of Rs. 88,000/-.

4. Defaults to Sales tax, excise and custom duty:

Details of the dues in respect of Sales Tax, Customs Duty and Excise Duty along with forum where the dispute is pending are as follows:

Name of Statute	Nature of the dues	Amount (Rs. /Lakhs.)	Forum where dispute is pending.
Delhi Sales Tax Act	Sales Tax	276.69	Additional Commissioner
		0.83	Deputy Commissioner, Delhi
		37.06	Sale Tax Appellate Tribunal
Kerala Commercial Tax	Sales Tax	33.49	High Court, Kerala
U.P. Trade Tax	Sales Tax	0.89	Deputy Comm., Ghaziabad
		70.50	Joint Commissioner (Appeal)
		20.05	Appellate Tribunal
Bihar Sales Tax	Sales Tax	9.30	Deputy Commissioner, Patna

Name of Statute	Nature of the dues	Amount (Rs. /Lakhs.)	Forum where dispute is pending.
Karnataka Sales Tax	Sales Tax	0.75	Commercial Tax Officer, Karnataka
Maharashtra Sales Tax	Sales Tax	81.22	Sales Tax Officer, Maharashtra
Central Excise Act	Excise Duty	3.31	Commissioner (Appeal)
Custom Act	Custom Duty	1.40	Commissioner of Customs

5. Criminal Cases:

M/s. Streamline Shipping Co. Pvt Ltd has filed a case against the Company and its Directors for dishonour of cheque of Rs. 25.00 Lacs.

DETAILS OF CASES FILED BY BPSL

The summary of cases pending by the company is as follows:

S. No.	Particulars	No. of cases / disputes	Amount involved where quantifiable (Rs. In lakhs)
1.	Civil Proceedings	13	100.07 (approx)
2.	Consumer Forum	2	12.00
3.	Cases filed under section 138 of the Negotiable Instruments Act	77	228.60

The brief details of the pending cases are as follows:

1. Civil Proceedings

1. BPSL erstwhile Birla Yamaha Limited has filed a recovery suit against M/s Blue Bird Auto Sales in May 2001 for recovery of dues of Rs. 3 lakhs plus interest in the Civil Court, Gurgaon. The next date of hearing is 29-4-2006 for final argument.
2. BPSL erstwhile Birla Yamaha Limited has filed a recovery suit against M/s Deewan Auto Sales on 16.01.1997 for recovery of dues of Rs. 0.84 lakhs plus interest in the Civil Court, Delhi.

3. BPSL erstwhile Birla Yamaha Limited has filed a recovery suit against M/s Modfab International on 28.07.1996 for recovery of dues of Rs. 15 lakhs plus interest in the High Court of Delhi. The next date for hearing is 15.07.2006.
4. BPSL erstwhile Birla Yamaha Limited has filed a writ petition on 17.03.2002, against encashment of Bank Guarantee of Rs. 2 lakhs by Hindustan Aeronautics Limited and the same is pending in the High Court of Uttaranchal at Nainital. The next date for hearing is not fixed by High Court.
5. BPSL has filed a case against All India General Trade Mazdoor Union on 07.06.2005 regarding stay against the demonstration. All India General Trade Mazdoor Union has issued a notice for demonstration regarding termination of services of Mr. B P Singh, who was employed as Despatch Clerk. Stay has been granted by the Civil Court, Delhi against demonstration. The next date for hearing is 15.04.2006 for evidence.
6. BPSL has filed a case against Excellent Motors on 03.06.2002 in the Civil Court, Kanpur. Suit has been decreed in the company's favor. Execution to be filed for recovery of dues of Rs. 2 lakhs.
7. BPSL has filed a recovery suit against M/s Mangalam Motors on 20.12.2001 for recovery of dues of Rs. 2.5 lakhs in the Civil Court, Lucknow. The next date for hearing is 12.03.2006 for further proceedings
8. BPSL has filed a recovery suit against M/s Permil Traders on 07.07.2000 for recovery of dues of Rs. 9.5 lakhs in the Civil Court, Bullandshahar. Case is fixed for evidence. The next date for hearing is 28.03.2006 for evidence.
9. BPSL has filed a case against M/s Lohia Jute Press 04.10.1996 for recovery of dues of Rs. 6.62 lakhs in the Civil Court, Kolkatta. Case is fixed for evidence. The next date for hearing is 20.04.2006
10. BPSL has filed a case against M/s Ameri Gas on 04.10.1996 for recovery of dues of Rs. 3.13 lakhs in the Civil Court, Kolkatta. Case is fixed for evidence. The next date for hearing is 20.04.2006.
11. BPSL has filed a case against M/s Mohanty & Company 04.04.2001 for recovery of Rs. 24 lakhs in the Civil Court, Bhubaneswar. Case is fixed for evidence. The next date for hearing is 28.03.2006.
12. BPSL has filed a case against M/s Khemka Udyog on 20.12.2005 for recovery of Rs. 19.98 Lacs in the Civil Court, Tiz Hazari.
13. BPSL has filed a case against M/s G. G. MARKETING on 20.12.2005 for recovery of Rs. 11.5 Lacs in the Civil Court, Tiz Hazari.

2. Consumer Forum

- 1) M/s Birla Power Solutions Limited has filed a case against M/s Burlington Express on 03.03.1996 who was appointed as a Consolidating Agent for delivery of certain material. On account of delay in delivery, a case has been filed against Burlington for recovery of Rs. 8 lakhs which is pending before State Commission, Delhi. The next date of hearing is 05-08-2006
- 2) M/s Birla Power Solutions Limited has filed a case against Haryana Urban Development Authority (HUDA) in the consumer forum, Gurgaon on 07.06.2001 for delay in refund of the amount deposited with them. Rs. 4 lac has been claimed towards interest. Fixed for orders.

3. Cases filed under section 138 of the Negotiable Instruments Act at the Metropolitan Magistrate Court – Patiala House

Sl. No.	Party (No. of Cases)	Date of Filing	Amount involved	Next Date Of Hearing / Present Status
1	Sindhu Electric.	09.01.2001	0.50	05.07.2006 for execution of Non Bailable Warrants
2	Crescent Corpn.	17.01.2001	2.00	08.03.2006 matter compromised for Rs. 14 lakhs
3	Crescent Corpn.	20.02.2001	1.83	Post dated cheques given by party.
4	Crescent Corpn.	02.05.2001	3.00	08.03.2006 matter compromised for Rs. 14 lakhs
5	Crescent Corpn	18.02.2002	1.92	Post dated cheques given by party.
6	Crescent Corpn	10.01.2002	1.92	08.03.2006 matter compromised for Rs. 14 lakhs
7	SYM Power System	07.05.2001	4.64	Post dated cheques given by party.
8	Japan Trading Corporation (2 Cases)	18.04.2002	8.50	20.05.2006 for Non Bailable Warrants
9	Lilly & Lilly	10.08.2001	0.50	27.03.2006 for execution of Non Bailable Warrants against the Dealer
10	Universal Engineering	30.08.2001	11.50	27.03.2006 for execution of Non Bailable Warrants against the Dealer
11	Universal Engineering	30.08.2001	2.78	09.05.2006 for Non Bailable Warrants against the Dealer
12	Universal Engineering	12.09.2001	11.50	09.05.2006 for Non Bailable Warrants against the Dealer
13	Universal Engineering	08.01.2002	13.00	09.05.2006 for Non Bailable Warrants against the Dealer
14	Goodwill Auto	12.02.2001	25.00	25.07.2006 for evidence
15	P.S. Motors	13.09.2000	5.00	20.05.2006 for Non Bailable Warrants
16	Gautam Motors	15.12.1997	2.79	15.04.2006 for charge
17	Kendrapara	12.09.2001	1.00	28.03.2006 for non-bailable warrants
18	Permil Traders	05.02.2002	2.00	28.04.2006 for service
19	Auto World	19.11.2003	11.50	28.03.2006 for evidence
20	Yash Motors	08.02.2002	1.70	27.03.2006 for appearance
21	Kavin Auto	07.06.2002	2.95	06.03.2006 for execution of Non Bailable Warrants

22	Kavin Auto (5 Cases)	07.06.2002	3.05	06.03.2006 for evidence
23	Vijayalakshmi	31.05.2002	0.99	27.03.2006 for appearance of the accused
24	Kamal Motors	25.11.2002	0.50	27.03.2006 for appearance of the accused
25	Kamal Motors	22.11.2002	0.50	27.03.2006 for appearance of the accused
26	Power Point (2 Cases)	11.03.2001	3.00	17.07.2006 for warrants
27	Madhumati Enterprises	11.06.2003	0.20	15.04.2006 for appearance of the accused.
28	B N Kejriwal	17.08.2003	3.25	17.07.2006 for appearance of the accused.
29	Unitech (2 Cases)	22.10.2003	0.75	15.05.2006 for appearance of the accused.
30	Diamond Documentation	22.10.2003	3.00	15.05.2006 for appearance of the accused
31	Kirabo Software	01.10.2003	2.75	15.05.2006 for appearance of the accused
32	Sawan Sales Agencies Pvt. Ltd. (2 Cases)	12.11.2003	13.00	15.12.2006 for appearance of the accused
33	Sawan Sales Agencies Pvt. Ltd.	12.11.2003	10.00	15.12.2006 for appearance of the accused
34	Sawan Power Systems Pvt. Ltd.	12.11.2003	8.00	10.12.2006 for appearance
35	Sawan Sales Agencies Pvt. Ltd.	12.11.2003	9.00	14.12.2006 for appearance of the accused
36	Sakti Marketing	15.07.2004	1.25	11.05.2006 for appearance
37	Shakti Automobiles	15.07.2004	0.50	18.07.2006 for appearance
38	Agro Diesel Engg. Works	10.08.2004	0.50	09.10.2006 for appearance
39	Priya Enterprises	01.12.2004	1.00	09.10.2006 for appearance
40	Bhajan Enterprises	04.03.2005	2.00	10.10.2006 for appearance
41	Gen Power	17.12.2004	1.50	18.08.2006 for appearance
42	Gen Power (2 Cases)	13.01.2005	3.00	18.08.2006 for appearance
43	Gen Power (2 Cases)	21.02.2005	2.50	18.08.2006 for appearance
44	Gen Power	05.05.2005	0.50	18.08.2006 for appearance
45	Gen Power	02.06.2005	0.50	18.08.2006 for appearance
46	Gen Power	02.06.2005	1.00	18.08.2006for appearance

47	Gen Power	02.06.2005	1.50	09.03.2006 for appearance
48	Gen Power (5 Cases)	02.07.2005	2.31	05.04.2006 for appearance
49	Delta Enterprises (3 Cases)	13.01.2005	2.00	05.04.2006 for appearance
50	K.S.automobiles	21.02.2005	3.38	15.04.2006 for appearance
51	Priya enterprises	01.12.2004	2.05	11.07.2006 for appearance
52	Mahesh enterprises	04.03.2005	14.27	15.07.2006 for appearance
53	Vinayaka Enterprises	13.09.2005	2.00	15.04.2006 for appearance
54	Ashok Rock Drills	06.12.1999	0.50	20.05.2006 for execution
55	New India Auto	09.01.2006	5.05	08.12.2006 for appearance
56	Atchaya Power House	22.11.2002	2.50	03.05.2006 for warrants
57	Cadia systems	19.12.2005	0.43	11.08..2006 for appearance
58	Online Systems	19.12.2005	1.26	11.08.2006 for appearance
59	Cadia Systems	19.12.2005	1.20	11.08.2006 for appearance
60	Cadia Systems	19.12.2005	0.59	15.07..2006 for appearance
61	Seth Sales & Services	19.12.2005	1.79	15.07..2006 for appearance
TOTAL			228.60	

MATERIAL DEVELOPMENTS

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

GOVERNMENT/STATUTORY AND BUSINESS APPROVALS GOVERNMENT APPROVALS

Approvals Material to this Issue:

We have received the following material approvals relating to the issue:

1. Letter No. [*] dated [*] issued by the Bombay Stock Exchange informing our Company that we may use the name of the Stock Exchange in this Draft Prospectus;
2. Letter No. [*] dated [*] issued by the Bombay Stock Exchange giving our Company permission for the in principle approval of our Equity Shares;

APPROVALS MATERIAL TO OUR CURRENT BUSINESS ACTIVITIES

We have obtained the following approvals under the applicable Central and State Government Laws for carrying on our operations:

CORPORATE APPROVALS

Sr. No.	Issuing Authority	Date	Registration/ Licence Number	Nature of registration
1.	Registrar of Companies	5 th August 1960	11773	Certificate of Incorporation
2.	Registrar of Companies	17 th August 1960.		Certificate of commencement of business
3.	Registrar of Companies	31 st October, 1975.		Certificate of Incorporation pursuant to change of name
4.	Registrar of Companies	28 th January 1986.		Certificate of Incorporation pursuant to change of name
5.	Registrar of Companies	18 th October 2005.		Certificate of Incorporation pursuant to change of name
6.	Registrar of Companies	30 th October, 2002		Certificate for change of the registered office of the Company
6.	Income Tax Department	--	AAACZO103 C	PAN: Permanent Account Number
7.	Income Tax Department	9 th December, 2005	MUMC09982 A	TAN: Tax Deduction Account Number

GENERAL APPROVALS FOR OUR EXISTING OPERATIONS

Sr. No.	Issuing Authority	Date	Registration/Licence Number	Nature of registration	Validity
1.	Income Tax Department	-- 9 th December, 2005	AAACZ0103C MUMC09982 A	Permanent Account No. (PAN) TDS Regn No. (TAN)	Until cancelled Until cancelled
2.	Profession Tax Officer, Bombay	--	PT/R/1/1/21/4 509	Certificate of Registration under the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975.	Until cancelled
3.	Foreign Trade Development Officer	1 st April, 1988	0388030593	Certificate of Importer-Exporter Code (IEC)	Until cancelled
4.	Engineering Export Promotion Council	22 nd April, 2004	RCMC:B:MF G:4796: 2004-05	Registration under Engineering Export Promotion Council of the Ministry of Commerce	31.03.2007
5.	Inspector under the Bombay Shops and Establishment Act, 1948.	12 th January, 1989	A II 3616	Registration Certificate of Establishment for Mumbai Office and for Thane Office	31.12.2006 Appl filed for Thane office for the period 2006 – 2008
6.	Regional Office, ESIC Maharashtra	12 th November, 1978	ESIC 31 / 17416 / 102	Registration under the Employees State Insurance Act, 1948	Until cancelled
7.	Regional Office, Employees Provident Fund Organization, Mumbai	1.05.1965	6183	Registration under the Employees Provident Fund and Miscellaneous Provisions Act, 1952.	Until cancelled

APPROVALS FOR OUR PLANT AT KHOPOLI

Sr. No.	Issuing Authority	Date	Registration/ Licence Number	Nature of registration	Validity
1.	Ministry of Commerce and Industry, Government of India	20 th June, 1960	L/I-A(5)/N-34/60	Industrial License for manufacturing Steel Pipes	Until cancelled
2.	Chief Inspectors of Factories, Maharashtra	1998	54994	Factory License	Till 31 st December, 2006
3.	Superintendent of Central Excise, Khopoli	26 th November, 2001	AAACZ0103C XM 001	Central Excise Registration	Until cancelled
4.	Maharashtra Pollution Control Board	30 th September, 2002	BO/ROR/Raigad-138/CC/781	Pollution Control	31 st December, 2006
5.	Commissioner of Sales Tax	14 th March, 1996	400020 S 10	Sales Tax Registration	Until cancelled
6.	Bureau of Indian Standards	12 th December, 2005	CM/L 7238270	License with IS 03601:1984 for the use of Standard Mark for Steel tubes for machinery and general engineering purpose HFIW grade WT200, black plain ends size 21.3mm OD to 219.1mm OD and thickness upto 6.3mm.	9 th December, 2006
7.	Bureau of Indian Standards	12 th December 2005	CM/L 7238371	License with IS 1161:1998 for the use of Standard Mark for Steel tubes for structural purpose HFIW grade YST 210 plain end, black and galvanized, light medium and heavy for sizes 15mm to 200mm minimal bore.	9 th December, 2006
8.	Bureau of Indian Standards	1 st March 2006	CM/L 1369962	License with IS 4923:1968 for the use of Standard Mark for Hollow Steel sections for structural use, Grade Yst 25, Designation: CFRHS.	28 th February, 2007
9.	Bureau of Indian Standards	1 st March 2006	CM/L 1132022	License with IS 9295:1985 issued for the use of Standard Mark for Steel tubes for idlers for troughed belt conveyors.	28 th February, 2007
10.	Bureau of Indian Standards	1 st March 2006	CM/L 0891364	License with IS 3589 of 2001 for electrically welded steel pipes for water, gas and sewage, class I, II, III, size	28 th February, 2007



				200mm NB.	
11.	Bureau of Indian Standards	1 st March 2006	CM/L 0494556	License with IS No. 1239:Part 1: 2004 for Mild Steel Tubes, Tubulars and other Wrought Steel Fittings – Specification – Part 1: Mild Steel Tubes	28 th February, 2007
12.	Bureau of Indian Standard	25 th April 2005	CM/L 7258882	License with IS 1978:1982 for the use of Standard Mark for High frequency induction welded line pipe grade YST 210, black, plain and beveled end for the size 73mm OD (65mm NB) to 114.3 mm OD (100 mm NB) and thickness upto 5.7mm.	24 th April, 2006 (Applied for renewal)
13.	Joint Accreditation System of Australia and New Zealand	2003	13839.03	ISO 9001 : 2000	Until cancelled
14.	Joint Accreditation System of Australia and New Zealand	2004	14991.04	ISO 14001 : 1996	Until cancelled
15.	American Petroleum Institute	7 th March, 2005	5L-0463	Certificate of Authority to use the Official API Monogram	Until cancelled
16.	Regional Office, Employees Provident Fund Organisation, Mumbai	1.05.1965	6183	Registration under the Employees Provident Fund and Miscellaneous Provisions Act, 1952.	Until cancelled
17.	Maharashtra State Electricity Board	19.09.1997	030949019558	Electricity Connection	Until cancelled
18.	Executive Engineer, Raigad Irrigation Division	4 th March, 1972	BKS/2771/8102 (4)	Water Supply	Until cancelled

APPROVALS FOR OUR PLANT AT NASIK

Sr. No.	Issuing Authority	Date	Registration/Licence Number	Nature of registration	Validity
1.	Ministry of Industry, Government of India	20 th April, 1956	L/36(15)/56 and L/12(2)/15	Industrial License for manufacturing Twist Drills	Until cancelled
2.	Ministry of Industry, Government of India	30 th July, 1958	L/12-2/N-10/58	Industrial License for manufacturing Tool Bits	Until cancelled
3.	Ministry of Industry, Government of India	24 th October, 1959	L/12-2/N-25/59	Industrial License for manufacturing Sintered Carbides	Until cancelled
4.	Ministry of Industry, Government of India	30 th June, 1960	L/16/N-17/60	Industrial License for manufacturing Micrometers	Until cancelled
5.	Ministry of Industry, Government of India	22 nd March, 1963	L/12-2/137/82/MEI-63	Industrial License for manufacturing Ground Thread	Until cancelled
6.	Ministry of Industry, Government of India	5 th August, 1963	L/12-2/93/MEI-63	Industrial License for manufacturing Carbide Tipped Tools	Until cancelled
7.	Ministry of Industry, Government of India	11 th February, 1966	L/12-2/117/66-MEI	Industrial License for manufacturing Cemented Cintered Carbides	Until cancelled
8.	Ministry of Industry, Government of India	8 th July, 1968	L/12-2/137/68-MEI	Industrial License for manufacturing Taps, Reamers & Cutters	Until cancelled
9.	Chief Inspectors of Factories, Maharashtra	1999	71570	Factory License	Till 31 st December, 2007
10.	Maharashtra Pollution Control Board	8 th September, 2005	BO/RONK/N ASHIK/PCI-II/262-5/R/CC-314	Pollution Control	30 th June, 2008
11.	Superintendent of Central Excise, Nasik	30 th August, 2000	AAACZ0103C XM003	Central Excise Registration	Until cancelled
12.	Commissioner of Sales Tax	1 st March, 1996	422007 S 485	Sales Tax Registration	Until cancelled
13.	Regional Office, ESIC Maharashtra	--	31-5024-65	Registration under the Employees State Insurance Act, 1948	Until cancelled
14.	Regional Office, Employees Provident Fund Organisation, Mumbai	--	MH/52273	Registration under the Employees Provident Fund and Miscellaneous Provisions Act, 1952.	Until cancelled
15.	Maharashtra State Electricity Board	1 st January, 1990	049069000346	Electricity Connection	Until cancelled
16.	Maharashtra Industrial Development Corporation	--	STP/109	Water Supply	Until cancelled

APPROVALS FOR PLANT AT AURANGABAD

Sr. No.	Issuing Authority	Date	Registration/ Licence Number	Nature of registration	Validity
1.	Ministry of Industry, Government of India	19 th June, 1985	IL/923/85	Industrial License for manufacturing Twist Drills, Reamers, Dyes, Taping, Milling Cuttings, Tipped Tools, Saw Blades and Tool Bites	Until cancelled
2.	Chief Inspectors of Factories, Maharashtra	1999	57284	Factory License	Till 31 st December, 2007
3.	Maharashtra Pollution Control Board	5 th February, 2005	RO/A'Bad/E-25/98/16/288/ 2005	Pollution Control	31 st August, 2008
4.	Superintendent of Central Excise, Aurangabad	30 th January, 2005	AAACZ0103CXM 002	Central Excise Registration	Until cancelled
5.	Commissioner of Sales Tax	1 st April, 1996	431133 S 29	Sales Tax Registration	Until cancelled
6.	Regional Office, ESIC Maharashtra	17 th November, 2004	25-1443-65	Registration under the Employees State Insurance Act, 1948	Until cancelled
7.	Regional Office, Employees Provident Fund Organisation, Mumbai	22 nd August, 1992	MH/80126	Registration under the Employees Provident Fund and Miscellaneous Provisions Act, 1952.	Until cancelled
8.	TUV CERT Certification Body for QM Systems of RWTUV Systems GmbH	Since 2002.	Registration No. 04100 2002 0841 – E3	Certifying that ITM has established and applies a quality system for manufacturing and sale of high speed cutting tools. Requirements as per ISO 9001: 2000 are fulfilled	30 th May, 2008
9.	Maharashtra State Electricity Board	10 th September, 1997	030949019558	Electricity Connection	Until cancelled
10.	Executive Engineer, Raigad Irrigation Division	4 th March, 1972	BKS/2771/8102 (4)	Water Supply	Until cancelled

APPROVALS FOR OUR NEW PROJECT AT KHOPOLI

Sr. No.	Issuing Authority	Date	Registration/ Licence Number	Nature of registration	Validity
1.	Ministry of Commerce & Industry	17 th April, 2006	1969/SIA/IMO/2006	Acknowledgement for filing of Industrial Entrepreneur Memorandum (Form IEM) towards manufacturing of Mechanical Tubes (Mechanical Tubes)	Until Cancelled

SECTION VII - OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

Our Board of Directors has pursuant to a resolution dated September 1, 2005 authorized the Issue subject to approval by the shareholders under section 81 (1A) of the Companies Act. The shareholders have, pursuant to a special resolution passed at an Annual General Meeting dated September 30, 2005, and authorized the Issue.

