

**NARAYANI STEELS LIMITED**

Our Company was incorporated as "Narayani Steels Private Limited" under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated February 10, 1995 issued by Registrar of Companies, Andhra Pradesh bearing Registration No. 01-19412 at Vizianagaram, Andhra Pradesh. Subsequently our Company was converted into a Public Limited Company pursuant to Shareholders' Resolution passed at the Annual General Meeting of the Company held on August 17, 2015 and the name of our Company was changed to "Narayani Steels Limited" vide fresh Certificate of Incorporation dated August 24, 2015. The Corporate Identification Number of our Company (CIN) is U27109WB1996PLC082021. For details of Incorporation, Change of Name and Registered Office of our Company, please refer chapters titled 'General Information' and 'Our History and Certain Other Corporate Matters' beginning on page 71 and 174 respectively of this Prospectus.

Registered Office: 23A, N.S. Road, 7th Floor, Room No. – 31, Kolkata 700 001, West Bengal, India

Corporate Office: D. No. 30-15-138/20, 2nd Floor, Binayaka Complex, Dabagardens, Visakhapatnam-530 020, Andhra Pradesh, India.

Tel. No.: 0891 2501182; **Fax No.:** 0891 2501182

Contact Person: Nisha Rathor, Company Secretary and Compliance Officer

Email: info@narayanitmt.com; **Website:** www.narayanitmt.com

PROMOTERS OF OUR COMPANY: SUNIL CHOUDHARY AND SUNIL CHOUDHARY HUF

| THE ISSUE | |
|--|---|
| PUBLIC ISSUE OF 36,00,000 EQUITY SHARES OF FACE VALUE OF RS. 10 EACH ("EQUITY SHARES") OF NARAYANI STEELS LIMITED (THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF RS. 32 PER EQUITY SHARE, INCLUDING A SHARE PREMIUM OF RS. 22 PER EQUITY SHARE (THE "ISSUE PRICE"), AGGREGATING RS. 1,152 LAKHS ("THE ISSUE"), OF WHICH 1,88,000 EQUITY SHARES OF FACE VALUE RS. 10 EACH FOR CASH AT A PRICE OF RS. 32 PER EQUITY SHARE, AGGREGATING RS. 60.16 LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY THE MARKET MAKER TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS MARKET MAKER RESERVATION PORTION I.E. ISSUE OF 34,12,000 EQUITY SHARES OF FACE VALUE OF RS. 10 EACH FOR CASH AT A PRICE OF RS. 32 PER EQUITY SHARE, AGGREGATING RS. 1,091.84 LAKHS IS HEREINAFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 33.00% AND 31.28% RESPECTIVELY OF THE FULLY DILUTED POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY. | |
| THE FACE VALUE OF THE EQUITY SHARES IS RS. 10 EACH AND THE ISSUE PRICE OF RS. 32 IS 3.2 TIMES OF THE FACE VALUE OF THE EQUITY SHARES. | |
| In terms of SEBI Circular No. CIR/CFD/POLICYCELL/11/2015, all potential investors shall participate in the Issue only through an Application Supported by Blocked Amount ("ASBA") process providing details about the bank account which will be blocked by the Self Certified Syndicate Banks ("SCSBs"). For details in this regard, specific attention is invited to the chapter titled "Issue Procedure" beginning on page 355 of this Prospectus. A copy has been delivered for registration to the Registrar of Companies as required under Section 26 of the Companies Act, 2013. | |
| THE ISSUE IS BEING MADE IN ACCORDANCE WITH CHAPTER XB OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, AS AMENDED FROM TIME TO TIME ("SEBI (ICDR) REGULATIONS"). For further details please refer the section titled 'Issue Information' beginning on page 347 of this Prospectus. | |
| RISKS IN RELATION TO FIRST ISSUE | |
| This being the first public issue of the Issuer, there has been no formal market for our Equity Shares. The face value of the Equity Shares of our Company is Rs.10 and the Issue price of Rs. 32 per Equity Share is 3.2 times of the face value. The Issue Price (as determined by our Company in consultation with the Lead Manager as stated in the chapter titled 'Basis for Issue Price' beginning on page 110 of this Prospectus) should not be taken to be indicative of the market price of the Equity Shares after such Equity Shares are listed. No assurance can be given regarding an active and/or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing. | |
| GENERAL RISKS | |
| Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in this Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and this Issue, including the risks involved. The Equity Shares offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("SEBI"), nor does SEBI guarantee the accuracy or adequacy of the contents of this Prospectus. Specific attention of the investors is invited to the section titled 'Risk Factors' beginning on page 20 of this Prospectus. | |
| ISSUER'S ABSOLUTE RESPONSIBILITY | |
| The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to the Issuer and this Issue, which is material in the context of this Issue, that the information contained in this 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 Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading, in any material respect. | |
| LISTING | |
| The Equity Shares of our Company offered through this Prospectus are proposed to be listed on the SME platform of BSE Limited ('BSE'). In terms of the Chapter XB of the SEBI (ICDR) Regulations, as amended from time to time, we are not required to obtain an in-principle listing approval for the shares being offered in this Issue. However, our Company has received an approval letter dated December 9, 2015 from BSE for using its name in this offer document for listing of our shares on the SME Platform of BSE. For the purpose of this Issue, SME Platform of the BSE shall be the Designated Stock Exchange. | |
| LEAD MANAGER TO THE ISSUE | REGISTRAR TO THE ISSUE |
|  <p>PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED 406-408, Keshva Premises, Behind Family Court, Bandra Kurla Complex, Bandra (East), Mumbai - 400 051, Maharashtra, India. Tel: +9122 6194 6724 /27 Fax: +9122 2659 8690 Website: www.pantomathgroup.com Email: ipo@pantomathgroup.com Investor Grievance Id: ipo@pantomathgroup.com Contact Person: Ms. Madhu Lunawat / Ms. Kirti Kanoria SEBI Registration No: INM000012110</p> |  <p>BIGSHARE SERVICES PRIVATE LIMITED E2, Ansa Industrial Estate, Sakivihar Road, Sakinaka, Andheri (East), Mumbai – 400 072. Tel: +91 22 4043 0200 Fax: +91 22 2847 5207 Website: www.bigshareonline.com Email: ipo@bigshareonline.com Investor Grievance Id: investor@bigshareonline.com Contact Person: Mr. Vipin Gupta SEBI Registration Number: INR000001385</p> |
| ISSUE PROGRAMME | |
| ISSUE OPENS ON: THURSDAY, SEPTEMBER 01, 2016 | ISSUE CLOSING ON: TUESDAY, SEPTEMBER 06, 2016 |

Table of Contents

| | |
|--|-----|
| SECTION I – GENERAL | 3 |
| DEFINITIONS AND ABBREVIATIONS | 3 |
| PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA | 16 |
| FORWARD LOOKING STATEMENT | 18 |
| SECTION II - RISK FACTORS | 20 |
| SECTION III – INTRODUCTION | 47 |
| SUMMARY OF INDUSTRY | 47 |
| SUMMARY OF BUSINESS | 58 |
| SUMMARY OF FINANCIAL STATEMENTS | 62 |
| THE ISSUE | 70 |
| GENERAL INFORMATION | 71 |
| CAPITAL STRUCTURE | 79 |
| OBJECTS OF THE ISSUE | 103 |
| BASIS FOR ISSUE PRICE | 110 |
| STATEMENT OF POSSIBLE TAX BENEFITS | 113 |
| SECTION IV – ABOUT THE COMPANY | 123 |
| OUR INDUSTRY | 123 |
| OUR BUSINESS | 151 |
| KEY INDUSTRY REGULATIONS AND POLICIES | 163 |
| OUR HISTORY AND CERTAIN OTHER CORPORATE MATTERS | 174 |
| OUR MANAGEMENT | 180 |
| OUR PROMOTER AND PROMOTER GROUP | 195 |
| OUR GROUP COMPANIES | 199 |
| RELATED PARTY TRANSACTION | 203 |
| DIVIDEND POLICY | 204 |
| SECTION V – FINANCIAL STATEMENTS | 205 |
| FINANCIAL STATEMENT AS RESTATED | 205 |
| MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION | 300 |
| FINANCIAL INDEBTEDNESS | 311 |
| SECTION VI – LEGAL AND OTHER INFORMATION | 316 |
| OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS | 316 |
| GOVERNMENT AND OTHER STATUTORY APPROVALS | 328 |
| OTHER REGULATORY AND STATUTORY DISCLOSURES | 335 |
| SECTION VII – ISSUE INFORMATION | 347 |
| TERMS OF THE ISSUE | 347 |
| ISSUE STRUCTURE | 353 |
| ISSUE PROCEDURE | 355 |
| RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES | 399 |
| SECTION VIII – MAIN PROVISIONS OF ARTICLES OF ASSOCIATION | 401 |
| SECTION IX – OTHER INFORMATION | 437 |
| MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION | 437 |
| DECLARATION | 439 |



The Equity Shares have not been and will not be registered under the U.S Securities Act of 1933, as amended ("U.S. Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. Persons" (as defined in Regulation S), except pursuant to exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transaction in reliance on Regulation S under the U.S Securities Act and the applicable laws of the jurisdiction where those offers and sale occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and application may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

In this Prospectus, unless the context otherwise requires, the terms and abbreviations stated hereunder shall have the meanings as assigned therewith.

All references to “NSL”, “the Company”, “our Company”, “the Issuer”, “we”, “us”, “our”, “Issuer” or the “Issuer Company” are to Narayani Steels Limited, a Public Limited company incorporated in India under the Companies Act 1956.

Company Related Terms

| Term | Description |
|---|---|
| Articles or Articles of Association or AOA | The Articles of Association of our Company, as amended from time to time |
| Auditor or Statutory Auditor or Peer Reviewed Auditor | The auditor of our Company, being M/s. S. Jaykishan, Chartered Accountants and having a valid Peer Review Certificate |
| Bankers to our Company | Union Bank of India and Andhra Bank Limited |
| “Board” or “Board of Directors” or “our Board” | The Board of Directors of our Company, as duly constituted from time to time, or committee(s) thereof |
| Company Secretary and Compliance Officer | Ms Nisha Rathor |
| Corporate Office | D. No. 30-15-138/20, 2 nd Floor, Binayaka Complex, Dabagardens, Visakapatnam – 530020, Andhra Pradesh, India |
| Director(s) | The Director(s) of our Company, unless otherwise specified |
| Equity Shares | Equity Shares of our Company of face value of Rs. 10/- each fully paid up |
| Equity Shareholders | Persons / Entities holding Equity Shares of our Company |
| Group Companies | Such Companies as are included in the chapter titled “Our Group Companies” beginning on page 199 of this Prospectus |
| Memorandum of Association or Memorandum or MOA | The Memorandum of Association of our Company, as amended from time to time |
| “Promoter”, “Promoters” or “our Promoters” | Promoters of our Company being Sunil Choudhary and Sunil Choudhary HUF |
| Promoter Group | Includes such persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(zb) of the SEBI Regulations and as disclosed in the chapter titled “Our Promoter and Promoter Group” beginning on page 195 of this Prospectus |
| Registered Office | 23A, N.S. Road, 7 th Floor, Room 31, Kolkata – 700 001, West Bengal, India |
| ROC / Registrar of Companies, Kolkata, West Bengal | The Registrar of Companies, West Bengal, located at Nizam Palace, 2 nd MSO Building, 2 nd Floor, 234/4 A.J.C.B Road, Kolkata-700020, West Bengal, India |
| Shareholders | Shareholders of our Company |
| ‘you’ , “your” or “yours” | Prospective investors to this Issue |

Issue Related Terms

| Term | Description |
|--|---|
| Allocation/ Allocation of Equity Shares | The Allocation of Equity Shares of our Company pursuant to Issue of Equity Shares to the successful Applicants |
| Acknowledgement Slip | The slip or document issued by the Designated Intermediary to an Applicant as proof of registration of the Application. |
| Allotment/ Allot/ Allotted | Issue and allotment of Equity Shares of our Company pursuant to Issue of the Equity Shares to the successful Applicants |
| Allottee(s) | Successful Applicant(s) to whom Equity Shares of our Company have been allotted |
| Allotment Advice | Note or advice or intimation of Allotment sent to the Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the Designated Stock Exchange. |
| Applicant | Any prospective investor who makes an application for Equity Shares of our Company in terms of the Prospectus. All the applicants should make application through ASBA only. |
| Application | An indication to make an offer during the Issue Period by an Applicant pursuant to submission of an Application Form, to subscribe for or purchase our Equity Shares at Issue Price, including all revisions and modifications thereto, to the extent permissible under the SEBI (ICDR) Regulations |
| Application Amount | The amount at which the Applicant makes an application for Equity Shares of our Company in terms of the Prospectus |
| Application Collecting Intermediaries | <ol style="list-style-type: none"> 1. a SCSB with whom the bank account to be blocked, is maintained 2. a syndicate member (or sub-syndicate member) If any 3. a stock broker registered with a recognized stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity)('broker') if any 4. a depository participant ('DP') (whose name is mentioned on the website of the stock exchange as eligible for this activity) 5. a registrar to an issue and share transfer agent ('RTA') (whose name is mentioned on the website of the stock exchange as eligible for this activity) |
| Application Form | The Form in terms of which the prospective investors shall apply for our Equity Shares in the Issue |
| ASBA / Application Supported by Blocked Amount | Applications Supported by Blocked Amount (ASBA) means an application for Subscribing to the Issue containing an authorization to block the application money in a bank account maintained with SCSB |
| ASBA Account | Account maintained with SCSBs which will be blocked by such SCSBs to the extent of the Application Amount |
| ASBA Application Location(s)/ Specified Cities | Locations at which ASBA Applications can be uploaded by the SCSBs, namely Mumbai, New Delhi, Chennai, Kolkata, Visakhapatnam, Vijaywada and Hyderabad. . |
| ASBA Investor/ASBA | Any prospective investor(s)/applicants(s) in this Issue who apply(ies) |

| Term | Description |
|---|---|
| applicant | through the ASBA process |
| Banker/Refund Banker to the Issue/ Public Issue Bank | The banks which are clearing members and registered with SEBI as Banker to an Issue with whom the Public Issue Account and Refund Account will be opened and in this case being ICICI Bank Limited |
| Banker to the Issue Agreement/ Public Issue Account Agreement | Agreement entered on August 6, 2016 amongst our Company, Lead Manager, the Registrar to the Issue and Banker to the Issue/ Public Issue Bank for collection of the Application Amount on the terms and conditions thereof |
| Broker Centres | Broker centres notified by the Stock Exchanges, where the applicants can submit the Application forms to a Registered Broker. The details of such broker centres, along with the names and contact details of the Registered Brokers, are available on the website of BSE on the following link: http://www.bseindia.com/Markets/PublicIssues/brokercentres_new.aspx?expandable=6 |
| Basis of Allotment | The basis on which Equity Shares will be Allotted to the successful Applicants under the Issue and which is described under chapter titled “Issue Procedure” beginning on page 355 of this Prospectus |
| Collecting Centres | Centres at which the Designated Intermediaries shall accept the Application Forms, being the Designated SCSB Branch for SCSBs, Specified Locations for Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs |
| CAN or Confirmation of Allocation Note | The note or advice or intimation sent to each successful Applicant indicating the Equity Shares which will be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange. |
| Client ID | Client Identification Number maintained with one of the Depositories in relation to demat account. |
| Collecting Depository Participant or CDP | A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Applications at the Designated CDP Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI |
| Controlling Branch | Such branch of the SCSBs which coordinate Applications under this Issue by the ASBA Applicants with the Registrar to the Issue and the Stock Exchanges and a list of which is available at http://www.sebi.gov.in or at such other website as may be prescribed by SEBI from time to time |
| Demographic Details | The demographic details of the Applicants such as their address, PAN, occupation and bank account details |
| Depositories | Depositories registered with SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time, being NSDL and CDSL |
| Depository Participant | A Depository Participant as defined under the Depositories Act, 1996 |
| Designated Branches | Such branches of the SCSBs which shall collect the ASBA Application Form from the ASBA Applicant and a list of which is available on |

| Term | Description |
|---|--|
| | http://www.sebi.gov.in/sebiweb/home/detail/32791/no/List-of-Self-Certified-Syndicate-Banks-under-the-ASBA-facility |
| Designated Date | The date on which the amount blocked by the SCSBs is transferred from the ASBA Account to the Public Issue Account or the amount is unblocked in the ASBA Account, as appropriate, after the Issue is closed, following which the Equity Shares shall be allotted to the successful Applicants in terms of this Prospectus. |
| Designated RTA Locations | Such centres of the RTAs where Applicants can submit the Application Forms. The details of such Designated RTA Locations, along with the names and contact details of the RTAs are available on the respective websites of the Stock Exchanges (www.nseindia.com and www.bseindia.com) and updated from time to time |
| Designated Stock Exchange | SME Platform of BSE Limited |
| Designated CDP Locations | Such centres of the CDPs where Applicant can submit the Application Forms. The details of such Designated CDP Locations, along with names and contact details of the Collecting Depository Participants eligible to accept Application Forms are available on the website of the Stock Exchanges (www.nseindia.com and www.bseindia.com) and updated from time to time |
| Draft Prospectus | The Draft Prospectus dated September 24, 2015 issued in accordance with section 26 of the Companies Act, 2013 and filed with the BSE under SEBI (ICDR) Regulations |
| Eligible NRIs | NRIs from jurisdictions outside India where it is not unlawful to make an issue or invitation under the Issue and in relation to whom this Prospectus constitutes an invitation to subscribe to the Equity Shares offered herein |
| General Information Document | The General Information Document for investing in public issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013, notified by SEBI. |
| First/ Sole Applicant | The Applicant whose name appears first in the Application Form or Revision Form |
| FII/ Foreign Institutional Investors | Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India. |
| Issue/ Issue Size/ Initial Public Issue/ Initial Public Offer/ Initial Public Offering/ IPO | Public Issue of 36,00,000 Equity Shares of face value of Rs. 10 each fully paid of Narayani Steels Limited for cash at a price of Rs. 32 per Equity Share (including a premium of Rs. 22 per Equity Share) aggregating Rs. 1,152 lakhs. |
| Issue Agreement | Agreement dated August 6, 2016 between our Company and the Lead Manager, pursuant to which certain arrangements are agreed to in relation to the Issue. |
| Issue Closing date | The date on which Issue Closes for Subscription |
| Issue Opening Date | The date on which Issue Opens for Subscription |
| Issue Period | The period between the Issue Opening Date and the Issue Closing Date inclusive of both the days during which prospective Investors may |

| Term | Description |
|----------------------------------|---|
| | submit their application |
| Issue Price | The price at which the Equity Shares are being issued by our Company under this Prospectus being Rs. 32 per Equity Share of face value of Rs. 10 each fully paid |
| Issue Proceeds/Gross Proceeds | Proceeds from the Issue that will be available to our Company, being Rs. 1,152 Lakhs. For further details please refer chapter titled “Objects of the Issue” page no 103 of this Prospectus |
| Lead Manager / LM | Lead Manager to the Issue in this case being Pantomath Capital Advisors Private Limited, SEBI registered Category I Merchant Banker |
| Listing Agreement | The Equity Listing Agreement to be signed between our Company and the SME Platform of BSE Limited |
| Market Making Agreement | Market Making Agreement dated August 4, 2016 between our Company, Lead Manager and Market Maker |
| Market Maker | Market Maker appointed by our Company from time to time, in this case being Rikhav Securities Limited who has agreed to receive or deliver the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for any other period as may be notified by SEBI from time to time |
| Market Maker Reservation Portion | The Reserved Portion of 1,88,000 Equity Shares of face value of Rs. 10 each fully paid for cash at a price of Rs. 32 per Equity Share aggregating Rs. 60.16 lakhs for the Market Maker in this Issue |
| Mutual Fund(s) | A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended from time to time |
| NIF | National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of Government of India published in the Gazette of India |
| Net Issue | The Issue (excluding the Market Maker Reservation Portion) of 34,12,000 Equity Shares of face value of Rs. 10 each fully paid for cash at a price of Rs. 32 per Equity Share aggregating 1,091.84 lakhs by our Company |
| Net Proceeds | The Issue Proceeds, less the Issue related expenses, received by the Company. |
| Non Institutional Investors | All Applicants, including Category III FPIs that are not QIBs (including Anchor Investors) or Retail Individual Investors, who have apply for Equity Shares for an amount of more than Rs. 2,00,000 but not including NRIs other than Eligible NRIs |
| OCB/ Overseas Corporate Body | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time. OCBs are not allowed to invest in this Issue |
| Other Investors | Investors other than Retail Individual Investors. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the |

| Term | Description |
|---|---|
| | number of specified securities applied for. |
| Person/ Persons | Any individual, sole proprietorship, unincorporated association, unincorporated organization, body corporate, corporation, company, partnership, limited liability company, joint venture, or trust or any other entity or organization validly constituted and/or incorporated in the jurisdiction in which it exists and operates, as the context requires |
| Prospectus | The Prospectus to be filed with RoC in accordance with the provisions of Section 26 of the Companies Act, 2013 containing, <i>inter-alia</i> , the issue size, the issue opening and closing dates and other information |
| Public Issue Account | Account opened with the Banker to the Issue i.e. ICICI Bank Limited under Section 40 of the Companies Act, 2013 to receive monies from the SCSBs from the bank accounts of the ASBA Applicants on the Designated Date. |
| Qualified Institutional Buyers or QIBs | Qualified Institutional Buyers as defined under Regulation 2(1)(zd) of the SEBI (ICDR) Regulations 2009 |
| Refund Account | Account to which Application monies to be refunded to the Applicants |
| Refund Bank / Refund Banker | Bank which is / are clearing member(s) and registered with the SEBI as Bankers to the Issue at which the Refund Account will be opened, in this case being ICICI Bank Limited. |
| Refund through electronic transfer of funds | Refund through ASBA process |
| Registrar /Registrar to the Issue | Registrar to the Issue, in this case being Bigshare Services Private Limited having office at E/2, Ansa Industrial Estate, Sakivihar Road., Sakinaka, Andheri (E), Mumbai – 400072, Maharashtra |
| Registrar and Share Transfer Agents or RTAs | Registrar and share transfer agents registered with SEBI and eligible to procure Applications at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 issued by SEBI |
| Retail Individual Investor | Individual Applicants, or minors applying through their natural guardians, including HUFs (applying through their <i>Karta</i>), who apply for an amount less than or equal to Rs 2,00,000 |
| Registered Broker | Individuals or companies registered with SEBI as "Trading Members" (except Syndicate/Sub-Syndicate Members) who hold valid membership of either BSE or NSE having right to trade in stocks listed on Stock Exchanges, through which investors can buy or sell securities listed on stock exchanges, a list of which is available on http://www.bseindia.com/members/MembershipDirectory.aspx & http://www.nseindia.com/membership/dynaContent/find_a_broker.htm |
| Revision Form | The form used by the Applicants to modify the quantity of Equity Shares in any of their Application Forms or any previous Revision Form(s) |
| Reservation Portion | The portion of the Issue reserved for category of eligible Applicants as provided under the SEBI (ICDR) Regulations, 2009 |
| Reserved Category / | Categories of persons eligible for making application under reservation |

| Term | Description |
|---|---|
| Categories | portion. |
| SCSB/ Self Certified Syndicate Banker | Shall mean a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994, as amended from time to time, and which offer the service of making Application/s Supported by Blocked Amount including blocking of bank account and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to time |
| SEBI Listing Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and includes the agreement to be entered into between our Company and the Stock Exchange in relation to listing of Equity Shares on such Stock Exchange. |
| SEBI (Foreign Portfolio Investor) Regulations | Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014. |
| SME Platform of BSE/ SME Exchange | The SME Platform of BSE for listing of Equity Shares offered under Chapter XB of the SEBI (ICDR) Regulations which was approved by SEBI as an SME Exchange on September 27, 2011 |
| Specified Locations | Collection centres where the SCSBs shall accept application form, a list of which is available on the website of the SEBI (www.sebi.gov.in) and updated from time to time. |
| Underwriter | Pantomath Capital Advisors Private Limited |
| Underwriting Agreement | The agreement dated September 7, 2015 and addendum agreement dated August 6, 2016 entered into between the Underwriter and our Company |
| Working Day | (i) Till Application / Issue closing date: All days other than a Saturday, Sunday or a public holiday; (ii) Post Application / Issue closing date and till the Listing of Equity Shares: All trading days of stock exchanges excluding Sundays and bank holidays in accordance with the SEBI circular no. SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016 |