Prohibition by SEBI

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

Eligibility for the Issue

Being a listed company, we are eligible to make the Issue provided aggregate of the Issue and all previous issues made in the same financial year in terms of size (i.e., Issue through offer document + firm allotment + promoters' contribution through the offer document), issue size does not exceed five times its pre-issue net worth as per the audited balance sheet of the Company for the last financial year.

The relevant clause of SEBI (Disclosure and Investor Protection) Guidelines, 2000 provides as under:

"2.3 Public Issue by Listed Companies

2.3.1 A listed company shall be eligible to make a public issue of equity shares or any other security, which may be converted into or exchanged with equity shares at a later date.

Provided further that in case there is a change in the name of the issuer company within the last 1-year (reckoned from the date of filing of the offer document), the revenue accounted for by the activity suggested by the new name is not less than 50% of its total revenue in the preceding 1 full-year period.

Particulars	Amount (Rs. in lakhs)
Offer through this Draft Prospectus	13100.00
All previous issues made in the same financial year in terms of size (i.e. Offer through offer document + firm allotment + promoters' contribution through offer document)	Nil
Net worth as per the audited balance sheet as on March 31, 2005	5516.51
Five times of pre-issue networth as per the audited balance sheet of the last financial year	27582.55

The name of the issuer company was changed from Zenith Limited to Zenith Birla (India) Limited w.e.f. October 18, 2005. However the nature of the business activity has not been changed.

Since the size of the proposed Issue does not exceeds five times of the net worth of the Company, the Company is eligible to make this Issue

DISCLAIMER CLAUSES

DISCLAIMER IN RESPECT OF JURISDICTION

AS REQUIRED, A COPY OF THIS DRAFT PROSPECTUS HAS BEEN SUBMITTED TO SEBI.

“IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. LEAD MERCHANT BANKER, IDBI CAPITAL MARKET SERVICES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURES AND INVESTOR PROTECTION) GUIDELINES IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE LEAD MERCHANT BANKERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MERCHANT BANKERS IDBI CAPITAL MARKET SERVICES LIMITED AND KEYNOTE CORPORATE SERVICES LIMITED HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED MAY 9,2006 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS 1992 WHICH READS AS FOLLOWS :

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

WE CONFIRM THAT :

- A. THE DRAFT PROPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPER RELEVANT TO THE ISSUE;**
- B ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- C THE DISCLOSURES MADE IN THE DRAFT PROPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.**
- III) WE CONFIRM THAT BESIDE OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH SEBI AND TILL DATE SUCH REGISTRATION IS VALID.**
- IV) WE CONFIRM THAT WE HAVE SATISFIED OURSELVES ABOUT THE FINANCIAL CAPACITY AND NETWORTH OF THE LEAD MANAGERS, WHO IS PROVIDING THE**

SAFETY NET FACILITY TO ORIGINAL RESIDENT INDIVIDUAL ALLOTEES TO FULFILL ITS OBLIGATION UNDER THE SAFETY NET SCHEME.

- V) ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE PROSPECTUS WITH THE REGISTRAR OF COMPANIES, MAHARASHTRA, IN TERMS OF SECTION 56, SECTION 60 OF THE COMPANIES ACT.
- VI) WE CERTIFY THAT WRITTEN CONSENT FROM SHAREHOLDERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF THE PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN WILL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT PROSPECTUS WITH THE BOARD TILL DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT PROSPECTUS.

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

COMPANY DISCLAIMER

Our Company, our Directors and the LMs accept no responsibility for statements made otherwise than in this Draft Prospectus or in the advertisement or in any other material issued by or at our instance and any one placing reliance on any other source of information would be doing so at his/her/their own risks.

The LMs does not accept any responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the LMs and us.

All information will be made available by us and the LMs to the public and the investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, or elsewhere.

DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors, Hindu Undivided Families, 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), Trusts registered under the Societies Registration Act, 1860, or any other Trust law and who are authorized under their constitution to hold and invest in shares) and to NRIs and FIIs as defined under the Indian laws. This Draft Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to shares issued hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation to such jurisdiction. Any person into whose possession this Draft Prospectus comes is required to inform himself about and to observe any such restrictions. Any dispute arising out of this issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Prospectus has been filed with SEBI for its observations and SEBI has given its observations and the final Prospectus has been filed with ROC as per the provisions of Act. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date

DISCLAIMER CLAUSE OF BOMBAY STOCK EXCHANGE LIMITED (BSE)

As required a copy of this Draft Prospectus has been submitted to Bombay Stock Exchange (BSE). The BSE has given the permission to the Company vide its letter dated [●] to use their name in this Draft Prospectus as one of the stock exchanges on which Equity Shares of the Company being issued in terms of this Draft Prospectus are proposed to be listed. The BSE has scrutinized this Draft Prospectus for their limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. It is to be distinctly understood that the aforesaid permission given by the BSE should not in any way be deemed or construed that the Draft Prospectus has been cleared or approved by BSE nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Prospectus; nor does it warrant that the Company's securities will be listed or will continue to be listed on the BSE nor does it take any responsibility for the financial or other soundness of the Company, its Promoters, its management or any scheme or project of this Company.

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

Filing

A copy of this Draft Prospectus having attached thereto the documents required has been filed with SEBI at Mumbai. A copy of the Draft Prospectus has also been filed with Bombay Stock Exchange Limited. A copy of this Prospectus, having attached thereto, the documents required to be filed under Section 60 of the Companies Act, 1956, (hereinafter referred to as the "ACT") will be delivered for registration with the Registrar of Companies, Maharashtra at Mumbai.

Listing

The Equity Shares issued through this Draft Prospectus are proposed to be listed on Bombay Stock Exchange Ltd. (BSE). In-principle approval for listing of the equity shares of the Company from BSE has been received vide their letter dated [●].

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

Impersonation

As a matter of abundant caution, the attention of the investor is drawn to the provision of Section 68 (A) of the Companies Act, 1956, reproduced below:

“Any person who

(a) Makes in a fictitious name an application to the Bank for acquiring or subscribing for any shares therein; or

(b) Otherwise induces the Bank 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”, as applicable under the provisions of law.

Consents

Consents in writing of the Directors, Auditors, Bankers to the Company, Bankers to the Issue, Registrar to the Issue, Legal Advisors to act in their respective capacities have been obtained and would be filed with the Registrar of Companies along with a copy of this Draft Prospectus, as required under Section 60 of the Companies Act 1956, and none of them have withdrawn the said consents up to the time of filing of this Prospectus for registration with the said Registrar of Companies.

M/s Dlal & Shah, Chartered Accountants, the Auditor of the Company, has also given their consent for the inclusion of their Report as appearing herein in the form and context in which it appears in this Prospectus and also of the tax benefits accruing to the Company and to the members of the Company and such consent and reports have not been withdrawn up to the time of delivery of this prospectus for registration with the Registrar of Companies

Expert Opinion Obtained

Save and except as mentioned elsewhere in the prospectus, the company has not obtained any expert opinion

Expenses Of The Issue

Public Issue expenses have been estimated as Rs.1200 lakhs. Details of which are as follows:-

Sr. No.	Particulars	Amount (Rs. in Lacs)
1	Lead Management and Selling Commission	*
2	Advertisement & Marketing Expenses	*
3	Printing & Stationery, Distribution, Postage, etc.	*
4	Other Expenses	*
5	Fees of Registrar	*
6	Legal Advisor	*
7	Auditors and Tax Auditors	*
	Total	1200

Details of fees payable

Fee payable to Lead Managers

The total fee payable to the Lead Managers will be as per the MOU executed between the company and the Lead Managers copies of which are available at the registered office of our Company

Fee payable to the Registrar

The fee payable to the Registrar to the issue will be as per the Memorandum of Understanding executed between us and the Registrar to the Issue dated May 4, 2006 copies of which are available at the registered office of our Company

Fee payable to Brokers

Brokerage for the Issue will be paid not more than @1.00% of the issue price of the Equity Shares by our Company on the basis of allotment made against the applications bearing the stamp of a member of any recognized stock exchange in India in the 'broker' column. Brokerage at the same rate will also be payable to the bankers to the issue in respect of allotments made against application procured by them provided the respective forms of application bear their respective stamp in the Broker Column. In case of tampering or over stamping of Broker's/Agent's codes on application form, our decision to pay brokerage in this respect will be final and no further correspondence will be entered in this matter.

Previous Public Issue or Rights Issue during the last 5 years

Our Company had not come out with any public issue or rights issue in last five years.

Allotment of equity Shares for Consideration other than Cash

Except for Bonus Issue issued by us, we have issued shares other than cash the details of which are as under -

Date of Allotment	Number of Equity Shares	Face Value Rs.	Issue Price Rs.	Reason for allotment	Name of persons / Entity to which equity shares allotted
13.01.1984	1350000	10	10	Under scheme of amalgamation with ITM in ratio of 10:1	Shareholders of ITM Ltd.
09.04.1985	470827	10	21.88	Conversion of loan into shares	ICICI and IDBI
06.06.1996	424008	10	10	Conversion of loan into shares	ICICI, IDBI, IFCI, LIC
04.07.1997	123916	10	10	Conversion of loan into shares	ICICI, IDBI, IFCI, LIC

Promise vis-a-vis Performance

- We had made Initial Public Offering in October 1960 for 3, 50,000 Equity Shares of Rs. 10/- each for cash at par aggregating Rs. 3500 lakhs. The main object of the Issue was to manufacture and sell steel pipes and tubes of all description particularly welded and galvanized pipes and fittings. The total cost of project was estimated to be Rs. 12500 lakhs. We had not made any projections in the offer document.
- In June 1982, we came out with an issue of 4, 00,000 – 13.5% Secured Debentures of Rs. 120/- each for cash at par aggregating Rs. 480 Lakhs. The object of the Issue was to raise additional long term resources to the extent of Rs. 400 Lakhs and expenses of the issue and the balance to the extent of Rs. 80 Lakhs to meet the part of the finance required for modernization and balancing equipment for pipe plant at Khopoli. We had not made any projections in the offer document.
- In February 1986, we made a rights issue of 12,60,000 – 13.5% Secured Redeemable Debentures of face value of Rs. 100 for cash at par aggregating Rs. 1260 lakhs. The object of the issue was to meet partly the cost of modernization and replacement program of fixed assets and to strengthen long term working capital requirement. We had not made any projections in the offer document.
- In December 1991, we made a rights issue of 95, 91, 044 Equity Shares of Rs. 10 each for cash at par aggregating Rs. 9, 59, 10, 440. The object of the issue was to augment the long-term resources of the company for meeting working capital requirements including normal capital expenditure. We had not made any projections in the offer document.

LISTED VENTURE OF THE PROMOTERS / PROMOTER GROUP

Dagger Forst Tools Limited (DFTL)

In October 1996, DFTL came out with a rights issue of 18,06,390 Equity Shares of Rs. 10 each for cash at a premium of Rs. 10 per share aggregating Rs. 361 lakhs in the ratio of three shares for every five Equity Shares held which closed on November 22, 1996. The object of the Issue was to part finance the cost of the modernization – cum – expansion project being undertaken by the Company in two of its Broach manufacturing divisions including the expenses of the present issue. The total cost of project was Rs. 900 Lakhs and company had made following projections in the offer document –

Particulars	31.3.97 (Rs. in lakhs)
Sales (including Job work and Excise Duty)	2375.00
Other Income	50.00
Gross Profit (after interest)	580.00
Depreciation	180.00
Profit before Tax	400.00
Provision for Taxation	100.00
Profit after Tax	300.00

With regards to schedule of implementation of the modernization cum expansion project, the same is given below –

Sr. No	Activity	Projected Completion	Actual Completion	Reason for variation
1	Civil Construction of Building	August 1996	August 1996	-
2	Delivery of main plant & machinery	January 1997	September 1997	Suppliers delayed supply of machine
3	Trial Run & Commercial Production	February 1997	October 1997	Due to delay in supply of some of the machines

As it is a modernization – cum – expansion project, Trial Run & Commercial Production commenced on installation of machines.

Birla Tranasia Carpets Limited (BTCL):

In April 1978, BTCL came out with an issue of 7,93,800 Equity Shares of Rs. 10 each offered to Public for subscription for cash at par aggregating Rs. 79 Lakhs which closed on May 08, 1978. The object of the Issue was to set up the plant for manufacturing tufted Carpets and Wilton /Ax – Minister Carpets at Sikandrabad Industrial Area, District Bulandshahar (Uttar Pradesh). The capacity of the plant will be 2.5 (two point five) Million Pounds with Four Looms. The estimated cost of project is Rs. 454.00 lacs. BTCL had not made any projections in the offer document

3M India Limited:

In February 1991, 3M India Limited came out with a Public issue of 6, 00,000 Equity Shares of Rs. 10 each for cash at par aggregating Rs. 60 lakhs and 5, 00,000 12.5% Secured Partly Convertible Debentures of Rs. 100 each for cash at par aggregating Rs. 500 lakhs which closed on February 22, 1991. The object of the Issue was to raise funds to manufacture speciality pressure sensitive coated tapes for medical / surgical and packaging applications, speciality chemicals and working capital requirements of the Company. The total cost of project was 1320 lacs. 3M India Limited had not made any projections in the offer document.

Birla Kennametal Limited (BKL):

In July 1990, Birla Kennametal Ltd. came out with a Public Issue of 17, 98,840 Equity Shares of Rs. 10 each. The issue closed on July 19, 1990. The object of the Issue was to part finance the cost of project for manufacturing of tool holders and work holders for CNC and conventional machine tool. BKL had not made any projections in the offer document.

Birla Power Solutions Limited

In November 1985, Birla Power Solutions came out with an issue of 27,20,000 Equity Shares of Rs. 10 each for cash at par The object of the Issue was to part finance the cost of the project for manufacturing 75,000

Portable Generator sets (0.5 KW to 4.0 KW) and 25, 000 additional engines (multi purpose engines) and to meet issue expenses. BPSL had not made any projections in the offer document

In April 2006 BPSL has completed its public issue of 120,00,000 equity shares of Rs. 10/- each for cash at a premium of Rs. 32 per share (i.e. issue price of Rs. 42/- per share) aggregating to Rs. 5040 Lacs. The objects of the issue were To finance the cost of expansion of the capacities of the existing products of the company viz. Diesel Genset, Multi Purpose Engines, Alternators and Fuel Tank, to set up of a new plant for manufacturing LPG/CNG Gensets, Inverter, Engines and Acoustic Hoods and to meet the margin money for working capital requirement

Outstanding Debenture or Bond Issues

On the date of filing the Draft Prospectus with SEBI, there are no outstanding warrants, options or any other rights which would entitle the other existing Promoters or shareholders or any other person any option to receive equity shares after the Issue.

Stock Market Data

The following table sets forth, for the periods indicated, the high and low and average of daily closing prices of our equity shares on the BSE:

Period	High (Rs.)	Low (Rs.)	Average* (Rs.)
Calendar Year 2003	12.10	1.50	6.80
Calendar Year 2004	27.00	7.30	17.15
Calendar Year 2005	95.70	18.80	57.25
November, 2005	72.95	61.25	67.10
December, 2005	72.00	61.25	66.63
January, 2006	71.40	57.00	64.20
February, 2006	59.90	51.00	55.45
March, 2006	60.00	44.00	52.00
April, 2006	62.25	47.05	54.65

* Average of the daily closing share price for the period.

(Source: bseindia.com)

The following table sets forth the number of Equity Shares traded on the days high and low prices of our Equity Shares was recorded on the BSE for the years 2003, 2004 and 2005. for last six months preceding the date of filing of this Draft Prospectus with SEBI:

Period	High Date	Number of shares traded	Low Date	Number of shares traded
Year 2003	August 19, 2003	108255	April 30, 2003	35
Year 2004	December 27, 2004	47199	June 25, 2004	7901
Year 2005	September 19, 2005	188933	January 24, 2005	1768
November, 2005	November 9, 2005	17098	November 24, 2005	3214
December, 2005	December 9, 2005	25427	December 19, 2005	37983
January, 2006	January 5, 2006	86181	January 31, 2006	78741
February, 2006	February 2, 2006	8688	February 13, 2006	8816
March, 2006	March 10, 2006	10619	March 1, 2006	55338
April, 2006	April 5, 2006	8974	April 28, 2006	8065

(Source: bseindia.com)

The following table sets forth the total volume of Equity Shares traded and the volume of business transacted on the BSE, during the fiscal years 2002, 2003 and 2004:

(Rs. in lakhs)

Year	Number of shares traded	Volume of business transacted
Year 2002	518783	19.13
Year 2003	3042207	139.76
Year 2004	3256652	448.28
Year 2005	15114777	9077.84
November, 2005	403458	270.21
December, 2005	674202	453.82
January, 2006	576716	374.72
February, 2006	382946	213.20
March, 2006	363509	203.18
April, 2006	306432	165.55

(Source: bseindia.com)

The market price of our Equity Shares on August 31, 2005, which was the day prior to the approval of our Issue by our Board of Directors (i.e. on September 1, 2005), was Rs. 64.95 at BSE. On September 2, 2005, the day following the date of our Board of Directors meeting, the closing market price was Rs. 66.80 at BSE.

Disclosure on Investor Grievances and Redressal System.

Investor's grievances will be settled expeditiously and satisfactorily by Zenith. The agreement between the Company and the Registrar to the Issue will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of letters of allotment, refund orders, demat credit, 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, Big Share Services Pvt. Limited, giving full details including name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection center where the application was submitted.

Investors may contact the Compliance Officer in case of any Pre-Issue or Post-Issue related complaints such as non-receipt of allotment advice, refund orders, demat credit, etc.

Disposal of Investor Grievances

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

The status of Investor Grievances is detailed below:

Sr. No.	Category	Received	Processed	Pending as on March 31, 2006
	Non Receipt of shares after Transfer	16	16	-
	Advice Procedure for name deletion / transfer	8	8	-
	Non receipt of Demat rejected Share Certificates	5	5	-
	Non receipt of Demat Credit	6	6	-
	Stock Exchange	2	2	-
	Misc. Letters	36	36	-
	TOTAL	73	73	

Changes in Auditors during last three years and reasons thereof

There is no change in Auditors during last three years.

Capitalization of Reserves or Profits

Date of Allotment	No. of Shares	Ratio
26.09.1966	3,50,000	1:2
30.03.1970	3,50,000	1:3
21.02.1975	11,20,000	4:5
16.01.1979	6,30,000	1:4
16.06.1988	18,29,384	1:4

Revaluation of Assets during last five years.

We have revalued our assets on April 1, 1981, December 31, 1988 and on December 31, 2004. On December 31, 2004 we have revalued our major fixed assets, as follows:

(Rs. in lakhs)			
Sr. No.	Particulars of Assets	Fair Market Value after depreciation	Written down value as books of account
1.	Freehold Land	1445.74	313.87
2.	Leasehold Land	430.58	107.55
3.	Building	5030.76	1030.78
4.	Plant & Machineries	3240.56	1760.16
	Total	10147.64	3212.36
	Difference in value		6935.28

This has resulted in increase in gross block and net block by Rs. 6935.28 lakhs and correspondingly to the Revaluation Reserve Account by the like amount. We have not issued any Equity Shares out of revaluation reserves or for consideration other than cash except for bonus issues out of free reserves

SECTION VIII: ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

Authority for the Issue

Pursuant to Section 81(1A) of the Companies Act, 1956, the present issue of Equity Shares has been authorized vide Special Resolution passed at the Annual General Meeting of our company held on September 30, 2005 and a resolution passed by the Board of Directors at its meeting held on September 01, 2005.

Principal Terms and Conditions of the Issue

The Equity Shares now being issued are subject to the provisions of the Companies Act, the Memorandum and Articles of Association of our Company, if any, the terms of this Draft Prospectus and Application Form and other terms and conditions as may be incorporated in the letters of allocation and other documents/ certificates that may be executed in respect of the equity shares. Further to the above, the Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing of securities issued from time to time by SEBI/Government of India/Stock Exchanges 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 to be issued shall, subject to the Memorandum and Articles of Association of our Company, rank pari passu with the existing Equity Shares of our Company in all respects including rights in respect of dividend. The allottees will be entitled to dividend, voting rights or any other corporate benefits, if any, declared by us after the date of allotment.

Mode of payment of Dividend

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

Face Value and Issue Price

The Equity Shares with a face value of Rs.10/- each are being offered in terms of this Draft Prospectus at a price of Rs [●] per Equity Share, at a premium of Rs. [●] each. At any given point of time there shall be only one denomination of Equity Shares of our Company, subject to applicable laws.

Rights of the Equity Shareholders

Subject to applicable laws, the Equity Shareholders shall have the following rights: -

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and Articles of Association of our Company.

For a detailed description of the main provisions of our Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting,

please refer to the section titled “Main Provisions of the Articles of Association ”on page no. [●] in this Draft Prospectus.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares shall be allotted only in dematerialised form. As per the existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialised form for all investors. Since trading of our Equity Shares is in dematerialised form, the tradable lot is one Equity Share. Allotment through this Issue will be done only in electronic form in multiples of one Equity Share subject to a minimum allotment of [●] Equity Shares. For details of allocation and allotment, see the section titled "Basis of Allotment" on page [●] of this Draft Prospectus.

Nomination facility to investors

In accordance with Section 109A of the Act, the sole or first Applicant, along with other joint Applicants, may nominate any one person in whom, in the event of death of sole Applicant or in case of joint Applicants, death of all the Applicants, as the Case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of death of the original holder(s), shall in accordance with Section 109A of the Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed Form available on request at the Registered Office of our Company or at the Registrar and Share Transfer Agent of our Company.

In accordance with Section 109B of the Act, any person who becomes nominee by virtue of 109A of the Act shall upon production of such evidence as may be required by the Court, elect either:

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

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the equity shares, until the requirement of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with our company. Nominations registered with respective depository participant of the applicant would prevail. If the investors require changing the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

“If we do not receive the minimum subscription of 90% of the net offer to public on the date of closure of the issue or if the subscription level falls below 90% after the closure of the issue on account of cheques having been returned unpaid or withdrawal of applications, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we becomes liable to pay the amount, we shall pay interest as per Section 73 of the Companies Act, 1956.”

Arrangements for Disposal of Odd Lots

Since the Equity Shares of our Company will be traded under the demat mode, trading lot is of one share. Further, no odd lot of Equity Shares will arise out of this Issue, as the tradable lot is One (1) Equity Share. Therefore, no arrangements are required for disposal of odd lot.

Restrictions, If Any, On Transfer And Transmission Of Shares On Their Consolidation / Splitting

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation/splitting, please refer sub-heading “Main Provisions of the Articles of Association” of our company appearing on page no [●] of this Draft Prospectus

ISSUE PROCEDURE

Availability of Prospectus and Application Forms

Application forms together with Memorandum containing salient features of the Prospectus may be obtained from the Registered Office of our Company, Lead Managers to the Issue, Registrar to the Issue and Bankers to the issue named herein or from their branches as stated on the reverse of the application form. Any individual desiring to have a full copy of the Prospectus may write to the Lead Managers or to the Registered Office of our Company.

Application may be made by:

- Indian nationals resident of India who are adult individuals in single name or joint names (not more than three)
- Hindu Undivided Families (HUF) through the Karta of the HUF and will be treated at par with individual applications
- Companies, Bodies Corporate and Societies registered under the applicable laws in India and authorised to invest in the Shares
- Indian Mutual Funds registered with SEBI
- Indian Financial Institutions, Commercial Banks and Regional Rural Banks, Co-operative Banks (subject to RBI Regulations and SEBI Regulations, as applicable)
- Venture Capital Funds / Foreign Venture Capital investors registered with SEBI
- State Industrial Development Corporation.
- Insurance Companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with minimum corpus of Rs.2500 Lacs and who are authorised under their constitution to hold and invest in equity shares.
- Pension Funds with minimum corpus of Rs.2500 Lacs and who are authorised under their constitution to hold and invest in equity shares.
- Trusts who are registered under the Societies Registration Act, 1860, as amended, or any other trust law and are authorised under its constitution to hold and invest in shares.
- Permanent and regular employees of our company.
- Non-Resident Indians (NRIs) on a repatriation basis or on a non- repatriation basis. (Subject to applicable local laws)
- Foreign Institutional Investors (FIIs) on a repatriation basis or on a non- repatriation basis. (Subject to applicable local laws).
- Scientific and/or industrial research organizations authorized under their constitution to invest in Equity Shares.
- Any other QIBs permitted to invest, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Offer;

Minimum and Maximum Application Size

Applications should be for minimum of [●] Equity Shares and in multiples of [●] Equity Shares hereafter. An applicant in the net public category cannot make an application for that number of Equity Shares exceeding the number of Equity Shares offered to the public. In case of reserved categories, a single applicant in the reserved category can make an application for that number of Equity Shares that exceeds the reservation.

Option to Subscribe in the Issue

- As on the date of this Draft Prospectus, there are no pending options to subscribe to Equity Shares or convertible instruments pending conversion into Equity Shares of any kind. The investor shall have the option to subscribe to Equity Shares to be dealt with in a depository.
- The Investor can seek allotment only in dematerialised mode. However the investor shall have the option to hold the Equity shares in physical form or demat form. After the allotment in the proposed issue allottees may request their respective Depository participant for dematerialization of shares if they wish to hold the shares in physical shares.

Applications under Power of Attorney

In case of applications under Power of Attorney or by Companies, Bodies Corporate, Societies registered under the applicable laws, Trustees of Trusts, Provident Funds, Superannuation Funds, Gratuity Funds; a certified copy of the Power of Attorney or the relevant authority, as the case may be, must be lodged separately at the office of the Registrar to the Issue simultaneously with the submission of the application form, indicating the serial number of the application form and the name of the Bank and the branch office where the application is submitted.

Our company in its absolute discretion reserves the right to relax the above condition of simultaneous lodging of the Power of Attorney along with the Application Form subject to such terms and conditions as it may deem fit.

APPLICATION BY RESIDENT

INDIAN PUBLIC

1. Application must be made only:
 - a. On the prescribed Application Form (**WHITE** in colour) accompanying this Prospectus and completed in full in BLOCK LETTERS in English, except signature(s) in accordance with the instructions contained herein and in the application form and is liable to be rejected if not so made.
 - b. For a minimum of [●] Equity Shares and in multiples of [●] thereafter.
 - c. In single name or joint names (not more than three);
 - d. By Indian Nationals resident in India, and
 - e. In the names of individuals, limited companies or statutory corporations/institutions and NOT in the names of Minors, Foreign Nationals, Non-Residents, trusts, (unless the Trust is registered under the Societies Registration Act, 1860 or any other applicable Trust laws and is authorised under its constitution to hold shares and debentures in a Company), Hindu Undivided Families, partnership firms or their nominees. In case of HUF's application shall be made by the Karta of the HUF.
2. An applicant in the net public category cannot make an application for that number of securities exceeding the number of securities offered to the public. Payment should be made in cash or by cheque/Bank Draft drawn on any bank (including a Co-operative Bank) which is situated at and is a Member or Sub-member of the Banker's Clearing House located at the place where the application is submitted.
3. A separate cheque or Bank draft should accompany each application form. Applicants should write the Share Application Number on the back of the Cheque /draft. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection. Money Orders/Postal Orders will not be accepted.
4. All Cheques or Bank Drafts must be payable to any of the Bankers to the Public Issue with whom the application is lodged and marked "Name of the Bank A/c- Zenith Birla (India) Ltd.- Public Issue" and crossed "Account Payee Only" (e.g. ----- **Bank A/c – Zenith Birla (India) Ltd. - Public Issue**).
5. All application Forms duly completed together with cash/ cheque/bank draft for the amount payable on application must be delivered before the closing of the subscription list to any of the Bankers to the Public

Issue named herein or to any of their branches mentioned on the reverse of Application Form, and NOT to our company or to the Lead Managers to the issue or to the Registrars to the issue.

6. No receipt will be issued for the application money. However, Bankers to the issue and/or their branches receiving the applications will acknowledge receipt by stamping and returning acknowledgment slip at the bottom of each application form.
7. All Cheques/Bank Drafts accompanying the application form should contain the Application Form Number on the reverse of the instrument.
8. The applicant should fill in the details of his/her bank account in the space provided in the application form failing which the application is liable to be rejected.
9. Applicants residing at places where the designated branches of the Banker to the Issue are not located may submit/mail their applications at a their sole risk alongwith Demand Draft payable at Mumbai only payable to " **Zenith Birla (India) Ltd. - Public Issue** "

For further instructions please read Application Form carefully.

APPLICATION BY PERMANENT EMPLOYEES/DIRECTORS OF THE COMPANY

Reservation on competitive basis has been made in the public issue to the permanent employees including working directors of our company. Reservation on competitive basis shall mean reservation wherein allotment of shares made in proportion to the shares applied for.

1. Application must be made only:
 - a. On the prescribed Application Form (**BLUE** in colour) accompanying this Prospectus and completed in full in BLOCK LETTERS in English, except signature(s) in accordance with the instructions contained herein and in the application form and is liable to be rejected if not so made.
 - b. For a minimum of [●] Equity Shares and in multiples of [●] thereafter.
 - c. In single name or joint names (not more than three);
2. A single applicant in the reserved category can make an application for a number of shares that are being issued to employees in terms of this issue. Payment should be made in cash or by cheque/Bank Draft drawn on any bank (including a Co-operative Bank), which is situated at and is a Member or Sub-member of the Banker's Clearing House located at the place where the application is submitted.
3. A separate cheque or Bank draft shall accompany each application form. Applicants should write the Share Application Number on the back of the Cheque /draft. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection. Money Orders/Postal Orders will not be accepted.
4. All Cheques or Bank Drafts must be payable to any of the Bankers to the Issue with whom the application is lodged and marked "Name of the Bank A/c- Zenith Birla (India) Ltd. - Public Issue - Employees" and crossed "Account Payee Only" (e.g. . ----- **Bank A/c – Zenith Birla (India) Ltd - Employees**).
5. All application Forms duly completed together with cash/ cheque/bank draft for the amount payable on application must be delivered before the closing of the subscription list to any of the Bankers to the Issue named herein or to any of their branches mentioned on the reverse of Application Form, and NOT to our company or to the Lead Managers to the Issue or to the Registrars to the Issue.
6. No receipt will be issued for the application money. However, Bankers to the Issue and/or their branches receiving the applications will acknowledge receipt by stamping and returning acknowledgment slip at the bottom of each application form.
7. All Cheques/Bank Drafts accompanying the application form should contain the Application Form Number on the reverse of the instrument.
8. The applicant should fill in the details of his/her bank account in the space provided in the application form failing which the application is liable to be rejected.

9. Applicants residing at places where designated branches of the Banker to the Issue are not located may submit/mail their applications at a their sole risk alongwith Demand Draft payable at Mumbai only payable to "**Zenith Birla (India) Ltd - Employees**"

For further instructions please read Application Form carefully.

APPLICATION BY SHAREHOLDERS OF THE GROUP COMPANIES.

Reservation on competitive basis has been made in the public issue to the shareholders of the group companies. Reservation on competitive basis shall mean reservation wherein allotment of shares made in proportion to the shares applied for.

1. Application must be made only:
 - a. On the prescribed Application Form (**YELLOW** in colour) accompanying this Prospectus and completed in full in BLOCK LETTERS in English, except signature(s) in accordance with the instructions contained herein and in the application form and is liable to be rejected if not so made.
 - b. For a minimum of [●] Equity Shares and in multiples of [●] thereafter.
 - c. In single name or joint names (not more than three);
2. A single applicant in the reserved category can make an application for a number of shares that are being issued to Shareholders of group companies in terms of this issue. Payment should be made in cash or by cheque/Bank Draft drawn on any bank (including a Co-operative Bank), which is situated at and is a Member or Sub-member of the Banker's Clearing House located at the place where the application is submitted.
3. A separate cheque or Bank draft shall accompany each application form. Applicants should write the Share Application Number on the back of the Cheque /draft. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection. Money Orders/Postal Orders will not be accepted.
4. All Cheques or Bank Drafts must be payable to any of the Bankers to the Issue with whom the application is lodged and marked "Name of the Bank A/c- Zenith Birla (India) Ltd. - Public Issue – Shareholder Group Co." and crossed "Account Payee Only" (e.g . ----- **Bank A/c – Zenith Birla (India) Ltd - Shareholder Group Co).**
5. All application Forms duly completed together with cash/ cheque/bank draft for the amount payable on application must be delivered before the closing of the subscription list to any of the Bankers to the Issue named herein or to any of their branches mentioned on the reverse of Application Form, and NOT to our company or to the Lead Managers to the Issue or to the Registrars to the Issue.
6. No receipt will be issued for the application money. However, Bankers to the Issue and/or their branches receiving the applications will acknowledge receipt by stamping and returning acknowledgment slip at the bottom of each application form.
7. All Cheques/Bank Drafts accompanying the application form should contain the Application Form Number on the reverse of the instrument.
8. The applicant should fill in the details of his/her bank account in the space provided in the application form failing which the application is liable to be rejected.
9. Applicants residing at places where designated branches of the Banker to the Issue are not located may submit/mail their applications at a their sole risk alongwith Demand Draft payable at Mumbai only payable to "**Zenith Birla (India) Ltd - Shareholder Group Co "**

For further instructions please read Application Form carefully.

APPLICATION BY EXISTING SHAREHOLDERS OF THE COMPANY

Reservation on competitive basis has been made in the public issue to the existing shareholder. Reservation on competitive basis shall mean reservation wherein allotment of shares made in proportion to the shares applied for.

1. Application must be made only:

- a. On the prescribed Application Form (**PINK** in colour) accompanying this Prospectus and completed in full in BLOCK LETTERS in English, except signature(s) in accordance with the instructions contained herein and in the application form and is liable to be rejected if not so made.
 - b. For a minimum of [●] Equity Shares and in multiples of [●] thereafter.
 - c. In single name or joint names (not more than three);
2. A single applicant in the reserved category can make an application for a number of shares that are being issued to Shareholders in terms of this issue. Payment should be made in cash or by cheque/Bank Draft drawn on any bank (including a Co-operative Bank) which is situated at and is a Member or Sub-member of the Banker's Clearing House located at the place where the application is submitted.
 3. A separate cheque or Bank draft shall accompany each application form. Applicants should write the Share Application Number on the back of the Cheque /draft. Outstation Cheques will not be accepted and applications accompanied by such cheques drawn on outstation banks are liable for rejection. Money Orders/Postal Orders will not be accepted.
 4. All Cheques or Bank Drafts must be payable to any of the Bankers to the Issue with whom the application is lodged and marked "Name of the Bank A/c- Zenith Birla (India) Ltd. - Public Issue - Shareholder " and crossed "Account Payee Only" (e.g. . ----- **Bank A/c – Zenith Birla (India) Ltd - Shareholder**).
 5. All application Forms duly completed together with cash/ cheque/bank draft for the amount payable on application must be delivered before the closing of the subscription list to any of the Bankers to the Issue named herein or to any of their branches mentioned on the reverse of Application Form, and NOT to our company or to the Lead Managers to the Issue or to the Registrars to the Issue.
 6. No receipt will be issued for the application money. However, Bankers to the Issue and/or their branches receiving the applications will acknowledge receipt by stamping and returning acknowledgment slip at the bottom of each application form.
 7. All Cheques/Bank Drafts accompanying the application form should contain the Application Form Number on the reverse of the instrument.
 8. The applicant should fill in the details of his/her bank account in the space provided in the application form failing which the application is liable to be rejected.
 9. Applicants residing at places where designated branches of the Banker to the Issue are not located may submit/mail their applications at a their sole risk alongwith Demand Draft payable at Mumbai only payable to ". **Zenith Birla (India) Ltd - Shareholder "**

For further instructions please read Application Form carefully.

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

1. Applications by Non-Resident Indians/FIIs must be made only:
 - a. In the prescribed Application Form (**RED** in colour) and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected.
 - b. For a minimum of [●] Shares and in multiples of [●] thereof.
 - c. In single or joint names (not more than three).
 - d. In the names of individuals, (not in the names of minors or their nominees) of Indian nationality/origin.
2. Under the Foreign Exchange Management Act, 1999 (FEMA) general permission is granted to the companies vide notification no. FEMA/20/2000-RB dated 03/05/2000 to issue and export securities to NRIs/OCB's subject to the terms and conditions stipulated therein. The Companies are required to file the declaration in the prescribed form to the concerned Regional Office of RBI within 30 days from the date of issue of shares for allotment to NRIs with repatriation basis.

3. Application forms properly completed together with cheques/bank drafts for the amount payable on application at the rate of Indian Rs. [●] or equivalent of Indian Rs. [●] remitted through normal banking channels or funds held in Non-Resident External (NRE) Accounts/Foreign Currency Non-Resident (FCNR) Accounts maintained with banks authorised to deal in foreign exchange in India along with documentary evidence in support of the remittance, must be delivered before the close of the subscription list to those branches of the Bankers to the Public Issue at places mentioned against their names in the application forms.
4. NRIs wishing to pay through NR (O) Accounts shall not use the form meant for NRIs and must apply only in the form meant for Resident Indian Public.
5. All cheques/bank drafts should be made payable to the Bankers to the Issue with whom the application forms are lodged.
All cheques or bank drafts should be crossed "A/c Payee Only". All cheques/bank drafts should be marked "Name of the Bank A/C Zenith Birla (India) Ltd. - Public Issue - NRIs/FIIs". (e.g. "-----
Bank A/c – Zenith Birla (India) Ltd- Public Issue - NRIs/FIIs" A separate cheque/bank draft must accompany each application form. NRI application forms can be obtained, on request, from the Registered Office of our company and the Lead Managers to the Issue.
6. Allotment of Equity Shares to Non-Resident Indians shall be subject to the prior approval of the Reserve Bank of India.

For further instructions please read the Application Form carefully.

APPLICATION BY INDIAN FINANCIAL INSTITUTIONS (IFIs) /MUTUAL FUNDS/BANKS

1. Application by Indian Financial Institutions, Banks & Mutual Funds must be made only:
 - (i) In the prescribed application form (GREEN in colour) completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained herein and in the Application Form.
 - (ii) For a minimum of [●] equity shares and in multiples of [●] thereafter.
 - (iii) Allotment will be made on competitive basis.
 - (iv) Application made otherwise is liable to be rejected.
2. Payment shall be made in cash or by cheque or by bank draft. Cheques or bank drafts should be drawn on any bank (including a Co-operative Bank) which is situated at and is member or sub-member of the Banker's Clearing House located at the centre where the Application Form is submitted. Outstation cheques or bank drafts will not be accepted and application form accompanied by such cheques or bank drafts will be rejected. Money orders/Postal orders will not be accepted.
3. Cheques/bank drafts should be crossed "Account Payee Only" and should be made payable to any of the Bankers to the issue with whom the application is to be lodged and marked "Name of the Bank A/c Zenith Birla (India) Ltd.- Public Issue - IFIs/Banks/MF's" (e.g. "----- **Bank A/c – Zenith Birla (India) Ltd- Public Issue - IFIs/Banks/MFs - whichever is applicable**). A separate cheque or bank draft should accompany each Application Form.
4. All application forms duly completed together with cash/cheque/Bank Draft (Money orders/ Postal orders will NOT be accepted) for the amount payable on application at the rate of Rs. [●] per equity share must be delivered before the close of the Subscription List to any of Bankers to the issue named herein or to any of their branches mentioned in the Application Form and not to our company or Registrars or Lead Managers to the Public Issue.
5. No receipt will be issued for the application money. However, the Bankers to the Public Issue or their branches receiving the applications will acknowledge receipt by stamping and returning to the applicants, the acknowledgment slip at the bottom of each application form.
6. A separate application must be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications. The applications made by the Asset Management Company or Trustees/Custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.

Terms of Payment

The entire Issue price of Rs. [●]/- per share is payable on application only. In case of allotment of lesser number of Equity Shares than the number applied, our company shall refund the excess amount paid on application to the applicants.

Pre-Issue Advertisement

Our company will issue a statutory advertisement after filing of the Prospectus with the RoC. This advertisement will contain the information that has to be set out in the statutory advertisement. Material updates, if any, between the date of filing the Prospectus with the RoC and the date of release of this statutory advertisement will be included in the statutory advertisement.

General Instructions for Applicants

1. **Applications must be made only on the prescribed Application Form and should be completed in BLOCK LETTERS in ENGLISH as per the instructions contained herein and in the Application Form, and are liable to be rejected if not so made.** Thumb impressions and signatures other than in English/ Hindi/ Bengali or any other language specified in the 8th Schedule to the Constitution of India, must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his/ her official seal.

2. **Applicant's Depository Account Details**

ALL THE APPLICANTS WILL GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL APPLICANTS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN, WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE 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 APPLICATION FORM.

Applicants should note that on the basis of name of the Applicants, Depository Participant's name, Depository Participant- Identification number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Applicants such as address, bank account details for making refunds and occupation ("Demographic Details"). Hence, Applicants are advised to immediately update their bank account details including Magnetic Ink Character Recognition (MICR) Code (a nine-digit code appearing on a cheque leaf) as appearing on the records of the depository participant, and carefully fill in their Depository Account details in the Application Form. Please note that failure to do so could result in delays in credit of refunds to Applicants at the Applicants sole risk and neither the LMs nor our company nor the Refund Banker nor the Registrar shall have any responsibility and undertake any liability for the same.

These Demographic Details would be used for all correspondence with the Applicants including mailing of the Allocation Advice and making refunds as per the modes disclosed and the Demographic Details given by Applicants in the Application Form would not be used for these purposes by the Registrar.

Hence, Applicants are advised to update their Demographic Details as provided to their Depository Participants and ensure that they are true and correct.

By signing the Application Form, Applicant would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Allocation Advice / refund orders/ refund advice would be mailed at the address of the Applicants as per the Demographic Details received from the Depositories. Applicants may note that delivery of allocation advice/ refund orders/ refund advice may get delayed if the same once sent to the address

obtained from the Depositories are returned undelivered. In the case of refunds through electronic modes as detailed in page [●] of this Prospectus, Applicants may note that refund may get delayed if the bank particulars obtained from the Depositories are incorrect.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Applications are liable to be rejected.

3. Applicants should write their names and application serial number on the reverse of the instruments by which the payments are being made to avoid misuse of instruments submitted along with the applications for Equity Shares.

Other Instructions

1 Joint Applications in case of Individuals

Applications may be made in single or joint names (not more than three). In case of Joint Applications, refund, pay orders, dividend warrants etc. if any, will be drawn in favour of the first applicant and all communications will be addressed to the first applicant at her/his address as stated in the application form.

2. Multiple Applications

An applicant should submit only one application form (and not more than one) for the total number of Equity Shares applied for. Two or more applications in single or joint names will be deemed to be multiple applications if the sole and/ or first applicant is one and the same. Applicants in the reserved categories shall not make an application in the public category and such applications made in both the categories i.e. reserved category and Public Category shall be treated as multiple applications. Our company reserves the right to accept or reject, in its absolute discretion, any or all-multiple applications. A separate cheque/draft must accompany each application form.

3. PAN / GIR Number

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

4. Equity Share 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 dematerialized form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through electronic mode).

In this context, two tripartite agreements have been signed between us, the Registrar to the Issue and the respective Depositories:

1. A tripartite agreement dated July 24, 2001 with NSDL, us and Registrar to the Issue
2. A tripartite agreement dated June 21, 2001 with CDSL, Registrar and us to the Issue

All investors can seek allotment only in dematerialised mode. However, an investor will have an option to hold the shares in physical form or Demat form. After the allotment in the proposed issue, allottees may request their respective DPs for re-materialization of shares, if they wish to hold shares in physical form. Applications without relevant details of his or her depository account are liable to be rejected.

Instruction:

1. An applicant applying for shares must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or of CDSL, registered with SEBI, prior to making the application.
2. The applicant must necessarily fill in the details (including the beneficiary account no. and Depository Participant's ID no.) in the application form.
3. Equity Shares allotted to an applicant in the electronic account will be credited directly to the respective beneficiary accounts (with the DP).
4. Names in the share application form should be identical to those appearing in the account details in the depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the depository.
5. Non-transferable allocation letters/ refund orders will be directly sent to the applicant by the Registrar to this issue.
6. If incomplete/incorrect details are given under the heading 'Applicants Depository Account Details' in the application form, it is liable to be rejected.
7. The applicant is responsible for the correctness of the applicant's demographic details given in the application form vis-a-vis those with his/ her DP.
8. It may be noted that Equity Shares in electronic shares can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. Both the Stock Exchanges where the Equity Shares of our company are proposed to be listed are connected to NSDL and CDSL.
9. Trading in the Equity shares of our company would be only in dematerialised form for all investors.

5. Submission of Completed Application Forms:

All applications duly completed and accompanied by cash/ cheques/ bank drafts should be submitted at the branches of the Bankers to the Issue (listed in the Application Form) before the closure of the Issue. Application(s) should not be sent to the office of our company or the Lead Managers to the Issue.

Applicants residing at places where no collection centers have been opened may submit / mail their applications at their sole risk along with application money due thereon by Bank Draft to the Registrar to the Issue, super scribing the envelope "Zenith Birla (India) Limited – Public Issue" so as to reach the Registrar on or before the closure of the Subscription List. Such bank drafts should be payable at Mumbai only.