Technical and Industry Related Terms

| Term | Description |
|------------|---|
| ARMs | Additional Revenue Measures |
| ASPIRE | A scheme for Promoting Innovation and Rural Entrepreneurs |
| BBB | Better Business Bureaus |
| BMW | Bayerische Motoren Werke AG |
| BSE | BSE Limited |
| BSE SENSEX | Sensex is an index; market indicator of the position of stock that is listed in the BSE (Bombay Stock Exchange) |
| CAP | Corrective Action Plan |
| Capex | Capital expenditures |
| CGTMSE | Credit Guarantee Trust Fund for Micro and Small Enterprises |
| CLCSS | Credit Linked Capital Subsidy Scheme |

| Term | Description |
|---------------|--|
| CPI | Consumer Price Index |
| Credit Suisse | Credit Suisse Business Analytics India |
| CRGO | Cold-Rolled Grain Oriented |
| CSO | Central Statistics Office |
| DIPP | Department of Industrial Policies and Promotion |
| DoNER | Development of North Eastern Region |
| DRFC | Dedicated Rail Freight Corridor |
| EIL | Eastern Investments Company Limited |
| EMDE | Emerging Market and Developing economies |
| EMEs | Emerging Market Economies |
| FDI | Foreign Direct Investment |
| FIPB | Foreign Investment Promotion Board |
| FPI | Foreign Portfolio Investment |
| FSNL | Ferro Scrap Nigam Limited |
| FY | Financial Year |
| GDP | Gross Domestic Product |
| GHGs | Green House Gases |
| GST | Goods and Services Tax |
| GVA | Gross Value Added |
| GW | Giga watt |
| HTC | High Tech Computer (HTC) Corporation |
| IBEF | India Brand Equity Foundation |
| IIP | Index of Industrial Production |
| IMF | International Monetary Fund |
| JPC | Joint Plant Committee |
| JV | Joint Venture |
| MAT | Minimum Alternative Tax |
| M-o-M | Month-On-Month |
| MSECDP | Micro and Small Enterprises- Cluster Development Programme |
| MSMEs | Micro, Small and Medium Enterprises |
| MT | Million tonnes |
| MTPA | Metric tonnes per annum |
| MUDRA | Micro Units Development & Refinance Agency Ltd. |
| MYEA | Mid-Year Economic Analysis |
| NITI Aayog | National Institution for Transforming India |
| NMDC | National Mineral Development Corporation |
| NMP | National Manufacturing Policy |
| OECD | Organisation for Economic Cooperation and Development |
| OIL | Oil India Limited |
| One Billion | Ten Thousand Lakhs |
| One million | Ten Lakhs |
| One Trillion | One Crore Lakhs |
| ONGC | Oil and Natural Gas Corporation |

| Term | Description |
|-----------------|---|
| PC | Pay Commission |
| PCBs | Pollution Control Boards |
| PIB | Press Information Bureau |
| PMEGP | Prime Minister's Employment Generation Programme |
| PMG | Project Monitoring Group |
| PMI | Prime Ministers Office |
| PMMY | Pradhan Mantri MUDRA Yojana |
| PPP | Public private partnership |
| PPP | Purchasing Power Parity |
| PSUs | Public Sector Undertakings |
| R&D | Research & Development |
| RINL | Rashtriya Ispat Nigam Limited |
| RIRI | Rational Investor Ratings Index |
| SAIL | Steel Authority of India Limited |
| SFURTI | Scheme of Fund for Regeneration of Traditional Industries |
| SMEs | Small And Medium Enterprises |
| SO ₂ | Sulphur dioxide |
| SPM | Suspended particulate matter |
| SPV | Special Purpose Vehicle |
| SRMA | Steel Re-Rolling Mills Association of India |
| SRTMI | Steel Research and Technology Mission of India |
| TADF | Technology Acquisition and Development Fund |
| ton | One Thousand Kilogram |
| UAM | Udyog Aadhaar Memorandum |
| UAN | Udyog Aadhaar Number |
| UNCTAD | The United Nations Conference on Trade and Development |
| UNIDO | United Nations Industrial Development Organization |
| UP | Uttar Pradesh |
| US Fed | United States Federal Reserve |
| US\$/ US dollar | United States Dollar, the official currency of United States of America |
| US/ U.S./ USA | United States of America |
| USD | United States Dollar |
| WEO | World Economic Outlook |
| WPI | Wholesale Price Index |

Conventional and General Terms / Abbreviations

| Term | Description |
|-------------------------|--|
| A/C | Account |
| AGM | Annual General Meeting |
| AIF | Alternative Investments Fund as defined in and registered with SEBI under the Securities and Exchange Board of India (Alternative Investments Funds) Regulations, 2012 |
| AS/ Accounting Standard | Accounting Standards as issued by the Institute of Chartered |

| Term | Description |
|---------------------|--|
| | Accountants of India |
| A.Y. | Assessment Year |
| AoA | Articles of Association |
| ASBA | Application Supported by Blocked Amount |
| BSE | BSE Limited |
| BIFR | Board for Industrial and Financial Reconstruction |
| CAGR | Compounded Annual Growth Rate |
| CDSL | Central Depository Services (India) Limited |
| CENVAT | Central Value Added Tax |
| CC | Cash Credit |
| CFO | Chief Financial Officer |
| CS | Company Secretary |
| CMD | Chairman and Managing Director |
| CIN | Corporate Identification Number |
| Companies Act, 1956 | Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon notification of the Notified Sections) and the Companies Act, 2013. |
| Companies Act, 2013 | The Companies Act, 2013, to the extent in force pursuant to the notification of the notified sections |
| Depositories | NSDL (National Securities Depository Limited) and CDSL (Central Depository Services Limited); Depositories registered with the SEBI under the Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, as amended from time to time |
| Depositories Act | The Depositories Act, 1996, as amended from time to time. |
| DGFT | Directorate General of Foreign Trade |
| DIN | Director Identification Number |
| DIPP | Department of Industrial Policy & Promotion |
| DP | Depository Participant |
| DP ID | Depository Participant's Identity |
| EBIDTA | Earnings before interest, depreciation, tax, amortization and extraordinary items |
| ECS | Electronic Clearing Services |
| EGM | Extraordinary General Meeting |
| ESIC | Employee State Insurance Corporation |
| ESOP | Employee Stock Option Plan |
| ESPS | Employee Stock Purchase Scheme |
| EPS | Earnings Per Share |
| FDI | Foreign Direct Investment |
| FCNR Account | Foreign Currency Non Resident Account |
| FEMA | Foreign Exchange Management Act 1999, as amended from time to time and the regulations framed there under |
| FII(s) | Foreign Institutional Investors, as defined under the FII Regulations and registered with the SEBI under applicable laws in India. |
| FII Regulations | Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time. |

| Term | Description |
|---|--|
| FIs | Financial Institutions |
| FIPB | The Foreign Investment Promotion Board, Ministry of Finance, Government of India |
| FPI(s) | Foreign Portfolio Investor means a person who satisfies the eligibility criteria prescribed under regulation 4 and has been registered under Chapter II of Securities And Exchange Board Of India (Foreign Portfolio Investors) Regulations, 2014, which shall be deemed to be an intermediary in terms of the provisions of the SEBI Act,1992 |
| FVCI | Foreign Venture Capital Investor registered under the Securities and Exchange Board of India (Foreign Venture Capital Investor) Regulations, 2000 |
| FV | Face Value |
| F.Y./FY | Financial Year |
| GAAP | Generally Accepted Accounting Principles |
| GDP | Gross Domestic Product |
| GIR Number | General Index Registry number |
| Gol/ Government | Government of India |
| HNI | High Networth Individual |
| HUF | Hindu Undivided Family |
| ICDR Regulations/ SEBI Regulations/ SEBI (ICDR) Regulations | SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended from time to time |
| Indian GAAP | Generally Accepted Accounting Principles in India |
| ICAI | Institute of Chartered Accountants of India |
| IFRS | International Financial Reporting Standards |
| IPO | Initial Public Offering |
| IRDA | Insurance Regulatory and Development Authority |
| IT Rules | The Income Tax Rules, 1962, as amended from time to time |
| INR | Indian National Rupee |
| Key Managerial Personnel / KMP | The officers declared as a Key Managerial Personnel and as mentioned in the chapter titled “Our Management” beginning on page 180 of this Prospectus |
| LM | Lead Manager |
| LPH | litre per hour |
| Ltd. | Limited |
| MD | Managing Director |
| Mtr | Meter |
| Mn | Million |
| MoA | Memorandum of Association |
| MoU | Memorandum of Understanding |
| MICR | Magnetic Ink Character Recognition |
| N/A or N.A. | Not Applicable |
| NAV | Net Asset Value |
| NBFC | Non Banking Finance Company |
| NECS | National Electronic Clearing Services |

| Term | Description |
|--|---|
| NEFT | National Electronic Fund Transfer |
| Net Worth | The aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account |
| NOC | No Objection Certificate |
| NR | Non Resident |
| NRE Account | Non Resident External Account |
| NRI | 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 (Deposit) Regulations, 2000, as amended from time to time |
| NRO Account | Non Resident Ordinary Account |
| NSDL | National Securities Depository Limited |
| NI Act | Negotiable Instruments Act, 1881 |
| p.a. | per annum |
| PAN | Permanent Account Number |
| PAT | Profit After Tax |
| Pvt. | Private |
| PBT | Profit Before Tax |
| P/E Ratio | Price Earnings Ratio |
| QIB | Qualified Institutional Buyer |
| RBI | Reserve Bank of India |
| RBI Act | The Reserve Bank of India Act, 1934, as amended from time to time |
| RoNW | Return on Net Worth |
| Rs. / INR | Indian Rupees |
| RTGS | Real Time Gross Settlement |
| SCRA | Securities Contracts (Regulation) Act, 1956 as amended from time to time |
| SCRR | Securities Contracts (Regulation) Rules, 1957 |
| SCSB | Self Certified Syndicate Bank |
| SEBI | Securities and Exchange Board of India |
| SEBI Act | Securities and Exchange Board of India Act, 2015, as amended from time to time |
| SEBI Insider Trading Regulations | The SEBI (Prohibition of Insider Trading) Regulations, 1992, as amended from time to time, including instructions and clarifications issued by SEBI from time to time |
| SEBI Listing Regulations/ Listing Regulations/ SEBI (LODR) Regulations | Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 |
| SEBI Takeover Regulations / Takeover Regulations / Takeover Code | Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 |

| Term | Description |
|------------------------------|--|
| SICA | Sick Industrial Companies (Special Provisions) Act, 1985, as amended from time to time |
| Sub-Account | Sub-accounts registered with SEBI under the SEBI (Foreign Institutional Investor) Regulations, 1995, other than sub-accounts which are foreign corporate or foreign individuals. |
| SME | Small Medium Enterprise |
| SSI Undertaking | Small Scale Industrial Undertaking |
| Stock Exchange(s) | SME Platform of BSE Limited |
| Sq. | Square |
| Sq. mtr | Square Meter |
| STT | Securities Transaction Tax |
| TAN | Tax Deduction Account Number |
| TRS | Transaction Registration Slip |
| TIN | Taxpayers Identification Number |
| TNW | Total Net Worth |
| u/s | Under Section |
| UIN | Unique Identification Number |
| US/ U.S. / USA/United States | United States of America |
| USD or US\$ | United States Dollar |
| U.S. GAAP | Generally accepted accounting principles in the United States of America |
| UOI | Union of India |
| VAT | Value Added Tax |
| VCF / Venture Capital Fund | Foreign Venture Capital Funds (as defined under the Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996) registered with SEBI under applicable laws in India. |
| WDV | Written Down Value |
| WTD | Whole-time Director |
| w.e.f. | With effect from |
| YoY | Year over year |

Notwithstanding the following: -

- In the section titled “*Main Provisions of the Articles of Association*” beginning on page 401 of this Prospectus, defined terms shall have the meaning given to such terms in that section;
- In the section titled “*Financial Statements*” beginning on page 205 of this Prospectus, defined terms shall have the meaning given to such terms in that section;
- In the section titled “*Risk Factors*” beginning on page 20 of this Prospectus, defined terms shall have the meaning given to such terms in that section;
- In the chapter titled “*Statement of Possible Tax Benefits*” beginning on page 113 of this Prospectus, defined terms shall have the meaning given to such terms in that chapter; and
- In the chapter titled —Management’s Discussion and Analysis of Financial Condition and Results of Operations beginning on page 300 of this Prospectus, defined terms shall have the meaning given to such terms in that chapter.



PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA

All references to “India” are to the Republic of India and all references to the “Government” are to the Government of India.

FINANCIAL DATA

Unless stated otherwise, the financial data included in this Prospectus are extracted from the restated financial statements of our Company, prepared in accordance with the applicable provisions of the Companies Act, Indian GAAP and restated in accordance with SEBI (ICDR) Regulations, as stated in the report of our Statutory Auditors, set out in the section titled ‘*Financial Statements*’ beginning on page 205 this Prospectus. Our restated financial statements are derived from our audited financial statements prepared in accordance with Indian GAAP and the Companies Act, and have been restated in accordance with the SEBI (ICDR) Regulations.

Our fiscal year commences on April 1st of each year and ends on March 31st of the next year. All references to a particular fiscal year are to the 12 month period ended March 31st of that year. In this Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off. All decimals have been rounded off to two decimal points.

There are significant differences between Indian GAAP, IFRS and US GAAP. The Company has not attempted to quantify their impact on the financial data included herein and urges you to consult your own advisors regarding such differences and their impact on the Company’s financial data. Accordingly to what extent, the restated standalone financial statements and restated consolidated financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader’s level of familiarity with Indian accounting practices / Indian GAAP. Any reliance by persons not familiar with Indian Accounting Practices on the financial disclosures presented in this Prospectus should accordingly be limited.

Any percentage amounts, as set forth in “Risk Factors”, “Our Business”, “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and elsewhere in this Prospectus unless otherwise indicated, have been calculated on the basis of the Company’s restated standalone financial statements and restated consolidated financial statements prepared in accordance with the applicable provisions of the Companies Act, Indian GAAP and restated in accordance with SEBI (ICDR) Regulations, as stated in the report of our Peer Reviewed Auditor, set out in the section titled ‘*Financial Statements*’ beginning on page 205 of this Prospectus.

CURRENCY OF PRESENTATION

In this Prospectus, references to “Rupees” or “Rs.” or “INR” are to Indian Rupees, the official currency of the Republic of India. All references to “\$”, “US\$”, “USD”, “U.S. \$” or “U.S. Dollars” are to United States Dollars, the official currency of the United States of America.

All references to ‘million’ / ‘Million’ / ‘Mn’ refer to one million, which is equivalent to ‘ten lacs’ or ‘ten lakhs’, the word ‘Lacs / Lakhs / Lac’ means ‘one hundred thousand’ and ‘Crore’ means ‘ten million’ and ‘billion’ / ‘bn.’ / ‘Billions’ means ‘one hundred crores’.

INDUSTRY & MARKET DATA

Unless otherwise stated, Industry & Market data used throughout this Prospectus have been obtained from internal Company reports and Industry publications inter alia Planning Commission of India, Economic Survey, Industry Chambers and Associations etc. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this 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.

Further the extent to which the market and industry data presented in this Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources.



FORWARD LOOKING STATEMENT

This Prospectus contains certain “forward-looking statements”. These forward looking statements can generally be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “shall”, “will”, “will continue”, “will pursue” or other words or phrases of similar meaning. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results and property valuations 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, but are not limited to the following:-

- General economic and business conditions in the markets in which we operate and in the local, regional, national and international economies;
- Changes in laws and regulations relating to the sectors/areas in which we operate;
- Increased competition in the sectors/areas in which we operate;
- Factors affecting Steel Industry;
- Our ability to meet our capital expenditure requirements;
- Fluctuations in operating costs;
- Our ability to attract and retain qualified personnel;
- Changes in political and social conditions in India, the monetary and interest rate policies of India and other countries;
- Inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- The performance of the financial markets in India and globally;
- Any adverse outcome in the legal proceedings in which we are involved;
- Our failure to keep pace with rapid changes in technology;
- The occurrence of natural disasters or calamities;
- Other factors beyond our control;
- Our ability to manage risks that arise from these factors;
- Conflict of Interest with affiliated companies, the promoter group and other related parties; and
- Changes in government policies and regulatory actions that apply to or affect our business.

For a further discussion of factors that could cause our actual results to differ, refer to section titled “Risk Factors” and chapter titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 20 and 300 respectively of this 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.



Future looking statements speak only as of the date of this Prospectus. Neither we, our Directors, Lead Manager, Underwriters nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the LM and our Company will ensure that investors in India are informed of material developments until the grant of listing and trading permission by the Stock Exchange.



SECTION II - RISK FACTORS

An investment in Equity Shares involves a high degree of risk. You should carefully consider all the information in this Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. In making an investment decision, prospective investors must rely on their own examination of our Company and the terms of this issue including the merits and risks involved. Any potential investor in, and subscriber of, the Equity Shares should also pay particular attention to the fact that we are governed in India by a legal and regulatory environment in which some material respects may be different from that which prevails in other countries. The risks and uncertainties described in this section are not the only risks and uncertainties we currently face. Additional risks and uncertainties not known to us or that we currently deem immaterial may also have an adverse effect on our business. If any of the following risks, or other risks that are not currently known or are now deemed immaterial, actually occur, our business, results of operations and financial condition could suffer, the price of our Equity Shares could decline, and you may lose all or part of your investment. Additionally, our business operations could also be affected by additional factors that are not presently known to us or that we currently consider as immaterial to our operations.

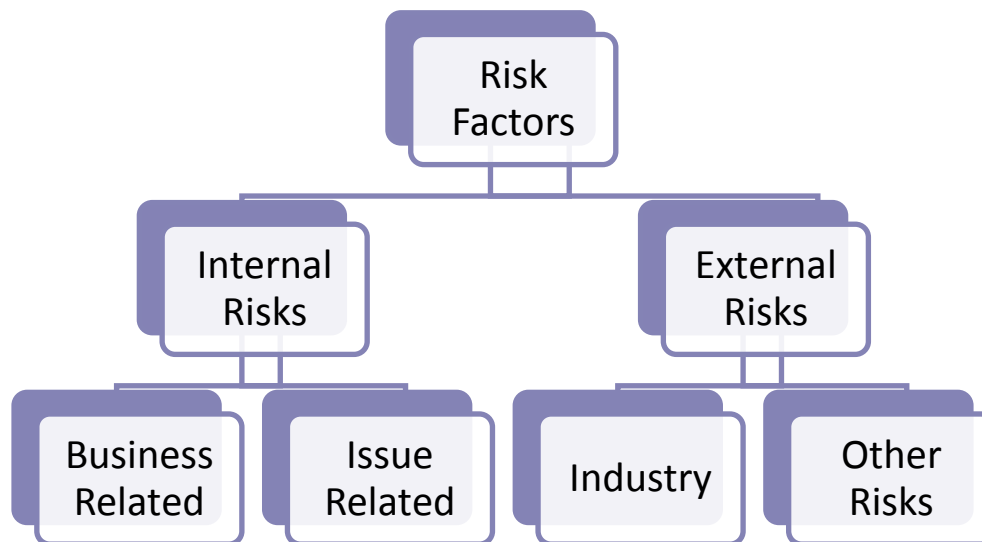
Unless otherwise stated in the relevant risk factors set forth below, we are not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein. Unless otherwise stated, the financial information of our Company used in this section is derived from our restated standalone financial statements prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI ICDR Regulations. To obtain a better understanding, you should read this section in conjunction with the chapters titled "Our Business" beginning on page 155, "Our Industry" beginning on page 123 and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on page 300 respectively, of this Prospectus as well as other financial information contained herein.

The following factors have been considered for determining the materiality of Risk Factors:

- Some events may not be material individually but may be found material collectively;*
- Some events may have material impact qualitatively instead of quantitatively;*
- Some events may not be material at present but may have material impact in future.*

The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are risk factors where the impact may not be quantifiable and hence the same has not been disclosed in such risk factors. Unless otherwise stated, we are not in a position to specify or quantify the financial or other risks mentioned herein. For capitalized terms used but not defined in this chapter, refer to the chapter titled "Definitions and Abbreviation" beginning on page 3 of this Prospectus. The numbering of the risk factors has been done to facilitate ease of reading and reference and does not in any manner indicate the importance of one risk factor over another.

The risk factors are classified as under for the sake of better clarity and increased understanding:



INTERNAL RISKS

- **Business Risks**

1. **There are outstanding legal proceedings involving our Company, Promoters, Directors and our Promoter Group entities**

There are outstanding legal proceedings involving our Company. These proceedings are pending at different levels before various courts, tribunals and other authorities. The amounts claimed in these proceedings have been disclosed to the extent ascertainable and quantifiable and includes amounts claimed jointly and severally from our Company and other parties. We cannot assure you that these proceedings will be decided in our favour or in favour of our Directors, Promoters or Group Companies, as applicable. Any unfavorable decision in connection with such proceedings, individually or in the aggregate, could adversely affect our reputation, business and results of operation.

In addition, our Company is subject to risks of litigation including public interest litigation, contract, employment related, personal injury and property damage. Any adverse decision may have a significant effect on our business including the financial condition of our Company, delay in implementation of our current or future project and results of operations. There can be no assurance that losses relating to litigation or arbitration will be covered by insurance, that any such losses would not have a material adverse effect on the results of our operations or financial condition, or that provisions made for litigation and arbitration related losses would be sufficient to cover our ultimate loss or expenditure. Details of outstanding proceedings that have been initiated against our Company are set forth in the section titled “*Outstanding Litigation and Material Developments*” starting from page number 316 of this Prospectus. Details of such outstanding litigations as of date of this Prospectus are as follows:

| Name of Entity | Criminal Proceedings | Civil/ Arbitration Proceedings | Tax proceedings | Labour disputes | Consumer Complaints | Complaints under Section 138 of NI Act, 1881 | Aggregate amount involved (Rs. in Lakhs) |
|---------------------------------------|----------------------|--------------------------------|-----------------|-----------------|---------------------|--|--|
| Company | | | | | | | |
| By the Company | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Against the Company | Nil | Nil | 8 | Nil | Nil | Nil | 255.32 |
| Promoters | | | | | | | |
| By the promoters | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Against the promoters | Nil | Nil | 8 | Nil | Nil | Nil | 17.17 |
| Group companies | | | | | | | |
| By Group Companies | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Against Group Companies | Nil | Nil | 8 | Nil | Nil | Nil | 335.98 |
| Directors other than promoters | | | | | | | |
| By the Directors | Nil | Nil | Nil | Nil | Nil | Nil | Nil |
| Against the Directors | Nil | Nil | 4 | Nil | Nil | Nil | 6.54 |

2. We are heavily dependent on Rashtriya Ispat Nigam Limited (RINL) for procuring billets, a material which is traded as well as used in our manufacturing process.

We mainly procure billets from RINL, for trading purposes as well as for self consumption purpose in our manufacturing process. The quality of billets supplied, the competitive prices at which the billets are supplied, locational advantage, etc. are some of the major reasons our Company is heavily dependent on RINL for procuring billets. However, the fact that we are so heavily dependent on RINL exposes us indirectly to the risks that RINL faces. Any failure of RINL to deliver these raw materials in the necessary quantities or to adhere to delivery schedules or specified quality standards and technical specifications would adversely affect our business operations and our ability to deliver orders on time and at the desired level of quality. As a result, we may lose customers and incur contractual penalties or liabilities for failure to perform contracts, which could have a material adverse effect on our business financial condition and results of operations.

3. Ours is a High Volume-Low Margin Business.

Our inability to regularly grow our turnover and effectively execute our key business processes could lead to lower profitability and hence adversely affect our operating results, debt service capabilities and financial conditions. Due to the nature of the products we sell, we may not be able to charge higher margins on our products. Hence, our business model is heavily reliant on our ability to effectively grow our turnover and manage our key processes including but not limited to trading goods and raw material procurement, timely sales / order execution and continuous cost control of non core activities. The table below gives details of our Operating Margins and Net Profit margin based on restated standalone financial statements.

| Particulars | 2015-16 | 2014-15 | 2013-14 |
|----------------------------|-----------|-----------|-----------|
| Total Income (Rs in lakhs) | 50,406.93 | 59,995.81 | 58,024.87 |
| EBITDA Margins (%) | 2.78% | 2.34% | 2.57% |
| PBT Margins (%) | 0.37% | 0.34% | 0.37% |
| PAT Margins (%) | 0.25% | 0.23% | 0.25% |

As part of our growth strategy, we aim to cater to wider markets by enhancing production and product quality and taking other necessary steps in this regard. Our growth strategy is subject to and involves risks and difficulties, many of which are beyond our control and, accordingly, there can be no assurance that we will be able to implement our strategy or growth plans, or complete them within the timelines. Further, we operate in a dynamic industry, and on account of changes in market conditions, industry dynamics, technological improvements or changes and any other relevant factors, our growth strategy and plans may undergo changes or modifications, and such changes or modifications may be substantial, and may even include limiting or foregoing growth opportunities if the situation so demands.

For further details regarding the discussions and explanations for our past results, please refer to the chapter titled “*Management’s Discussions and Analysis of Financial Condition and Results of Operations*” on page 300 of this Prospectus.

4. *Our top 5 customers constitutes more than 50% and top 10 customers contributes around 65% of our revenue from operations*

Our top 5 customers contribute more than 50% and top 10 customers contributes around 65% of our sales for the year ending March 31, 2016. Any decline in our quality standards, growing competition and any change in the demand, may adversely affect our ability to retain them. We cannot assure that we shall generate the same quantum of business, or any business at all, and the loss of business from one or more of them may adversely affect our revenues and results of operations. However, the composition and revenue generated from these customers might change as we continue to add new customers in the normal course of business. We believe that we will not face substantial challenges in maintaining our business relationship with them or finding new customers.

5. *Our Company requires significant amounts of working capital for a continued growth. Our inability to meet our working capital requirements may have an adverse effect on our results of operations.*

Our business is working capital intensive. A significant portion of our working capital is utilized towards trade receivables and inventories. Summary of our working capital position as per restated standalone financial statements is given below:-

Amount (Rs. in lakhs)

| Particulars | For the year ended | | | | |
|--------------------------------|--------------------|----------|----------|----------|----------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| A. Current Assets | | | | | |
| a. Inventories | 3,780.06 | 5,092.26 | 4,387.82 | 4,605.70 | 2,904.44 |
| b. Trade Receivables | 10,086.16 | 8,437.23 | 9,101.62 | 5,842.30 | 5,787.63 |
| c. Cash and Bank Balances | 1,419.00 | 1,480.45 | 1,925.80 | 1,864.98 | 887.30 |
| d. Short Term Loans & Advances | 547.16 | 925.60 | 1,553.07 | 559.77 | 320.45 |
| B. Current Liabilities | | | | | |

| Particulars | For the year ended | | | | |
|---|--------------------|-----------------|-----------------|-----------------|-----------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Trade Payables | 5,270.11 | 5,924.05 | 6,529.97 | 2,675.84 | 3,100.97 |
| Other Current Liabilities | 759.21 | 679.73 | 727.18 | 167.04 | 109.15 |
| Short Term provision | 51.03 | 59.74 | 51.89 | 45.58 | 60.59 |
| Working Capital (A-B) | 9,752.03 | 9,272.03 | 9,659.27 | 9,984.27 | 6,629.12 |
| Inventories as % of total current assets | 23.88% | 31.96% | 25.86% | 35.78% | 29.34% |
| Trade receivables as % of total current assets | 63.71% | 52.95% | 53.64% | 45.39% | 58.46% |

We usually supply products on credit to our clients. Our working capital requirement may increase if our credit period is increased or raw material prices are increased etc. All these factors may result in increase in the quantum of current assets particularly inventories and trade receivables.

As our Company is primarily engaged in the business of manufacturing and trading of steel products, it is required to extend prolonged credit to its customer. As such our debtors constitute significant part of our assets and are unsecured. Though there are many overdue debtors, our management is of the opinion that these debtors are realizable and are good.

In the event, we are required to repay any working capital facilities upon receipt of a demand from any lender; we may be unable to satisfy our working capital requirements. Further, our inability to maintain sufficient cash flow, credit facility and other sources of fund, in a timely manner, or at all, to meet the requirement of working capital or pay out debts, could adversely affect our financial condition and result of our operations. For further details regarding working capital requirement, please refer to the chapter titled “Objects of the Issue” beginning on page 103 of this Prospectus.

6. Our Company has not complied with certain statutory provisions under Companies Act. Such non-compliances/lapses may attract penalties.

Our Company has not complied with certain statutory provisions such as the following:

- Non-compliance with section 383A of Companies Act, 1956 and section 203 of Companies Act, 2013.
- Provision of guarantee on behalf of Companies with same director attracting provision of section 185 of the Companies Act, 2013;

Further, our Company has delayed filing of some forms under the Companies Act. Such delay/non-compliance may in the future render us liable to statutory penalties and disallowing the resolutions, which may have consequence of violation of statutory provisions concerned. Our Company has now appointed a whole time Company Secretary who shall look after the legal compliances of the Company and shall ensure timely compliances in future.

7. The Promoter Group of our Company does not include certain relatives of our Promoters and/or entities in which these persons may have any interest.

The Promoter Group of our Company does not include certain relatives of our Promoters and/or any entities in which they jointly or severally may have an interest. The aforesaid relatives fall under the definition of ‘immediate relatives’ as per the SEBI ICDR Regulations but, as such, do not form part of the ‘Promoter Group’ and nor does they hold any equity shares in our Company. Our Promoters vide letter dated September 15, 2015 has submitted that information related to business/financial interest held by the said relatives is not accessible for the purpose of disclosure in the

Prospectus/Prospectus. Also the said persons through their respective declarations have expressed their unwillingness to be constituted under the 'Promoter Group' of the Company and have requested that consequently their entities should also not be considered to be part of our 'Promoter Group' and 'Group Companies'. Thus these immediate relatives are treated as disassociated from the promoter group though there are no formal disassociation agreements with them. Therefore, the disclosures made in this Prospectus are limited to the extent of information that has been made available in relation to Promoter Group and Group companies. For further details, please refer to chapters titled "Our Promoter and Promoter Group" and "Our Group Companies" beginning on page 195 and 199 of this Prospectus.

8. *We generate our major portion of sales from our operations in certain geographical regions especially Andhra Pradesh and any adverse developments affecting our operations in these regions could have an adverse impact on our revenue and results of operations.*

A major portion of our total sales are made in certain regions in the State of Andhra Pradesh. Such geographical concentration of our steel business in these regions heightens our exposure to adverse developments related to competition, as well as economic and demographic changes in these regions which may adversely affect our business prospects, financial conditions and results of operations. We may not be able to leverage our experience in Andhra Pradesh region to expand our operations in other parts of India and overseas markets, should we decide to further expand our operations.

Factors such as competition, culture, regulatory regimes, business practices and customs, industry needs, transportation, in other markets where we may expand our operations may differ from those in Andhra Pradesh, and our experience in Andhra Pradesh may not be applicable to other markets. In addition, as we enter new markets and geographical areas, we are likely to compete not only with national players, but also local players who might have an established local presence, are more familiar with local regulations, business practices and industry needs, have stronger relationships with dealers and relevant government authorities, or are in a stronger financial position than us, all of which may give them a competitive advantage over us. Our inability to expand into areas outside Andhra Pradesh market may adversely affect our business prospects, financial conditions and results of operations. While our management believes that the Company has requisite expertise and vision to grow and mark its presence in other markets going forward, investors should consider our business and prospects in light of the risks, losses and challenges that we face and should not rely on our results of operations for any prior periods as an indication of our future performance.

9. *Our industry is labour intensive and our business operations may be materially adversely affected by strikes, work stoppages or increased wage demands by our employees or those of our suppliers.*

We believe that the Indian steel industry faces competitive pressures in recruiting and retaining skilled and unskilled labour. Our industry being labour intensive is highly dependent on labour force for carrying out its business operations. Shortage of skilled/unskilled personnel or work stoppages caused by disagreements with employees could have an adverse effect on our business and results of operations.

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for the establishment of unions, dispute resolution and employee removal and legislation that imposes certain financial obligations on employers upon retrenchment. We are 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 and work permits. In the past, there has been an instance of work-stoppage and strike at our unit at Vizianagaram in the Financial Year 2012-13. Such disruptions may adversely affect our business and results of operations, reputation and may also divert the management's attention and result in increased costs. Although our employees are not currently unionized, there can be no assurance that they will not unionize in the future. If our employees unionize, it may become difficult for us to maintain flexible labour policies, and we may face the threat of labour unrest, work stoppages. For further details, see "Our History and Certain Corporate Matters" on page 174 of the Prospectus.

10. *Our cost of production and trading activities is exposed to fluctuations in the prices of materials.*

Our Company is dependent on third party suppliers for procuring the traded goods as well as the raw material. We are exposed to fluctuations in the prices of these raw materials/ traded goods as well as its unavailability, particularly as we typically do not enter into any long term supply agreements with our suppliers and our major requirement is met in the spot market. We may be unable to control the factors affecting the price at which we procure the materials. We may in some situations also face the risks associated with compensating for or passing on such increase in our cost of production/ trades on account of such fluctuations in prices to our customers. Upward fluctuations in the prices of raw material/ traded goods may thereby affect our margins and profitability, resulting in a material adverse effect on our business, financial condition and results of operations. Though we enjoy favourable terms from the suppliers both in prices as well as in supplies, our inability to obtain high-quality materials in a timely and cost-effective manner would cause delays in our production/trade cycles and delivery schedules, which may result in the loss of our customers and revenues.

11. *The shortage or non-availability of power facilities may adversely affect our manufacturing processes and have an adverse impact on our results of operations and financial condition.*

Our manufacturing processes requires substantial amount of power facilities. The quantum and nature of power requirements of our industry and Company is such that it cannot be supplemented/ augmented by alternative/ independent sources of power supply since it involve significant capital expenditure and per unit cost of electricity produced is very high in view of increasing oil prices and other constraints. We are mainly dependent on State Government for meeting our electricity requirements. Any disruption / non availability of power shall directly affect our production which in turn shall have an impact on profitability and turnover of our Company. However as a backup measure, our Company have installed generators.

12. *The shortage or non-availability of water facilities may adversely affect our manufacturing processes and have an adverse impact on our results of operations and financial condition.*

Our manufacturing processes requires substantial amount of water, particularly for self tempering and cooling process. Currently, our Company has made adequate arrangement by digging borewells to meet its water requirements. We have not made any alternate arrangements for supply of water for our manufacturing facilities. Any disruption / non availability of water supply shall directly affect our production which in turn shall have an impact on profitability and turnover of our Company.

13. *We could become liable to customers, suffer adverse publicity and incur substantial costs as a result of defects in our products, which in turn could adversely affect the value of our brand, and our sales could be diminished if we are associated with negative publicity.*

Any failure or defect in our products could result in a claim against us for damages, regardless of our responsibility for such a failure or defect. We currently carry no products liability insurance with

respect to our products. Although we attempt to maintain quality standards, we cannot assure that all our products would be of uniform quality, which in turn could adversely affect the value of our brand, and our sales could be diminished if we are associated with negative publicity

Also, our business is dependent on the trust our customers have in the quality of our products. Any negative publicity regarding our company, brand, or products, including those arising from a drop in quality of merchandise from our vendors, mishaps resulting from the use of our products, or any other unforeseen events could affect our reputation and our results from operations.

14. *Our operations may be adversely affected in case of industrial accidents at any of our production facilities.*

Usage of heavy machinery, handling of materials by labour during production process or otherwise, lifting of materials by humans, cranes, heating processes of the furnace etc. may result in accidents, which could cause injury to our labour, employees, other persons on the site and could also damage our properties thereby affecting our operations. Further our plants and machinery and personnel are not covered under insurance and hence any such occurrence of accidents could hamper our production and consequently affect our profitability.

15. *Continued operations of our manufacturing facilities are critical to our steel business and any disruption in the operation of our facility may have a material adverse effect on our business, results of operations and financial condition.*

Our manufacturing facilities, at Vizianagaram are subject to operating risks, such as unavailability of machinery, break-down, obsolescence or failure of machinery, disruption in power supply or processes, performance below expected levels of efficiency, labour disputes, natural disasters, industrial accidents and statutory and regulatory restrictions. Our machines have limited lives and require periodic cleaning as well as annual over hauling maintenance. In the event of a breakdown or failure of such machinery, replacement parts may not be available and such machinery may have to be sent for repairs or servicing. We have not entered into any technical support service agreements for the maintenance and smooth functioning of our equipment's and machineries. This may lead to delay and disruption in our production process that could have an adverse impact on our sales, results of operations, business growth and prospects.

16. *Our Company could not retrieve certain corporate records including forms filed with the Registrar of Companies.*

Our Company was incorporated as a private limited company in 1995 under the provisions of the Companies Act, 1956. Our Company is unable to trace certain corporate and other documents in relation to our Company including forms filed with the Registrar of Companies prior to the year 2006. Due to change in methods of record keeping on account of technological advancement and computerisation, over the years, certain forms filed with ROC prior to the year 2006 like Return of Allotment, Registration of charges and modification of charges, Increase in Authorised Capital etc. could not be traced by the Company. Further online filing of RoC documents was initiated in the year 2006 and all forms prior to the said year were physically filed, hence these forms could not be retrieved from MCA portal also. Our Company has taken adequate efforts to search these forms by taking a physical search in the RoC, however some of the forms could not be still retrieved. Our Company cannot assure you that the filings were made in a timely manner or the information gathered through other available documents of the Company are correct. Also our Company may not be in a position to attend to and / or respond appropriately to any legal or business matter due to lack of lost / destroyed records and to that extent the same could affect our Company adversely.

17. *Introduction of alternative technology or consumer habits may reduce demand for our existing products and may adversely affect our profitability and business prospects.*

Our products are majorly used in infrastructure, construction, automobile, etc. industry. Our customers may decide to seek alternative technology coupled with the development of more alternatives, which may adversely affect our business and profitability if we are not able to respond to these changes. Our ability to anticipate changes in technology and to develop and introduce new and enhanced products successfully on a timely basis will be a significant factor in our ability to grow and to remain competitive. We cannot assure you that we will be able to achieve the technological advances that may be necessary for us to remain competitive or that certain of our products will not become obsolete. Further, any substantial change in the spending habits of consumers who are end users of where our products are used, business of our customers will affect the demand for our products. Any failure on our part to forecast and/or meet the changing demands will have an adverse effect on our business, profitability and growth prospects.

18. *Our Company has not been making the required filings under various regulations applicable to us in a timely manner.*

Our Company is required under various regulations applicable to it, like Companies Act, 2013, The Bureau of Indian Standards Act, 1986, The Steel and Steel Products (Quality Control) Order, 2012, The Steel and Steel Products (Quality Control) Second Order, 2012, The Factories Act, 1948, Environment (Protection) Act, 1986, Air (Prevention and Control of Pollution) Act, 1981, Water (Prevention and Control of Pollution) Act, 1974, The Payment of Bonus Act, 1965, The Payment of Gratuity Act, 1972, The Employee's Compensation Act, 1923, The Shops and Establishment Acts, The Minimum Wages Act, 1948, Hazardous Waste Management & Handling Rules, 2008, Commercial Tax, Central Excise Act, 1944, Income Tax Act, 1961 etc. to make filings with various authorities constituted under the said acts, some of which has not been done within the stipulated time period at some instances. Due to these delays in filings, our Company had on several occasions paid the requisite late fees. Also our Company has filed some forms incorrectly or some forms have not been filed with RoC. Such delay/non-compliance may in the future render us liable to statutory penalties and could have serious consequences on our operations. While this could be attributed to technical lapses and human errors, our Company has now appointed a whole time company secretary and is in the process of setting up a system to ensure that requisite filings are done appropriately with the requisite timeline.

19. *Compliance with, and changes in, safety, health and environmental laws and regulations may adversely affect our business, prospects, financial condition and results of operations.*

Due to the nature of our business, we expect to be or continue to be subject to extensive and increasingly stringent environmental, health and safety laws and regulations and various labour, workplace and related laws and regulations. We are also subject to environmental laws and regulations, including but not limited to:

- a. Environment (Protection) Act, 1986
- b. Air (Prevention and Control of Pollution) Act, 1981
- c. Water (Prevention and Control of Pollution) Act, 1974
- d. Hazardous Waste Management & Handling Rules, 2008
- e. other regulations promulgated by the Ministry of Environment and Forests and the Pollution Control Boards of the state of Andhra Pradesh

which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from the operations of our business.

The scope and extent of new environmental regulations, including their effect on our operations, cannot be predicted and hence the costs and management time required to comply with these requirements could be significant. Amendments to such statutes may impose additional provisions to be followed by our Company and accordingly the Company needs to incur clean-up and remediation costs, as well as damages, payment of fines or other penalties, closure of production facilities for non-compliance, other liabilities and related litigation, could adversely affect our business, prospects, financial condition and results of operations.

20. *Our Company is dependent on third party transportation providers for the delivery of raw materials, traded goods and finished products and any disruption in their operations or a decrease in the quality of their services could affect our Company's reputation and results of operations*

Our Company uses third party transportation providers for delivery of our raw materials, traded goods and finished products. Though our business has not experienced any major disruptions due to transportation strikes in the past, any future transportation strikes may have an adverse effect on our business. These transportation facilities may not be adequate to support our existing and future operations. In addition raw materials, traded goods and finished products may be lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. There may also be delay in delivery of products which may also affect our business and results of operation negatively. An increase in the freight costs or unavailability of freight for transportation of our raw materials/traded goods and finished goods may have an adverse effect on our business and results of operations.

Further, disruptions of transportation services due to weather-related problems, strikes, lock-outs, inadequacies in the road infrastructure and port facilities, or other events could impair ability to procure raw materials, traded goods on time. Any such disruptions could materially and adversely affect our business, financial condition and results of operations.

21. *Our revenues could be adversely affected if our Company would be unable to maintain distribution network. Further our Company does not have any long- term contracts with our dealers/retailers/distributors which may adversely affect our results of operations.*

Our company sells our products with the help of distribution network of various dealers/retailers/distributors. Currently, our company has around 400- 500 dealers. The distribution network helps us to reach and sell our products to end users. Further our Company does not have any long-term contract with any of its dealers/retailers/distributors for distributing our products. Our inability to maintain our existing distribution network or to expand it further as per the requirement of our proposed increased capacities, can adversely affect our revenues. In case, if we are not able to market our products appropriately, it may affect our operations and profitability adversely.

22. *We do not own the Registered Office of our Company and one of our manufacturing facility.*

We do not own the Registered Office of our Company. We have taken the premises where our registered office is located on lease from Bagaria More Company Limited.

Further, our manufacturing unit at A/1, A/2 at Andhra Pradesh Industrial Estate, Vizianagaram is taken on lease from our promoter Sunil Choudhary.

If we do not comply with certain conditions of the lease it may lead to termination of the lease, which could have an adverse affect on our operations and there can be no assurance that renewal of lease agreement with the owner of the land will be entered into. In the event of non-renewal of



lease, we may be required to shift our manufacturing facility/registered office to a new location and there can be no assurance that the arrangement we enter into in respect of new premises would be on such terms and conditions as the present one.

23. *Our liabilities are not covered by insurance policies, which may expose us to substantial costs that could adversely affect our business, financial condition and results of operations.*

Our Company has not obtained insurance coverage against certain eventualities including against burglary, fire and special perils. Mishaps or accidents at our Company's facilities may lead to property damages, property loss and accident claims. Further we do not also have insurance policies for risks like product defect/liability risk, loss of profits, losses due to terrorism, etc. If we suffer a significant uninsured loss, our business, financial condition and results of operations may be materially and adversely affected.

24. *We operate in a highly competitive environment and may not be able to maintain our market position, which may adversely impact our business, results of operations and financial condition.*

Steel is a heterogeneous industry with widely differentiated products, varying technology and economics of production. The steel industry in India in particular exhibits larger degree of heterogeneity and differentiation than in other countries. The structure of the industry is complex and with an equally complex interplay of forces of dependency and integration, the competition scenario has turned extremely interesting, more so with the dynamic changes in the structure over time. Moreover, Indian steel industry though continues to be dominated by the larger conglomerates, it is the emergence of many unorganised players that has heated up the level of competition. Competition may result in pricing pressures, reduced profit margins, lost market share or a failure to grow our market share, any of which could substantially harm our business and results of operations.

Steel products vary by size, shape, chemistry and physical characteristics and the same have to satisfy a large number of physical and chemical properties, if destined to industrial or critical construction applications, at the higher end of vertical product chain. Moreover, given that a steel plant has limitations in producing every grades and shapes on account of diseconomies of scale and technical constraints; competition for each gets confined to only smaller number of players. The steel segment which we cater to is fragmented and continues to be dominated by unorganised players. We compete primarily on the basis of quality, pricing and marketing. We believe that in order to compete effectively, we must continue to maintain our reputation, be flexible and prompt in responding to rapidly changing market demands, and offer customer qualitative products at competitive prices. There can be no assurance that we can effectively compete with our competitors in the future, and any such failure to compete effectively may have a material adverse effect on our business, financial condition and results of operations.

25. *Our Company had negative cash flows from its operating activities, investing activities as well as financing activities in the past years, details of which are given below. Sustained negative cash flow could impact our growth and business.*

Our Company had negative cash flows from our operating activities, investing activities as well as financing activities in the previous year(s) as per the Restated Standalone Financial Statements and the same are summarized as under:

Amount (Rs. in Lakhs)

| Particulars | For the year ended March 31, | | | | |
|---|------------------------------|------------|------------|------------|------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Cash Flow from / (used in) Operating Activities | 649.00 | 1,221.87 | 1,667.13 | (1,456.74) | (987.28) |
| Cash Flow from / (used in) Investing Activities | 174.37 | (233.31) | 57.80 | (649.54) | (1,103.33) |
| Cash Flow from / (used in) Financing Activities | (734.24) | (1,535.31) | (1,692.88) | 2,586.79 | 2,116.20 |

Cash flow of a company is a key indicator to show the extent of cash generated from operations to meet capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flows in future, it may adversely affect our business and financial operations.

26. *Our Company is yet to receive or apply for certain statutory approvals, licenses and clearance, which, if not, received, may adversely affect our business and financial condition.*

Our Company is required to obtain various regulatory approvals and registrations for our operations to establish and operate our facilities, and registrations with the relevant tax and labor authorities in India. Failure to obtain and maintain any required approvals and registrations may have an adverse effect on our business, financial condition, results of operations and prospects. Further, our approvals and registrations are subject to numerous conditions (including periodic reporting or audit requirements), some of which may require us to undertake substantial compliance-related expenditure. Breach or non-compliance with specified conditions may result in the suspension, revocation or cancellation of our approvals and registrations or the imposition of penalties by the relevant authorities.

If our Company fails to receive any of the approvals and/or licenses, our business, prospects, financial condition and results of operations may be adversely affected. While our Company typically applies for the renewal of any existing regulatory approvals prior to their expiry dates, there can be no assurance that our Company will receive such renewal in time or at all.

Our Company has not yet obtained certain statutory and regulatory approvals, registrations and licenses such as License to work a factory under section 4(4) of the Factories Act, 1948 for a manufacturing unit. Such non-compliance may result in proceedings against our Company and the Directors and such actions may directly affect our operations.

In relation to the application made for trademark as well as the application for grant of license to use standard marks as per IS 2062:2011 by the Bureau of Indian Standards, please see the section titled “Government Approvals and other statutory approvals” on Page 328 of this Prospectus. In the event that our Company is unable to obtain such registration in a timely manner or at all, our business operations may be adversely affected.

27. *Certain agreements may be inadequately stamped or may not have been registered as a result of which our operations may be adversely affected.*

Few of our agreements may not be stamped adequately or registered. The effect of inadequate stamping is that the document is not admissible as evidence in legal proceedings and parties to that agreement may not be able to legally enforce the same, except after paying a penalty for inadequate stamping. The effect of non-registration, in certain cases, is to make the document




inadmissible in legal proceedings. Any potential dispute due to non-compliance of local laws relating to stamp duty and registration may adversely impact the operations of our Company.