We will not be responsible for postal delays and loss in transit. We will not entertain any claims, damage or loss due to postal delays or loss in transit.

No separate receipts will be issued for the application money. However, the Bankers to the Issue or their approved collecting branches receiving the duly completed application form will acknowledge receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each application form. The acknowledgement of receipt of application moneys given by the collection agents shall be valid and binding on our company and other persons connected with this issue.

Applications shall be deemed to have been received by us only when submitted to the Bankers to the Issue at their designated branches or on receipt by the Registrar as detailed above and not otherwise.

Investors can contact the Compliance Officer in case of any Pre-Issue related problems. In case of Post-Issue related problems such as non-receipt of letters of allotment / share certificates / credit of securities in depositories beneficiary account / refund orders, etc., Investors may contact Compliance Officer or Registrar to the Issue.

For further instructions regarding application for the Equity Shares, investors are requested to read the Application Form carefully.

Acceptance of Applications

LMs and we reserve the right to reject any QIB Application without assigning any reason. In case of Non-Institutional applicants and Retail Individual applicants, Permanent Employees, LMs and We have a right to reject applications based on technical grounds. Consequent refunds shall be made as per modes disclosed.

Grounds for Technical Rejections

Applicants are advised to note that Applications are liable to be rejected among others on the following technical grounds:

1. Amount paid doesn't tally with the amount payable for the Equity Shares applied for;
2. Bank account details (for refund) are not given;
3. Age of First Applicant not given;
4. Application by minors;
5. PAN photocopy/ PAN Communication/ Form 60 / Form 61 declaration not given if Application is for Rs.50,000 or more;
6. Application for lower number of Equity Shares than specified for that category of investors;
7. Application at a price less than the issue price;
8. Application at a price higher than the stated price;
9. Application for number of Equity Shares, which are not in multiples of 400.
10. Category not ticked;
11. Multiple applications
12. In case of application under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
13. Application Form does not have Applicant's depository account details;
14. Application Forms are not delivered by the applicant within the time prescribed as per the Application Form, Issue Opening Date advertisement and this Prospectus and as per the instructions in this Prospectus and Application Form; or
15. Applications not duly signed by the sole/joint Applicants;
16. Applications by OCBs; or
17. Applications by U.S. residents or U.S. persons other than "Qualified Institutional Buyers" as defined in Rule 144A of the U.S. Securities Act of 1933.
18. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the applicant (including the sequence of names of joint holders), the depository participant's identity (DP ID) and the beneficiary's identity except for Permanent Employees.

Disposal of Applications and Application Money

Our company reserves, in its own, absolute and uncontrolled discretion and without assigning any reason, the right to accept in whole or in part or reject any application. If an application is rejected in full, the entire application money received will be refunded to the applicant. If the application is rejected in part, excess of the application money received will be refunded to the applicant within 30 (thirty) days from the date of closure of the Issue. No interest will be payable on the application money so refunded. The subscription received in respect of Public Issue will be kept in a separate bank account and our company shall not have access to such funds unless approvals for dealing from all the Stock Exchanges, where listing has been proposed has been obtained.

We undertake to make adequate funds available to the Registrar to the Issue for complying with the requirements of dispatch of Allotment Letters/Refund Orders by Registered Post/Speed Post.

Impersonation

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

“Any person who:

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

Interest on excess Application Money

Payment of interest at rate of 15% per annum on the excess application money, after adjusting the amount due on allotment will be made to the applicants, if the refund orders are not dispatched within 30 days from the date of closure of the subscription list.

BASIS OF ALLOTMENT:

Allotment will be made in consultation with BSE (The Designated Stock Exchange). In the event of over subscription, the allotment will be made on a proportionate basis in marketable lots as given below:

- a. Applicants will be categorised according to the number of Shares applied for.
- b. The total number of Shares to be allocated to each category as a whole shall be arrived at on a proportionate basis i.e. the total number of Shares applied for in that category multiplied by the inverse of the over subscription ratio (number of applicants in the category x number of Shares applied for).
- c. If the proportionate allotment to an applicant works out to a number that is not a multiple of [●], the applicant would be allotted Shares by rounding off to the nearest integer subject to a minimum allotment of [●] equity shares..
- d. For applications where the proportionate allotment works out to less than [●] Shares the allotment will be made as follows:
 - i) Each successful applicant shall be allotted [●] Shares; and
 - ii) The successful applicants out of the total applicants for that category shall be determined by the drawl of lots in such a manner that the total number of Shares allotted in that category is equal to the number of Shares worked out as per (b) above.
- e. If the Shares allotted on a proportionate basis to any category is more than the Shares allotted to the applicants in that category, the balance available Shares for allocation shall be first adjusted against any category, where the allotted Shares are not sufficient for proportionate allotment to the successful applicants in that category. The balance Shares, if any, remaining after such adjustment will be added to the category comprising of applicants applying for the minimum number of Shares
- f. If as a result of the process of rounding off to the nearest integer results in the actual allotment being higher than the shares offered, the final allotment may be higher at the sole discretion of the Board of Directors, upto 110% of the size of the offer specified under “Capital Structure” mentioned in the Prospectus.

- g. The above proportionate allotment of shares in an issue that is oversubscribed shall be subject to the reservation for small individual applicants as described below:
- i) A minimum of 50% of the net offer of shares to the Public shall initially be made available for allotment to retail individual investors as the case may be.
 - ii) The balance net offer of shares to the public shall be made available for allotment to
 - a) individual applicants other than retails individual investors and
 - b) other investors, including Corporate Bodies/ Institutions irrespective of number of shares applied for.
 - iii) The unsubscribed portion of the net offer to any one of the categories specified in (i) or (ii) shall/may be made available for allocation to applicants in the other category, if so required.

It is further clarified that the words “a minimum of 50% of the net offer to the public “ used in sub-clause (a) above means that if the category of retail individual investors was to be entitled to get 70% of the net offer to public in accordance with proportionate formula, the category should get 70%. If the category is entitled to get only 30% of the net offer to the public in accordance with the proportionate allotment formula, there should be a reservation of a minimum of 50% of the net offer to the public.

The drawl of lots (where required) to finalize the basis of allotment shall be done in the presence of a public representative on the Governing Board of BSE (designated stock exchange).

‘Retail individual investor’ means an investor who applies for shares of value of not more than Rs. 1,00,000/-.

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

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

Letters of allotment or refund orders

Our Company shall give credit to the beneficiary account with Depository Participants within two working days from the date of the allotment of Equity Shares. Applicants having bank accounts at any of the 15 centres where clearing houses are managed by the Reserve Bank of India (RBI) will get refunds through Electronic Credit Service (ECS) only, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or Real Time Gross Settlement (RTGS). In case of other applicants, we shall ensure despatch of refund orders, if any, of value up to Rs. 1,500 by “Under Certificate of Posting”, and shall dispatch refund orders of Rs. 1,500 and above, if any, by registered post or speed post. Applicants to whom refunds are made through Electronic transfer of funds will be sent a letter (refund advice) through “Under Certificate of Posting” intimating them about the mode of credit of refund within 30 days of closure of Issue.

We shall ensure despatch of refund orders/refund advice, if any, by “Under Certificate of Posting” or registered post or speed post or Electronic Clearing Service or Direct Credit or RTGS, as applicable, only at the sole or First Applicant’s sole risk within 30 days of the Issue Closing Date, and adequate funds for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar by the Issuer.

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

- Allotment shall be made only in dematerialised form within 30 days from the Issue Closing Date;
- Despatch of refund orders/ refund advice shall be done within 30 days from the Issue Closing Date; and

- We shall pay interest at 15.0% per annum (for any delay beyond the 30-day time period as mentioned above), if allotment is not made, refund orders/ credit intimation are not despatched and in case where a refund is made through electronic mode, the refund instructions have not been given to the clearing system, and demat credit within the 30-day time prescribed above, provided that the beneficiary particulars relating to such Applicants as given by the Applicants is valid at the time of the upload of the electronic transfer.

We will provide adequate funds required for the cost of despatch of refund orders/ refund advice/ allotment advice to the Registrar to the Issue.

Save and except refunds effected through the electronic mode i.e. ECS, direct credit or RTGS, refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where Applications are received. The bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants

Payment of Refund

Applicants should note that on the basis of name of the Applicants, Depository Participant's name, Depository Participant-Identification (DP ID) number and Beneficiary Account Number provided by them in the Application Form, the Registrar to the Issue will obtain from the Depository, the Applicant's bank account details including the nine digit Magnetic Ink Character Recognition (MICR) code as appearing on a cheque leaf. Hence, Applicants are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Applicants at the Applicants sole risk and neither the LMs nor our company nor the Refund Banker nor the Registrar shall have any responsibility and undertake any liability for the same.

Mode of Making Refunds

The payment of refund, if any, would be done through various modes in the following order of preference

- I. ECS - Payment of refund would be done through ECS for applicants having an account at any of the 15 centers where clearing houses for ECS are managed by Reserve Bank of India, namely Ahmedabad, Bangalore, Bhubneshwar, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the nine digit Magnetic Ink Character Recognition (MICR) code as appearing on a cheque leaf, from the depository. The payment of refund through ECS is mandatory for applicants having a bank account at any of the 15 centers named hereinabove, except where applicant is otherwise disclosed as eligible to get refunds through direct credit or RTGS
- II. Direct Credit – Applicants having their bank account with the Refund Banker, i.e. [●] shall be eligible to receive refunds, if any, through direct credit. The refund amount, if any would be credited directly to the eligible applicant's bank account with the Refund Banker.
- III. RTGS – Applicants having a bank account at any of the 15 centers detailed above, and whose application amount exceeds Rs. 1 million, shall be eligible to exercise the option to receive refunds, if any, through RTGS. All applicants eligible to exercise this option shall mandatorily provide the IFSC code in the Application form. In the event of failure to provide the IFSC code in the Application form, the refund shall be made through the ECS or direct credit, if eligibility disclosed.

Please note that only applicants having a bank account at any of the 15 centres where clearing houses for ECS are managed by the RBI are eligible to receive refunds through the modes detailed in I, II and III hereinabove. For all the other applicants, including applicants who have not updated their bank particulars along with the nine digit MICR Code, the refund orders would be despatched "Under Certificate of Posting" for refund orders of value up to Rs. 1,500 and through Speed Post/Registered Post for refund orders of Rs. 1,500 and above.

Interest in case of delay in dispatch of allotment letters/making refunds

We agree that as far as possible allotment of securities offered to the public shall be made not later than 30 days from the Issue Closing Date. We further agree that we shall pay interest @ 15% per annum if the allotment letters/refunds orders have not been dispatched to the applicants within 30 days of the Issue Closing Date or if in a case where refund or portion thereof is made in an electronic manner, the refund instructions have not been given to the clearing system in a disclosed manner within 30 days from the Issue Closing Date, provided that the beneficiary particulars relating to such Applicants as given by the Applicants is valid at the time of the upload of the electronic transfer.

Undertaking by our company

We undertake as follows:

- a) that the complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.
- b) that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at stock exchange where the Equity Shares are proposed to be listed within seven working days of finalization of basis of allotment.
- c) that the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by us.
- d) that where refunds are effected through Electronic transfer of funds, a suitable communication shall be sent to the applicants within 30 days of closure of the Issue, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of the refund.
- e) that the promoters' contribution in full, wherever required, shall be brought in advance before the Issue opens for public subscription and the balance, if any, shall be brought in pro rata basis before the calls are made on public.
- f) that the certificates of the Equity Shares / refund orders to the non-resident Indians shall be dispatched within specified time.
- g) that no further issue of Equity Shares shall be made till the Equity Shares offered through this Prospectus are listed or until the application monies are refunded on account of non-listing, under subscription etc.
- h) refunds shall be made as per the modes disclosed and allotment advice shall be dispatched to NRIs or FIIs or foreign venture capital investors registered with SEBI within the specified time.

Utilization of Issue Proceeds

The Board of Directors of our company certifies that:

- a) all monies received out of this issue of equity shares to public shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Companies Act, 1956;
- b) details of all monies utilized out of the Issue referred to in sub-item(a) shall be disclosed under an appropriate separate head in the balance-sheet of our company indicating the purpose for which such monies had been utilized; and
- c) details of all unutilized monies out of the issue of equity shares, if any, referred to in sub-item(a) shall be disclosed under an appropriate separate head in the balance-sheet of our company indicating the form in which such unutilized monies have been invested.

The Board of Directors of our Company further certifies that:

- a) the utilization of monies received under promoter's contribution and from firm allotment and reservations shall be disclosed under an appropriate head in the balance sheet of our company indicating the purpose for which such monies have been utilized.
- b) the details of all unutilized monies out of the funds received under promoter's contribution and from firm allotment and reservations shall be disclosed under a separate head in the balance sheet of our company indicating the form in which such unutilized monies have been invested.

We undertake that we shall not access the money raised in this issue till finalization of basis of allotment or completion of the issue formalities.

Restrictions on Foreign Ownerships of Indian Equity Shares

Foreign investment in Indian securities is regulated through the industrial policy of the Government of India, or 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 of the Government of India, 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 investment.

Investors making an application in this Issue will be required to confirm and will be deemed to have represented to our Company, the LMs and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to subscribe to the 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 LMs and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor whether such investor is eligible to subscribe to Equity Shares of our Company.

Investment by Foreign Institutional Investors

Foreign Institutional Investors ("FIIs") including institutions such as pension funds, investment trusts, asset management companies, nominee companies, institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. The initial registration and the RBI's general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realise capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares

SECTION IX – MAIN PROVISION OF THE ARTICLES OF ASSOCIATION

ARTICLES OF ASSOCIATION OF ZENITH BIRLA (INDIA) LIMITED

PRELIMINARY

1. The regulations contained in Table A, in the First Schedule to the Companies Act, 1956, shall not apply to this Company, but the regulations for the management of the Company and for the observance of the Members thereof and their representatives shall, subject to any exercise of the statutory powers of the Company in reference to the repeal or alteration of, or addition to, its regulations by Special Resolution, as prescribed by the said Companies Act, 1966, be such as are contained in these Articles.

3. Copies of the Memorandum and Articles of Association of the Company and other documents referred to in Section 39 of the Act shall be sent by the Board of Directors to every Member at his request within seven days of the request on payment of the sum of Rupees one for each copy.

Share Capital

4. The Share Capital of the Company is Rs,50,00,00,000 (Rupees Fifty Crores) divided into 5,00,00,000 (Five Crores) Equity Shares of Rs.10/- (Rupees Ten each) regulations and subject to it being increased or reduced in accordance with the Company's 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 and to attach thereto any preferential, qualified or special rights privileges or conditions.

Redeemable Preference Shares

5. Subject to the provisions of Section 80 of the Act, the Company shall have power to issue Preference Shares which are liable to be redeemed at the option of the Company, and the Directors may, subject to the provisions of the Act and of these presents, exercise such power in any manner prescribed by the Special Resolution authorising the issue of such shares.

Allotment of Shares

6. Subject to the provisions of these Articles, shares in the Capital of the Company for the time being shall be under the control of the Board of Directors who may allot or dispose of the same or any of them on such terms and conditions and of "Such times and either at a premium or at par or (subject to the provisions of Section 79 of the Act) at a discount as the Board may think fit provided that where at any time subsequent to the first allotment of shares it is proposed to increase the subscribed capital of the Company by the issue of new shares then subject to any directions to the contrary which may only validly be given by Special Resolution of the Company in General Meeting the Board shall issue such shares in the manner set out in Section 81 (1) of the Act, * * provided that option or right to call of shares shall not be given to any person or persons except with the sanction of the Company in General Meeting.

* As amended/substituted by Special Resolution passed on (i) 22nd August, 1966, (ii) 17th October, 1974, (iii) 3rd October, 1978, (iv) 2nd November, 1982, (v) 6th December, 1983, (vi) 24th December, 1987 and (vii) 4th December, 1989. Further amended / substituted vide Resolution passed by the Board of Directors at its meeting held on 17th June, 1996 & 12th October, 1998 pursuant to the Scheme of Rehabilitation approved on 8th January, 1996 by Board for Industrial and Financial Reconstruction, New Delhi.

** Added by Special Resolution passed at the Extra-Ordinary General Meeting on 8th April, 1982.

Minimum Application Money

7. If the Company shall offer any of its shares to the public for subscription, the amount payable on application on each share shall not be less than 5 per cent of the nominal amount of the share.

Allotments

8. As regards all allotments from time to time made, the Directors shall duly comply with the provisions of the Act.

Commission for placing shares

9. Subject to the provisions of Section 76 of the Act, the Company may at any time pay a commission to any person for subscribing or agreeing to subscribe (whether absolutely or conditionally) for any shares, debentures or debenture stock of the Company, or procuring or agreeing to procure subscriptions (whether absolute or conditional) for any shares, debentures, or debenture-stock of the Company, but so that if the commission in respect of shares shall be paid or payable out of capital, the statutory conditions and requirements shall be observed and complied with; and the amount or the rate of commission shall not exceed five percent of the price at which the shares are issued or two and a half per cent of the nominal value of the debentures or debenture-stock in each case subscribed or to be subscribed. The commission may be paid or satisfied in cash or in shares, debentures or debenture stock of the Company

Brokerage

10. The Company may also on issue of shares, pay reasonable brokerage as may be lawful.

Uniform conditions as to calls etc.

11. Where any calls for further share capital are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class. For the purposes of this Article shares of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.

Instalments on Shares to be duly paid

12. If by the conditions of allotment of any shares, the whole or part of the amount or issue price thereof be payable by installments, every such installment shall, when due, be paid to the Company by the person who for the time being shall be registered holder of the share.

Restriction on purchase by Company or loans by Company for purchase of its own shares

13. Except as provided in these Articles, none of the funds of the Company shall be employed in the purchase of, or lent on the security of shares of the Company and the Company shall not, except as permitted by Section 77 of the Act, give any financial assistance for the purpose of or in connection with any purchase of shares in the Company.

Trust not recognized

14. Save as herein otherwise provided, the Company shall be entitled to treat the registered holder of any share as the absolute owner thereof and accordingly shall not except as ordered by a Court of a competent jurisdiction or as by law required, be bound to recognise any trust, benami or equitable or other claim to or interest in such share on the part of any other person or any interest in any fractional part of a share whether or not it shall have express or other notice thereof. No notice of any trust, express, implied or constructive shall be entered on the register of members or of debenture-holders or be receivable by the Registrar.

Who may be members

15. Shares may at the discretion of the Directors be registered in the name of any limited company or other corporate body or in any other collective name.

IV. SHARES

Register and Index of Members

16. The Company shall cause to be kept a Register and Index of Members in accordance with Sections 150 and 151 of the Act.

Shares to be numbered progressively and no share to be sub-divided

17. The shares in the Capital shall be numbered progressively according to their several denominations, and except in the manner herein mentioned no share shall be sub-divided.

Restriction on Allotment

18. The Board of Directors shall observe the restrictions as to allotment of shares to the public contained in Section 69 of the Act, and shall cause to be made the returns as to allotment provided for in Section 75 of the Act.

Acceptance of Shares

19. Any application signed by an applicant for shares in the Company, followed by an allotment of any share therein, shall be an acceptance of shares within the meaning of these Articles; and every person who thus or otherwise accepts any shares and whose name is on the Register shall, for the purpose of these Articles, be a member.

Deposit and calls etc. to be a debt payable immediately

20. The money (if any) which the Board of Directors shall; on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the inscription of the name of the allottee in the Register of Members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be payable by such allottee accordingly.

Liability of Members

21. Every Member, or his heirs, executors or administrators, shall pay to the Company the proportion of the capital represented by his share or shares, which may, for the time being remain unpaid thereon, in such amounts, at such time or times, and in such manner, as the Board of Directors shall from time to time, in accordance with the Company's regulations require or fix for the payment thereof.

CERTIFICATES

Certificates

22. The certificates of title to shares shall be issued under the Seal of the Company in accordance with the provisions of Section 113 of the Act.

Members' rights to

23. Every member shall be entitled free of charges to one certificate for the shares registered in his name, and if he sells part of his holding, to one certificate for the balance; or he may upon paying a fee of one rupee or such smaller fee as the Directors may from time to time determine, have several certificates, each for one or more shares.

* Amended vide Special Resolution passed at the Annual General Meeting held on 15th May, 1989.

Refusal to Sub-divide/Consolidate

*23A. Notwithstanding anything contained in Article 23, the Board may refuse applications for sub-division or consolidation of equity share certificates into denominations of less than 50 equity shares except when such sub-division or consolidation is required to be made to comply with a statutory order or an order of a competent Court of law or a request from a Member to convert his holding of odd lots of shares into transferable / marketable lots, subject, however to verification by the Company.

As to issue of certificate in place of one defaced lost or destroyed etc.

24. If any certificate be worn out, torn, defaced or otherwise mutilated or rendered useless, or if there be no further space on the back thereof for endorsement of transfers, then, upon production thereof to the Directors, they may order the same to be cancelled, and may issue a new certificate in lieu thereof, without charging any fee in respect thereof. If any certificate be lost or destroyed, then, upon proof thereof to the satisfaction of the Directors, and on such indemnity as the Directors deem adequate being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate, on payment of such fee not exceeding rupee one as the Directors may determine in that behalf.

New certificate in place of one not surrendered

25. When any shares under the power in that behalf in these Articles herein contained are sold by the Directors and the certificate thereof has not been delivered up to the Company by the former holder of the said shares, the Directors may issue a new certificate to such shares distinguishing it in such manner as they may think fit from the certificate not so delivered up.

(2) JOINT HOLDERS OF SHARES

Joint-holders

26. Where two or more persons are registered as the holders of any share, they shall be deemed to hold the same as joint-tenants with benefit of survivorship subject to the provision following and to the other provisions of these Articles relating to joint-holders:-

Maximum number

- (a) The Company shall not be bound to register more than four persons as the joint-holders of any share.

Liability several as well as joint

- (b) The joint-holders of a share shall be liable severally as well as jointly in respect of all payments, which ought to be made in respect of such share

Survivors of joint-holders only recognized.

- (c) On the death of any one of such joint-holders, the survivor or survivors shall be the only person or persons recognized by the Company as having any title to or interest in such share but the Directors may require such evidence of death as they may deem fit.

Delivery of certificate

- (d) Only the person whose name stands first in the Register as one of the joint-holders of any share shall be entitled to delivery of the certificate relating to such share

* Added by Special Resolution passed at the Annual General Meeting held on 10th December, 1985.

(3) CALLS

Calls

27. The Directors may, from time to time, subject to Section 91 of the Calls Act and the terms on which any shares may have been issued, make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively (whether on account of nominal value of shares, or by way of premium) and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Directors. A call may be made payable by installments. A call may be revoked or postponed at the discretion of the Directors.

When call deemed to have been made

28. A Call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed.

29. Not less than 21 days notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid. Provided that the Directors may by notice in writing to the members revoke the call or extend the time for payment thereof.

Amount payable at fixed times or by installments payable as calls

30. If by the terms of issue of any share or otherwise the whole or part of the amount or issue price thereof is made payable at any fixed times, every such amount or issue price or installment thereof shall be payable as if it were a call duly made by the Directors and of which due notice had been given and all the provisions herein contained in respect of calls shall apply to such amount or issue price or installment accordingly.

When interest on call or installment payable

31. If the sum payable in respect of any call or installment be not paid on or before the day appointed for the payment thereof, the holder for the time being of the share in respect of which the call shall have been made or the installment shall be due, shall pay interest (or the same at the rate of 9 per cent per annum, or at such other rate as the Directors may determine from the day appointed for the payment thereof to the time of the actual payment but they shall have power to waive the payment.

Evidence in action by Company against members

32. On the trial or hearing of any action or suit brought by the Company against any member or his representative to recover any debt or money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the member is, or was, when the claim arose, on the register of members of the Company as a holder or one of the holders of shares in respect of which such claim is made.

Payment of call in advance

*33. The Directors may, if they think fit, receive from any member willing Payment of call in to advance the same, all or any part of the Capital due upon the shares held by him advance beyond the sums for which calls shall have been made and upon the money so paid in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the share in respect of which such advance has been made, the Company may pay interest at such rate as the member paying such sum in advance and the Directors agree upon but not more than six per cent per annum unless the Company in General Meeting shall otherwise direct. No voting rights in respect of the money so paid in advance shall be exercisable until the moneys shall have become payable. Money so paid in excess of the amount of calls shall not rank for dividend or participating in the profits of the Company and until appropriated towards satisfaction of any call shall be treated as a loan to the Company and not as a part of its capital and shall be repayable to the members at any time without notice if the Directors so decide.

* Amended by Special Resolution passed at the Extra-Ordinary General Meeting held on 8th April, 1982.

(4) FORFEITURE AND LIEN

A call or installment no paid, notice may be given

34. If any member fails to pay any call or installment of a call on or before the day appointed for the payment of the same, the Directors may, at any time thereafter during such time as any part of the call or installment remains unpaid, serve a notice on such member requiring him to pay the same together with any interest that may have accrued.

Form of notice

35. The notice shall fix a date (not being earlier than the expiry of 14 days from the date of service of the notice) and a place or places on and at which such call or installment and such interest as aforesaid are to be paid. The notice shall also state that in the event of non-payment at or before the time and at the place or places appointed the shares in respect of which such call was made or installment is payable and to which the notice relates will be liable to be forfeited.

If notice not complied with shares may be forfeited

36. If the requisites of any such notice as aforesaid be not complied with, any shares in respect of which such notice has been given may, at any time thereafter before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any Member to the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money, shall preclude the Company from thereafter proceeding to enforce a forfeiture of such shares as herein provided.

Notice after forfeiture

37. When any share shall have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture and an entry of the forfeiture, with the date thereon shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any, omission or neglect to give such notice or to make such entry aforesaid.

Forfeited share to become property of the Company

38. Any share so forfeited shall be deemed to be the property of the Company, and the Directors may sell, re-issue or otherwise dispose of the same in such manner as they think fit.

Power to annul forfeiture

39. The Directors may, at any time before any share so forfeited shall have been sold, re-issued or otherwise disposed of, annul the forfeiture thereof upon such conditions as they.

Arrears to be paid notwithstanding forfeiture

40. (1) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall notwithstanding forfeiture remain liable to pay to the Company all calls, installments, interest and expenses owing upon or in respect of such shares at the date of forfeiture with interest thereon from the date of forfeiture until payment at such rate not exceeding nine per cent per annum as the Directors may determine.

(2) The liability of such persons shall cease if and when the Company shall have received payment in full of all such moneys in respect of the shares.

(3) The Company may receive the consideration, if any, given for the share on any sale or disposal thereof and execute a transfer of the share in favour of the person to whom the share is sold or disposed of.

(4) The transferee shall thereupon be registered as the holder of the share.

(5) The transferee shall not be bound to see to application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

(6) The provisions of these regulations as to forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Effect of forfeiture

41. The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the share, and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved.

Evident of forfeiture

42. A declaration in writing that the declarant is a Director of the Company, and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such share.

Company's lien on shares

*43. The Company shall have a first and paramount lien upon all the shares (other than fully paid up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any share shall be created except upon the footing and condition that Clause 14 hereof is to have full effect and such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares. The Directors may at any time declare any shares to be wholly or in part to be exempt from the provisions of this Clause.

* Amended by Special Resolution passed at the Extra-Ordinary General Meeting held on 8th April, 1982.

Application of proceeds of sale

44. For the purpose of enforcing such lien the Board of Directors may sell the shares subject thereto in such manner as they think fit but no sale shall be made unless a sum in respect, of which the lien exists is presently payable and until notice in writing of the intention to sell shall have been served on such member, his executors or administrators, or his committee, curator bonis or other legal representative as the case may be and default shall have been made by him or them in the payment of the sum payable as aforesaid for fourteen days after the date of such receipt. To give effect to such sale the Directors may authorise some person to transfer the shares sold to the purchaser thereof. The net proceeds of the sale shall be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall be paid to each member, his executors or administrators or his committee, curator bonis, or other legal representative as the case may be.

Validity of Sale

45. Upon any sale for enforcing a lien in exercise of the powers by these presents given, the Directors may cause the purchaser's name to be entered in the Register in respect of the shares sold, and the purchaser shall not be bound to see the regularity of the proceedings, nor to the application of the purchase money, and after his name has been entered in the Register in respect of such shares his title to such shares shall not be affected by any irregularity or invalidity in the proceedings in reference to such sale or disposition, nor impeached by any person, and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively.

(5) TRANSFER AND TRANSMISSION OF SHARES

Shares transferable only against a proper instrument of transfer

46. Subject to the provisions of the Foreign Exchange Regulation Act, 1947 as in force the Company shall not register a transfer of shares in, or debentures of the Company, 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 along with the certificate relating to the shares or debentures, or if no such certificate is in existence, along with the letter of allotment of the shares or debentures. Provided that where on an application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost, the Company may register the transfer on such terms as to indemnity as the Board may think fit. The transferor shall be deemed to remain holder of such share until the name of the transferee is entered in the Register in respect thereof.

Application for transfer

47. An application for the registration of the transfer of a share may be made either by the transferor or the transferee provided that where such application is made by the transferor, no registration shall in the case of partly paid shares be effected unless the Company gives notice of the application to the transferee in the manner prescribed by the Act, and, subject to the provisions of Articles 14, 52 and 56 hereof, the Company shall unless objection is made by the transferee within two weeks from the state of receipt of the notice, enter in the Register 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.

Notice of transfer to registered holder

48. Before registering any transfer tendered for registration, the Directors may, if they so think fit, give notice by letter posted in the ordinary course to the registered holder that such transfer deed has been lodged and that, unless objection is ~en, the transfer will be registered and if such registered holder fails to lodge an objection in writing at the Office of the Company within seven days from the posting of such notice to him, he shall be deemed to have admitted the validity of the said transfer. Where no notice is received by the registered holder, the Directors shall be deemed to have decided not to give notice and in any event the non receipt by the registered holder of any notice shall not entitle him to make any claim of any kind against the Company in respect of such non-receipt.

The Company not liable for disregard of a notice prohibiting registration of a transfer

49. The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer of shares, made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest to or in the same shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound or required to regard to attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company, but the

Company shall nevertheless, be at liberty to regard and attend to any such notice, and give effect thereto if the Directors shall so think fit.

Form of transfer

****50.** (a) The instrument of transfer shall be in writing and all the provisions of Section 108 of the Companies Act, 1956 and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and the registration thereof

Form of transfer for outside India

(b) In the case of any share registered in any Register maintained outside India the instrument of transfer shall be in a form recognised by the law of the place where the Registrar is maintained but subject thereto shall be as near to the form prescribed in sub-clause (a) hereof as circumstances shall permit

****** Substituted by Special Resolution passed at the ;Extra-Ordinary General Meeting held on 8th April, 1982.

In what case to register transfer is declined

51. The Directors may, subject to the right of appeal conferred by Section 111 of the Act, decline to register any transfer of shares to a transferee of whom they do not approve, * provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever except a lien on shares.

Refusal to transfer less than 50 share

****51A.** Without in any way derogating *from* the powers conferred on the Board vide Article 51, the Board shall be entitled to refuse an application for transfer of less than 50 equity shares of the Company subject, however, to the following exceptions:

- (i) Transfer of equity shares made in pursuance of any provision of law or statutory order or an order of a competent Court of Law.
- (ii) Transfer of the entire holding of equity shares by an existing equity shareholder of the Company holding less than 50 equity shares provided that the total holding of the transferee(s) will not be less than 50 equity shares after the said transfer.
- (iii) Transfer of more than 50 equity shares in the aggregate in favour of the same transferee under two or more transfer deeds out of which one or more relate(s) to the transfer of less than 50 equity shares.
Provided that where a person is holding equity shares in lots higher than the market trading unit and sells the market trading unit, the remaining equity shares even though less than 50 in number shall be permissible to stand in his own name.
- (iv) Transfer of equity shares held by an equity shareholder, which are less than 50, in cases of hardship at the discretion of the Board

No transfer to person of unsound mind

*****52.** No transfer shall be made to a person of unsound mind.

Instrument of transfer to be left at office and evidence of tile given

3. Every instrument of transfer shall be left at the office for registration, accompanied by the certificate of the shares to be transferred, and such other evidence as the Directors may require to prove the title of the transferor or his right to transfer the shares or the right of the transferee to have the shares transferred.

When instrument of transfer to be retained

54. All instrument of transfer, which shall be registered shall be retained by the Company, but any instruments of transfer which the Directors may decline to register shall be returned to the person depositing the same.

* Added by Special Resolution passed at the Extra Ordinary General Meeting held on 8th April, 1982.

** Added by Special Resolution passed at Annual General Meeting held on 10th December, 1986.

*** Added by Special Resolution passed at Annual General Meeting held on 10th December, 1986.

Notice of refusal to register transfer

*55. If the Directors refuse to register the transfer of any shares, they shall, within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and the transferor notice of the refusal.

Fee on transfer

56. The transferee shall pay to the Company in respect of the transfer or transmission of any number of shares to the same party a transfer fee of 10 np. per share or such smaller fee as the Directors from time to time may determine. The Directors may decline to register the transfer until the transfer fee has been paid.

**Provided that the Directors may at any time in their absolute discretion waive payment of the fee aforesaid for transfer or transmission of shares.

Power to close transfer books and register

57. On giving seven days notice by advertisement in a newspaper circulating in the neighborhood of the Office of the Company, the Transfer Books and Register of Members may be closed during such time as the Directors think fit not exceeding in the whole forty-five days in each year, but not exceeding thirty days at a time.

Transmission of registered shares

58. The executors or administrators or the holder of a succession certificate in respect of shares of a deceased member (not being one of several joint-holders) shall be the only person whom the Company shall recognise as having any title to the shares registered in the name of such member and in case of the death of any one or more of the joint-holders of any registered shares, the survivors shall be the only persons recognised by the Company as having any title to or interest in such shares, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person. Before recognising any executors or administrator or legal heir, the Directors may require him to obtain a grant of probate or letters of administration or succession certificate or other legal representation, as the case may be, from some competent Court. Provided nevertheless and subject to section 84 of the Estate Duty Act that in any case where the Directors in their absolute discretion think fit, it shall be lawful for the Directors to dispense with the production of probate or letters of administration or a succession certificate or such other legal representation upon such terms as to indemnity or otherwise as the Directors may consider desirable; provided also that the holder of a succession certificate shall not be entitled to receive any dividends already declared but not paid to the deceased member unless the succession certificate declares that the holder thereof is entitled to receive such dividends; provided also that if the member was a member of a Joint Hindu Family, the Directors on being satisfied to that effect and on being satisfied that the shares standing in his name in fact belonged to the joint family, may recognise survivors thereof as having title to the shares registered in

the name of such member but this proviso shall in no way be deemed to modify or nullify the provisions contained in Article 14 hereof.

* Amended by Special Resolution passed at the Extra Ordinary General Meeting held on 8th April 1982.

** Added by Special Resolution passed at the Fourth Annual General Meeting held on 21st August, 1964.

As to transfer of shares of deceased or insolvent members

Transmission Article

Notice of election to be registered as a member

Provision of Article relating to transfer applicable

59. Any person becoming entitled to or to transfer of shares in consequence of the death or insolvency of any member, upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article, or of his title as the Directors think sufficient may, with the content of the Directors (which they shall not be under any obligation to give), be registered as a member in respect of such shares, or may, subject to the regulations as to transfer hereinbefore contained, transfer such shares. This Article is hereinafter referred to as "The Transmission Article". Subject to any other provisions of these Articles, if the person so becoming entitled to shares under this or the last preceding Article shall elect to be registered himself, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects. If he shall elect to transfer the shares to some other person, he shall execute an instrument of transfer in accordance with the provisions of these Articles relating to transfers of shares. All the limitations, restrictions and provisions of these Articles relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid.

Rights of unregistered executors and trustees

60. Subject to Section 206 of the Act and other provisions of these Articles if the Directors in their sole discretion are satisfied in regard thereto, a person becoming entitled to a registered share in consequence of the death or insolvency of a member may receive and give a discharge for any dividends or other moneys payable in respect of the share.

(6) STOCKS

Conversion of shares into stock and reconversion

61. The Company in General Meeting may by Special Resolution convert all or any of its paid up shares into stock and re-convert any stock into paid shares of any denomination. The Company shall be as required by Section 95 of the Act give due notice to the Registrar of any such conversion.

DEMATERIALISATION OF SECURITIES

61-A

Definitions

Added by special resolution passed by the members of the company at the 40th Annual General Meeting of the Company held on 12th September, 2001.

I. For the purpose of this Article;

* Beneficial Owner shall mean beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996 viz, a person whose name is recorded as such with a Depository.

* Depositories Act means Depositories Act, 1996 and shall include any statutory modification or re-enactment thereof for the time being in force and Depository shall mean a Depository as defined in Clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996 and a Company formed and

registered under the Companies Act, 1956 and which has been granted a Certificate of Registration to act as a Depository under Sub-Section (IA) of Section 12 of the Securities and Exchange Board of India Act, 1992.

* Sebi means the Securities and Exchange Board of India;

* Regulations means the regulations made by SEBI;

* Record includes the records maintained in the form of books or stored in a computer or in such other form as may be determined by the regulations made by SEBI;

* Security means and includes shares, debentures and such other security as may be specified by the SEBI from time to time;

* Shareholder or Member means the duly registered holder, from time to time of the shares of the Company and includes the subscribers to the Memorandum of Association of the Company and also every person holding Equity Shares and/ or Preference Shares of the Company as also one whose name is entered as a beneficial owner of the shares in the records of a Depository.

2. Dematerialisation of Securities:

Notwithstanding anything contained in these Articles, the Company shall be entitled to Dematerialise its shares or securities or rematerialise its shares, and other securities (both existing and future) held by it with a Depository and to offer its shares, and other securities for subscription in a dematerialised form pursuant to the Depositories Act, 1996 and the Rules and/or Regulations framed there under, if any.

3. Options for Investors;

- i) Every person subscribing to securities offered by the Company shall have the option to receive the security certificates or to hold the securities with a Depository,
- ii) Where a person opts to hold his security to the Depository, the company shall intimate such Depository the details of allotment of the security, and on receipt of such information, the Depository shall enter in its record the name of the allottee as the beneficial owner of the security.
- iii) Such a person who is the beneficial owner of the securities can at any time opt out of a Depository, if permitted by the law, in respect of any securities, in the manner provided by the Depositories Act, and the Company shall, in the manner and within the time prescribed, issue to the beneficial owner the required Certificates of Securities

4. Securities in Depositories to be in fungible form:

All Securities held by a Depository shall be dematerialised and shall be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187 A, 187B, 187C and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owners.

5. Rights of Depositories and Beneficial Owners:

- (a) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of security on behalf of the Beneficial Owner.
- (b) Save as otherwise provided in (a) above, the Depository as the registered owner of the security shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the depository shall be deemed to be a member of the Company. The beneficial owner of securities shall be entitled to all the rights and benefits and be subjected to all the liabilities in respect of his securities, which are held by a Depository.

- (d) The Beneficial Owner may, with the previous approval of the Depository create a pledge or hypothecation in respect of Security owned by him through a Depository and shall give intimation of such pledge or hypothecation to the Depository and such Depository shall thereupon make entries in its records accordingly, Any entry in the record of a Depository shall be evidence of a pledge or hypothecation.

6. Service of documents;

Notwithstanding anything in the Act or these Articles to the contrary where securities are held in a Depository, the record of the beneficial ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.

7. Transfer of Securities:

Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.

8. Allotment of securities dealt with in a Depository:

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

9. Distinctive numbers of securities held in a Depository;

Nothing contained in the Act or these Articles, regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a Depository.

10. Register and Index of Beneficial Owner:

The Register and Index of Beneficial Owners maintained by a Depository under the Depositories Act, 1996, shall be deemed to be the Register and Index of Members and Security holders for the purpose of these articles.

11. Investment of the Company:

Notwithstanding anything in the Act or these Articles, the Company hold its investments in the name of the Depository when such investments are in the form of a securities held by the Company as a Beneficial Owner.

NOMINATION

61-B

- a) A Shareholder of the Company may at anytime, nominate, in the prescribed manner, a person to whom his shares in the Company shall vest in the event of his death;
- b) Where the shares of the Company are held by more than one person jointly, the joint holders may together nominate, in the prescribed manner, a person to whom all the rights in the shares of the Company, shall vest in the event of death of all the joint holders.
- c) Notwithstanding anything contained in any other law for the time being in force or in any disposition whether testamentary or otherwise, in respect of such shares of the Company~ where a nomination made in the prescribed manner purports to confer on any person the right to vest the shares the Company, the nominee shall, on the death of the shareholders or, as the case be, on the death of the joint holders became entitled to all the rights in such shares to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner.
- d) Where the nominee is a minor, it shall be lawful for the holder of the shares to appoint, in the prescribed manner, any person so become entitled to shares of the Company, in the event of his death, during the minority of the nominee.

TRANSMISSION OF SECURITIES BY NOMINEE

61-C

A Nominee upon production of such evidence as may be required by the Board and subject as hereinafter provided elect either:

- a) To register himself as holder of the share; or
- b) To make such transfer of the share as the deceased shareholder could have made. If the nominee elects to be registered as holder of the share himself, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied by the death certificate of the deceased shareholder

All the limitations, restrictions and provisions of the Companies Act, 1956 relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death of the member had not occurred and the notice or transfer were a transfer signed by that shareholder,

- c) A nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the share except that he shall not, before being registered as a member in respect of his share, be entitled in respect of it to exercise any rights conferred by membership in relation to the meetings of the Company,
- d) Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share and if the notice is not complied with within ninety days the Board may thereafter withhold payment of all dividend, bonuses or other moneys payable or rights accruing in respect of the share until the requirements of the notice have been complied with.

Transfer of Stock

62. When any shares have been converted into stock, the several holders of such stock may, thenceforth transfer their respective interests therein or in any part of the such interest in the same manner and subject to the same regulations, as and subject to which, the shares from which the stock arose might previously to conversion have been transferred, or as near thereto as circumstances admit; but the Directors may from time to time fix the minimum amount of stock transferable, and restrict or forapplied the transfer of fractions of that minimum, but the minimum shall not exceed the nominal amount of the shares from which the stock arose.

Rights of Stock-holders

63. The holders of stock shall, according to the amount of the stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose, but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by any such aliquot part of stock as would not, if existing in shares, have conferred that privilege or advantage.

Application of regulation to stock

64. Such of the regulations of the Company (other than those relating to share-warrants) as are applicable to paid up shares shall apply to stock and the words "share" and "Share-holder" therein shall include "stock" and "stock-holder".

(7) ALTERATION OF CAPITAL

Power to increase Authorised Capital

65. The Company in General Meeting may from time to time alter the condition of its Memorandum to increase the share capital by such amount, to be divided into shares of such amount as may be specified in the resolution.

Power to consolidate cancel and sub-divide share

66. The Company in General Meeting may alter the conditions of its Memorandum to;

- (a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;
- (b) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the Memorandum, and, or Articles of Association subject, nevertheless, to the provisions of Clause (d) of sub-section (1) of Section 94;
- (c) cancel any shares, which at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

On what conditions new shares may be issued

67. Subject to the provisions of any special rights or privileges for the time being attached to any issued shares, the new shares shall be issued upon such terms and conditions and with such rights and privileges attached thereto, as the Company in General Meeting or the Board of Directors (as the case may be) resolving upon the creation thereof shall direct and in particular such shares may be issued with a preferential or qualified right to dividends and subject to the provisions of Section 85 of the Act in the distribution of the assets of the Company and subject to the provisions of Section 87 of the Act with a special or without any right of voting.

New shares to be offered first to members

68. Subject to the other provisions of these Articles and subject to any directions to the contrary that may be given by the meeting that resolves upon the increase of capital where the Directors decide to increase the capital of the Company by the issue of further shares, such shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion as nearly as circumstances admit to the capital paid up on those shares at that date, and such offer shall be made by notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined; and after the expiration of such time, or on receipt of an earlier intimation from the members to whom such notice is given that he declines to accept the shares offered, the Directors may dispose of the same in such manner as they think most beneficial to the Company; and the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person and the notice aforesaid shall contain a statement of this right, but so that the person or persons in whose favour any such shares may be renounced shall be such as the Directors may in their absolute discretion approve of, and in case the Directors may not to approve of any such person the renunciation of any such shares in favour of such persons shall not take effect.

When to be offered to existing members

69. In addition to and without derogating from the powers for that purpose concerned on the Directors under these presents, the Company in General Meeting may determine that any shares (whether forming part of the original capital or of any increased capital of the Company) shall be offered in the first instance to existing members in such proportion to the amount of the capital held by them and on such terms and conditions and either at a premium or at par, or (subject to compliance with the provisions of the Act) at a discount, as such General Meeting shall determine, or make any other provisions as to the issue and allotment of the new shares; and with full power to give to any person (whether a member or holder of debentures of the Company or not) the option to call for or be allotted shares of any class of the Company either at a premium or at par or (subject to compliance with the provisions of The Act) at a

discount, and such option being exercisable at such times and for such consideration as may be directed by such General Meeting.

How far new shares to rank with shares in original Capital

70. Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien and otherwise.

Power to reduce Capital

71. The Company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law;

- (a) its share capital.
- (b) any capital redemption reserve fund, or
- (c) any share premium account.