28. ***Our application for registration of some of our trademarks are still pending with relevant trademark authorities as a result of which we may have lesser recourse to initiate legal proceedings to protect our brand in respect of these products. This may lead to dilution in the brand value in respect of certain products in which we may deal in future.***

We operate in an extremely competitive environment, where generating brand recognition is significant element of our business strategy. However our trademark application for certain of our brands and logos are pending with relevant certifying authority and therefore we do not enjoy the statutory protection accorded to a registered trademark and are subject to the various risks arising out of the same, including but not limited to infringement or passing off our name and logo by a third party. Further some of the applications made by us have also been abandoned in the past or objected by the third parties. As some of our logos are not registered, we would not enjoy the statutory protections accorded to a registered trademark and our ability to use our logo may be impaired. For further details please refer to chapter titled “Government and Other Approvals” beginning on page 328 of this Prospectus.

| Sr. No | Description | Word/ Label Mark | Applicant | Application Number | Date of Filing | Class | Date of Expiry | Status |
|--------|---|------------------|---------------------------------|--------------------|----------------|-------|----------------|----------------------|
| 1. | NARAYANI | WORD | NARAYANI STEELS PRIVATE LIMITED | 2411017 | 12/10/2012 | 6 | NA | Advertised bef acc |
| 2. |  | DEVICE WITH LOGO | NARAYANI STEELS LIMITED | 3326309 | 02/08/2016 | 6 | NA | Formalities Chk Pass |

There can be no assurance that we will be able to register the logo or our other trademarks or third parties will not infringe our intellectual property, causing damage to our business prospects, reputation and goodwill.

29. *We require certain statutory and regulatory approvals, registrations and licenses for our business and our inability to renew or maintain our statutory and regulatory permits and approvals required to operate our business would adversely affect our operations and profitability.*

Our Company requires several statutory and regulatory permits, licenses and approvals to operate the business. Many of these approvals are granted for fixed periods of time and need renewal from time to time. Our Company is required to renew such permits, licenses and approvals. Further, we may require new registrations and approvals for any proposed operations, including any expansion of existing operations. While we believe that we will be able to renew or obtain such registrations and approvals, as and when required, there can be no assurance that the relevant authorities will issue any of such permits or approvals in time or at all. Further, these permits, licenses and approvals are subject to several conditions, and our Company cannot assure that it shall be able to continuously meet such conditions or be able to prove compliance with such conditions to statutory authorities, and this may lead to cancellation, revocation or suspension of relevant permits/ licenses/ approvals.

Failure to renew and maintain such registrations and approvals within statutory time frame attracts penal provisions. Further, such non-compliance may result in proceedings against our Company and the Directors and such actions may directly and immediately affect our operations and may have a material adverse effect on our revenues, profits and operations.

For details please refer to chapter titled “Government and Other Approvals” beginning on page 328 of this Prospectus.

30. *Our Company has not complied with the provisions of the Contract Labour (Regulation and Abolition) Act, 1970 and which can be subject to penalties and regulatory actions*

Our Company has not complied with the provisions of the Contract Labour (Regulation and Abolition) Act, 1970 for the contract labourers which we have employed. Such non-compliance may render us liable to penalties and other regulatory actions under the Contract Labour (Regulation and Abolition) Act, 1970.

31. *Some of our Group Companies has incurred losses in the previous financial years.*

Sustained financial losses by our Group Companies may not be perceived positively by external parties such as customers, bankers, suppliers etc, which may affect our credibility and business operations. Our Group Company Cooltex Merchandise Private Limited, has incurred losses in previous three financial years:

Financial Performance of Cooltex Merchandise Private Limited

Amount (Rs. in lakhs)

| Particulars | 2013-14 | 2014-15 | 2015-16 |
|------------------------|---------|---------|---------|
| Paid Up Capital | 144.50 | 144.50 | 144.50 |
| Reserves | 671.00 | 670.54 | 669.93 |
| Sales and other income | 1.25 | 2.82 | 2.91 |
| Profit/loss after tax | (0.59) | (0.46) | (0.61) |
| NAV (in Rs.) | 56.44 | 56.40 | 56.36 |

There can be no assurance that our Group companies will not incur losses in any future periods, or that there will not be an adverse effect on our reputation or business as a result of such losses.

32. *Conflicts of interest may arise out of common business undertaken by our Company, our Group Companies and our Promoter Group entities.*

Our Group Companies and Promoter Group entities, including, Narayani Ispat Private Limited, Hari Equipments Private Limited, Kedarnath Commotrade Private Limited and Hemang Steel Traders are authorized to carry out business similar to that of our Company. As a result, conflicts of interests may arise in allocating business opportunities amongst our Company and our Group Companies/Promoter Group Entities in circumstances where our respective interests diverge. In cases of conflict, our Promoters may favour other companies in which our Promoters have interests. There can be no assurance that our Promoters or our Group Companies or members of the Promoter Group will not compete with our existing business or any future business that we may undertake or that their interests will not conflict with ours. Any such present and future conflicts could have a material adverse effect on our reputation, business, results of operations and financial condition.

33. *Our contingent liabilities could adversely affect our financial condition.*

Our Company has given corporate guarantee to the tune of Rs. 3,200 lakhs on behalf of Hari Equipments Private Limited, one of our group Company. Also, there are some disputed tax demands of Rs. 255.32 lakhs. Of these tax demands, our Company has paid Rs. 15.42 lakhs under protest. For further details please refer “Annexure W - Contingent Liability” of chapter titled “*Financial Statements as restated*”, beginning on page 205 of this Prospectus. If this contingent liability were to materialize, it will have adverse effect on our business, financial condition and results of operations.

34. *Our lenders have charge over our movable and immovable properties in respect of finance availed by us.*

We have secured our lenders by creating a charge over our movable and immovable properties in respect of loans / facilities availed by us from banks. The total amounts outstanding and payable by us as secured loans were Rs. 4,842.38 Lakhs as on March 31, 2016. In the event we default in repayment of the loans / facilities availed by us and any interest thereof, our properties may be forfeited by lenders, which in turn could have significant adverse affect on business, financial condition or results of operations. For further information on the “*Financial Indebtedness*” please refer to page 311 of this Prospectus.

35. *We are subject to certain restrictive covenants in debt facilities provided to us by our lenders.*

We have entered into agreements for availing debt facilities from lenders. Certain covenants in these agreements require us to obtain approval/permission from our lenders in certain conditions. In the event of default or the breach of certain covenants, our lender has the option to make the entire outstanding amount payable immediately. There can be no assurance that we will be able to comply with these financial or other covenants or that we will be able to obtain consents necessary to take the actions that we believe are required to operate and grow our business.

For further details in this regard, please refer chapter titled ‘*Financial Indebtedness*’ beginning on page 311 of this Prospectus.

36. *Our Company has unsecured loans which may be repayable on demand. Any demand from lenders for repayment of such unsecured loans, may adversely affect our cash flows.*

As at March 31, 2016 our Company has unsecured loans amounting to Rs. 1,403.76 lakhs from certain body corporates that are are not repayable in accordance with any agreed repayment schedule and may be recalled by the relevant lenders at any time. Any such unexpected demand or accelerated repayment may have a material adverse effect on the business, cash flows and financial condition of the borrower against which repayment is sought. Any demand from lenders for repayment of such unsecured loans, may adversely affect our cash flows.



For further details of unsecured loans of our Company, please refer 'Annexure C- Restated Statement of Long Term Borrowings as Restated' of chapter titled "*Financial Statements as Restated*" beginning on page 205 of this Prospectus.

37. *Our Promoters and members of the Promoter Group have provided personal guarantees to certain loan facilities availed by us, which if revoked may require alternative guarantees, repayment of amounts due or termination of the facilities.*

Our Promoters and members of the Promoter Group have provided personal guarantees in relation to certain loan facilities availed of by us. In the event that any of these guarantees are revoked, the lenders for such facilities may require alternate guarantees, repayment of amounts outstanding under such facilities, or may even terminate such facilities. We may not be successful in procuring alternative guarantees satisfactory to the lenders, and as a result may need to repay outstanding amounts under such facilities or seek additional sources of capital, which may not be available on acceptable terms or at all and any such failure to raise additional capital could affect our operations and our financial condition. For further details, please refer to chapter titled "*Financial Indebtedness*" beginning on page 311 of this Prospectus.

38. *We have not made any alternate arrangements for meeting our capital requirements for the Objects of the issue. Further we have not identified any alternate source of financing the 'Objects of the Issue'. Any shortfall in raising / meeting the same could adversely affect our growth plans, operations and financial performance.*

As on date of the Prospectus, we have not made any alternate arrangements for meeting our capital requirements for the objects of the issue. We meet our fund requirements through our bank finance, debts, owned funds and internal accruals. Any shortfall in our net owned funds, internal accruals and our inability to raise debt in future would result in us being unable to meet our capital requirements, which in turn will negatively affect our financial condition and results of operations. Further we have not identified any alternate source of funding and hence any failure or delay on our part to raise money from this issue or any shortfall in the issue proceeds may delay the implementation schedule and could adversely affect our growth plans. For further details please refer to the chapter titled "*Objects of the Issue*" beginning on page 103 of this Prospectus.

39. *Our ability to pay dividends in the future will depend upon our future earnings, financial condition, cash flows, working capital requirements, capital expenditure and restrictive covenants in our financing arrangements.*

We may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividends in the foreseeable future. Any future determination as to the declaration and payment of dividends will be at the discretion of our Board of Directors and will depend on factors that our Board of Directors deem relevant, including among others, our results of operations, financial condition, cash requirements, business prospects and any other financing arrangements. Additionally, under some of our loan agreements, we may not be permitted to declare any dividends, if there is a default under such loan agreements or unless our Company has paid all the dues to the lender up to the date on which the dividend is declared or paid or has made satisfactory provisions thereof. Accordingly, realization of a gain on shareholders investments may largely depend upon the appreciation of the price of our Equity Shares. There can be no assurance that our Equity Shares will appreciate in value. For details of our dividend history, see "*Dividend Policy*" on page 204 of this Prospectus.

40. ***Within the parameters as mentioned in the chapter titled 'Objects of the Issue' beginning on page 103 of this Prospectus, our Company's management will have flexibility in applying the proceeds of this Issue. The fund requirement and deployment mentioned in the Objects of this Issue have not been appraised by any bank or financial institution.***

We intend to use fresh Issue Proceeds towards, working capital needs, general corporate purposes and to meet the issue expenses. We intend to deploy the Net Issue Proceeds in financial year 2016-17 and such deployment is based on certain assumptions and strategy which our Company believes to implement in future. The funds raised from the fresh Issue may remain idle on account of change in assumptions, market conditions, strategy of our Company, etc., For further details on the use of the Issue Proceeds, please refer chapter titled "Objects of the Issue" beginning on page 103 of this Prospectus.

The deployment of funds for the purposes described above is at the discretion of our Company's Board of Directors. The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution. Accordingly, within the parameters as mentioned in the chapter titled 'Objects of the Issue' beginning on page 103 of this Prospectus, the Management will have significant flexibility in applying the proceeds received by our Company from the Issue. However, the company shall comply with Section 27 of the Companies Act, 2013 before varying the Objects of the Issue. The Audit Committee will monitor the utilisation of the proceeds of this Issue.

41. ***Our future funds requirements, in the form of fresh issue of capital or securities and/or loans taken by us, may be prejudicial to the interest of the shareholders depending upon the terms on which they are eventually raised.***

We may require additional capital from time to time depending on our business needs. Any fresh issue of shares or convertible securities would dilute the shareholding of the existing shareholders and such issuance may be done on terms and conditions, which may not be favourable to the then existing shareholders. If such funds are raised in the form of loans or debt, then it may substantially increase our interest burden and decrease our cash flows, thus prejudicially affecting our profitability and ability to pay dividends to our shareholders.

42. ***Our success depends largely upon the services of our Directors, Promoters and other Key Managerial Personnel and our ability to attract and retain them. Demand for Key Managerial Personnel in the industry is intense and our inability to attract and retain Key Managerial Personnel may affect the operations of our Company.***

Our success is substantially dependent on the expertise and services of our Directors, Promoters and our Key Managerial Personnel. They provide expertise which enables us to make well informed decisions in relation to our business and our future prospects. Our future performance will depend upon the continued services of these persons. Demand for Key Managerial Personnel in the industry is intense. We cannot assure you that we will be able to retain any or all, or that our succession planning will help to replace, the key members of our management. The loss of the services of such key members of our management team and the failure of any succession plans to replace such key members could have an adverse effect on our business and the results of our operations.

43. ***Our Promoters and members of the Promoter Group will continue jointly to retain majority control over our Company after the Issue, which will allow them to determine the outcome of matters submitted to shareholders for approval.***

After completion of the Issue, our Promoters and Promoter Group will collectively own 53.30% of the Equity Shares. As a result, our Promoters together with the members of the Promoter Group will be able to exercise a significant degree of influence over us and will be able to control the outcome of any proposal that can be approved by a majority shareholder vote, including, the election of members to our



Board, in accordance with the Companies Act and our Articles of Association. Such a concentration of ownership may also have the effect of delaying, preventing or deterring a change in control of our Company.

In addition, our Promoters will continue to have the ability to cause us to take actions that are not in, or may conflict with, our interests or the interests of some or all of our creditors or minority shareholders, and we cannot assure you that such actions will not have an adverse effect on our future financial performance or the price of our Equity Shares.

44. *Changes in technology may render our current technologies obsolete or require us to make substantial capital investments.*

Modernization and technology upgradation is essential to provide better products. Although we strive to keep our technology in line with the latest standards, we may be required to implement new technology or upgrade the existing employed by us. Further, the costs in upgrading our technology could be significant which could substantially affect our finances and operations.

45. *In addition to normal remuneration or benefits and reimbursement of expenses, some of our Directors and key managerial personnel are interested in our Company to the extent of their shareholding and dividend entitlement in our Company.*

Our Directors and Key Managerial Personnel are interested in our Company to the extent of remuneration paid to them for services rendered and reimbursement of expenses payable to them. In addition, some of our Directors and Key Managerial Personnel may also be interested to the extent of their shareholding and dividend entitlement in our Company. For further information, see “Capital Structure” and “Our Management” on pages 79 and 180, respectively, of this Prospectus.

46. *We have in the past entered into related party transactions and may continue to do so in the future.*

Our Company has entered into certain transactions with our related parties including our Promoters, the Promoter Group, our Directors and their relatives. While we believe that all such transactions have been conducted at arm’s length basis, there can be no assurance that we could not have achieved more favourable terms had such transactions not been entered into with related parties. Furthermore, it is likely that we will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our financial condition and results of operation. For details on the transactions entered by us, please refer to “Annexure T - Related Party Transactions” in section “Financial Statements as Restated” beginning on page 205 of this Prospectus.

47. *We could be harmed by employee misconduct or errors that are difficult to detect and any such incidences could adversely affect our financial condition, results of operations and reputation.*

Employee misconduct or errors could expose us to business risks or losses, including regulatory sanctions and cause serious harm to our reputation. There can be no assurance that we will be able to detect or deter such misconduct. Moreover, the precautions we take to prevent and detect such activity may not be effective in all cases. Our employees and agents may also commit errors that could subject us to claims and proceedings for alleged negligence, as well as regulatory actions on account of which our business, financial condition, results of operations and goodwill could be adversely affected.

- **Issue Specific Risks**

48. ***There are restrictions on daily/weekly/monthly/annual movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time.***

Once listed, we would be subject to circuit breakers imposed by stock exchange in India i.e. BSE Limited, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on circuit breakers is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges do not inform us of the percentage limit of the circuit breaker in effect from time to time, and may change it without our knowledge. This circuit breaker limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, no assurance may be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

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

The price of the Equity Shares on the Stock Exchange may fluctuate as a result of the factors, including:

- a. Volatility in the Indian and global capital market;
- b. Company's results of operations and financial performance;
- c. Performance of Company's competitors,
- d. Adverse media reports on Company or pertaining to the Steel Industry;
- e. Changes in our estimates of performance or recommendations by financial analysts;
- f. Significant developments in India's economic and fiscal policies; and
- g. Significant developments in India's environmental regulations.

Current valuations may not be sustainable in the future and may also not be reflective of future valuations for our industry and our Company. There has been no public market for the Equity Shares and the prices of the Equity Shares may fluctuate after this Issue. There can be no assurance that an active trading market for the Equity Shares will develop or be sustained after this Issue or that the price at which the Equity Shares are initially traded will correspond to the price at which the Equity Shares will trade in the market subsequent to this Issue.

50. ***The Issue price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Issue and the market price of our Equity Shares may decline below the issue price and you may not be able to sell your Equity Shares at or above the Issue Price.***

The Issue Price of our Equity Shares has been determined by fixed price method. This price is based on numerous factors (For further information, please refer chapter titled "Basis for Issue Price" beginning on page 110 of this Prospectus) and may not be indicative of the market price of our Equity Shares after the Issue. The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to sell your Equity Shares at or above the Issue Price. Among the factors that could affect our share price include without limitation. The following:

- Half yearly variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- Changes in revenue or earnings estimates or publication of research reports by analysts;
- Speculation in the press or investment community;



- General market conditions; and
- Domestic and international economic, legal and regulatory factors unrelated to our performance.

51. *You will not be able to sell immediately on Stock Exchange any of the Equity Shares you purchase in the Issue until the Issue receives appropriate trading permissions.*

The Equity Shares will be listed on the Stock Exchange. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. We cannot assure you that the Equity Shares will be credited to investor's demat accounts, or that trading in the Equity Shares will commence, within the time periods specified in the Prospectus. Any failure or delay in obtaining the approval would restrict your ability to dispose of the Equity Shares. In accordance with section 40 of the Companies Act, 2013, in the event that the permission of listing the Equity Shares is denied by the stock exchange, we are required to refund all monies collected to investors.

52. *Sale of Equity Shares by our Promoter or other significant shareholder(s) may adversely affect the trading price of the Equity Shares.*

Any instance of disinvestments of equity shares by our Promoter or by other significant shareholder(s) may significantly affect the trading price of our Equity Shares. Further, our market price may also be adversely affected even if there is a perception or belief that such sales of Equity Shares might occur.

EXTERNAL RISK FACTORS

Industry Risks:

53. *Steel market is highly volatile in nature.*

Prospects of steel industry are primarily determined by market forces, domestic as well as external and these signals are reflected through the trends in prices of both raw materials and the finished products. Prices of steel have experienced high volatility over the past few years and are subject to rapid fluctuations which are beyond our control. This volatility has been reflected in the Indian steel market as domestic prices in the de-regulated market tend to move in tandem with international prices. Any adverse effect on prices of raw materials or finished goods due to volatile nature of steel industry prices, may lead to reduction in our profitability and adversely affect our results of operations.

54. *Changes in government regulations or their implementation could disrupt our operations and adversely affect our business and results of operations.*

Our business and industry is regulated by different laws, rules and regulations framed by the Central and State Government. These regulations can be amended/ changed on a short notice at the discretion of the Government. If we fail to comply with all applicable regulations or if the regulations governing our business or their implementation change adversely, we may incur increased costs or be subject to penalties, which could disrupt our operations and adversely affect our business and results of operations.

Other Risks

55. *The Companies Act, 2013 has effected significant changes to the existing Indian company law framework, which may subject us to higher compliance requirements and increase our compliance costs.*

A majority of the provisions and rules under the Companies Act, 2013 have recently been notified and have come into effect from the date of their respective notification, resulting in the corresponding provisions of the Companies Act, 1956 ceasing to have effect. The Companies Act, 2013 has brought into effect significant changes to the Indian company law framework, such as in the provisions related to

issue of capital, disclosures in prospectus, corporate governance norms, audit matters, related party transactions, introduction of a provision allowing the initiation of class action suits in India against companies by shareholders or depositors, a restriction on investment by an Indian company through more than two layers of subsidiary investment companies (subject to certain permitted exceptions), prohibitions on loans to directors and insider trading and restrictions on directors and key managerial personnel from engaging in forward dealing. To ensure compliance with the requirements of the Companies Act, 2013, we may need to allocate additional resources, which may increase our regulatory compliance costs and divert management attention.

The Companies Act, 2013 introduced certain additional requirements which do not have corresponding equivalents under the Companies Act, 1956. Accordingly, we may face challenges in interpreting and complying with such provisions due to limited jurisprudence on them. In the event, our interpretation of such provisions of the Companies Act, 2013 differs from, or contradicts with, any judicial pronouncements or clarifications issued by the Government in the future, we may face regulatory actions or we may be required to undertake remedial steps. We may face difficulties in complying with any such overlapping requirements. Further, we cannot currently determine the impact of provisions of the Companies Act, 2013 which are yet to come in force. Any increase in our compliance requirements or in our compliance costs may have an adverse effect on our business and results of operations.

56. *You may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.*

Under current Indian tax laws and regulations, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. Any gain realised on the sale of shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the securities transaction tax ("STT") has been paid on the transaction. The STT will be levied on and collected by an Indian stock exchange on which equity shares are sold. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India, if securities transaction tax has been paid on the transaction. Any gain realised on the sale of shares held for more than 36 months to an Indian resident, which are sold other than on a recognised stock exchange and as a result of which no STT has been paid, will be subject to long term capital gains tax in India. Further, any gain realised on the sale of equity shares held for a period of 36 months or less which are sold other than on a recognised stock exchange and on which no STT has been paid, may be subject to short term capital gains tax at a relatively higher rate as compared to the transaction where STT has been paid in India.

57. *Significant differences exist between Indian GAAP and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the financial statements prepared and presented in accordance with SEBI ICDR Regulations contained in this Prospectus.*

As stated in the reports of the Auditor included in this Prospectus under chapter "Financial Statements as restated" beginning on page 205, the financial statements included in this Prospectus are based on financial information that is based on the audited financial statements that are prepared and presented in conformity with Indian GAAP and restated in accordance with the SEBI ICDR Regulations, and no attempt has been made to reconcile any of the information given in this Prospectus to any other principles or to base it on any other standards. Indian GAAP differs from accounting principles and auditing standards with which prospective investors may be familiar in other countries, such as U.S. GAAP and IFRS. Significant differences exist between Indian GAAP and U.S. GAAP and IFRS, which may be material to the financial information prepared and presented in accordance with Indian GAAP contained in this Prospectus. Accordingly, the degree to which the financial information included in this Prospectus will provide meaningful information is dependent on familiarity with Indian GAAP, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian GAAP on the financial disclosures presented in this Prospectus should accordingly be limited.



58. *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 our business, financial condition and results of operations.*

Taxes and other levies imposed by the Central or State Governments in India that affect our industry include:

- custom duties on imports of raw materials and components;
- excise duty on certain raw materials and components;
- central and state sales tax, value added tax and other levies; and
- Other new or special taxes and surcharges introduced on a permanent or temporary basis from time to time.

These taxes and levies affect the cost and prices of our products and therefore demand for our product. An increase in any of these taxes or levies, or the imposition of new taxes or levies in the future, may have a material adverse effect on our business, profitability and financial condition.

59. *The nationalized goods and services tax (GST) regimes proposed by the Government of India may have material impact on our operations.*

The Government of India has proposed a comprehensive national goods and service tax (GST) regime that will combine taxes and levies by the Central and State Governments into a unified rate structure. Given the limited liability of information in the public domain covering the GST we are unable to provide/ measure the impact this tax regime may have on our operations.

60. *Political instability or a change in economic liberalization and deregulation policies could seriously harm business and economic conditions in India generally and our business in particular.*

The Government of India has traditionally exercised and continues to exercise influence over many aspects of the economy. Our business and the market price and liquidity of our Equity Shares may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India. The rate of economic liberalization could change, and specific laws and policies affecting the information technology sector, foreign investment and other matters affecting investment in our securities could change as well. Any significant change in such liberalization and deregulation policies could adversely affect business and economic conditions in India, generally, and our business, prospects, financial condition and results of operations, in particular.

61. *We cannot guarantee the accuracy or completeness of facts and other statistics with respect to India, the Indian economy and steel industry contained in the Prospectus.*

While facts and other statistics in the Prospectus relating to India, the Indian economy and the steel industry has been based on various government publications and reports from government agencies that we believe are reliable, we cannot guarantee the quality or reliability of such materials. While we have taken reasonable care in the reproduction of such information, industry facts and other statistics have not been prepared or independently verified by us or any of our respective affiliates or advisors and, therefore we make no representation as to their accuracy or completeness. These facts and other statistics include the facts and statistics included in the chapter titled 'Our Industry' beginning on page 123 of the Prospectus. Due to possibly flawed or ineffective data collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy, as the case may be, elsewhere.

62. *Conditions in the Indian securities market may affect the price or liquidity of our Equity Shares.*

The Indian securities markets are smaller than securities markets in more developed economies and the regulation and monitoring of Indian securities markets and the activities of investors, brokers and other participants differ, in some cases significantly, from those in the more developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. Further, the Indian stock exchanges have experienced volatility in the recent times. The Indian stock exchanges have also experienced problems that have affected the market price and liquidity of the securities of Indian companies, such as temporary exchange closures, broker defaults, settlement delays and strikes by brokers. In addition, the governing bodies of the Indian stock exchanges have from time to time restricted securities from trading and limited price movements. A closure of, or trading stoppage on the SME Platform of BSE could adversely affect the trading price of the Equity Shares.

63. *Global economic, political and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price.*

Global economic and political factors that are beyond our control, influence forecasts and directly affect performance. These factors include interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, foreign exchange fluctuations, consumer credit availability, fluctuations in commodities markets, consumer debt levels, unemployment trends and other matters that influence consumer confidence, spending and tourism. Increasing volatility in financial markets may cause these factors to change with a greater degree of frequency and magnitude, which may negatively affect our stock prices.

64. *Foreign investors are subject to foreign investment restrictions under Indian law that limits our ability to attract foreign investors, which may adversely impact the market price of the Equity Shares.*

Under the foreign exchange regulations currently in force in India, transfers of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the pricing guidelines and reporting requirements specified by the RBI. If the transfer of shares, which are sought to be transferred, is not in compliance with such pricing guidelines or reporting requirements or fall under any of the exceptions referred to above, then the prior approval of the RBI will be required. Additionally, shareholders who seek to convert the Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India will require a no objection/ tax clearance certificate from the income tax authority. There can be no assurance that any approval required from the RBI or any other government agency can be obtained on any particular terms or at all.

65. *The extent and reliability of Indian infrastructure could adversely affect our Company's results of operations and financial condition.*

India's physical infrastructure is in developing phase compared to that of many developed nations. Any congestion or disruption in its port, rail and road networks, electricity grid, communication systems or any other public facility could disrupt our Company's normal business activity. Any deterioration of India's physical infrastructure would harm the national economy, disrupt the transportation of goods and supplies, and add costs to doing business in India. These problems could interrupt our Company's business operations, which could have an adverse effect on its results of operations and financial condition.



66. Any downgrading of India's sovereign rating by an independent agency may harm our ability to raise financing.

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

67. Natural calamities could have a negative impact on the Indian economy and cause our Company's business to suffer.

India has experienced natural calamities such as earthquakes, tsunami, floods etc. in recent years. The extent and severity of these natural disasters determine their impact on the Indian economy. Prolonged spells of abnormal rainfall or other natural calamities could have a negative impact on the Indian economy, which could adversely affect our business, prospects, financial condition and results of operations as well as the price of the Equity Shares.

68. Terrorist attacks, civil unrests and other acts of violence or war involving India or other countries could adversely affect the financial markets, our business, financial condition and the price of our Equity Shares.

Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India's economy and our business. Incidents such as the terrorist attacks, other incidents such as those in US, Indonesia, Madrid and London, and other acts of violence may adversely affect the Indian stock markets where our Equity Shares will trade as well the global equity markets generally. Such acts could negatively impact business sentiment as well as trade between countries, which could adversely affect our Company's business and profitability. Additionally, such events could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares.

PROMINENT NOTES

1. Public Issue of 36,00,000 Equity Shares of face value of Rs. 10 each of our Company for cash at a price of Rs. 32/- per Equity Share (including a share premium of Rs. 22/- per equity share) ("Issue Price") aggregating upto Rs. 1,152.00 Lakhs, of which 1,88,000 Equity Shares of face value of Rs. 10/- each will be reserved for subscription by Market Maker to the Issue ("Market Maker Reservation Portion"). The Issue less the Market Maker Reservation Portion i.e. Net Issue of 34,12,000 Equity Shares of face value of Rs. 10 each is hereinafter referred to as the "Net Issue". The Issue and the Net Issue will constitute 33.00% and 31.28%, respectively of the post Issue paid up equity share capital of the Company.
2. Investors may contact the Lead Manager or the Company Secretary & Compliance Officer for any complaint/clarification/information pertaining to the Issue. For contact details of the Lead Manager and the Company Secretary & Compliance Officer, please refer to chapter titled "General Information" beginning on page 71 of this Prospectus.
3. The pre-issue net worth of our Company was Rs. 2,582.30 Lakhs, Rs. 2,458.15 Lakhs, Rs. 2,321.15 Lakhs, Rs. 2,173.22 Lakhs, and Rs. 1,818.03 Lakhs as of March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 respectively as per restated standalone financial statements of our Company. The adjusted book value after split of each Equity Share was Rs. 35.33, Rs. 33.63, Rs. 31.76, Rs. 29.73 and Rs. 28.63 as of March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 respectively as per the restated standalone financial

statements of our Company. For more information, please refer to section titled *“Financial Statements”* beginning on page 205 of this Prospectus.

4. The pre-issue net worth of our Company was Rs. 2,620.20 Lakhs, Rs. 2,481.58 Lakhs, Rs. 2,326.88 Lakhs, Rs. 2,168.22 Lakhs, and Rs. 1,813.29 Lakhs as of March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 respectively as per restated consolidated financial statements of our Company. The adjusted book value after split of each Equity Share was Rs. 35.85, Rs. 33.95, Rs. 31.84, Rs. 29.67 and Rs. 28.55 as of March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 respectively as per the restated consolidated financial statements of our Company. For more information, please refer to section titled *“Financial Statements”* beginning on page 205 of this Prospectus.
5. The average cost of acquisition per Equity Share by our Promoters is set forth in the table below:

| Name of the Promoters | No. of Shares held | Average cost of acquisition (in Rs.) |
|-----------------------|--------------------|--------------------------------------|
| Sunil Choudhary | 12,24,500 | 6.93 |
| Sunil Choudhary HUF | 12,61,000 | 3.40 |

For further details relating to the allotment of Equity Shares to our Promoters, please refer to the chapter titled *“Capital Structure”* beginning on page number 79 of this Prospectus.

6. For details on related party transactions and loans and advances made to any company in which Directors are interested, please refer *“Annexure T” “Related Party Transaction”* beginning on page 203 under chapter titled *“Financial Statements as restated”* beginning on page 205 of this Prospectus.
7. Investors may note that in case of over-subscription in the Issue, allotment to Retail applicants and other applicants shall be on a proportionate basis. For more information, please refer to the chapter titled *“Issue Structure”* beginning on page 353 of this Prospectus.
8. Except as disclosed in the chapter titled *“Capital Structure”*, *“Our Promoter and Promoter Group”*, *“Our Management”* and *“Related Party Transaction”* beginning on pages 79, 185, 180 and 203 respectively, of this Prospectus, none of our Promoters, Directors or Key Management Personnel has any interest in our Company.
9. Except as disclosed in the chapter titled *“Capital Structure”* beginning on page 79 of this Prospectus, we have not issued any Equity Shares for consideration other than cash.
10. Trading in Equity Shares of our Company for all investors shall be in dematerialized form only.
11. Investors are advised to refer to the chapter titled *“Basis for Issue Price”* beginning on page 110 of the Prospectus.
12. There are no financing arrangements whereby the Promoter Group, the Directors of our Company and their relatives have financed the purchase by any other person of securities of our Company during the period of six months immediately preceding the date of filing of this Prospectus with the Stock exchange.



13. Our Company was incorporated as “Narayani Steels Private Limited” under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated February 10, 1995 issued by Registrar of Companies, Andhra Pradesh bearing Registration No. 01-19412 at Vizianagaram, Andhra Pradesh. Subsequently our Company was converted into a public limited company vide fresh Certificate of Incorporation dated August 24, 2015 and the name of our Company was changed to “Narayani Steels Limited”. The Corporate Identification Number of our Company is U27109WB1996PLC082021. For details of incorporation, change of name and registered office of our Company, please refer to chapter titled *“General Information”* and *“Our History and Certain Other Corporate Matters”* beginning on page 71 and 174 respectively of this Prospectus.

SECTION III – INTRODUCTION

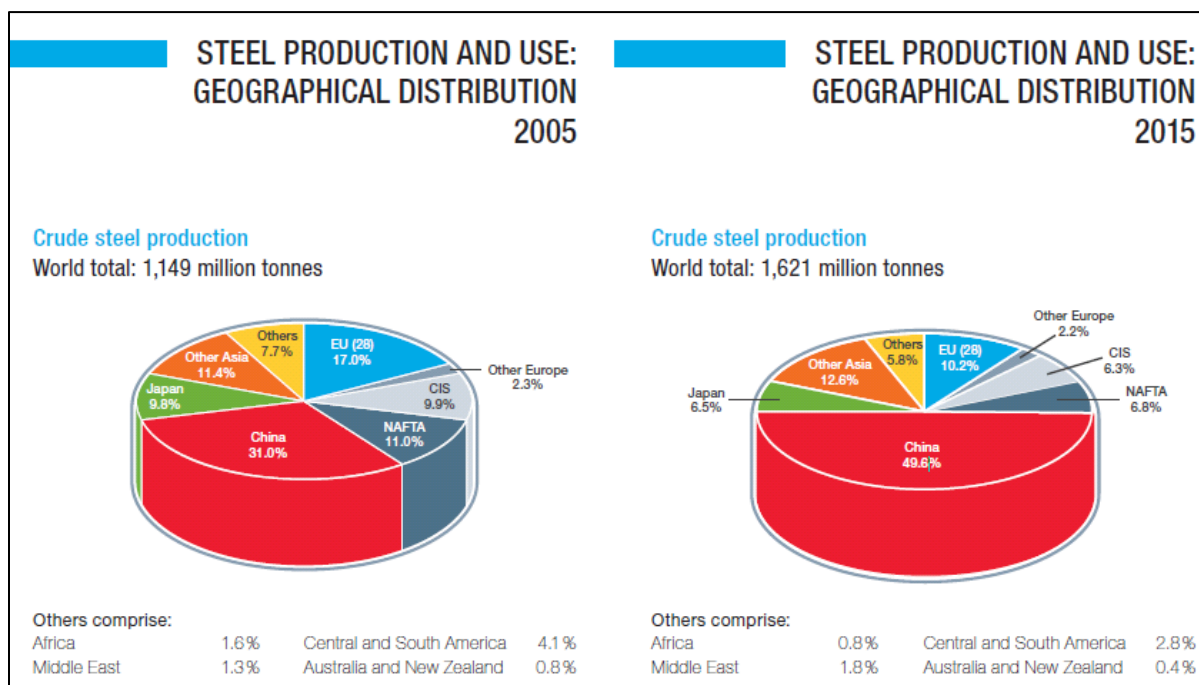
SUMMARY OF INDUSTRY

The information in this section includes extracts from publicly available information, data and statistics and has been derived from various government publications and industry sources. Neither we nor any other person connected with the Issue have verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information. You should read the entire Prospectus, including the information contained in the sections titled “Risk Factors” and “Financial Statements” and related notes beginning on page 20 and 205 respectively of this Prospectus before deciding to invest in our Equity Shares.

INTRODUCTION TO STEEL INDUSTRY

Steel is a cornerstone and key driver for the world’s economy. The steel industry directly employs more than two million people worldwide, plus two million contractors and four million people in supporting industries. Including industries such as construction, transport and energy, the steel industry is a source of employment for more than 50 million people. Steel is at the core of the green economy, in which economic growth and environmental responsibility work hand in hand. Steel is the main material used in delivering renewable energy: solar, tidal and wind. Steel is 100% recyclable and can be used in new products and applications amounting to significant energy and raw material savings.

(Source: World Steel in Figures 2014; World Steel Association www.worldsteel.org)



(Source: World Steel in Figures 2016; World Steel Association www.worldsteel.org)

GLOBAL ECONOMIC ENVIRONMENT

GLOBAL ECONOMIC OVERVIEW

The global macroeconomic landscape is currently charting a rough and uncertain terrain characterized by weak growth of world output. The situation has been exacerbated by; (i) declining prices of a number of commodities, with reduction in crude oil prices being the most visible of them, (ii) turbulent financial markets (more so equity markets), and (iii) volatile exchange rates. These conditions reflect extreme risk-aversion behaviour of global investors, thus putting many, and in particular, commodities exporting economies under considerable stress.

One important positive outcome in 2015 is the modest pickup in the growth of some of the advanced economies. However, growth in emerging market and developing economies declined for the fifth consecutive year. As a result, overall global economic activity remained subdued in 2015. In its latest Update of the World Economic Outlook (WEO), published on 19 January 2016, the IMF projected growth in the global economy to improve from 3.1 per cent in 2015, to 3.4 per cent in 2016 and further to 3.6 per cent in 2017. Growth in advanced economies is projected at 2.1 per cent in 2016 and to continue through 2017 at the same rate.

The slowdown and rebalancing of the Chinese economy, lower commodity prices, and strains in some large Emerging Market and Developing economies (EMDE) are likely to continue to weigh on their growth prospects in 2016–17. Assessments indicate that mixed inflation developments in the EMDEs reflect the conflicting implications of weak domestic demand and lower commodity prices versus marked currency depreciations over the past year. The WEO update also indicated that India and the rest of emerging Asia are bright spots, with some other countries facing strong headwinds from China's economic rebalancing and global manufacturing weakness. World trade volume growth projections have been placed at 2.6 per cent and 3.4 per cent respectively for 2015 and 2016, which is much lower than what was estimated earlier in WEO in October 2015.

(Source-Economic Survey 2015-16-Volume II; www.indiabudget.nic.in)

GLOBAL OUTLOOK FOR GROWTH

One important positive outcome in 2015 was the modest pick-up in growth in some of the advanced economies. It might be recalled that after falling in 2009 due to the 2008 global financial crisis, growth in emerging and developing economies rebounded in 2010 and 2011. While advanced economies also exhibited a recovery in 2010 thanks to the large stimuli, global growth continued to be tepid relative to the average of the decade ending 2006, largely on account of the slowdown in advanced economies. Spill over effects of the crisis may have been large, prolonged and bi-directional, given that the global integration is far greater than in the prior decade. This has made the task of projecting global economic outlook arduous. This uncertainty has led to the International Monetary Fund (IMF) revising the global growth outlook in its World Economic Outlook (WEO) four times a year since 2009.

In its latest WEO Update, published on 19 January 2016, the IMF has projected growth in the global economy to go up from 3.1 per cent in 2015 to 3.4 per cent in 2016 and further to 3.6 per cent in 2017, slightly lower than the projection published in October 2015. Growth in advanced economies is revised by 0.2 percentage points in 2016 to 2.1 per cent, to continue through 2017. Growth in the US is expected to remain resilient owing to strengthening of the housing and labour markets. Growth in the euro area is expected to increase due to stronger private consumption supported by lower oil prices and easy financial conditions is expected to outweigh the weakening in net exports. Growth in Japan is also expected to consolidate in 2016, on the back of fiscal support, lower oil prices, accommodative financial conditions, and rising incomes.

Overall global economic activity remained subdued in 2015, as growth in emerging market and developing economies (EMDE) declined for the fifth consecutive year and recovery in advanced economies was modest. This is also attributable to the changing composition of the global economy and relative point contributions to global growth. The fall in the contribution of the EMDEs is not being made good by the advanced economies. A recent feature is that the Chinese economy is gradually slowing down and is transitioning from investment demand to consumption demand and from manufacturing to services. The concern over the spill overs of subdued global growth to other economies through trade channels and weaker commodity prices is manifest in diminishing confidence and increasing volatility in financial markets. In addition, a dual monetary policy—a gradual tightening in monetary policy in the US in the backdrop of its resilient recovery and easy monetary policy in several other major advanced economies has led to continued uncertainties and poses challenges for the year ahead. In the case of EMDEs, growth remained subdued at 4 per cent in 2015, but is projected to increase to 4.3 per cent in 2016 and 4.7 per cent in 2017. The slowdown and rebalancing of the Chinese economy, lower commodity prices, and strains in some large emerging market economies will continue to weigh on growth prospects in 2016–17. Assessments indicate that mixed inflation developments in EMDEs reflect the conflicting implications of weak domestic demand and lower commodity prices versus marked currency depreciations over the past year.

The 19 January WEO Update also indicated that India and the rest of emerging Asia are bright spots, albeit with some countries facing strong headwinds from China's economic rebalancing and global manufacturing weakness. The IMF's growth forecast for India is 7.5 per cent in 2016 and 2017 and this surpasses the projection of 6.3 per cent and 6.0 per cent respectively for China. The level of global economic activity has a significant and direct bearing on the growth prospects of the emerging economies through trade channels. As per the Update, world trade volume growth projections have been placed at 3.4 per cent and 4.1 per cent respectively for 2016 and 2017 lower by 0.7 percentage points to 0.5 percentage point respectively from WEO, October 2015. The World Bank's Report on Global Economic Prospects (January 2016) also estimated that India will grow by a robust 7.8 per cent in 2016 and 7.9 per cent in the following two years. Compared to other major developing countries, the report maintained that India is well positioned to withstand near-term headwinds and volatility in global financial markets due to reduced external vulnerabilities, a strengthening domestic business cycle, and a supportive policy environment.

(Source-Economic Survey 2015-16-Volume II; www.indiabudget.nic.in)

REVIEW OF MAJOR DEVELOPMENTS IN INDIAN ECONOMY

In the Advance Estimates of GDP that the Central Statistics Office (CSO) released recently, the growth rate of GDP at constant market prices is projected to increase to 7.6 per cent in 2015-16 from 7.2 per cent in 2014-15, mainly because private final consumption expenditure has accelerated. Similarly, the growth rate of GVA for 2015-16 is estimated at 7.3 per cent vis-à-vis 7.1 per cent in 2014-15. Although agriculture is likely to register low growth for the second year in a row on account of weak monsoons, it has performed better than last year. Industry has shown significant improvement primarily on account of the surprising acceleration in manufacturing (9.5 per cent vis-à-vis 5.5 per cent in 2014-15). Meanwhile, services continue to expand rapidly.

- Even as real growth has been accelerating, nominal growth has been falling, to historically low levels, an unusual trend highlighted in the Mid-Year Economic Analysis (MYEA), 2015-16.
- According to the Advance Estimates, nominal GDP (GVA) is likely to increase by just 8.6 (6.8) percent in 2015-16.
- In nominal terms, construction is expected to stagnate, while even the dynamic sectors of trade and finance are projected to grow by only 7 to 7 3/4 percent.

- Inflation remains under control The CPI-New Series inflation has fluctuated around 51/2 percent, while measures of underlying trends—core inflation, rural wage growth and minimum support price increases—have similarly remained muted. Meanwhile, the WPI has been in negative territory since November 2014, the result of the large falls in international commodity prices, especially oil. As low inflation has taken hold and confidence in price stability has improved, gold imports have largely stabilized, notwithstanding the end of a period of import controls
- Similarly, the external position appears robust. The current account deficit has declined and is at comfortable levels; foreign exchange reserves have risen to US\$351.5 billion in early February 2016, and are well above standard norms for reserve adequacy; net FDI inflows have grown from US\$21.9 billion in April-December 2014-15 to US\$27.7 billion in the same period of 2015-16; and the nominal value of the rupee, measured against a basket of currencies, has been steady. India was consequently well-positioned to absorb the volatility from the U.S. Federal Reserve actions to normalize monetary policy that occurred in December 2015. Although the rupee has declined against the dollar, it has strengthened against the currencies of its other trading partners.
- The fiscal sector registered three striking successes: on-going fiscal consolidation, improved indirect tax collection efficiency; and an improvement in the quality of spending at all levels of government.
- Government tax revenues are expected to be higher than budgeted levels. Direct taxes grew by 10.7 per cent in the first 9 months (9M) of 2015-16. Indirect taxes were also buoyant. In part, this reflected excise taxes on diesel and petrol and an increase in the Swachh Bharat cess. The central excise duty collection from petroleum products during April to December 2015-16 recorded a growth of 90.5 per cent and stood at Rs.1.3 lakh crore as against Rs. 0.7 lakh crore in the same period last year. Tax performance also reflected an improvement in tax administration because revenues increased even after stripping out the additional revenue measures (ARMs). Indirect tax revenues grew by 10.7 per cent (without ARMs) and 34.2 per cent (with ARMs). The main findings are that a welcome shift in the quality of spending has occurred from revenue to investment, and towards social sectors. Aggregate public investment has increased by about 0.6 per cent of GDP in the first 8 months of this fiscal year, with contributions from both the Centre (54 per cent) and states (46 per cent).

(Source - Economic Survey 2015-16-Volume I, www.indiabudget.nic.in)

INDIA'S INCREASING IMPORTANCE TO GLOBAL GROWTH

Despite global headwinds and a truant monsoon, India registered robust growth of 7.2 per cent in 2014-15 and 7.6 per cent in 2015-16, thus becoming the fastest growing major economy in the world. As per the estimates of the International Monetary Fund (IMF), global growth averaged 3.1 per cent in 2015, declining from 3.4 per cent registered in 2014. While growth in advanced economies has improved modestly since 2013, the emerging economies have witnessed a consistently declining trend in growth rate since 2010. It is against this background that the recent Indian growth story appears particularly bright.

India has made striking progress in its contribution to the global growth of Gross Domestic Product (GDP) in Purchasing Power Parity (PPP) terms. PPP represents the number of units of a country's currency required to purchase the same amount of goods and services in the domestic market as the US dollar would purchase in the United States, thus adjusting for purchasing power differentials between currencies in relevant markets. India's contribution to global growth in PPP terms increased from an average of 8.3 per cent during the period 2001 to 2007 to 14.4 per cent in 2014. During the 1990s, the

US's contribution to the global GDP growth in PPP terms was, on an average, around 16 percentage points higher than India's. The picture changed dramatically in 2013 and 2014 when India's contribution was higher than that of the US by 2.2 and 2.7 percentage points respectively. During 1991-2014, low growth in Japan (0.9 per cent annually) resulted in its low contribution (1.5 per cent) to global growth. India and China constitute 42.5 per cent and 53.2 per cent respectively of the total PPP measure of the lower-middle income countries and upper-middle income countries; and hence those country groups largely reflect India's and China's patterns.

The global economy—in particular the global growth powerhouse, China—is rebalancing, leading to an increasing role for India. After the onset of the multiple crises in different parts of the world, India's contribution has become much more valuable to the global economy.

India's share in world GDP has increased from an average of 4.8 per cent during 2001-07 to 6.1 per cent during 2008-13 and further to an average of 7.0 per cent during 2014 to 2015 in current PPP terms (IMF). India's resilience and current levels of reasonably strong growth should, thus, be appreciated in the light of its increasing contribution to global growth.

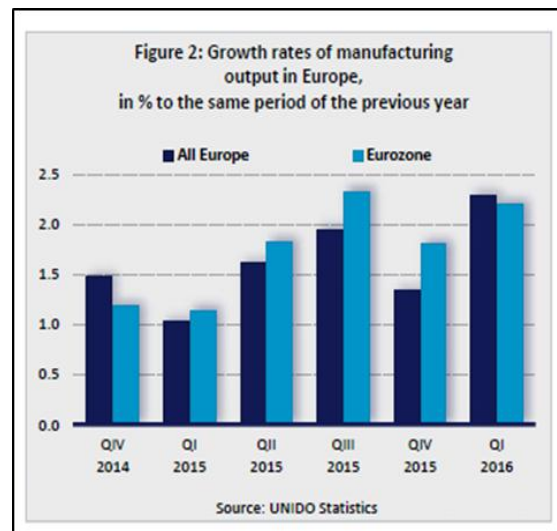
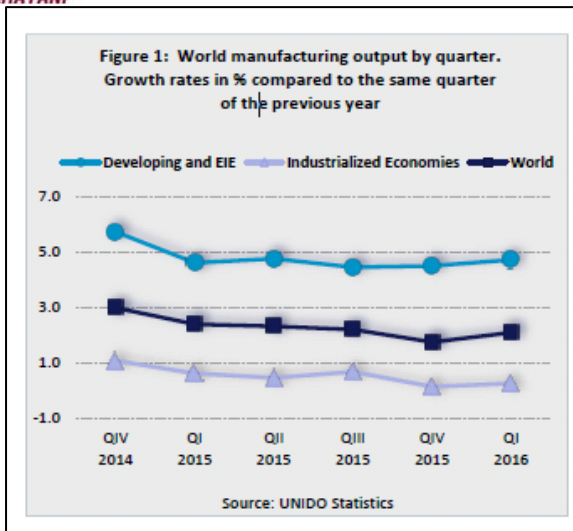
(Source - Economic Survey 2015-16-Volume II, www.indiabudget.nic.in)

GLOBAL MANUFACTURING SECTOR

World manufacturing growth in the first quarter of 2016

World manufacturing growth continued to be sluggish in the first quarter of 2016 due to the fragile recovery process in industrialized economies and significantly weakened growth prospects in developing and emerging industrial economies. China, which has emerged as the largest global manufacturer in the aftermath of the protracted economic crisis, has entered a transition period and has adopted a more balanced pace, thus pushing the average industrial growth of emerging industrial economies downward. World manufacturing growth has also been affected by the generally lower growth pace in the United States and Japan, the second and third largest manufacturers in the world. Increasing pressure associated with financial volatility and falling oil prices has contributed to the instability of manufacturing growth in industrialized economies.