(8) MODIFICATION OF RIGHTS

Power to modify rights

72. Whenever the capital, by reason of the issue of preference shares or otherwise, is divided into different classes of shares all or any of the rights and privileges attached to any class may be modified, commuted, affected, abrogated or dealt with according to the procedure and with sanctions prescribed in Section 106 of the Act or any statutory modification or re-enactment thereof from time to time and for the time being in force, and in respect of any General Meeting of members holding shares of that class to be held for the purpose; all the provisions hereinafter contained as to General Meetings shall, mutatis mutandis, apply but so that the quorum thereof shall be two persons, being members holding shares of that class. This clause is not to derogate from any power the Company would have had if this clause were omitted

(9) BORROWING POWERS

Power to borrow

73. Subject to the provisions of Sections 292 and 293 of the Act, the Board of Directors may, from time to time, at its discretion, by a resolution passed at a meeting of the Board, accept deposits from members, either in advance of calls or otherwise, and generally raise or borrow or secure the payment of any sum or sums of money for the purposes of the Company not exceeding the aggregate of the paid up capital of the Company and its free reserves (not being reserves set apart for any specific purpose). Provided, however, where the moneys to be borrowed together with the moneys already borrowed (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) exceed the aforesaid aggregate, the Board of Directors shall not borrow such moneys without the consent of the Company in General Meeting.

Conditions on which money may be borrowed

74. The Directors may raise or secure the payment or repayment 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 debenture or debenture stock of the Company or any mortgage, charge or other security upon all or any part of the undertaking or property of the Company (both present and -future) including, subject to the provisions of Section 292 of the Act, its uncalled capital for the time being

Securities may be assignable free from equities

75. Debentures, debenture-stock, bonds or other securities may be, made assignable free from any equities between the Company and the person to whom the same may be issued.

Issued at discount etc. and with special privileges

*76. Any Debentures, Debenture-stock, Bonds or other securities may be issued at a discount, premium or otherwise and with any special privilege as to redemption, surrender, drawings, allotment of shares and subject to the provisions of sections 255 and 256 of the Act appointment of Directors, and otherwise. Any Debentures or Debenture-stock issued by the Company shall be subject to the provisions of sections 117 to 123 of the Act or of any statutory modification thereof for the time being.

Register of debentures to be kept

77. The Board of Directors shall cause a proper Register to be kept in accordance with the provisions of Section 143 of the Act of all mortgage, debentures and charges specifically affecting the property of the Company; and shall cause the requirements of Sections 118, 125 and 127 to 144 of the Act to be duly complied with, so far as they fall to be complied with by the Board of Directors.

Indemnity may be given

78. The Directors or any of them may guarantee the whole or any part of the loans or debts raised or incurred by or on behalf of the Company or any interest payable thereon, and shall be entitled to receive such payment as consideration for the giving of any such guarantee as may be determined by the Directors with power to them to indemnify the guarantors from or against liability under their guarantees by means of a mortgage or charge on the undertaking of the Company or upon any of its property or assets or otherwise. If the Directors or any of them or any other persons, shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.

* Amended by Special Resolution passed at the E.O.G.M. (Extra Ordinary General Meeting) held on 20th February, 1986

(10) RESERVES

Power to carry profits to Reserve

79. The Directors may before recommending any dividends whether preferential or otherwise carry to reserve out of the profits of the Company such sums as they think proper and may also carry to reserve premia received upon the issue of securities (other than shares) obligations of the Company. The Directors shall also have power to carry to reserve any surplus realised on the sale of any fixed assets of the Company or arising from a revaluation of the properties or assets of the Company. All sums standing to reserve may be applied in whole or in part, from time to time in, the discretion of the Directors for - meeting depreciation or contingencies or for capitalisation and special distribution by way of bonuses or for equalising dividends or for distribution by way of special dividend or bonuses or for repairing, improving, replacing or maintaining any of the property of the Company or for such other purposes as the Directors may in their absolute discretion think conducive to the objects of the Company or any of them and pending such application may at the like discretion either be employed in the business of the Company or be invested in such investments (with power to deal with and vary such investments) or be kept on deposit at any bank as the Directors think fit and that without being kept separate from the other assets of the Company. The Directors may divide the reserve into such special funds as they think fit and may consolidate into one fund any special funds or any parts of any special funds into which the reserve may have been divided as they think fit

How income from reserve fund to be treated

80. The income arising from any reserve fund shall be treated as part of the gross profits of the Company.

Power to carry over profits

81. The Directors may also without placing the same to reserve carry over any profits which they may think it not prudent to divide.

V. GENERAL MEETINGS

(1) CONVENING OF MEETINGS

Statutory Meeting

82. The statutory meeting of the Company shall, as required by Section 165 of the Act be held within a period of not less than one month and not more than six months from the date on which the Company shall be entitled to commence business, and at such place as the Directors may determine, and the Directors shall comply with the other requirements of the Act as to the Report to be submitted and otherwise.

Annual or Ordinary

83. A General Meeting of the Company, which shall be styled as the Annual General Meeting shall be held once at least in every calendar year. The first Annual General Meeting shall be held within 18 months of the incorporation of the Company. The next Annual General Meeting of the Company shall be held by it within nine months after the expiry of the financial year in which the first Annual General Meeting was held; and thereafter the Annual General Meeting shall be held by the Company within nine months after the expiration of each financial year unless the Registrar of the Companies shall have extended the time within which any Annual General Meeting shall be held under the provisions of Sections 166 (1) (c) of the Act. Subject as aforesaid not more than 15 months shall elapse between the date of one Annual General Meeting and that of the next.

Time and place for calling of Annual General Meeting

84. Every Annual General Meeting shall be called at such time during business hours and on such days (not being a public holiday) as the Directors may from time to time determine, and it shall be held either at the Registered Office of the Company or at such other place in the city or town in which the Registered Office of the Company may for the time being be situated. The notice of calling any such meeting shall specify it as an Annual General Meeting.

Distinction between Ordinary and Extra-ordinary Meetings

85. All General Meetings other than Annual General Meetings shall be called Extra-ordinary General Meetings.

Who may call an Extra-ordinary General Meeting

86. The Board may, whenever it thinks fit, call an Extra-ordinary General Meeting. If at any time there are not within India Directors capable of acting who are sufficient in number to form a quorum any director of the Company may call an Extra-ordinary General Meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board at such time and place as it or they may determine.

Calling of Extra-ordinary General Meeting on requisition

87. The Board of Directors of the Company shall on the requisition of such member or members of the Company as is specified in sub-section (4) of Section 169 of the Act, forthwith proceed duly to call an Extraordinary General Meeting of the Company and in respect of any such requisition and of any meeting to be called pursuant thereto, all the other provisions of Section 169 of the Act and of any statutory modification thereof for the time being shall apply.

Notice of meeting

88. A meeting of the Company may be called by not less than twenty-one days notice in writing but a General Meeting may be called after giving shorter notice than that specified above if consent is accorded thereto in the case of an Annual General Meeting, by all the members entitled to vote thereat and in case of any other meeting, by members of the Company holding not less than 96 percent of such part of the paid-up share capital of the Company as gives a right to vote at the meeting, provided that where any members of the Company are entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those members shall be taken into account for the purposes of this Article in respect of the former resolution or resolution and not in respect of the latter.

Service of Notice

89. Notice of every meeting shall be given to every member of the Company in any manner authorised by sub-section (1) to (4) of Section 53 of the Act. It shall be given to the persons entitled to the share in consequence of the death or insolvency of a member, by sending through the post in a prepaid letter addressed to them by name or by the title of the representatives of the deceased, or assignees of the insolvent or by any like description, at the address, if any, in India, supplied for the purpose by the persons claiming to be so entitled or unless such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred.

Notice to be given to the Auditors

90. Notice of every meeting of the Company shall be given to the auditor or auditors for the time being of the Company, in any manner authorised by Section 53 in the case of any member or members of the Company.

Accidental omission to give notice

91. The accidental omission to give notice of any meeting to or the non receipt of such notice by any of the members shall not invalidate the proceedings at any such meeting.

Resolutions requiring special notice

92. Where by any provision contained in this Act or in these Articles, special notice is required of any resolution, notice in respect of the same shall be given to the Company and by the Company as provided in Section 190 of the Act.

(2) PROCEEDINGS AT GENERAL MEETINGS

Business of Ordinary General Meeting

93. The ordinary business of an Annual General Meeting shall be to receive and consider the profit and loss account, the balance sheet and the reports of the Directors and of the Auditors, to appoint Directors in place of those retiring, to appoint auditors and fix the remuneration and to declare dividends and subject to the provisions of Section 173 and 188 of the Act, to transact any other business. All other business transacted at an Annual General Meeting and all business transacted at an Extra-ordinary General Meeting shall be deemed to be special business. Where any items of business to be transacted at the meeting are deemed to be special business in accordance with Section] 73 of the Act, there shall be annexed to the notice of the meeting a statement setting out all material facts concerning each such item of business including in particular the nature and extent of the interest, if any, therein of every Director and Manager, if any, of the Company. And where any item of business consists of the according of approval to any document by the meeting, the time and place where the document can be inspected shall be specified in the aforesaid statement.

Quorum

94. The quorum for a General Meeting of the Company shall be five members personally present.

Quorum necessary for business

95. No business shall be transacted at any General Meeting unless a quorum shall be present at the commencement of the business.

Chairman

96. The Chairman of the Directors shall be entitled to take the Chair at every General Meeting or if such Chairman shall have notified to the Company that he will not be present at the meeting or if at any meeting he shall not have given notice of absence and shall not be present, within fifteen minutes after the time appointed for holding such meeting, or is unwilling to act as Chairman, the members present shall choose another Director as Chairman, and, if no Director be present or if all the Directors present decline to take the Chair, then the members present shall choose one of their number being a member entitled to vote to be Chairman.

Automatic adjournment and dissolution

97. If within half an hour from the time appointed for the meeting a quorum be not present; the meeting, if convened upon a requisition of members under Article 88 shall be dissolved but in any other case it shall stand adjourned to the same day in the next week at the same time and place, unless the same shall be a public holiday. When the meeting shall stand adjourned to the next day not being a public holiday at the same time and place or to such other day and at such other time and place as the Directors may determine and if at such adjourned meeting a quorum be not present within half an hour from the time appointed for the meeting, those members who are present and not being less than two persons shall be a quorum and may transact the business for which the meeting was called.

How questions or resolutions to be decided at meetings

98. In 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 poll is demanded, shall be entitled to a second or a casting vote in addition to the vote or votes to which he may be entitled as a member.

What is to be evidence of the passing of a question or resolution where poll not demanded

99. At any General Meeting a resolution shall first be put to the vote on a show of hands and unless a poll is (before or on the declaration of the result of a show of hands) demanded in the manner mentioned in Section 179 of the Act and unless a poll is so demanded, a declaration by the Chairman that a question or resolution has on a show of hands, been carried, or carried unanimously, or by a particular majority, or not carried by a particular majority, or lost, and an entry to that effect in the books containing the minute book of the proceedings of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favor of or against such question or resolution. Before or on the declaration of the result of voting on any resolution on 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 the person or persons specified in Section 179 of the Act.

Poll

100. If a poll is demanded as aforesaid it shall, subject to the provisions of Article 101 be taken in such manner and at such time and place as the Chairman of the Meeting directs and either at once or otherwise not being later than 48 hours from the time of such demand and the result of the poll shall be deemed to be resolution of the meeting at which the poll was demanded. The demand of a poll may be withdrawn.

In what cases poll taken without adjournment

101. Any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken forthwith, in accordance with the provisions of these Articles, the Chairman elected on a show of hands exercising all the powers of the Chairman under the said provisions. If some other person is elected Chairman as a result of the poll, he shall be Chairman for the rest of the meeting.

Powers to adjourn General Meeting

102. The Chairman of a General Meeting may with the consent of the meeting and shall if so directed by the meeting, adjourn the same from time to time and from place to place but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned sine die or for 30 days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or the business to be transacted at an adjourned meeting.

Business may proceed notwithstanding demand of poll

103. The demand of a poll shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

Rights of member to use his votes differently

104. On a poll taken at meeting of the Company, a member entitled to more than one vote, or his proxy, or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.

Scrutineers at Poll

105. (1) 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.

(2) The Chairman of the meeting 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.

(3) 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 willing to be appointed.

Chairman's decision conclusive

106. The Chairman of any meeting shall be sole judge of the validity of every vote tendered at such meeting. The Chairman of the meeting present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.

***Documents to be laid before the meeting**

107. At every Annual General Meeting of the Company there shall be laid on the table the Report of the Directors, the Profit and Loss Account, Balance Sheet and Report of the Auditors, such documents (if any) required by law to be annexed or attached thereto and the Register of Directors' shareholding. The Auditors' Report shall be read before the Company in Annual General Meeting and shall be open to inspection by any member of the Company.

Resolution passed at adjourned meeting

108. Where a resolution is passed at an adjourned meeting of:

- (a) the Company; or
- (b) the holders of any class of shares in the Company; the resolution shall, for all purposes be treated as having been passed on the date on which it was in fact passed and shall not be deemed to have been passed on any earlier date.

Restriction of certain resolutions and agreements

109. A copy of each of the following resolutions or Agreements shall, within *thirty days after the passing or making thereof, be printed or typewritten and duly certified under the signature of an officer

of the Company and filed with the Registrar, and the same shall also be embodied or annexed to every copy of these Articles:

- (a) Special resolution;
- (b) Resolution agreed to by all the members of the Company;
- (c) Resolution of the Board or any Agreement relating to the appointment, re-appointment or the renewal of the appointment or variation of the terms of appointment of a Managing Director;
- (d) Agreement relating to the appointment, reappointment or the renewal of the appointment of a Managing Agent or Secretaries and Treasurers for the Company or varying the terms of any such Agreement.
- (e) Resolution or Agreement agreed to by all the members of any class of shareholders, and all resolutions or Agreements which, effectively bind all the members of any class of shareholders though not agreed to by all those members.
- (f) Resolution for voluntary winding-up of the Company.

*Added by Special Resolution passed at the Annual General Meeting held on 10th December, 1985.

Minutes of General Meeting

110. The Company shall cause Minutes of all proceedings of General Meeting to be entered in the book kept for that purpose and the minutes shall contain and include the matters specified in Section 193 of the Act. No report of the proceedings of any General Meeting of the Company shall be circulated or advertised at the expense of the Company unless it includes the matters required by Section 193 of the Act to be contained in the Minutes of the proceedings of such meeting.

Inspection of Minutes Books of General Meetings

111. Inspection of the book containing the aforesaid minutes shall be kept and be open to the inspection of any member without charge as provided in Section 196 of the Act and he shall be furnished with a copy of any minutes in accordance with the terms of that Section.

(3) VOTES OF MEMBERS

Votes of Members

112. (a) Subject to any rights or restrictions for the time being attached to any class or classes of shares on a show of hands, every member present in person or if a body corporate through a representative appointed under the provisions of Section 187 of the Act and Article 113 hereof or by proxy shall have one vote and on a poll the voting right of such member whether present in person or by representative or by proxy shall be in proportion to his share of the paid up equity share capital of the Company.

(b) Subject as aforesaid, and save as provided in clause (c) of this Article, every member of the Company holding any preference share capital shall, in respect of such capital, have a right to vote only on resolutions or questions placed before the Company which directly affect the rights attached to his preference shares. Any resolution for winding up the Company or for the repayment or reduction of its share capital shall be deemed directly to affect the rights attached to preference shares within the meaning of this clause.

(c) Subject as aforesaid, every member of the Company holding any preference share capital shall, in respect of such capital, be entitled to vote on every resolution or question placed before the Company at any meeting, if the dividend due on such capital or any part of such dividend has remained unpaid:

(i) in the case of cumulative preference shares, in respect of an aggregate period of not less two years preceding the date of commencement of the meeting, and

(ii) in the case of non-cumulative preference shares, either in respect of a period of not less than two years ending with the expiry of the financial year immediately preceding the commencement of the meeting or in respect of an aggregate period of not less than three years comprised in the six years ending with the expiry of the financial year aforesaid

For the purposes of this clause, dividend shall be deemed to be due on preference shares in respect of any period, whether a dividend has been declared by the Company on such shares for such period or not,

- (i) on the last day specified for the payment of such dividend for such periods in these Articles or other instrument executed by the Company in that behalf, or
 - (ii) in case no day is so specified, on the day immediately following such period
-

* Amended by Special Resolution passed at the Annual General Meeting held on 10th December, 1985.

(d) Where the holder of any preference share has a right to vote on any resolution or question in accordance with the aforesaid provisions of this Article, on a show of hands he shall, if present in person, have one vote and upon a poll he shall as the holder of such share whether present in person or by proxy, have a voting right in the same proportion as the capital paid up in respect of the preference share bears to the total paid up equity share capital of the Company.

(e) In case the Company may accept from any member the whole or a part of the amount remaining unpaid on any shares (whether equity or preference shares) held by him, although no part of the amount has been called up the member shall not be entitled to any voting rights in respect of the monies so paid by him until the same would, but for such payment, become presently payable.

Representation of Corporations at meeting of Companies and Creditors

113. (a) A body corporate (whether a Company within the meaning of the Act or not) may, if it is a member of the Company, by resolution of its Board of Directors or other governing body, authorise such person as it thinks fit, to act as its representative at any meeting of the Company or at any meeting of any class of members of the Company. If such body corporate be a creditor (including a holder of debentures) of the Company, it may by resolution of the Board of Directors or other governing body, authorise such person as it thinks fit, to act as its representative at any meeting of any creditors of the Company held in pursuance of the Act or of any rule made there under, or in pursuance of the provisions contained in any debenture or Trust Deed, as the case may be.

(b) A person authorised by a resolution as aforesaid, shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were a member, creditor or holder of debentures of the Company. He shall be counted for the purpose of ascertaining whether a quorum of members is present.

(c) The production at the meeting of a copy of such resolution duly signed by one director of such body corporate company or by the Managing Agents or other duly authorised officer thereof and certified by him or them as being a true copy of the resolution may on production at the meeting be accepted by the Company as sufficient evidence of the validity of his appointment.

Votes in respect of deceased insolvent or insane member

114. Subject to provisions of the Articles, any person entitled under the Transmission Article to transfer any shares may vote at any General Meeting in respect thereof, in the same manner as if he were the registered holder of such shares, provided that 48 hours at least before the time of holding the meeting or adjourned meeting as the case may be at which he proposes to vote he shall satisfy the Directors of his right to transfer such shares, or the Directors shall have previously admitted his right to vote at such meeting in respect thereof. If any member be a lunatic, idiot or a person of non compos mentis, he may vote whether on a show of hands or at a poll by his committee curator bonis or other person recognised by the Company as entitled to represent such member and such last mentioned person may give his vote by proxy.

Joint holders

115. Where there are joint registered holders of any share anyone of such persons may vote subject to provisions of Article 112 at any meeting either personally or by proxy in respect of such share as if he were solely entitled thereto and if more than one of such joint-holders be present at any meeting either personally or by proxy then that one of the said persons so present whose name stands prior in order on the Register in respect of such share shall alone be entitled to vote in respect thereof. Several executors

or administrators of a deceased member in whose name any share stands shall for the purpose of this Article be deemed joint-holders thereof.

Proxies permitted

116. Votes may be given either personally or by proxy or in case of a Company or other body corporate by a representative duly authorised as aforesaid. A proxy or representative shall be entitled to vote on a show of hands as well as on a poll.

Instrument approving Proxy to be in writing

117. The instrument appointing a proxy shall be in writing and shall 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. A proxy need not be a member of the Company. A proxy appointed as aforesaid shall not have any right to speak at any meeting.

118. Every notice convening a meeting of the Company shall state with reasonable prominence that a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and that a proxy need not be a member of the Company.

Instrument appointing proxy to be deposited at the office

119. The instrument appointing a proxy and the Power of Attorney or other authority (if any) under which it is signed or a notarially certified copy of that power or authority, shall be deposited at the Office not less than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default the instrument of proxy shall not be valid.

120. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument or transfer of the share in respect of which the vote is given. Provided no intimation in writing of the death, insanity or revocation or instrument of transfer of the share shall have been received at the Office or by the Chairman of the Meeting before the vote is given. Provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.

Form of Proxy

121. An instrument appointing a proxy may be in either of the following forms:

I GENERAL FORM ZENITH LIMITED*

I/We _____ of _____ in the district of _____ being a member / members of the abovenamed Company hereby appoint _____ of _____ in the district of _____ or failing him _____ of in the district of _____ as my our proxy to vote for me / us on my / our behalf at the annual general meeting / general meeting (not being an annual general meeting) of the Company to be held on the _____ day of _____ and at any adjournment thereof
Signed this _____ day of _____ 19____

II *Form for affording members an opportunity of voting for or against a resolution* ZENITH LIMITED*

_____ of _____ in the district of _____ being a member / members of the abovenamed Company, hereby appoint _____ of _____ in the district of _____ or failing him _____

of _____ in the district of _____ as my / our proxy, to vote for me / us on my / our behalf at the annual general meeting / general meeting (not being an annual general meeting) of the Company, to be held on the _____ day of _____ 19____ and at any adjournment thereof
Signed this _____ day of _____ 19____

* w.e.f. 28th January, 1986.

Time and Place to inspect the proxies lodged

122. Every member entitled to vote at a meeting of the Company according to the provisions of Article 112 hereof, or on any resolution to be moved thereat, shall be entitled during the period beginning twenty four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than three days notice in writing of the intention so to inspect is given to the Company.

Restriction on voting

123. No member shall be entitled to be present or to vote on any question either personally or by proxy at any General Meeting or upon a poll or be reckoned in a quorum whilst any call or other sum shall be due and payable to the Company in respect of any of the shares of such member or in regard to any shares on which the Company has and has exercised any right of lien.

Validity of Votes

124. No objection shall be taken to the validity of any vote except at the meeting or poll at which such vote shall be tendered and every vote not disallowed at such meeting or poll and whether given personally or by proxy or otherwise shall be deemed valid for all purposes. Any such objection made in due time shall be referred to the Chairman of the meeting whose decision shall be final and conclusive.

VI. DIRECTORS

(I) GENERAL PROVISIONS

Number of Directors

125. Subject to the provisions of Sections 255 and 256 of the Act, until otherwise determined by the Company in the General Meeting and subject to Section 252 of the Act the number of Directors, shall not be less than four or more than Fifteen.**

First Directors

126. The first Directors of the Company are:

1. Shri B. K. Birla
2. Shri R. L. Kirloskar
3. Shri Kishore M. Premchand
4. Shri S. G. Nevatia

*** 127. Deleted.

* Substituted in place of existing article 129 (a) & (b) vide Special Resolution passed at 18th A.G.M. held on (i) 3rd October, 1978, (ii) 10th December 1985 and (iii) 15th May, 1989.

** Amended by Special Resolution passed at the Annual General Meeting held on 7th November, 1984.

*** Special Resolution passed at the Annual General Meeting held on 10th December, 1985.

Time for the Directors to acquire qualification

128. A Director who is required to hold a qualification may act as a Director before acquiring his qualification but must acquire the same within two months after his appointment or election.

* 129. 129(a) The fees payable to a Director for attending the meeting of the Board or Committee thereof shall be decided by the Board of Directors from time to time within the maximum limits of such fees that may be prescribed under the proviso to Section 310 of the Companies Act, 1956.