Despite the protracted period of low growth in industrialized as well as in developing and emerging economies, there is no sign of an imminent recession in global industrial production. World manufacturing output rose by 2.1 per cent in the first quarter of 2016 compared to the same period of the previous year, which is slightly higher than 1.8 per cent growth estimated for the last quarter of 2015. The production of durable goods, motor vehicles and consumer electronics is rising in industrialized and in developing economies. These positive growth trends were observed across country groups (Figure 1).



Industrialized economies marginally increased their quarterly growth rate in the first quarter of 2016 to 0.3 per cent from 0.2 per cent in the previous quarter. Some improvement in growth performance was observed in Europe, where manufacturing output rose by 2.3 per cent in the first quarter of 2016 compared to the same period of the previous year. The growth of manufacturing output slightly increased in North America in the first quarter of 2016, but was still below 1.0 per cent. East Asia experienced a major blow, with manufacturing output dropping by nearly 3.0 per cent in the first quarter of 2016. Production decline was reported in two of East Asia's major manufactures, Japan and the Republic of Korea. Japan's yen began rising against other major currencies against the backdrop of an increased trade balance due to an earlier export surge, which has adversely affected manufacturing production in recent months. Production decline in East Asia had a negative impact on the manufacturing growth of industrialized countries as a whole.

Manufacturing growth in developing and emerging industrial economies remains weak due to a further slowdown in capital inflows from industrialized economies and a significant decline in exports. The slow recovery of industrialized economies and their dependence on external markets has exposed domestic structural problems in developing and emerging industrial economies, which have now been further compounded due to falling oil prices, compression of demand in domestic markets and high fluctuation in commodity prices. The downward trend of net capital inflows to developing economies continued, while exports from developing economies dropped by 13.0 per cent in 2015 (UNCTAD).

Despite the prolonged period of weak growth, developing and emerging industrial economies contributed around 90.0 per cent of global manufacturing growth in the first quarter of 2016. Manufacturing output in developing and emerging industrial economies has increased by 4.7 per cent in the first quarter, slightly higher than in the previous quarter (4.5 per cent). As depicted in Figure 1, the pace of growth in both country groups exhibit similar trends but the level of growth has been consistently higher in developing and emerging industrial economies than in industrialized countries. However, growth performance varied considerably among the regions. While Asian economies persevered, manufacturing output dropped in Africa and Latin America. Manufacturing output declined in Egypt and South Africa in the first quarter of 2016. Similarly, a sharp plunge in production was observed in Brazil as a result of overall economic recession.

GLOBAL STEEL PRODUCTION

The global economy is going through a difficult phase as markets adjust to slower levels of Chinese growth - the "new normal". However, given the expected population increase, emerging new applications for steel and new markets are developing. Without steel modern society could not survive.

World crude steel production reached 1,621 million tonnes (Mt) for the year 2015, down by 2.9% compared to 2014. In 2015, China accounted for 44.8% of the global market for steel (by volume), compared to 45.9% in 2014.

In 2015, concern over excess capacity once again increased. As mentioned during an OECD high level symposium on the topic, “overcapacity is a global problem requiring a global solution; structural adjustments are required.” Restructuring is not new; it is an ongoing process as old as the industry itself and it requires appropriate industrial policy developed by governments in cooperation with industry. Barriers to exit as well as social and environmental impacts need to be addressed and planned for. In today’s economic context it is ever more crucial that policies promote a level playing field to ensure that steel companies in one region are not put at a disadvantage with steelmakers from other regions or in relation to competing materials.

But one must never forget that the key word in any discussion about steel is “sustainable”. If one longstanding challenge for the industry has been how to produce steel with lower carbon emissions, the new challenge is improving the value of steel in applications. This needs a major focus on innovation.

Steel plays a key role in the new circular business model in which all products must be designed and manufactured to be repaired, remanufactured, reused and recycled. The next few pages of this publication give you a glimpse of why steel, thanks to its strength, adaptability, flexibility and durability, is the essential material in the circular economy.

(Source: World Steel in Figures 2016, World Steel Association www.worldsteel.org)

INDIAN STEEL INDUSTRY

Introduction

- a. India is the world’s third-largest producer of crude steel (up from eighth in 2003) and is expected to become the second-largest producer by 2016. The growth in the Indian steel sector has been driven by domestic availability of raw materials such as iron ore and cost-effective labour. Consequently, the steel sector has been a major contributor to India’s manufacturing output.
- b. The Indian steel industry is very modern with state-of-the-art steel mills. It has always strived for continuous modernisation and up-gradation of older plants and higher energy efficiency levels.

Market Size

India’s crude steel capacity reached 109.85 Million Tonnes (MT) in 2014-15, a growth of 7.4 per cent. Production of crude steel grew by 8.9 per cent to 88.98 MT. Total finished steel production for sale increased by 5.1 per cent to 92.16 MT. Consumption of total finished steel increased 3.9 per cent to 76.99 MT.

India produced 7.34 MT of steel in the month of September 2015, which was nearly equal to the country’s steel production in September 2014.

The steel sector in India contributes nearly two per cent of the country’s gross domestic product (GDP) and employs over 600,000 people. The per capita consumption of total finished steel in the country has risen from 51 Kg in 2009-10 to about 59 Kg in 2014-15. India’s steel consumption for FY 2015-16 is estimated to increase by 7 per cent, higher than 2 per cent growth last year, due to improving economic activity, as per E&Y’s ‘Global Steel 2015-16’ report.

Investments

Steel industry and its associated mining and metallurgy sectors have seen a number of major investments and developments in the recent past.



According to the data released by Department of Industrial Policy and Promotion (DIPP), the Indian metallurgical industries attracted Foreign Direct Investments (FDI) to the tune of US\$ 8.7 billion, respectively, in the period April 2000–September 2015.

Some of the major investments in the Indian steel industry are as follows:

- National Mineral Development Corporation (NMDC) has planned to invest Rs 40,000 crore (US\$ 6.1 billion) in the next eight years to achieve mining capacity of 75 million tonnes per annum (MTPA) by FY2018-19 and 100 MTPA by FY2021-22, compared to 48 MTPA current capacity.
- Posco Korea, the multinational Korean steel company, has signed an agreement with Shree Uttam Steel and Power (part of Uttam Galva Group) to set up a steel plant at Satarda in Maharashtra.
- Iron ore output in India is expected to increase by 25 per cent to 153 Million Tonnes in FY 2016, which in turn will help reduce iron ore imports by two-thirds to five Million Tonnes, SAIL plans to invest US\$23.8 billion to increase the steel production to 50 MTPA by 2025.
- ArcelorMittal, world's leading steel maker, has agreed a joint venture with Steel Authority of India Ltd (SAIL) to set up an automotive steel manufacturing facility in India.
- Iran has evinced interest in strengthening ties with India in the steel and mines sector, said ambassador of the Islamic Republic of Iran, Mr Gholamreza Ansari in his conversation with Minister of Steel and Mines, Mr Narendra Singh Tomar.
- Public sector mining giant NMDC Ltd will set up a greenfield 3-million tonne per annum steel mill in Karnataka jointly with the state government at an estimated investment of Rs 18,000 crore (US\$ 2.8 billion).
- JSW Steel has announced to add capacity to make its plant in Karnataka the largest at 20 MT by 2022.

Government Initiatives

The Government of India is aiming to scale up steel production in the country to 300 MT by 2025 from 81 MT in 2013-14.

The Ministry of Steel has announced to invest in modernisation and expansion of steel plants of Steel Authority of India Limited (SAIL) and Rashtriya Ispat Nigam Limited (RINL) in various states to enhance the crude steel production capacity in the current phase from 12.8 MTPA to 21.4 MTPA and from 3.0 MTPA to 6.3 MTPA respectively.

The Minister of Steel & Mines, Mr Narendra Singh Tomar, has reiterated commitment of Central Government to support the steel industry to reach a production target of 300 Million Tonne Per Annum (MTPA) in 2025.

The Ministry of Steel is facilitating setting up of an industry driven Steel Research and Technology Mission of India (SRTMI) in association with the public and private sector steel companies to spearhead research and development activities in the iron and steel industry at an initial corpus of Rs 200 crore (US\$ 31.67 million).

Some of the other recent government initiatives in this sector are as follows:

- Government of India plans to auction eight coal blocks with reserves of 1,143 million tonnes to steel and cement firms in January 2016, as per coal secretary Mr Anil Swarup.

- Government has planned Special Purpose Vehicles (SPVs) with four iron ore rich states i.e., Karnataka, Jharkhand, Orissa, and Chhattisgarh to set up plants having capacity between 3 to 6 MTPA.
- SAIL plans to invest US\$ 23.8 billion for increasing its production to 50 MTPA by 2025. SAIL is currently expanding its capacity from 13 MTPA to 23 MTPA, at an investment of US\$ 9.6 billion.
- A Project Monitoring Group (PMG) has been constituted under the Cabinet Secretariat to fast track various clearances/resolution of issues related to investments of Rs 1,000 crore (US\$ 152 million) or more.
- To increase domestic value addition and improve iron ore availability for domestic steel industry, duty on export of iron ore has been increased to 30 per cent.

Road Ahead

India is expected to become the world's second largest producer of crude steel in the next 10 years, moving up from the third position, as its capacity is projected to increase to about 300 MT by 2025. Huge scope for growth is offered by India's comparatively low per capita steel consumption and the expected rise in consumption due to increased infrastructure construction and the thriving automobile and railways sectors.

Exchange Rate: INR 1 = US\$ 0.015 as on December 17, 2015

References: Media reports, Press releases, Press Information Bureau (PIB), Joint Plant Committee (JPC)

(Source: India Brand Equity Foundation www.ibef.org)

OPPORTUNITIES: END USES OF STEEL IN INDIA

Automotive

The automotive industry is forecasted to grow in size by USD74 billion to 260- 300 billion from 2015 to 2026. With Increasing Capacity Addition in the automotive industry, demand for steel from the sector is expected to be robust

Capital Goods

The capital goods sector accounts for 11 per cent of steel consumption and expected to increase 14/15 per cent by 2025-26, and has the potential to increase in tonnage and market share. Corporate India's capex is expected to grow and generate greater demand for steel.

Infrastructure

The infrastructure sector accounts for 9 per cent of steel consumption and expected to increase 11 per cent by 2025- 26. Due to such a huge investment in infrastructure the demand for long steel products would increase in the years.

Airports

More and more modern and private airports are expected to be set up. Development of Tier II City airports would sustain consumption growth. Estimated steel consumption in airport building is likely to grow more than 20 per cent over next few years.

Railways

The Dedicated Rail Freight Corridor (DRFC) network expansion would be enhanced in future. Gauge conversion, setting up of new lines and electrification would drive steel demand. Indian Railways started the PPP mode of funding and has already awarded projects worth around USD1.73 billion during the first seven months (April-October) of FY16.

The Liquid fuel transportation pipeline network is likely to grow from the present 16,800 km to 22,000 km in 2014. This would lead to an increase in demand of steel tubes and pipes, providing a lucrative opportunity to the steel industry. Investment of USD 70 billion is expected during 2012-14.

Power

The government targets capacity addition of 88.5 GW under the 12th Five Year Plan (2012–17) and around 100 GW under the 13th Five Year Plan (2017–22) Both generation and Transmission capacities would be enhanced, thereby raising steel demand from the sector.

Rural India

Rural India is expected to reach per capita consumption of 12.11 kg to 14 kg for finished steel by 2020. Policies like Bharat Nirman and Rajiv Gandhi Awaaz Yojna are driving growing demand for construction steel in rural India.

(Source: Steel: January 2016 India Brand Equity Foundation www.ibef.org)

CHALLENGES AND PROBLEMS FACING THE INDIAN RE-ROLLING INDUSTRY

- **Raw Material issue:**

This industry mostly uses pencil ingots, re-rollable scrap and billets as raw material. As these ingots/billets are mainly produced through induction furnaces, they face severe quality problems. Often there occur surface defects like deep ripple marks, cracks etc, internal defects like piping, network of localized porosity along with high gas contents and composition problems like high percentage of sulphur, phosphorous, lead, copper and tin. The aforesaid shortcomings in raw materials / feedstock cause quality problems in rolled product, increase rejection rate and decrease the overall yield.

- **Reheating furnace:**

The most important cost centres in re-rolling mill industry are reheating furnace. The reheating furnaces have normally been observed by lower productivity, higher range of temperature variation both in product & hearth resulting in energy consumption. There is a lot of gap between the theoretical energy (180 Kcal/Kg) required and practical energy input levels (400 Kcal/Kg). Apart from energy efficiency, second major problem is of high burning/scale losses to the tune of 2-3%. The scale losses not only cause appreciable financial losses but also sometime cause surface quality problems in the product. It is also a national loss. The emission levels in term of SPM, SO₂ & GHG are also very high. The main reasons behind poor performances of the furnaces are. Unscientific designs & non availability of skilled manpower for operation of furnace

- **Rolling Mill:**

The rolling mill industry is the main section where material is rolled. The rolling mills of rerolling sector range from the size of “6” to “18”. They are known for their higher energy consumption, low mill utilization, unscientifically designed mill equipments, unscientific mill layouts, inefficient power transmission systems, lower productivities, lower bearing life, lower roll lives and higher breakdowns. There is an urgent need to attend to these problems. Most of the mills do not follow standard operating and maintenance practices. Many of the mills do not follow appropriate rolling process parameters viz no. of passes / average reduction per pass. Due to the absence of appropriate rolling and predictive maintenances, the formation of cobbles/misrolls is high and thus yield is lower. Most of the mills have manual operation and

mechanization /automations is very less. The motors used by the mills are of low efficiency and their capacity resulting in poor performance.

- **Laboratories for testing:**

In the many rolling mills there are no laboratories for testing of material.

- **Pollution Problems:**

Re-rolling industry is considered as polluting industry. The major reason for this is high usage of fossil fuels for heating steel in the process of reheating furnaces. Because of cost consideration this sector is now mainly using coal as fuel. Further, the pollution control devices installed in the mills are not properly designed. Because of this the mills are facing continuous pressure from PCBs for pollution abatement.

- **Energy Consumption:**

The consumption levels of Energy of the rerolling mills are very high as compared to bigger plants the main reason behind this are inefficient reheating furnaces, severe design problems in reheating furnaces as well as rolling mills. Non adoption of SOP and SMP inappropriate rolling process parameters, Low efficiency of transmission equipments, inappropriate roll pass design. Low level of mill mechanization / automation, inappropriate rolling mill layout and use of low efficiency motors.

(Source: SRMA Steel Newsletter – 23rd Issue; Steel Re-Rolling Mills Association of India
www.sрма.co.in



SUMMARY OF BUSINESS

Incorporated in 1995, our Company Narayani Steels Limited is engaged in trading and manufacturing of hot rolled long products of value added steel. We primarily trade in blooms, billets, TMT bars, pellets, etc and also manufacture TMT bars and other long products such as rounds, flats, angles, channels, etc.

Our Company, promoted by Shri Sunil Choudhary, started its operations with acquisition of a steel rolling plant in Vizianagaram We further acquired our second plant in 2012. Our Company strengthened its roots in Vishakhapatnam steel industry by expanding its business operations on a wide scale over the years. This fact is evidenced by increase in our business turnover from over Rs. 200 crores in Financial Year 2011 to over Rs. 500 crores in Financial Year 2016.

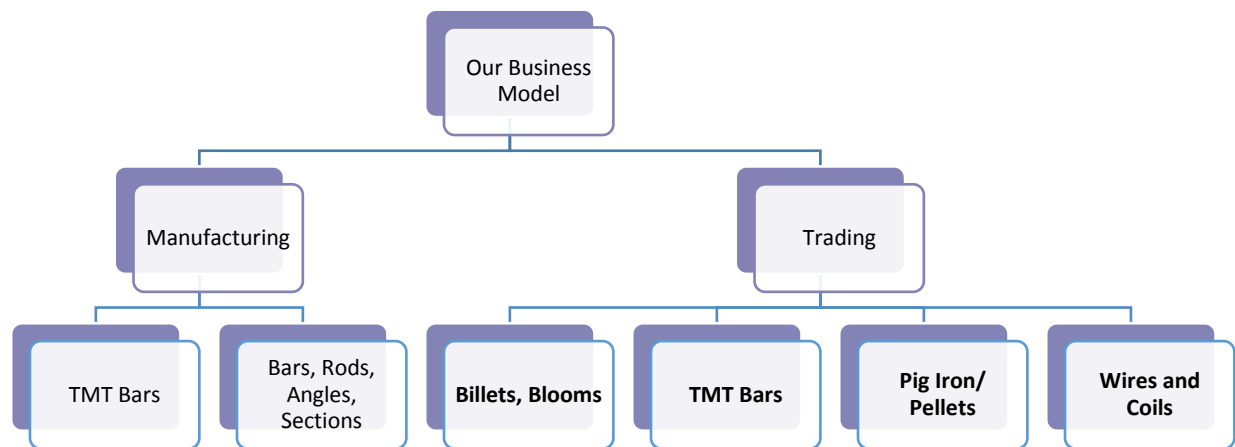
Currently our Company operates from two manufacturing units, both of which are situated in Vizianagaram district; one being used for production of angles, flats, channels, rounds, etc while the second unit is used for production of TMT Bars.

Our Company procures billets and blooms from Rashtriya Ispat Nigam Limited ("RINL"). RINL is a Government of India undertaking which is renowned for its superior quality steel products. We provide TMT Bars as per approved industrial standards, and ensure that all our products have the appropriate content of various chemical compositions. Further, we have an in-house testing facility for testing chemical composition of our products. With a goal to maintain standards in terms of quality and customer satisfaction, we are committed to satisfy customer compliance by supplying Narayani TMT Rebars as per the prescribed quality controls by government.

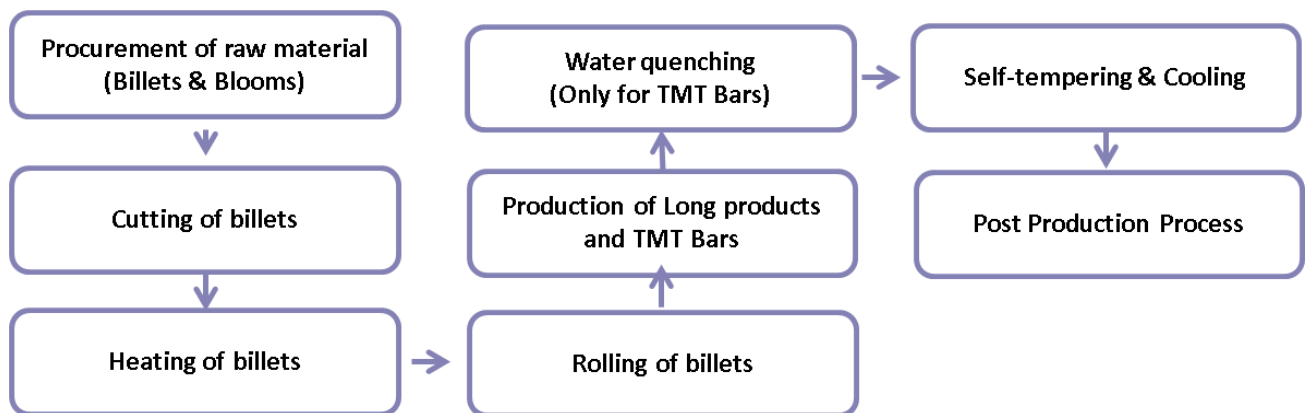
We have developed a wide network for the sales and distribution of our products across Andhra Pradesh, Telangana and other states in India.

We have been one of the loyal customers of RINL since several years and have received several awards and certifications from RINL including "Best Performer – Semi Liftings" in 2014-15, Certificate of Appreciation for "Star Customer – All India" (for highest tonnage in any category) in 2011-12, "Star Customer" (Semis) in 2011-12 and "Star Regional Customer" (Andhra Region) in 2011-12.

We endeavour to satisfy customer by continuous improvement through process innovation and quality maintenance. We aim to grow our operations on PAN India basis and make our brand as a distinguished name in steel rolling industry.