Payment of expenses

* (b) In addition to the remuneration payable to them in pursuance of the Articles or these Articles, the Directors may be paid or reimbursed all travelling, hotel and other expenses properly incurred by them:

- (i) In attending and returning from meetings of the Board of Directors or any Committee or sub-committee thereof, or
- (ii) In connection with the business of the Company..

Further remuneration as determined by General Meeting

130. (a) The Directors (including the Managing Director, if any) shall also be paid such further remuneration (if any) as the Company in General Meeting may from time to time determine and such further remuneration shall be divided in such proportion and manner as the directors may from time to time agree among themselves, and in default of such agreement within three months from the date of General Meeting, in proportion to their respective attendances at Board Meeting during the year preceding the General Meeting.

Continuing directors may act

131. The continuing Directors may act notwithstanding any vacancy in their body but so that if the number falls below the minimum above fixed, the Directors shall not except in emergencies or for the purpose of filling vacancies or of summoning a General Meeting, act so long as the number is below the minimum.

Directors not to hold office of profit

**132. The existing Article 132 deleted.

(2)MANAGING DIRECTOR

Board of Directors may appoint Managing Directors

133. Subject to the provisions of Sections 267, 268, 269, 309, 310, 311, 316, and 317 of the Act, the Board shall have power to appoint from time to time any of its members as Managing Directors of the Company for a fixed term not exceeding five years at a time and upon such conditions as the Board thinks fit, and subject to the provisions of Article 134 the Board may by resolution vest in such Managing Directors such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be made exercisable for such period or periods, and upon such conditions and subject to such restrictions, as it may determine. The remuneration of Managing Directors shall be determined in accordance with Article 130.

* Sub-clause (b) substituted in place of Sub-clause (c) consequent upon consolidation of then existing Sub-clause (a) & (b), vide Special Resolution passed on 3rd Oct. 1978

** Special Resolution passed at the Extra-ordinary General Meeting held on 7th May, 1969.

Managing Director not authorized to

134. The Managing Directors shall not exercise the powers to:

- (1) make calls on shareholders in respect of moneys unpaid on the shares
- (2) issue debentures; and
- (3) except as may be delegated by the Board under Section 292 of the Act, invest the funds of the Company, or make loan and borrow moneys.

Certain persons not to be appointed Managing Director

135. The Company shall not appoint or employ, or continue the appointment or employment of, any person as its Managing or wholetime Director who:

- (a) is an un-discharged insolvent, or has at any time been adjudged an insolvent;
- (b) suspends, or has at any time suspended payment to his creditors, or makes, or has at any time made, a composition with them; or
- (c) is, or has at any time been, convicted by a Court in India of all offence involving moral turpitude

Special position of Managing Director

136. A Managing Director who has been appointed a Director by the Company in General Meeting shall not, while he continues to hold the office of Managing Director, be subject to retirement in accordance with Article 149*. If he ceases to hold the office of Director he shall *ipso facto* and immediately cease to be a Managing Director

(3) DIRECTORS & CONTRACTS

Directors may contract with Company

137. Subject to the provisions of Sections 297, 299, 300, 302, and 314 of the Act, the Director including a Managing Director shall not "be disqualified by reason of his office as such from contracting with the Company either as vendor, purchaser, lender, agent, broker, lessor, or lessee or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any Director with any company or partnership, of or in which any Director shall be a member or otherwise interested be avoided, nor shall any Director so contracting or being such member or so interested be liable to account to the Company for any profit realised by such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established, but the nature of the interest must be disclosed by him or them at the meeting of Directors at which the contract or arrangement is determined on, if the interest then exists or in any other case at the first meeting of Directors after the acquisition of the interest. Provided nevertheless that no Director shall vote as a Director in respect of any contract or arrangement in which he is so interested as aforesaid and if he does so, his vote shall not be counted but he shall be entitled to be present at the meeting during the transaction of the business in relation to which he is precluded from voting although he shall not be counted for the purpose of ascertaining whether there is a quorum of Directors present. This proviso shall not apply to any contract by or on behalf of the Company to give the Directors or any of them any security by way of indemnity against any loss which they or any of them may suffer by becoming or being sureties for the Company.

*Amended by Special Resolution passed at the Annual General Meeting held on 10th December 1985.

Register of Contracts

138. The Company shall keep a register in which shall be entered particulars of all contracts or arrangements to which Section 297 and 299 of the Act apply including the date of the contract or arrangement, the names of the parties thereto, the principal terms and conditions thereof, the date on which it was placed before the Board of Directors, the names of the Directors voting for and against the

contract or arrangement and the names of those remaining neutral. Particulars of every such contract or arrangement shall be entered in the Register aforesaid within three days of the meeting of the Board at which the contract or arrangement was approved and the Register shall be placed before the next meeting of the Board and shall be signed by all the Directors present at that meeting. The Register aforesaid shall also specify, in relation to each director of the Company, the names of the bodies corporate and firms of which notice has been given by him under Section 299 of the Act. The Register shall be kept at the registered office of the Company and shall be open to inspection at such office, and extracts may be taken there from and copies thereof may be required by any member of the Company to the same extent, in the same manner, and on payment of the same fee as in the case of the Register of Members of Company and the provisions of Section 163 of the Act shall apply accordingly

When Director of the Company appointed Director of a subsidiary Company

139. A Director of this Company may be or become a Director of any Company promoted by this Company or in which it may be interested as a vendor, shareholder or otherwise, and no such Director shall be accountable for any benefits received as a Director or member of such company.

Abstract of Contents of contracts in certain cases

140. Whenever the Company enters into a contract for the appointment of a Manager or Managing Director of the Company in which contract any Director of the Company is directly or indirectly concerned or interested or varies any such existing contract, the Company shall in accordance with Section 302 of the Act, within 21 days from the date of entering into the contract or the varying of such contract sent an abstract of the terms of such contract or variations as the case may be, together with a memorandum clearly indicating the nature of the interest of the Director in such contract, or in such variation, to every member of the Company, and the contract shall be open to the inspection of any member at the office, and in this connection all the other provisions of Section 302 of the Act shall be duly complied with.

(4) DISQUALIFICATION OF DIRECTORS

Disqualification of Directors

141. Subject to the provisions contained in sub-section (2) of Section 283 of the Act, the Office of a Director shall be vacated .if:

- (a) he fails to obtain within the time specified in sub-section (I) of section 270 of the Act or at any time thereafter ceases to hold, the share qualification if any, required of him by the Articles of the Company;
- (b) he is found to be of unsound mind by a Court of competent jurisdiction
- (c) he applies to be adjudicated an insolvent
- (d) he is adjudged insolvent
- (e) he is convicted by a Court in India of any offence and is sentenced in respect thereof to imprisonment for not less than six months;
- (f) he fails to pay any call in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of the call;
- (g) an office or place of profit is held in contravention of Section 314 of the Act and the director concerned is deemed to have vacated office under that section;
- (h) he absents himself from three consecutive meetings of the Board of Directors or from all meetings of the Board for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board;
- (i) he or any firm in which he is a partner or any private company of which he is a director, accepts a loan, or any guarantee or security for a loan, from the Company in contravention of section 295 of the Act;
- (j) he acts in contravention of Section 299 of the Act;
- (k) he becomes disqualified by an order of Court under Section 203 of the Act;
- (l) he is removed in pursuance of Section 284 of the Act.

(5) APPOINTMENT AND REMOVAL OF DIRECTORS

Appointment of Directors

142. The Company in General Meeting, may, subject to the provisions of these Articles and subject to the provisions of Sections 252, 255 and 259 of the Act, by ordinary resolution increase or reduce the number of its Directors below the minimum or above the maximum of the limits fixed in that behalf by these Articles.

Removal of Director

143. (a) The Company may by an Ordinary Resolution remove a Director before the expiry of his period of office.

(b) Special notice shall be required of any resolution to remove a Director under this Article or to appoint somebody instead of a Director so removed at the meeting at which he is removed.

(c) Vacancy created by the removal of a Director under this Article may if he had been appointed by the Company in General Meeting or by the Board in pursuance of Sections 260 or 262 of the Act be filled by the appointment of another director in his stead by the meeting at which he is removed provided special notice of the intended appointment has been given under sub-clause (b) above.

A Director so appointed shall hold office until the date up to which his predecessor would have held office if he had not been removed as aforesaid.

(d) If the vacancy is not filled under sub-clause (c) above, it may be filled as a casual vacancy in accordance with the provisions, so far as they may be applicable, of Section 262 of the Act and all the provisions of that Section shall apply accordingly; provided that the Director who was removed from the Office shall not be re-appointed as a Director by the Board.

Appointment of Additional Director

144. The Directors shall have power at a meeting of the Board at any time and from time to time to appoint any person other than a person who has been removed from office of a Director of the Company under Article 143 to be a Director of the Company as an addition to the Board but so that the total number of Directors shall not at any time exceed the maximum number fixed: Any Director so appointed shall hold office only up to the date of the next following Annual General Meeting of the Company.

Casual Vacancy may be filled by Board

145. The Directors at a meeting of the Board shall have power to fill a vacancy in the Board if the office of any Director appointed by the Company in General Meeting is vacated before his term of office will expire in the usual course.

Debenture Director

146. (a) Any Trust Deed for securing debentures or debenture stock, if so arranged provide for the appointment from time to time by the trustees thereof or by the holders of the debentures or debenture-stock of some person to be a Director of the Company and may empower such trustees or holders of debentures or debenture-stock from time to time to remove any Director so appointed. A Director appointed, under this Article is herein referred to as a "Debenture Director" and that the term 'Debenture Director' means a Director for the time being in office under this Article. A Debenture Director shall not be bound to hold any qualification shares and not be liable to retire by rotation or be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.

Nominee Director

* 146. (b) Notwithstanding anything to the contrary contained in these Articles, so long as any moneys remain owing by the Company to the Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), The Industrial Credit and Investment Corporation of India Limited (ICICI) State Industrial and Investment Corporation of Maharashtra Limited (SICOM), Life Insurance Corporation of India (LIC), General Insurance Corporation of India (GIC) and Unit Trust of India (UTI) or to any other Finance Corporation or Credit Corporation or to any other Finance Company or Body out of any loans granted by them to the Company or so long as IDBI, IFCI, ICICI, SICOM, LIC, GIC, UTI or any other Finance Corporation or Credit Corporation or any other Finance Company or Body (each of which IDBI, IFCI, ICICI, SICOM, LIC, GIC and UTI or any other Finance Corporation or Credit Corporation or any other Finance Company or Body is hereinafter in this Article referred to as "the Corporation") continue to hold debentures in the Company by direct subscription or private placement, or so long as the Corporation holds shares in the Company as a result of underwriting or so long as any liability of the Company arising out of any guarantee furnished by the Corporation on behalf of the Company remains outstanding, the Corporation shall have a right to appoint from time to time, any person or persons as a Director or Directors whole time or non-whole time, (which Director or Directors is/are hereinafter referred to as Nominee Director/s) on the Board of the Company and to remove from such office any person or persons so appointed and to appoint any person or persons in his or their place/s.

The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s. At the option of the Corporation such Nominee Director/s shall not be required to hold any share (Qualification In the Company. Also at the option of the Corporation such Nominee Director/s shall not be liable to retirement by rotation of Directors. Subject as aforesaid, the Nominee Director/ s shall be entitled to the same rights and privileges and be subject to the same obligations as any other Director of the Company. The Nominee Director/s so appointed shall hold the said Office only so long as any moneys remain owing by the Company to the Corporation or so long as the Corporation holds Debentures in the Company as a result of direct subscription or private placement or so long as the Corporation holds shares in the Company as a result of underwriting or the liability of the Company arising out of any Guarantee furnished by the Corporation on behalf of the Company is outstanding and the Nominee Directors so appointed in exercise of the said power shall ipso facto vacate such office immediately the moneys owing by the Company to the Corporation is paid off or on the Corporation.

The Nominee Director/s appointed under this Article shall be entitled to receive all notices of and attend all General Meetings, Board Meetings and Meetings of the Committee, of which the Nominee Director/s is/are member/s and shall also be entitled to receive the minutes *of* such meetings. The Corporation shall also be entitled to receive all such notices and minutes.

The Company shall pay to the Nominee Director/s sitting fees and expenses to which the other Directors of the Company are entitled, but if any other fees, commission, moneys *or* remuneration in any form is payable to the Directors of the Company, the fees, commission, moneys and remuneration in relation to such Nominee Director/s shall accrue to the Corporation and the same shall accordingly be paid by the Company directly to the Corporation. Any expenses that may be incurred by the Corporation or such Nominee Director/s in connection with their appointment or Directorship shall also be paid or reimbursed by the Company to the Corporation or as the case may be to such Nominee Director/s.

Provided that if any such Nominee Director/s is/are Officer/s *of* the Corporation the sitting fees in relation to such Nominee Director/s shall accrue to the Corporation and. the same shall accordingly be paid by the Company directly to the Corporation.

Provided also that in the event of the Nominee Director/s being appointed as whole time Director/s such Nominee Director/s shall exercise such powers and duties as may be approved by the Corporation and have such rights as are usually exercised by or available to the whole time Director/s in the management of the Company. Such Nominee Director/s shall be entitled to receive such remuneration, fees, commission and moneys as may be approved by the Corporation.

* Special Resolution passed at 19th Annual General-Meeting held on 10th September, 1979.

Alternate Director

147. (a) The Board of Directors may appoint an alternate Director act for a Director (hereinafter called the 'Original Director') during his absence for a period of not less than three months from the State in which meetings of the Board are ordinarily held.

(b) An alternate Director appointed under sub-clause (a) above shall vacate office if and when the Original Director returns to State.

(c) If the term of office of Original Director is determined before he so returns to State, any provision for the automatic reappointment of the Retiring Director in default of another appointment, shall apply to the Original and not to the alternate Director.

(d) This Article shall not apply to an ex-officio Director or Debenture Director.

* 148. The existing Article 148 deleted.

(6) ROTATION OF DIRECTORS

Rotation of Directors

149. At the first Annual General Meeting of the Company all the Directors shall retire and thereafter at every subsequent Annual General Meeting of the Company one third of such of the Directors for the time being as are liable to retire by rotation or if the number is not three or a multiple of three than the number nearest to one-third shall retire from office. The Directors to retire at each Annual General Meeting shall be the Directors who shall have been longest in office since their last election. As between Directors who became Directors on the same day those to retire shall (in default of agreement between them) be determined by lot. For the purpose of this Article a Director appointed to fill a vacancy under the provisions of Article 143 sub-clause (c) shall be deemed to have been in office since the date on which the Director, in which place he was appointed, was last elected as a Director.

Retiring Directors eligible for re-election

150. A retiring Director shall be eligible for re-election and shall act as a Director throughout the meeting at which he retires.

Company may fill in vacancy

151. Subject to the provisions of Article 142, the Company at the Annual General Meeting at which any Director retires in manner aforesaid may fill up the vacated office by electing a person thereto.

Adjournment meeting for election of Directors

152. (a) If at any meeting at which any election of Directors ought to take place, the places of the vacating Directors are not filled up and the meeting has not expressly resolved not to fill the vacancy the meeting shall stand adjourned till the same day in the next week at the same time and place or if that day is public holiday till the next succeeding day which is not a public holiday at the same time and place.

(b) If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting, unless:

- (i) at the meeting or at the previous meeting a resolution for the appointment of such Director has been put to meeting and lost;
- (ii) the retiring Director had, by a notice in writing addressed to the Company or its Board of Directors expressed his unwillingness to be so re-appointed;
- (iii) he is not qualified or is disqualified for appointment;
- (iv) a resolution, whether special or ordinary is required for his appointment or re-appointment in virtue of any provisions of the Act;

- (v) the proviso to sub-section (2) of Section 263 or sub-section (3) of Section 280 of the Act is applicable.

Where a Director is to retire at any Annual General Meeting both in virtue of Article 149 and in virtue of sub-section (2) of section 280 of the Act he shall be deemed for the purposes of these Articles to retire in virtue of Article 149.

* Special Resolution passed at the Extra-Ordinary General Meeting held on 7th May, 1969.

(7) PROCEEDINGS OF DIRECTORS

Meetings of Directors

153. The Directors may meet together for the dispatch of business adjourn and otherwise regulate their meetings and proceedings as they think fit, provided however that a meeting of the Board of Directors shall be held at least once in every three calendar months. The quorum for a meeting of the Board of Directors of the Company shall be one-third of its total strength or two Directors whichever is higher; provided that where at any time the number of interested directors exceeds or is equal to two-thirds of the total strength, the number of the remaining directors that is to say the number of the directors who are not interested shall be the quorum during such time.

Adjournment of meeting for want of quorum

154. If a meeting of the Board cannot be held for want of quorum then the meeting shall stand adjourned to such day, time and place as the Director or Directors present at the meeting may fix.

Summoning a meeting of Directors

155. Any Director may at any time summon a meeting of the Directors. Notice of every meeting of the Board of Directors of the Company shall be given in writing to every director for the time being in India, and at his usual address in India to every other Director.

Voting at meeting

156. Subject to the provisions of the Act, questions arising at any meeting shall be decided by a majority of votes, each Director having one vote, and in case of an equality of votes the Chairman shall have a second or casting vote.

Chairman of meeting

157. The Board from time to time may elect a Chairman of its meeting and determine the period for which he is to hold office. If the Chairman has notified the Company of his inability to be present at the Board meeting or if at any meeting the Chairman is not present within fifteen minutes after the time appointed for holding the meeting or is unwilling to act as Chairman, or if no such Chairman is elected the Directors present may choose one of their number to be Chairman of the meeting.

Acts of meeting

158. A meeting of Directors at which quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Articles of the Company for the time being vested in or exercisable by the Directors generally. In the exercise of any such authorities and powers and discretions the Directors shall have regard to the restrictions imposed on the powers of the Board by Section 293 of the Act.

Delegation to Committee

159. The Directors may from time to time subject to the provisions of the Act, and in particular to Section 292 of the Act delegate any of their powers to a committee consisting of such member or

members of their body as they think fit and may from time to time revoke such delegations. Any Committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Directors. The meeting and proceedings of any such Committee, if consisting of two or more members, shall be governed by the provisions herein contained for regulating the meetings and proceedings of the Directors so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under this Article.

Validity of Act

160. All acts at any meeting of Directors or of a Committee of the Directors or by any person acting as a Director shall notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Directors, Committee or person acting aforesaid or that they or any of them were disqualified, be as valid as if every such Director or such person had been duly appointed and was duly qualified; Provided always that nothing in this Article shall be deemed to give validity to acts done by such Directors, Committee or person acting as aforesaid after it has been shown that there was some defect in any appointment or that they or any of them were disqualified.

Resolution by Circulation

161. A resolution shall be as valid and effectual as if it had been passed at a meeting of the Directors duly called and constituted if it had been circulated in draft together with necessary papers if any to all the Directors then in India (not being less in number than quorum fixed for a meeting of the Board) and to all other Directors at their usual address in India and has been approved by such of the Directors as are then in India or by a majority of such of them as are entitled to vote on resolution.

Minutes to be made

162. The Directors shall cause minutes to be duly entered in books provided for the purpose:

- (a) Of all appointments of Officers and Committees made by the Directors;
- (b) Of the names of the Directors present at each meeting of the Directors and of any Committee of Directors;
- (c) Of all orders made by the Directors and Committee of Directors;
- (d) Of all resolutions and proceedings of General Meetings and of meetings of Directors and Committees.

And any such minutes of any meeting of Directors or of any Committee or of the Company, if purporting to be signed by the Chairman of such meeting or by the Chairman of the next succeeding meeting, shall be receivable as prima facie evidence of the matters stated in such minutes.

Registers, Books and Documents to be maintained by the Company

163. The Company shall maintain the following Registers, Books and Documents namely:

- (a) Register of Investments not kept in Company's names according to Section 49 of the Act.
- (b) Register of Mortgages and charges according to Section 143 of the Act.
- (c) Register of Members or Index according to Sections 150 and 157 of the Act.
- (d) Register or Index of Debenture-holders according to Section 152 of the Act.
- (e) Register of Contracts, Companies and Firms in which Directors are interested according to Section 301 of the Act.
- (f) Register of Directors, according to Section 303 of the Act.
- (g) Register of Directors' Shareholdings according to Section 307 of the Act.
- (h) Register of Investments in shares or debentures of bodies corporate in the same group according to Section 372 of the Act.
- (i) Copy of instrument creating any charge requiring registration according to Section 136 of the Act.
- (j) Copies of Annual Returns prepared under Sections 159 and 160 of the Act together with the copies of Certificates and documents required to be annexed thereto under Sections 160 and 161.

Inspection of Registers, etc.

164. The said Registers, books and documents shall be kept open for inspection by such persons as may be entitled thereto respectively, under the Act on such days and during such business hours as may, consistently with the provisions of the Act in that behalf be determined by the Company in the General Meeting.

(8) POWERS OF DIRECTORS

Powers of Directors

165. The management and control of the business of the Company shall be vested in the Directors who may pay all expenses incurred in getting up and registering the Company and may exercise all such powers of the Company and do all such acts and things as are not by the Act, or any statutory modification thereof for the time being in force or by any other Act or by the Memorandum or by these Articles, required to be exercised by the Company in General Meeting, subject nevertheless to any regulation of these Articles, to the provisions of the Act, or any statutory modification thereof for the time being in force, or any other Act and to such regulations being not inconsistent with the General Meeting; but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made. Provided that the Board of Directors shall not except with the consent of the Company in General Meeting.

- (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, if 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 sale proceeds resulting from the acquisition, without the consent of the Company, of any such undertaking as is referred to in clause (a), or of any premises or properties used for any undertaking and without which it cannot be carried on or only after a considerable time;
- (d) borrow money where the money 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, reserve not set apart for any specified purpose; or
- (e) contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employee, any amounts the aggregate of which will in any financial year, exceed twenty five thousand rupees or five per cent of its average net profits as determined in accordance with the Act during the three financial years immediately proceeding, whichever is greater. Provided further that the powers specified in Section 292 of the Act, shall be exercised only at meetings of the Board and may be delegated only to the extent therein stated.

VII. THE SECRETARY

Secretary may be appointed

166. The Directors may from time to time appoint, and at their discretion remove, a Secretary to keep the Registers required to be kept by the Company, to perform any other functions which by the Act or the Articles for the time being of the Company are to be performed by the Secretary and to execute any other duties which may from time to time be assigned to the Secretary by the Directors.

Temporary Substitute

167. The Directors may at any time appoint a temporary substitute for the Secretary who shall for the purpose of these Articles be deemed to be the Secretary.

VIII. COMMON SEAL & SHARE SCRIPS

Custody of seal etc.

168. The Directors shall provide a Common Seal for the purpose of the Company and for its custody and the Common Seal shall never be used except by the authority of the Directors or of a Committee of the Directors previously given, and every deed or other instrument to which the Common Seal of the Company is required to be affixed shall (except in the case of a certificate or title to shares), unless the same is executed by a duly constituted attorney for the Company, be signed by any two Directors or anyone Director and Secretary or anyone Director and an officer of the Company authorised by the Board of Directors in that behalf, in whose presence the Common Seal shall have been affixed.