MANUFACTURING PROCESS: TMT AND OTHER LONG PRODUCTS LIKE ANGLES, CHANNEL, ROUNDS, FLATS





BUSINESS STRATEGY

Our vision is to provide customer satisfaction, by offering high qualitative products. In line with this vision, our Company is implementing a business strategy with the following key components. Our strategy will be to focus on capitalizing on our core strengths and expanding the operations of our business. We intend to focus on our existing range of products with specific emphasis on the following factors as business and growth strategy:



1. Enhancing utilization of existing production capacity
2. Improving functional efficiency
3. Leveraging our market skills and relationship
4. Brand image
5. Enhancing production and product quality
6. Expand our global footprint

SUMMARY OF FINANCIAL STATEMENTS

RESTATED STATEMENT OF ASSETS AND LIABILITIES

ANNEXURE -I

Amount (Rs. in Lakhs)

| Sr. No. | Particulars | As at March 31, | | | | |
|------------|---------------------------------------|------------------|------------------|------------------|------------------|------------------|
| | | 2016 | 2015 | 2014 | 2013 | 2012 |
| | EQUITY AND LIABILITIES | | | | | |
| 1) | <u>Shareholders Funds</u> | | | | | |
| | a. Share Capital | 730.90 | 730.90 | 730.90 | 730.90 | 635.10 |
| | b. Reserves & Surplus | 1,851.40 | 1,727.25 | 1,590.25 | 1,442.32 | 1,182.93 |
| | | 2,582.30 | 2,458.15 | 2,321.15 | 2,173.22 | 1,818.03 |
| 2) | <u>Non Current Liabilities</u> | | | | | |
| | a. Long Term Borrowings | 1,404.34 | 1,410.26 | 1,610.00 | 992.33 | 1,071.93 |
| | b. Deferred Tax Liabilities (Net) | 34.49 | 24.12 | 15.90 | 1.94 | - |
| | c. Long Term Provisions | 20.73 | 17.11 | 16.80 | 16.37 | 15.42 |
| | | 1,459.56 | 1,451.48 | 1,642.70 | 1,010.64 | 1,087.35 |
| 3) | <u>Current Liabilities</u> | | | | | |
| | a. Short Term Borrowings | 7,103.26 | 6,711.12 | 6,849.74 | 7,966.33 | 4,682.52 |
| | b. Trade Payables | 5,270.11 | 5,924.05 | 6,529.97 | 2,675.84 | 3,100.97 |
| | c. Other Current Liabilities | 759.21 | 679.73 | 727.18 | 167.04 | 109.15 |
| | d. Short Term Provisions | 51.03 | 59.74 | 51.89 | 45.58 | 60.59 |
| | | 13,183.61 | 13,374.63 | 14,158.78 | 10,854.80 | 7,953.22 |
| | TOTAL (1+2+3) | 17,225.47 | 17,284.26 | 18,122.63 | 14,038.67 | 10,858.60 |
| | ASSETS | | | | | |
| 4) | <u>Non Current Assets</u> | | | | | |
| | a. Fixed Assets | | | | | |
| | i. Tangible Assets | 1,072.43 | 1,017.89 | 1,039.25 | 982.88 | 813.44 |
| | ii. Capital work-in-progress | 15.57 | 41.76 | - | - | - |
| | b. Non-current Investments | 241.35 | 241.35 | 82.34 | 82.34 | 82.34 |
| | c. Deferred Tax Assets(Net) | - | - | - | - | 9.88 |
| | d. Long Term Loans & Advances | 63.74 | 47.73 | 32.73 | 100.69 | 53.11 |
| | | 1,393.09 | 1,348.72 | 1,154.32 | 1,165.92 | 958.77 |
| 5) | <u>Current Assets</u> | | | | | |
| | a. Inventories | 3,780.06 | 5,092.26 | 4,387.82 | 4,605.70 | 2,904.44 |
| | b. Trade Receivables | 10,086.16 | 8,437.23 | 9,101.62 | 5,842.30 | 5,787.63 |
| | c. Cash and Bank Balance | 1,419.00 | 1,480.45 | 1,925.80 | 1,864.98 | 887.30 |
| | d. Short Term Loans & Advances | 547.16 | 925.60 | 1,553.07 | 559.77 | 320.45 |
| | | 15,832.38 | 15,935.54 | 16,968.31 | 12,872.74 | 9,899.83 |
| | TOTAL(4+5) | 17,225.47 | 17,284.26 | 18,122.63 | 14,038.67 | 10,858.60 |

Note: The above statement should be read with the significant accounting policies and notes to restated statement of profit and loss and restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED STATEMENT OF PROFIT AND LOSS

ANNEXURE – II

Amount (Rs. in Lakhs)

| Sr. No. | Particulars | For the year ended March 31, | | | | |
|----------|---|------------------------------|------------------|------------------|------------------|------------------|
| | | 2016 | 2015 | 2014 | 2013 | 2012 |
| A | INCOME | | | | | |
| | Revenue from Operations(Gross) | 51,211.70 | 60,648.95 | 58,484.08 | 47,806.39 | 38,437.46 |
| | Less: Excise Duty | 964.21 | 1,044.07 | 837.46 | 441.38 | 1,214.09 |
| | Revenue from Operations(Net) | 50,247.49 | 59,604.88 | 57,646.62 | 47,365.01 | 37,223.38 |
| | Other Income | 159.44 | 390.93 | 378.25 | 226.82 | 673.35 |
| | Total Revenue (A) | 50,406.93 | 59,995.81 | 58,024.87 | 47,591.83 | 37,896.73 |
| B | EXPENDITURE | | | | | |
| | Cost of Materials Consumed | 7,149.33 | 6,143.47 | 6,643.98 | 6,336.45 | 28,724.99 |
| | Purchase of Traded Goods | 39,026.45 | 52,220.39 | 48,597.80 | 43,874.95 | 7,684.47 |
| | Changes in Inventories of finished goods, WIP and stock in Trade | 1,255.43 | (688.07) | 155.98 | (4,312.50) | (42.90) |
| | Employee Benefits Expense | 228.40 | 164.50 | 296.14 | 131.25 | 80.06 |
| | Finance Costs | 1,164.29 | 1,139.16 | 1,222.41 | 863.52 | 693.20 |
| | Depreciation | 53.87 | 59.55 | 56.70 | 41.50 | 30.66 |
| | Other Expenses | 1,343.73 | 750.03 | 838.20 | 448.64 | 538.83 |
| | Total Expenses (B) | 50,221.49 | 59,789.04 | 57,811.22 | 47,383.81 | 37,709.30 |
| C | Profit before exceptional, extraordinary items and tax (C) = (A-B) | 185.44 | 206.77 | 213.66 | 208.02 | 187.42 |
| | Less - Exceptional Items | - | - | - | 35.19 | - |
| | Profit before extraordinary items and tax | 185.44 | 206.77 | 213.66 | 172.83 | 187.42 |
| | Extraordinary items | - | - | - | - | - |
| D | Profit before tax | 185.44 | 206.77 | 213.66 | 172.83 | 187.42 |
| | Tax expense | | | | | |
| | (i) Current tax | 50.92 | 60.69 | 51.77 | 44.31 | 60.51 |
| | (ii) Deferred tax Liability/(Asset) | 10.38 | 8.50 | 13.96 | 11.81 | 0.42 |
| E | Total Tax Expense | 61.30 | 69.19 | 65.73 | 56.12 | 60.93 |
| F | Restated profit after tax (D-E) | 124.15 | 137.59 | 147.93 | 116.71 | 126.49 |

Note: The above statement should be read with the significant accounting policies and notes to restated statement of profit and loss and restated statement of cash flow appearing in Annexure IV, II and III respectively.

| Particulars | For the year ended March 31, | | | | |
|---|------------------------------|-----------------|-----------------|-------------------|-----------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Cash flow from operating activities: | | | | | |
| Net Profit before tax as per Statement of Profit And Loss | 185.44 | 206.77 | 213.66 | 172.83 | 187.42 |
| Adjustments for: | | | | | |
| Depreciation | 53.87 | 59.55 | 56.70 | 41.50 | 30.66 |
| Finance Costs | 1,164.29 | 1,139.16 | 1,222.41 | 863.52 | 693.20 |
| Provision for Gratuity | 3.64 | 0.28 | 0.43 | 0.99 | 2.30 |
| Interest & Dividend Income | (104.97) | (120.60) | (151.71) | (74.79) | (28.48) |
| Sundry Balances Written Off | 3.24 | 1.00 | 2.07 | 1.48 | - |
| Rent Received | (0.72) | (0.84) | (0.62) | (0.62) | (0.68) |
| Profit on Sale of Fixed Assets | - | - | (30.04) | (1.73) | - |
| Liabilities no longer required written back | (1.13) | (8.03) | (0.74) | (1.26) | (3.48) |
| | | | | | |
| Operating Profit Before Working Capital Changes | 1,303.66 | 1,277.29 | 1,312.15 | 1,001.90 | 880.94 |
| Adjusted for | | | | | |
| (Increase)/Decrease in Inventories | 1,312.20 | (704.44) | 217.88 | (1,701.25) | (2,123.24) |
| (Increase)/Decrease in Trade Receivables | (1,648.93) | 664.39 | (3,259.32) | (54.67) | (1,998.23) |
| (Increase)/Decrease in Loans and Advances | 370.51 | 641.82 | (981.28) | (277.10) | 1,151.35 |
| Increase/(Decrease) in Trade Payables | (652.81) | (597.89) | 3,854.86 | (423.86) | 1,097.39 |
| Increase/(Decrease) in Other Liabilities | 37.77 | 8.21 | 551.39 | 35.35 | 78.01 |
| Cash Generated From/(used in) Operations Before Extra-Ordinary Items | 722.41 | 1,289.37 | 1,695.69 | (1,419.62) | (913.78) |
| Add:- Extra-Ordinary Items | - | - | - | - | - |
| Cash Generated From Operations | 722.41 | 1,289.37 | 1,695.69 | (1,419.62) | (913.78) |
| Direct Tax Paid | (73.41) | (67.50) | (28.56) | (37.11) | (73.50) |
| Net Cash Flow from/(used in) Operating Activities: (A) | 649.00 | 1,221.87 | 1,667.13 | (1,456.74) | (987.28) |
| | | | | | |
| Cash Flow From Investing Activities: | | | | | |
| Purchase of Fixed Assets | (81.90) | (94.37) | (105.76) | (244.10) | (501.20) |
| Purchase of Non Current Investment | - | (159.00) | - | - | - |
| Sale of Fixed Assets | - | - | 40.00 | 16.30 | - |
| Interest & Dividend Income | 104.97 | 120.60 | 151.71 | 74.79 | 28.48 |

| Particulars | For the year ended March 31, | | | | |
|---|------------------------------|-------------------|-------------------|-----------------|-------------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Rent Received | 0.72 | 0.84 | 0.62 | 0.62 | 0.68 |
| (Increase) / Decrease in Fixed Deposits with Banks | 150.58 | (101.39) | (28.78) | (497.15) | (631.29) |
| Net Cash Flow from/(used in) Investing Activities: (B) | 174.37 | (233.31) | 57.80 | (649.54) | (1,103.33) |
| Cash Flow from Financing Activities: | | | | | |
| Proceeds from Issue of Capital | - | - | - | 238.48 | 400.00 |
| Increase/ (Decrease) in Long Term Borrowings | (5.18) | (196.90) | 614.61 | (71.99) | 769.93 |
| Increase/ (Decrease) in Short Term Borrowings | 392.14 | (199.25) | (1,085.08) | 3,283.82 | 1,639.47 |
| Finance Costs | (1,121.21) | (1,139.16) | (1,222.41) | (863.52) | (693.20) |
| Net Cash Flow from/(used in) Financing Activities (C) | (734.24) | (1,535.31) | (1,692.88) | 2,586.79 | 2,116.20 |
| Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C) | 89.13 | (546.75) | 32.04 | 480.51 | 25.59 |
| Cash & Cash Equivalents As At Beginning of the Year | 31.34 | 578.08 | 546.04 | 65.53 | 39.94 |
| Cash & Cash Equivalents As At End of the Year | 120.47 | 31.34 | 578.08 | 546.04 | 65.53 |
| 1. Components of cash and cash equivalents: | | | | | |
| Particulars | | | | | |
| Cash on hand | 59.56 | 23.12 | 56.09 | 17.40 | 42.45 |
| Balances With Banks | | | | | |
| In current accounts | 60.91 | 8.22 | 521.99 | 528.64 | 23.08 |
| Total Cash and cash equivalents | 120.47 | 31.34 | 578.08 | 546.04 | 65.53 |

1. The Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard -3 on Cash Flow Statement, specified under the Companies Act, 1956 (which are deemed to be applicable as Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of Companies (Accounts) Rules, 2014).

2. Figures in Brackets represents outflow.

3. The above statement should be read with the significant accounting policies and notes to restated statement of profit and loss and restated statement of cash flow appearing in Annexure IV, II and III respectively.

SUMMARY OF CONOLIDATED FINANCIALS AS RESTATED

CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES AS RESTATED

ANNEXURE -I
Amount (Rs. in Lakhs)

| Sr. No. | Particulars | As at March 31, | | | | |
|-----------|---------------------------------------|------------------|------------------|------------------|------------------|------------------|
| | | 2016 | 2015 | 2014 | 2013 | 2012 |
| | EQUITY AND LIABILITIES | | | | | |
| 1) | <u>Shareholders Funds</u> | | | | | |
| | a. Share Capital | 730.90 | 730.90 | 730.90 | 730.90 | 635.10 |
| | b. Reserves & Surplus | 1,889.30 | 1,750.68 | 1,595.98 | 1,437.32 | 1,178.19 |
| | | 2,620.20 | 2,481.58 | 2,326.88 | 2,168.22 | 1,813.29 |
| 2) | <u>Non Current Liabilities</u> | | | | | |
| | a. Long Term Borrowings | 1,404.34 | 1,410.26 | 1,610.00 | 992.33 | 1,071.93 |
| | b. Deferred Tax Liabilities (Net) | 34.49 | 24.12 | 15.90 | 1.94 | - |
| | c. Long Term Provisions | 20.73 | 17.11 | 16.80 | 16.37 | 15.42 |
| | | 1,459.56 | 1,451.48 | 1,642.70 | 1,010.64 | 1,087.35 |
| 3) | <u>Current Liabilities</u> | | | | | |
| | a. Short Term Borrowings | 7,103.26 | 6,711.12 | 6,849.74 | 7,966.33 | 4,682.52 |
| | b. Trade Payables | 5,270.11 | 5,924.05 | 6,529.97 | 2,675.84 | 3,100.97 |
| | c. Other Current Liabilities | 759.21 | 679.73 | 727.18 | 167.04 | 109.15 |
| | d. Short Term Provisions | 51.03 | 59.74 | 51.89 | 45.58 | 60.59 |
| | | 13,183.61 | 13,374.63 | 14,158.78 | 10,854.80 | 7,953.22 |
| | TOTAL (1+2+3) | 17,263.37 | 17,307.70 | 18,128.36 | 14,033.66 | 10,853.86 |
| | ASSETS | | | | | |
| 4) | <u>Non Current Assets</u> | | | | | |
| | a. Fixed Assets | | | | | |
| | i. Tangible Assets | 1,072.43 | 1,017.89 | 1,039.25 | 982.88 | 813.44 |
| | ii. Capital work-in-progress | 15.57 | 41.76 | - | - | - |
| | b. Non-current Investments | 279.25 | 264.78 | 88.07 | 77.34 | 77.60 |
| | c. Deferred Tax Assets(Net) | - | - | - | - | 9.88 |
| | d. Long Term Loans & Advances | 63.74 | 47.73 | 32.73 | 100.69 | 53.11 |
| | | 1,431.00 | 1,372.16 | 1,160.04 | 1,160.91 | 954.03 |
| 5) | <u>Current Assets</u> | | | | | |
| | a. Inventories | 3,780.06 | 5,092.26 | 4,387.82 | 4,605.70 | 2,904.44 |
| | b. Trade Receivables | 10,086.16 | 8,437.23 | 9,101.62 | 5,842.30 | 5,787.63 |
| | c. Cash and Bank Balance | 1,419.00 | 1,480.45 | 1,925.80 | 1,864.98 | 887.30 |
| | d. Short Term Loans & Advances | 547.16 | 925.60 | 1,553.07 | 559.77 | 320.45 |
| | | 15,832.38 | 15,935.54 | 16,968.31 | 12,872.74 | 9,899.83 |
| | TOTAL(4+5) | 17,263.37 | 17,307.70 | 18,128.36 | 14,033.66 | 10,853.86 |

Note: The above statement should be read with the consolidated significant accounting policies and notes to restated consolidated statement of profit and loss and consolidated restated statement of cash flow appearing in Annexure IV, II and III respectively.

CONSOLIDATED STATEMENT OF PROFIT AND LOSS AS RESTATED

ANNEXURE – II
Amount (Rs. in Lakhs)

| Sr. No. | Particulars | For the year ended March 31, | | | | |
|----------|--|------------------------------|------------------|------------------|------------------|------------------|
| | | 2016 | 2015 | 2014 | 2013 | 2012 |
| A | INCOME | | | | | |
| | Revenue from Operations(Gross) | 51,211.70 | 60,648.95 | 58,484.08 | 47,806.39 | 38,437.46 |
| | Less: Excise Duty | 964.21 | 1,044.07 | 837.46 | 441.38 | 1,214.09 |
| | Revenue from Operations(Net) | 50,247.49 | 59,604.88 | 57,646.62 | 47,365.01 | 37,223.38 |
| | Other Income | 159.44 | 390.93 | 378.25 | 226.82 | 673.35 |
| | Total Revenue (A) | 50,406.93 | 59,995.81 | 58,024.87 | 47,591.83 | 37,896.73 |
| B | EXPENDITURE | | | | | |
| | Cost of Materials Consumed | 7,149.33 | 6,143.47 | 6,643.98 | 6,336.45 | 28,724.99 |
| | Purchase of Traded Goods | 39,026.45 | 52,220.39 | 48,597.80 | 43,874.95 | 7,684.47 |
| | Changes in Inventories of finished goods, WIP and stock in Trade | 1,255.43 | (688.07) | 155.98 | (4,312.50) | (42.90) |
| | Employee Benefits Expense | 228.40 | 164.50 | 296.14 | 131.25 | 80.06 |
| | Finance Costs | 1,164.29 | 1,139.16 | 1,222.41 | 863.52 | 693.20 |
| | Depreciation | 53.87 | 59.55 | 56.70 | 41.50 | 30.66 |
| | Other Expenses | 1,343.73 | 750.03 | 838.20 | 448.64 | 538.83 |
| | Total Expenses (B) | 50,221.49 | 59,789.04 | 57,811.22 | 47,383.81 | 37,709.30 |
| C | Profit before exceptional, extraordinary items and tax (C) = (A-B) | 185.44 | 206.77 | 213.66 | 208.02 | 187.42 |
| | Less - Exceptional Items | - | - | - | 35.19 | - |
| | Profit before extraordinary items and tax | 185.44 | 206.77 | 213.66 | 172.83 | 187.42 |
| | Extraordinary items | - | - | - | - | - |
| D | Profit before tax | 185.44 | 206.77 | 213.66 | 172.83 | 187.42 |
| | Tax expense | | | | | |
| | (i) Current tax | 50.92 | 60.69 | 51.77 | 44.31 | 60.51 |
| | (ii) Deferred tax Liability/(Asset) | 10.38 | 8.50 | 13.96 | 11.81 | 0.42 |
| E | Total Tax Expense | 61.30 | 69.19 | 65.73 | 56.12 | 60.93 |
| F | Restated profit after tax (Before Adjustment of Share of Profit/(Loss) of Associates) (D-E) | 124.15 | 137.59 | 147.93 | 116.71 | 126.49 |
| | Share of Profit / (Loss) In Associates | 14.47 | 17.71 | 10.73 | (0.26) | 0.74 |
| | Restated consolidated profit after tax | 138.62 | 155.30 | 158.66 | 116.45 | 127.24 |



Note: The above statement should be read with the consolidated significant accounting policies and notes to restated consolidated statement of profit and loss and consolidated restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED CONSOLIDATED STATEMENT OF CASH FLOW

ANNEXURE -III

Amount (Rs. in Lakhs)

| Particulars | For the year ended March 31, | | | | |
|---|------------------------------|-----------------|-----------------|-------------------|-----------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Cash flow from operating activities: | | | | | |
| Net Profit before tax as per Statement of Profit And Loss | 185.44 | 206.77 | 213.66 | 172.83 | 187.42 |
| Adjustments for: | | | | | |
| Depreciation | 53.87 | 59.55 | 56.70 | 41.50 | 30.66 |
| Finance Costs | 1,164.29 | 1,139.16 | 1,222.41 | 863.52 | 693.20 |
| Provision for Gratuity | 3.64 | 0.28 | 0.43 | 0.99 | 2.30 |
| Interest & Dividend Income | (104.97) | (120.60) | (151.71) | (74.79) | (28.48) |
| Sundry Balances Written Off | 3.24 | 1.00 | 2.07 | 1.48 | - |
| Rent Received | (0.72) | (0.84) | (0.62) | (0.62) | (0.68) |
| Profit on Sale of Fixed Assets | - | - | (30.04) | (1.73) | - |
| Liabilities no longer required written back | (1.13) | (8.03) | (0.74) | (1.26) | (3.48) |
| | | | | | |
| Operating Profit Before Working Capital Changes | 1,303.66 | 1,277.29 | 1,312.15 | 1,001.90 | 880.94 |
| Adjusted for | | | | | |
| (Increase)/Decrease in Inventories | 1,312.20 | (704.44) | 217.88 | (1,701.25) | (2,123.24) |
| (Increase)/Decrease in Trade Receivables | (1,648.93) | 664.39 | (3,259.32) | (54.67) | (1,998.23) |
| (Increase)/Decrease in Loans and Advances | 370.51 | 641.82 | (981.28) | (277.10) | 1,151.35 |
| Increase/(Decrease) in Trade Payables | (652.81) | (597.89) | 3,854.86 | (423.86) | 1,097.39 |
| Increase/(Decrease) in Other Liabilities | 37.77 | 8.21 | 551.39 | 35.35 | 78.01 |
| Cash Generated From/(used in) Operations Before Extra-Ordinary Items | 722.41 | 1,289.37 | 1,695.69 | (1,419.62) | (913.78) |
| Add:- Extra-Ordinary Items | - | - | - | - | - |
| Cash Generated From Operations | 722.41 | 1,289.37 | 1,695.69 | (1,419.62) | (913.78) |
| Direct Tax Paid | (73.41) | (67.50) | (28.56) | (37.11) | (73.50) |
| Net Cash Flow from/(used in) Operating Activities: (A) | 649.00 | 1,221.87 | 1,667.13 | (1,456.74) | (987.28) |
| | | | | | |
| Cash Flow From Investing Activities: | | | | | |

| Particulars | For the year ended March 31, | | | | |
|---|------------------------------|-------------------|-------------------|-----------------|-------------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Purchase of Fixed Assets | (81.90) | (94.37) | (105.76) | (244.10) | (501.20) |
| Purchase of Non Current Investment | - | (159.00) | - | - | - |
| Sale of Fixed Assets | - | - | 40.00 | 16.30 | - |
| Interest & Dividend Income | 104.97 | 120.60 | 151.71 | 74.79 | 28.48 |
| Rent Received | 0.72 | 0.84 | 0.62 | 0.62 | 0.68 |
| (Increase) / Decrease in Fixed Deposits with Banks | 150.58 | (101.39) | (28.78) | (497.15) | (631.29) |
| Net Cash Flow from/(used in) Investing Activities: (B) | 174.37 | (233.31) | 57.80 | (649.54) | (1,103.33) |
| Cash Flow from Financing Activities: | | | | | |
| Proceeds from Issue of Capital | - | - | - | 238.48 | 400.00 |
| Increase/ (Decrease) in Long Term Borrowings | (5.18) | (196.90) | 614.61 | (71.99) | 769.93 |
| Increase/ (Decrease) in Short Term Borrowings | 392.14 | (199.25) | (1,085.08) | 3,283.82 | 1,639.47 |
| Finance Costs | (1,121.21) | (1,139.16) | (1,222.41) | (863.52) | (693.20) |
| Net Cash Flow from/(used in) Financing Activities (C) | (734.24) | (1,535.31) | (1,692.88) | 2,586.79 | 2,116.20 |
| Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C) | 89.13 | (546.75) | 32.04 | 480.51 | 25.59 |
| Cash & Cash Equivalents As At Beginning of the Year | 31.34 | 578.08 | 546.04 | 65.53 | 39.94 |
| Cash & Cash Equivalents As At End of the Year | 120.47 | 31.34 | 578.08 | 546.04 | 65.53 |
| 1. Components of cash and cash equivalents: | | | | | |
| Particulars | | | | | |
| Cash on hand | 59.56 | 23.12 | 56.09 | 17.40 | 42.45 |
| Balances With Banks | | | | | |
| In current accounts | 60.91 | 8.22 | 521.99 | 528.64 | 23.08 |
| Total Cash and cash equivalents | 120.47 | 31.34 | 578.08 | 546.04 | 65.53 |

1. The Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard -3 on Cash Flow Statement, specified under the Companies Act, 1956 (which are deemed to be applicable as Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of Companies (Accounts) Rules, 2014).

2. Figures in Brackets represents outflow.

3. The above statement should be read with the consolidated significant accounting policies and notes to consolidated restated statement of profit and loss and consolidated restated statement of cash flow appearing in Annexure IV, II and III respectively.

THE ISSUE

The following table summarizes the Issue details:

| Particulars | Details of Equity Shares |
|--|---|
| Issue of Equity Shares by our Company | 36,00,000 Equity Shares of face value of Rs. 10 each fully paid of the Company for cash at price of Rs. 32 per Equity Share aggregating Rs. 1,152.00 lakhs |
| Of which: | |
| Market Maker Reservation Portion | 1,88,000 Equity Shares of face value of Rs. 10 each fully paid of the Company for cash at price of Rs. 32 per Equity Share aggregating Rs. 60.16 lakhs |
| Net Issue to the Public | 34,12,000 Equity Shares of face value of Rs. 10 each fully paid of the Company for cash at price of Rs. 32 per Equity Share aggregating Rs. 1,091.84 lakhs |
| | Of which: |
| | 17,08,000 Equity Shares of face value of Rs. 10 each fully paid of the Company for cash at price of Rs. 32 per Equity Share aggregating Rs. 546.56 lakhs will be available for allocation to investors up to Rs. 2.00 Lakhs |
| | 17,04,000 Equity Shares of face value of Rs. 10 each fully paid of the Company for cash at price of Rs. 32 per Equity Share aggregating Rs. 545.28 lakhs will be available for allocation to investors above Rs. 2.00 Lakhs |
| Pre and Post Issue Equity Shares | |
| Equity Shares outstanding prior to the Issue | 73,09,000 Equity Shares |
| Equity Shares outstanding after the Issue | 1,09,09,000 Equity Shares |
| Use of Proceeds | For further details please refer chapter titled “ <i>Objects of the Issue</i> ” beginning on page 103 of this Prospectus for information on use of Issue Proceeds |

Notes:

1. This Issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, 2009, as amended from time to time. The Issue is being made through the Fixed Price method and hence, as per regulation 43, sub regulation (4) of SEBI (ICDR) Regulations, at least 50% of the Net Issue to public will be available for allocation on a proportionate basis to Retail Individual Applicants, subject to valid Applications being received at the Issue Price. For further details please refer to section titled ‘*Issue Information*’ beginning on page 347 of this Prospectus.
2. The Issue has been authorized by the Board of Directors *vide* a resolution passed at its meeting held on July 16, 2015 and by the shareholders of our Company *vide* a special resolution passed pursuant to section 62(1)(c) of the Companies Act, 2013 at the Annual General Meeting held on August 17, 2015.