Signing of Share Certificates

169. Every Share Certificate shall, subject to the regulations prescribed under the Companies (Issue of Share Certificates) Rules, 1960, be issued under the Seal of the Company, which shall be affixed in the presence of:

- (i) two Directors or persons acting on behalf of the Directors under a duly registered Power-of-Attorney; and
- (ii) the Secretary or some other person appointed by the Board for the purpose.

The two Directors or their attorneys and the Secretary or other person shall sign the share certificate.

Provided that, if the composition of the Board permits it, at least one of the aforesaid two Directors shall be a person other than a. Managing or whole-time Director or a Director to whom Section 261 of the Act applies.

A Director may sign a share certificate by affixing his signature thereon by means of any machine, equipment or other mechanical means such as engraving in metal or lithography, but not by means of a rubber stamp, provided that the Director shall be responsible for the custody of such machine, equipment or other material used for the purpose.

IX. ANNUAL RETURNS

Annual Returns

170. The Company shall make the requisite annual returns in accordance with Sections 159 and 161 of the Act.

* Amended by Special Resolution passed at the Annual General Meeting held on 10th December. 1985

X. BOOKS, ACCOUNTS, AUDIT AND DIVIDENDS

(1) BOOKS OF ACCOUNT

Books of Account to be kept

171. The Directors shall cause to be kept proper books of account with respect to:

- (a) all sums of money received and expended by the Company and matters in respect of which the receipt and expenditure take place;
- (b) all sales and purchases of goods by the Company;
- (c) the assets and liabilities of the Company.
- (d) The Books of Account shall be kept at the office of the Company or at such other place or places as the Directors think fit.

Inspection my members

172. The Directors shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open to the inspection of the members not being Directors, and no member (not being a Director) shall have any right of inspecting any account or books or document of the Company except as conferred by law or authorised by the Directors or by the Company in General Meeting.

(2) BALANCE SHEETS AND PROFIT AND LOSS ACCOUNTS

Accounts and Balance Sheet

173. (1) At all Annual General Meetings the Directors shall lay before the Company in the form and giving the information required by the Act a Balance Sheet and Profit and Loss Account for the period since the last preceding Account, made upto a date not earlier than the date of the meeting by more than nine months or if the Company is carrying on business or has interest outside India by more than twelve months, subject in either case to the right of the registrar to extend the period for any special reason by the period provided in the Act.

Profit and Loss Account

(2) The Profit and Loss Account shall, in addition to the matters referred to in Section 211 of the Act, show, arranged under the most convenient heads, the amount of gross income distinguishing the several sources from which it has been derived, and the amount of gross expenditure, distinguishing the expenses of the establishment salaries and other like matters. Every item of expenditure fairly chargeable against the year's income shall be brought into account so that a gist of balance of profit and loss may be laid before the meeting, and in cases where any items of expenditure which may in fairness be distributed over several years has been incurred in anyone year the whole amount of such item shall be so stated, with the addition of the reasons why only a portion of such expenditure is charged against the income of the year. Provided always attached that a statement of the reasons why of the whole amount of any item of expenditure which may in fairness be distributed over several years, only a portion thereof is charged against the income of the year, shall be shown in the Profit and Loss Account, unless the Company in General Meeting shall determine otherwise.

Auditors' Report to be attached

(3) The Auditors' Report shall be attached to the Balance Sheet and Profit and Loss Account or there shall be inserted at the foot thereof a reference to the report, and the report shall be read before the Company in General Meeting and shall be open to inspection by any Shareholder.

Report of Directors

174. Every such Balance Sheet and Profit and Loss Account shall be accompanied by a Report of the Directors and the Balance Sheet, Profit and Loss Account and the Report shall be signed in accordance with the provisions of Sections 215 and 217 of the Act.

Copies to be sent to members and deposited at the office

175. A copy of every Balance Sheet (including the Profit and Loss Account, the Auditors' Report and every other document required by law to be annexed or attached, as the case may be, to the Balance Sheet) which is to be laid before the Company in General Meeting shall, not less than 21 days before the date of the meeting, be sent to every member of the Company, to every trustee for the holders of any debentures issued by the Company, whether such member or trustee is or is not entitled to have notices of General Meetings of the Company sent to him, and to all persons other than such members or trustees, being persons so entitled, provided that this Article shall not require a copy of the documents aforesaid to be sent.

- (i) to a member, or holder of debentures of the Company, who is not entitled to have notices of General Meetings of the Company sent to him and of whose address the Company is unaware.
- (ii) to more than one of the joint-holders of any shares or debentures none of whom is entitled to have such notice sent to him, or
- (iii) in the case of joint-holders of any shares or debentures some of whom are and some of whom are not entitled to have such notices sent, to those who are not so entitled.

If the copies of the documents aforesaid are sent less than 21 days before the date of the meeting they shall notwithstanding that fact be deemed to have been duly sent if it is so agreed by all the members entitled to vote at the meeting.

****Provided that the Board of Directors may, in their absolute discretion, instead send a statement containing salient features of such documents in the prescribed form to every member of the Company and to every Trustee for the holders of the Debentures issued by the Company in accordance with the provisions contained in Section 219 of the Act, as amended by the Companies (Amendment) Act, 1988.**

* Amended vide Special Resolution passed at the Annual General Meeting held on 15th May, 1989.

** Amended vide Special Resolution passed in the Extra-Ordinary General Meeting held on 4th December, 1989.

Copies of Balance Sheet to be filed

176. After the Balance Sheet and Profit and Loss Account have been laid before the Company at the General Meeting, three copies of such Balance Sheet and Profit and Loss Account signed by the Manager or Secretary of the Company or if there be none of these, by a Director of the Company (together with three copies of all documents which are required by the Act to be annexed or attached to such Balance Sheet or Profit and Loss Account) shall be filed with the Registrar at the same time as the copy of the Annual Return referred to in Section 161 of the Act.

(3) AUDIT

Account to be Audited

177. Once at least in every year the accounts of the Company shall be examined and the correctness of the Balance Sheet and Profit and Loss Account ascertained by one or more Auditor or Auditors.

Appointment of Auditors

178. (1) The Company at the Annual General Meeting in each year shall appoint an Auditor or Auditors to hold office until the next Annual General Meeting.

(2) The Directors may fill any casual vacancy in the office of Auditor, but while any such vacancy continues the surviving or continuing Auditor or Auditors (if any) may act.

Remuneration of Auditors

179. The remuneration of the Auditors shall be fixed by the Company in General Meeting except that the remuneration of any Auditors appointed to fill any casual vacancy may be fixed by the Directors.

Rights and duties of Auditors

180. (1) Every Auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the Directors and officers of the Company such information and explanations as may be necessary for the performance of the duties of the Auditors.

(2) All notices of, and other communications relating to any general meeting of a Company which any member of the Company is entitled to have sent to him shall also be forwarded to the auditor of the Company, and the auditor shall be entitled to attend general meeting and to be heard at any general meeting which he attends on any part of the business which concerns him as Auditor.

Accounts to be deemed finally settled

181. Every Balance Sheet and Profit and Loss Account when audited and approved by an Annual General Meeting shall be conclusive except as regards any error discovered therein within three months next after the approval thereof. Whenever any such error is discovered within that period the account shall forthwith be corrected and thenceforth shall be conclusive.

(4) DIVIDENDS

Division of profits

182. Subject to the provisions of these Articles the net profits of the Company (after making provision, if any, for sinking fund depreciation and reserve funds and carrying forward balances) which it shall from time to time be determined to be divided in respect of any year or other period shall be applied first in paying the preferential dividend on the capital paid up on the Preference Shares to the close of such year or other period and the surplus shall be divisible amongst the holders of Ordinary Shares in proportion to the amounts, paid up on the Ordinary shares held by them respectively.

Capital paid in advance of calls

183. When capital is paid up on advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest, confer a right to participate in profits.

Declaration and payment of Dividends

184. The Company in General Meeting may declare a dividend to be paid to the members according to their rights and interest in the profits payment of and may, subject to Section 207 of the Act, fix the time for payment.

Dividends out of profit only and not to carry interest

185. No dividend shall be payable except out of the profits of the Company of the year or any other undistributed profits, and no dividend shall carry interest as against the Company.

What to be deemed net profits

186. The declaration of the Directors as to the amount of the net profits of the Company in any year shall be conclusive.

Interim Dividend

187. The Directors may from time to time pay to the members such interim dividends as in their judgment the position the Company justifies.

Company may retain dividends

188. The Directors may retain the dividend payable upon shares in respect of which any person is under "The Transmission Article" entitled to become a member or which any person under that Article is entitled to transfer until such person shall become a member in respect therefore or shall duly transfer the same.

Dividend and call together

189. Any General Meeting declaring a dividend may make call on the members of such amount as the meeting fixes, but so that the call on each members shall not exceed the dividend payable to him and 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 call.

Dividend in specie

190. Any General Meeting declaring a dividend may upon the recommendation of the Directors resolve that such dividend be paid, wholly or in part by the distribution of specific assets, and in particular of paid-up shares, debentures or debenture-stock of the Company or paid-up shares debentures or debenture-stock of any other company, or in anyone or more of such ways.

Capitalisation of Reserves

191. Any General Meeting may, upon the recommendation of the Directors resolve that any moneys, investment or other assets forming part of the undivided profits of the Company standing to the credit of any reserve fund or special account or in the hands of the Company and available for dividend and including any profits arising from the sale or revaluation of the assets of the Company or any part thereof or by reason of any other accretion to capital assets be capitalised and distributed amongst such of the members as would be entitled to receive the same, if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such members in paying up in full either at par or at such premium as the resolution may provide any un-issued shares, debentures or debenture-stock of the Company which shall be distributed accordingly or in or towards, payment of the uncalled liability on any issued shares, or debentures or debenture-stock and that such distribution or payment shall be accepted by such members in full satisfaction of their interest in the said capitalised sum.

Fractional certificates

192. For the purpose of giving effect to any resolution under the two last preceding Articles the Directors may settle any difficulty which may arise in regard to the distribution as they think expedient and in particular may issue fractional certificates, and may fix the value for distribution of any specific assets, and may determine that cash payments shall be made to any members upon the footing of the value so fixed or that fractions of less value than rupee one may be disregarded in order or adjust the rights of all parties and may vest any such cash or specific assets in trustees upon such trusts for the persons entitled to the dividends or capitalised fund as may seem expedient to the Directors. Where requisite a proper contract shall be filed in accordance with the provisions of the Act and the Directors may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalised fund, and such appointment shall be effective.

To whom dividends payable

193. A transfer of shares shall not pass the rights to any dividend declared thereon before the registration of the transfer, and subject to the provisions of these Articles, no dividend shall be payable to any person whose name does not appear on the register of members except with the authority, special or general, of the Directors.

Any one of joint-holders can give receipts

194. Anyone of several persons who are registered as joint-holders of any share may give effectual receipts for all dividends and payments on account of dividend in respect of such shares.

Payment by post

195. Unless otherwise directed, any dividend may be paid by cheque warrant or postal money order sent through the post to the registered address of the member or person entitled thereto or in the case of joint holders to the registered address of that one whose name stands first on the Register in respect of the joint-holding or to such persons and such address as the members or person entitled or such joint holders

as the case may be, may direct; and every cheque or warrant sent shall be made payable to the order of the person to whom it is sent.

What payment a good discharge

196. The payment of every cheque or warrant sent under the provisions of the last preceding Article, shall, if such cheque or warrant purports to be duly endorsed, be a good discharge to the Company in respect thereof. Provided nevertheless that the Company shall not be responsible for the loss of any cheque, dividend warrant or postal money order which shall be sent by post to any member or by his order to any other person in respect of any dividend.

Unclaimed dividends

* 197. No unclaimed dividend shall be forfeited by the Board unless the claim thereto becomes barred by law and the Company shall comply with all the provisions of Section 205-A of the Companies Act, 1956 in respect of unclaimed or unpaid dividend.

* Substituted by Special Resolution passed at the Extra Ordinary General Meeting held on 8th April, 1982.

XI. MISCELLANEOUS

(1) SERVICE OF DOCUMENTS

How notice to be served on members

198. (1) A document may be served by the Company on any member either personally or by sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any, within India supplied by him to the Company for the giving of notices to him.

Service by post

(2) Where a document is sent by post services of the document shall be deemed to have been effected by property addressing, prepaying and posting a letter containing the same and unless the contrary is proved, to have been effected in the case of a notice of a meeting at the expiration of 48 hours after the letter containing the same is posted and in any other case at the time at which the letter would be delivered in the ordinary course of post.

Member resident abroad

199. If a member has no registered address in India and has not supplied to the Company an address within India for the giving of notices to him, document addressed to him and advertised in a newspaper circulating in the neighborhood of the office of the Company shall be deemed to be duly given to him on the day on which the advertisement appears.

Notice to joint holders

200. A document may be served by the Company on the joint-holders of a share by serving it on the joint-holder named first in the Register in respect of the share.

Notice to persons entitled by transmission

201. A document may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title or representatives of the deceased, or assignee of the insolvent or any like description; at the address (if any) in India supplied for the purpose by the persons claiming to be so

entitled or (until such an address has been so supplied) by serving the document in any manner in which the same might have been served if the death or insolvency had not occurred.

Notice of General Meeting

202. Notice of every General Meeting shall be given in same manner hereinbefore authorised to (a) every member of the Company (including bearers of share warrants) except those, members who (having no registered address within India) have not supplied to the Company an address within India for the giving of notices to them and also to (b) every person entitled to a share in consequence of the death or insolvency of a member who but for his death or insolvency would be entitled to receive the notice of the meeting, and to (c) the auditor or auditors for the time being of the Company.

When notice may be given by advertisement

203. Any notice required to be given by the Company to the members or any of them and not expressly provided for by these presents shall be sufficiently given if given by advertisement.

How to be advertised

204. Any notice required to be or which may be given by advertisement shall be advertised once in one or more daily newspapers circulating in the neighborhood of the office.

When notice by advertisement deemed to be served

205. Any notice given by advertisement shall be deemed to have been given on the day on which the advertisement shall first appear.

Day of service

206. Where a given number of day's notice or notice extending over any other period is required to be given, in computing such number of days or other period, the day on which service is made or deemed to have been made, whichever is earlier, shall be excluded, but the day for which notice is given shall be included.

Transferees etc. bound by prior notice

207. Every person who by operation of law, transfer or other means whatsoever shall become entitled to any share shall be bound by every notice in respect of such share which previously to his name and address being entered on the Register shall be duly given to the person from whom he derives his title to such share.

Notice valid though member is deceased

208. Any notice or document delivered or sent by post to or left at the registered address of any member in pursuance of these presents shall, notwithstanding such member be then deceased and whether or not the Company have notice of his decease, be deemed to have been duly served in respect of any registered share, whether held solely or jointly with other persons by such member, until some other person be registered in his stead as the holder or joint holder thereof and such service shall for all purposes of these presents be deemed a sufficient service of such notice or document on his heirs, executors, or administrators, and all persons, if any, jointly interested with him in any such share.

How notice to be signed

209. The signature to any notice to be given by the Company may be written, printed, typed, lithographed or rubber-stamped.

(2) RECONSTRUCTION

Reconstruction

210. On any sale of the undertaking of the Company, the Directors or the liquidators on a winding-up may, if authorised by a Special Resolution, accept fully paid or partly paid up shares, debentures or securities of any other company, whether incorporated in India or not, either then existing or to be formed for the purchase in whole or in part of the property of the Company, and the Directors, (if the profits of the Company permit) or the liquidators (in winding-up) may distribute such shares or securities, or any other property of the Company amongst the members without realisation or vest the same in trustees for them and any special resolution may provide for the distribution or appropriation of the cash, shares or other securities, benefits or property otherwise than in accordance with the strict legal rights of the members or contributories of the Company, and for the valuation of any such securities or property at such price and in such manner the meeting may approve, and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution so authorised and waive all rights in relation thereto, save only in case the Company is proposed to be or is in the course of being wound up, such statutory right (if any) under the Act as are incapable of being varied or excluded by these presents.

(3) WINDING –UP

Distribution of assets

211. Upon the winding-up of the Company, the holders of Preference shares shall be entitled to be paid all arrears of Preferential dividend whether earned or declared down to the commencement of winding up and also to be repaid the amount of capital paid-up or credited as paid-up on such preference shares held by them, respectively, in priority to the ordinary shares, but shall not be entitled to any other further rights to participate in profits or assets; subject as aforesaid and to the rights of any other holders of shares entitled to receive preferential payment over the ordinary shares, in the event of the winding up of the Company, the holders of the ordinary shares shall be entitled to be repaid the amount of capital paid up or credited as paid up on such shares and all surplus assets thereafter shall belong to the holders of the ordinary shares in proportion to the amount paid up or credited as paid up on such ordinary shares respectively, at the commencement of the winding up. If the assets shall be insufficient to repay the whole of the paid up ordinary capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the members holding ordinary shares in proportion to the capital paid or which ought to have been paid up on the ordinary shares, held by them respectively at the commencement of the winding-up, other than the amounts, paid by them in advance of calls.

Distribution of assets in specie

212. If the Company shall be wound up whether voluntarily or otherwise the liquidators may with the sanction of a Special Resolution of the Company and any other sanction required by the Act divide among the contributions in specie or kind 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 contributions or any of them as the Liquidators with the like sanction shall think fit.

(4) INDEMNITY

Indemnity

213. Subject to the provisions of Section 201 of the Act, every Director, Manager and other officer or servant of the Company shall be indemnified against, and it shall be the duty of the Directors to payout of the funds of the Company all costs, losses and expenses which any such Director, Manager or other officer or servants may incur or become liable to by reason of any contract entered into or in any way in the discharge of his duties including expenses and in particular, and so as not to limit the generality of the foregoing provisions, against all liabilities incurred by him as such Director, Manager, officer or servant in defending any proceedings whether civil or criminal, in which judgment is given in his or their

favour or he or they is or are acquitted, or in connection with any application under Section 633 of the Act in which relief is granted by the Court and the amount for which such indemnity is provided shall immediately attach as a lien on the property of the Company and have priority as between the member over all other claims.

Individual responsibility of Directors

214. Subject to the provisions of the Act and so far as such provisions permit, no Director Auditor or other Officer of the Company shall be liable for 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 moneys of the Company shall be invested, or for any loss occasioned by any error of judgment, omission, default or oversight on his part, or for any loss, damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto unless the same happen through his own dishonesty.

(5) SECRECY

No member to enter premises of the Company without permission

215. Subject to the provisions of these Articles and the Act no member or other person (not being a Director) shall be entitled to enter the property of the Company or to inspect or examine the Company's premises or properties of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, or secret process or of any matter whatsoever which relate to the conduct of the business of the Company and which in the opinion of the Directors it will be inexpedient in the interest of the Company to communicate.

Name, address and Descriptions and occupations Of subscribers	Number of shares taken by each subscriber	Name, address and Description and occupation of Witness to the signatures Of all subscribers
B.K. Birla, Industrialist, 8, India Exchanger Place, Calcutta	100 Equity	Witness to all the signatures K.M. Desai, Service, 33, Yusuf Bldg., Vincent Rd, Dadar, Bombay 14.
S.G. Nevatia, Businessman, "Ratnakar" Narain Dabholkar Rd., Bombay	100 Equity	
K.M. Premchand , Financier, 63, Apollo St., Fort, Bombay	100 Equity	
J.J. Ashar, Bar-at-law, 7S, Nepean Sea Rd/. Bombay 6	10 Equity	
H.A. Nevatia, Service, Navneet Prakashan Ltd.,	10 Equity	



341, Tardeo, Bombay 7		
V.N. Nevatia, Service, 101, Sion Road, Bombay 22	10 Equity	
T. S. Gokhale, Service, 324, Vithalbhai Patel Road, Bombay 4	10 Equity	
	340 Equity Shares	

SECTION X: MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or contracts entered into more than two years before the date of this Draft Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of this Draft Prospectus, delivered to the Registrar of Companies, Maharashtra for registration and also the documents for inspection referred to hereunder, may be inspected at our Registered Office from 10.00 am to 4.00 pm on working days from the date of this Draft Prospectus until the Issue Closing Date.

Material Contracts

1. Letter of Engagement dated March 4, 2006 from us appointing IDBI Capital Market Services Limited and Letter of engagement dated April 17, 2006 Keynote Corporate Services Limited as LMs to the Issue and their acceptance thereto.
2. Memorandum of Understanding dated April 24, 2006 between our Company and the LMs.
3. Memorandum of Understanding dated May 4, 2006 between our Company and the Registrar to the Issue.

Documents for Inspection

1. Our Memorandum and Articles of Association as amended till date.
2. Our certificate of incorporation dated June 1, 1985.
3. Our certificate of commencement of business dated August 29, 1985.
4. Our certificates in relation to change of name.
5. Resolutions passed by Shareholders/ Board of Directors in relation to this Issue and other related matters such as appointment of auditors, formation and revision of Audit, Remuneration and other committees
6. Resolutions approving the present terms of employment between our Company and our Directors as approved by our Board and our Shareholders.
7. Reports of the Statutory Auditors, M/s Dalal & Shah dated May 4, 2006 as per Indian GAAP and included in this Draft Prospectus.
8. A copy of the tax benefit report dated May 4, 2006 from our Statutory Auditors, M/s Dalal & Shah.
9. Copies of the annual reports of our Company for the last five years and other group companies for the last three fiscal years.
10. Consent of our Statutory Auditors, M/s Dalal & Shah for inclusion of their report on accounts in the form and context in which they appear in this Draft Prospectus.
11. General Power of Attorney executed by the Directors of the Company in favour of person(s) for signing and making necessary changes to this Draft Prospectus and other related documents.
12. Due diligence certificate dated May 9, 2006 to SEBI from the LMs;
13. Consents of our Statutory Auditors, Bankers to the Company, the LMs, Registrar to the Issue, , , Legal Counsel to the Issue, Legal Advisors to the Company, Directors of the Company, Company Secretary cum Compliance Officer, as referred to, in their respective capacities.
14. Tripartite Agreement between NSDL, our Company and the Registrar to the Issue dated July 24, 2001
15. Tripartite Agreement between CDSL, our Company and the Registrar to the Issue dated June 21, 2001



THE YASH BIRLA GROUP



Any of the contracts or documents mentioned in this Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

All the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Government of India or the guidelines issued by Securities and Exchange Board of India, 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 Draft Prospectus is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or rules made thereunder or guidelines issued, as the case may be. We further certify that all statements in this Draft Prospectus are true and fair.

SIGNED BY ALL THE DIRECTORS OF ZENITH BIRLA (INDIA) LTD.

Mr. Yah Birla
Chairman

Mr. Arun Jain
Executive Director

Dr. D.V. Kapur
Director

Mr. Augustine Kurias
Director

Mr. Anirudha R. Barwe
Director

Date:
Place: Mumbai