For further details please refer to chapter titled “*Issue Structure*” beginning on page 353 of this Prospectus.

GENERAL INFORMATION

Our Company was incorporated as “Narayani Steels Private Limited” at Vizianagaram, Andhra Pradesh as a Private Limited Company under the provisions of the Companies Act, 1956 *vide* Certificate of Incorporation dated February 10, 1995 issued by Registrar of Companies, Andhra Pradesh bearing Registration No. 01-19412. Subsequently our Company was converted into a public limited company *vide* fresh Certificate of Incorporation dated August 24, 2015 and the name of our Company was changed to “Narayani Steels Limited”. The Corporate Identity Number of our Company is U27109WB1996PLC082021.

For details of incorporation, change of name and registered office of our Company, please refer to chapter titled ‘*Our History and Certain Other Corporate Matters*’ beginning on page 174 respectively of this Prospectus

REGISTERED OFFICE OF OUR COMPANY

Narayani Steels Limited

23A, N.S. Road, 7th Floor,
Room-31, Kolkata – 700001,
West Bengal, India

Email: info@narayanitmt.com

Website: www.narayanitmt.com

Corporate Identification Number: U27109WB1996PLC082021

*Note: All correspondence should be directed to Corporate Office, details of which are given below.

CORPORATE OFFICE

Narayani Steels Limited

D. No. 30-15-138/20
2nd Floor, Binayaka Complex,
Dabagardens,
Visakapatnam – 530020
Andhra Pradesh, India

Tel: 0891 2501182

Fax: 0891 2501182

Email: info@narayanitmt.com

Website: www.narayanitmt.com

REGISTRAR OF COMPANIES

Registrar of Companies, Kolkata

Nizam Palace, 2nd MSO Building
2nd Floor, 234/4 A.J.C.B Road
Kolkata-700020
West Bengal,
India

Website: www.mca.gov.in

DESIGNATED STOCK EXCHANGE

SME Platform of BSE

P. J. Towers, Dalal Street
Mumbai-400001
Maharashtra, India

BOARD OF DIRECTORS OF OUR COMPANY

| Sr. No. | Name | Age | DIN | Address | Designation |
|---------|-------------------------|-----|----------|--|-------------------------------------|
| 1. | Kishanlal Choudhary | 77 | 00289428 | Flat No.301, Door No.9-29-20/7, Roshan Towers, Balaji Nagar, Visakhapatnam, 530003, Andhra Pradesh, India | Chairman and Non Executive Director |
| 2. | Sunil Choudhary | 51 | 00289479 | Flat No.301, Door No.9-29-20/7, Roshan Towers, Balaji Nagar, Visakhapatnam, 530003, Andhra Pradesh, India | Managing Director |
| 3. | Bivor Bagaria | 27 | 06765822 | 10/1/1, Madhav Ghosh Road Salkia,, Howrah, 711106, West Bengal, India | Director & Chief Financial Officer |
| 4. | Bina Chowdhary | 46 | 00299534 | Flat No.301, Door No.9-29-20/7, Roshan Towers, Balaji Nagar, Visakhapatnam, 530003, Andhra Pradesh, India | Non Executive Director |
| 5. | Krishnamacharyulu Eunny | 71 | 07281774 | D. No. 2 -92, Santhi Nagar, Colony, Near Venkateswara Swamy Temple, Aganam Pudi, Visakhapatnam – 530046, Andhra Pradesh, India | Independent Director |
| 6. | Bhaskararao Puvvala | 62 | 07282264 | D.No: 49-53-8/15, Anjana Towers, B.S.Layout, P&T Colony, Visakhapatnam –530013, Andhra Pradesh, India | Independent Director |
| 7. | Ramesh Prathapa | 61 | 07281821 | D.No: 49-47-9/1, N G G O S Colony, Akkayapalem , Visakhapatnam – 530016, Andhra Pradesh, India | Independent Director |

| Sr. No. | Name | Age | DIN | Address | Designation |
|---------|-------------|-----|----------|---|-------------------------|
| 8. | Atul Saxena | 63 | 07284335 | D. No. 45-58-12, G4, Satya Sai Vihar Apartments, Narasimhanagar, Salagramapuram, Vishakapatnam – 530024, Andhra Pradesh, India | Independent Director |

For further details of our Directors, please refer to the chapter titled “Our Management” beginning on page 180 of this Prospectus.

COMPANY SECRETARY & COMPLIANCE OFFICER

Nisha Rathor

Narayani Steels Limited

D. No. 30-15-138/20

2nd Floor, Binayaka Complex

Dabagardens, Visakapatnam – 530020

Andhra Pradesh, India

Tel: 0891 2501182

Fax: 0891 2501182

Email: info@narayanitmt.com

CHIEF FINANCIAL OFFICER

Bivor Bagaria

Narayani Steels Limited

D. No. 30-15-138/20

2nd Floor, Binayaka Complex

Dabagardens, Visakapatnam – 530020

Andhra Pradesh, India

Tel: 0891 2501182

Fax: 0891 2501182

Email: cfo@narayanitmt.com

Investors may contact our Company Secretary and Compliance Officer and / or the Registrar to the Issue and / or the Lead Manager, in case of any pre-Issue or post-Issue related problems, such as non-receipt of letters of allotment, credit of allotted Equity Shares in the respective beneficiary account or refund orders, etc.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB to whom the Application was submitted (at ASBA Locations), giving full details such as name, address of the applicant, number of Equity Shares applied for, Amount blocked, ASBA Account number and the Designated Branch of the relevant SCSBs to whom the Application was submitted (at ASBA Locations) where the ASBA Form was submitted by the ASBA Applicants.

STATUTORY AUDITOR AND PEER REVIEWED AUDITOR

S Jaykishan

12, Ho Chi Minh Sarani,

Suite # 2D, 2E, Park Street Area,

Kolkata, West Bengal 700071



Tel: 033 4003 5801

Fax: NA

E-mail: bkn@sjaykishan.com

Website: www.sjaykishan.com

Contact Person: Balkishan Newatia

Firm Registration No: 309005E

Membership No: 050251

LEAD MANAGER

Pantomath Capital Advisors Private Limited

406-408, Keshavaa Premises Co-Op Soc. Ltd.,

Bandra Kurla Complex, Bandra East

Mumbai 400 051, Maharashtra, India

Tel: +91 22 61946724/27

Fax: + 91 22 26598690

Email: ipo@pantomathgroup.com

Website: www.pantomathgroup.com

Contact Person: Madhu Lunawat/Kirti Kanoria

SEBI Registration No: INM000012110

REGISTRAR TO THE ISSUE

Bigshare Services Private Limited

E2, Ansa Industrial Estate, Sakivihar Road,

Sakinaka, Andheri East,

Mumbai – 400072, Maharashtra. India

Tel: 022 40430200

Fax: 022 28475207

Website: www.bigshareonline.com

E-mail: ipo@bigshareonline.com

Investor Grievance : investor@bigshareonline.com

Contact Person: Vipin Gupta

SEBI Registration No.: INR000001385

LEGAL ADVISOR TO THE ISSUE

Verus Advocates

15, First Floor, Firuz-Ara (West Wing),

Opp. Mantralaya,

Madam Cama Road,

Mumbai - 400021

Tel: +91 22 22860100

Fax: +91 22 22834102

E-mail: mumbai@verus.net.in

Contact Person: Rajeev Singh

Website: www.verus.net.in

BANKER TO THE COMPANY

Union Bank of India

Address: #30-15-58, 1st Floor, Silver Willow, Dabagardens, Visakhapatnam – 530 020

Tel: 0891 - 2563155/ 2791801

Fax: 0891 - 2564496

E-mail cbsvisakhapatnam@unionbankofindia.com

Website: www.unionbankofindia.com

Contact Person: CVN Bhaskara Rao

Andhra Bank Limited

Address : Sector 5, Ukkunagaram, Visakhapatnam – 5300032

Tel: 0891 – 2546811, 2546812

Fax : NA

Email: mb095@andhrabank.co.in

Website : www.andhrabank.in

Contact Person : R Sankar Rao

PUBLIC ISSUE BANK AND REFUND BANKER

ICICI Bank Limited

Capital Market Division, 1st Floor, 122

Mistry Bhavan, Dinshaw Vachha Road

Backbay Reclamation, Churchgate, Mumbai-400 020

Tel: (91) 022 22859932

Fax: (91) 022 22611138

Email: rishav.bagrecha@icicibank.com / ipocmg@icicibank.com

Contact Person: Rishav Bagrecha

Website: www.icicibank.com

SEBI Registration Number: INBI00000004

SELF CERTIFIED SYNDICATE BANKS

The lists of banks that have been notified by SEBI to act as SCSB for the Applications Supported by Blocked Amount (ASBA) Process are provided on <http://www.sebi.gov.in/sebiweb/home/detail/32931/yes/List-of-Self-Certified-Syndicate-Banks-SCSB-for-Syndicate-ASBA>. For details on Designated Branches of SCSBs collecting the ASBA Bid Form, please refer to the above-mentioned SEBI link.

CREDIT RATING

This being an issue of Equity Shares, credit rating is not required.

IPO GRADING

Since the Issue is being made in terms of Chapter XB of the SEBI (ICDR) Regulations, there is no requirement of appointing an IPO Grading agency.

APPRAISAL AND MONITORING AGENCY

As per regulation 16(1) of the SEBI ICDR Regulations, the requirement of Monitoring Agency is not mandatory if the Issue size is below Rs. 50,000 Lakhs. Since the Issue size is only of Rs. 1152 lakhs, our Company has not appointed any monitoring agency for this Issue. However, as per the Section 177 of the Companies Act, 2013 and Regulation 32 of Listing Regulations to be entered into with BSE upon listing of the Equity Shares and the corporate governance requirements, *inter-alia*, the Audit Committee of our Company, would be monitoring the utilization of the proceeds of the Issue.

INTER-SE ALLOCATION OF RESPONSIBILITIES

Since Pantomath Capital Advisors Private Limited is the sole Lead Manager to this Issue, a statement of inter se allocation of responsibilities among Lead Managers is not applicable.

EXPERT OPINION

Our Company has not obtained any expert opinion.



DEBENTURE TRUSTEE

Since this is not a debenture issue, appointment of debenture trustee is not required.

UNDERWRITER

Our Company and Lead Manager to the Issue hereby confirm that the Issue is 100% Underwritten. The underwriting agreement is dated September 7, 2015 alongwith addendum agreement dated August 6, 2016 and pursuant to the terms of the underwriting agreement; obligations of the underwriter are subject to certain conditions specified therein. The underwriter has indicated their intention to underwrite following number of specified securities being offered through this Issue.

| Name and Address of the Underwriters | Indicative Number of Equity shares to be Underwritten | Amount Underwritten (Rupees In Lakhs) | % of the Total Issue Size Underwritten |
|---|---|---------------------------------------|--|
| Pantomath Capital Advisors Private Limited 406-408, Keshavaa Premises Co-Op Soc. Ltd. Bandra Kurla Complex, Bandra East Mumbai 400051 Tel: 022 61946724/27 Fax: 022 26598690 Email: ipo@pantomathgroup.com Contact Person: Madhu Lunawat SEBI Registration Number: INM000012110 | 36,00,000 | 1,152.00 | 100% |
| Total | 36,00,000 | 1,152.00 | 100% |

In the opinion of the Board of Directors of the Company, the resources of the above mentioned underwriter are sufficient to enable them to discharge their respective underwriting obligations in full.

DETAILS OF THE MARKET MAKING ARRANGEMENT

Our Company and the Lead Manager have entered into a tripartite agreement dated August 4, 2016 with the following Market Maker, duly registered with BSE Limited to fulfill the obligations of Market Making:

Rikhav Securities Limited

35B, Matru Chhaya, SN Road,
Mulund (West), Mumbai -400080, Maharashtra

Tel: 022 25935353 **Fax:** 022 25935300

E-mail: info@rikhav.net

Contact Person: Vishal Patel

SEBI Registration No.: INB011280436

Market Maker Registration No. (SME Segment of BSE): SMEMM0317408052012

Rikhav Securities Limited, registered with SME segment of BSE will act as the Market Maker and has agreed to receive or deliver of the specified securities in the market making process for a period of three years from the date of listing of our Equity Shares or for a period as may be notified by any amendment to SEBI (ICDR) Regulations.

The Market Maker shall fulfil the applicable obligations and conditions as specified in the SEBI ICDR Regulations, as amended from time to time and the circulars issued by BSE and SEBI in this matter from time to time.

Following is a summary of the key details pertaining to the Market Making arrangement:

1. The Market Maker(s) (individually or jointly) shall be required to provide a 2-way quote for 75% of the time in a day. The same shall be monitored by the Stock Exchange. Further, the Market Maker(s) shall inform the Exchange in advance for each and every black out period when the quotes are not being offered by the Market Maker(s).
2. The minimum depth of the quote shall be Rs.1,00,000/-. However, the investors with holdings of value less than Rs. 1,00,000/- shall be allowed to offer their holding to the Market Maker(s) (individually or jointly) in that scrip provided that he sells his entire holding in that scrip in one lot along with a declaration to the effect to the selling broker. Based on the IPO price of Rs. 32/- the minimum lot size is 4000 Equity Shares thus minimum depth of the quote shall be Rs. 1,28,000/-until the same, would be revised by BSE.
3. After a period of three (3) months from the market making period, the Market Maker would be exempted to provide quote if the Shares of Market Maker in our Company reaches to 25% of Issue Size (including the 1,88,000 Equity Shares out to be allotted under this Issue). Any Equity Shares allotted to Market Maker under this Issue over and above 25% Equity Shares would not be taken in to consideration of computing the threshold of 25% of Issue Size. As soon as the Shares of Market Maker in our Company reduce to 24% of Issue Size, the Market Maker will resume providing 2-way quotes.
4. There shall be no exemption/threshold on downside. However, in the event the Market Maker exhausts his inventory through market making process, BSE may intimate the same to SEBI after due verification.
5. Execution of the order at the quoted price and quantity must be guaranteed by the Market Maker(s), for the quotes given by him.
6. There would not be more than five Market Makers for the Company's Equity Shares at any point of time and the Market Makers may compete with other Market Makers for better quotes to the investors. At this stage, BCB Brokerage Private Limited is acting as the sole Market Maker.
7. The shares of the Company will be traded in continuous trading session from the time and day the company gets listed on SME Platform of BSE and market maker will remain present as per the guidelines mentioned under BSE and SEBI circulars.
8. There will be special circumstances under which the Market Maker may be allowed to withdraw temporarily/fully from the market – for instance due to system problems, any other problems. All controllable reasons require prior approval from the Exchange, while force-majeure will be applicable for non controllable reasons. The decision of the Exchange for deciding controllable and non-controllable reasons would be final.
9. The Market Maker(s) shall have the right to terminate said arrangement by giving one month notice or on mutually acceptable terms to the Lead Manager, who shall then be responsible to appoint a replacement Market Maker(s).

In case of termination of the above mentioned Market Making agreement prior to the completion of the compulsory Market Making period, it shall be the responsibility of the Lead Manager to arrange for another Market Maker(s) in replacement during the term of the notice period being served by the Market Maker but prior to the date of releasing the existing Market Maker from its duties in order to ensure compliance with the requirements of regulation 106V of the SEBI (ICDR) Regulations. Further the Company and the Lead Manager reserve the right to appoint other Market Maker(s) either as a replacement of the current Market Maker or as an additional Market Maker subject to the total number of Designated Market Makers does not exceed 5 (five) or as specified by the relevant laws and regulations applicable at that particulars point of time. The Market Making



Agreement is available for inspection at our Corporate Office from 11.00 a.m. to 5.00 p.m. on working days.

10. BSE SME Exchange will have all margins which are applicable on the BSE Main Board viz., Mark-to-Market, Value-At-Risk (VAR) Margin, Extreme Loss Margin, Special Margins and Base Minimum Capital etc. BSE can impose any other margins as deemed necessary from time-to-time.

11. BSE SME Exchange will monitor the obligations on a real time basis and punitive action will be initiated for any exceptions and/or non-compliances. Penalties / fines may be imposed by the Exchange on the Market Maker, in case he is not able to provide the desired liquidity in a particular security as per the specified guidelines. These penalties / fines will be set by the Exchange from time to time. The Exchange will impose a penalty on the Market Maker(s) in case he is not present in the market (offering two way quotes) for at least 75% of the time. The nature of the penalty will be monetary as well as suspension in market making activities / trading membership.

The Department of Surveillance and Supervision of the Exchange would decide and publish the penalties/ fines/ suspension for any type of misconduct/ manipulation/ other irregularities by the Market Maker from time to time.

12. Pursuant to SEBI Circular number CIR/MRD/DSA/31/2012 dated November 27, 2012, limits on the upper side for Market Makers during market making process has been made applicable, based on the issue size and as follows:

| Issue size | Buy quote exemption threshold (including mandatory initial inventory of 5% of the Issue Size) | Re-Entry threshold for buy quote (including mandatory initial inventory of 5% of the Issue Size) |
|------------------------------|--|---|
| Up to Rs. 20 Crore | 25% | 24% |
| Rs. 20 crore to Rs. 50 crore | 20% | 19% |
| Rs. 50 to Rs. 80 crore | 15% | 14% |
| Above Rs. 80 crore | 12% | 11% |

The Market Making arrangement, trading and other related aspects including all those specified above shall be subject to the applicable provisions of law and/or norms issued by SEBI/BSE from time to time.

CAPITAL STRUCTURE

Certain forms and resolutions filed with Registrar of Companies (prior to 2006), bank statements of the Company, and transfer forms are not traceable by our Company. With respect to changes in capital structure these include forms and resolutions for increase in authorised share capital, share capital allotment, annual returns, etc. Hence, this chapter is prepared based on the ROC search reports, data provided by management and to the best of information available.

The Equity Share capital of our Company, as on the date of this Prospectus and after giving effect to the Issue is set forth below:

Amount (Rs.in lakhs except share data)

| No. | Particulars | Aggregate nominal value | Aggregate value at Issue Price |
|-----------|--|-------------------------|--------------------------------|
| A. | Authorised Share Capital | | |
| | 1,40,00,000 Equity Shares of face value of Rs. 10 each | 1,400.00 | |
| B. | Issued, Subscribed and Paid-Up Share Capital before the Issue | | |
| | 73,09,000 Equity Shares of face value of Rs. 10 each | 730.90 | |
| C. | Present Issue in terms of this Prospectus | | |
| | Issue of 36,00,000 Equity Shares of face value of Rs.10 each at a price of Rs.32 per Equity Share | 360.00 | 1,152.00 |
| | Consisting : | | |
| | Reservation for Market Maker – 1,88,000 Equity Shares of face value of Rs. 10 each reserved as Market Maker portion at a price of Rs. 32 per Equity Share | 18.80 | 60.16 |
| | Net Issue to the Public – 34,12,000 Equity Shares of face value of Rs. 10 each at a price of Rs. 32 per Equity Share | 341.20 | 1,091.84 |
| | Of the Net Issue to the Public | | |
| | Allocation to Retail Individual Investors – 17,08,000 Equity Shares of face value of Rs. 10 each at a price of Rs. 32 per Equity Share shall be available for allocation for Investors applying for a value of upto Rs. 2 lakhs | 170.80 | 546.56 |
| | Allocation to Other than Retail Individual Investors – 17,04,000 Equity Shares of face value of Rs. 10 each at a price of Rs.32 per Equity Share shall be available for allocation for Investors applying for a value above Rs. 2 lakhs | 170.40 | 545.28 |
| D. | Issued, Subscribed and Paid-Up Share Capital after the Issue | | |
| | 1,09,09,000 Equity Shares of face value of Rs. 10 each | 1,090.90 | |
| E. | Securities Premium Account | | |
| | Before the Issue | 938.28 | |
| | After the Issue* | 1,670.28 | |

The Issue has been authorised by the Board of Directors vide a resolution passed at its meeting held on July 16, 2015 and by the shareholders of our Company vide a special resolution passed pursuant to section 62(1)(c) of the Companies Act, 2013 at the Annual General Meeting held on August 17, 2015.



The Company has only one class of share capital i.e. Equity Shares of face value of Rs. 10 each only. All Equity Shares issued are fully paid-up. Our Company has no outstanding convertible instruments as on the date of this Prospectus.

Share Capital having shares of face value of Rs. 100 each was sub-divided into 10 shares of face value of Rs. 10 each *vide* resolution passed at the annual general meeting of members of the Company held on August 17, 2015.

*Issue related expense of Rs. 60 lakhs has been deducted while calculating, After the issue - Securities Premium account.

NOTES TO THE CAPITAL STRUCTURE

1. Details of changes in authorized Share Capital:

Since the incorporation of our Company, the authorised share capital of our Company has been altered in the manner set forth below:

| Particulars of Change | | Date of Shareholders' Meeting | AGM / EGM |
|---|---|-------------------------------|-----------|
| From | To | | |
| Rs. 40,00,000/- consisting of 40,000 Equity Shares of Rs. 100 each. | | On Incorporation | - |
| Rs. 40,00,000/- consisting of 40,000 Equity Shares of Rs. 100 each. | Rs. 60,00,000/- consisting of 60,000 Equity Shares of Rs. 100 each. | July 9, 1997 | EGM |
| Rs. 60,00,000/- consisting of 60,000 Equity Shares of Rs. 100 each. | Rs. 1,00,00,000/- consisting of 1,00,000 Equity Shares of Rs. 100 each. | March 4, 1998 | EGM |
| Rs. 1,00,00,000/- consisting of 1,00,000 Equity Shares of Rs. 100 each. | Rs. 1,20,00,000/- consisting of 1,20,000 Equity Shares of Rs. 100 each. | September 17, 2000 | EGM |
| Rs. 1,20,00,000/- consisting of 1,20,000 Equity Shares of Rs. 100 each. | Rs. 1,40,00,000/- consisting of 1,40,000 Equity Shares of Rs. 100 each. | January 10, 2003 | EGM |
| Rs. 1,40,00,000/- consisting of 1,40,000 Equity Shares of Rs. 100 each. | Rs. 1,70,00,000/- consisting of 1,70,000 Equity Shares of Rs. 100 each. | July 14, 2003 | EGM |
| Rs. 1,70,00,000/- consisting of 1,70,000 Equity Shares of Rs. 100 each. | Rs. 2,00,00,000/- consisting of 2,00,000 Equity Shares of Rs. 100 each. | August 10, 2004 | EGM |
| Rs. 2,00,00,000/- consisting of 2,00,000 Equity Shares of Rs. 100 each. | Rs. 2,40,00,000/- consisting of 2,40,000 Equity Shares of Rs. 100 each. | December 23, 2004 | EGM |
| Rs. 2,40,00,000/- consisting of 2,40,000 Equity Shares of Rs. 100 each. | Rs. 2,50,00,000/- consisting of 2,50,000 Equity Shares of Rs. 100 each. | February 14, 2005 | EGM |
| Rs. 2,50,00,000/- consisting of 2,50,000 Equity Shares of Rs. 100 each. | Rs. 3,00,00,000/- consisting of 3,00,000 Equity Shares of Rs. 100 each. | October 17, 2005 | EGM |

| Particulars of Change | | Date of Shareholders' Meeting | AGM / EGM |
|---|--|-------------------------------|-----------|
| From | To | | |
| Rs. 3,00,00,000/- consisting of 3,00,000 Equity Shares of Rs. 100 each. | Rs. 5,00,00,000/- consisting of 5,00,000 Equity Shares of Rs. 100 each. | December 16, 2006 | EGM |
| Rs. 5,00,00,000/- consisting of 5,00,000 Equity Shares of Rs. 100 each. | Rs. 7,00,00,000/- consisting of 7,00,000 Equity Shares of Rs. 100 each. | February 1, 2008 | EGM |
| Rs. 7,00,00,000/- consisting of 7,00,000 Equity Shares of Rs. 100 each. | Rs. 9,00,00,000/- consisting of 9,00,000 Equity Shares of Rs. 100 each. | March 25, 2013 | EGM |
| Rs. 9,00,00,000/- consisting of 9,00,000 Equity Shares of Rs. 100 each. | Rs. 9,00,00,000/- consisting of 90,00,000 Equity Shares of Rs. 10 each. | August 17, 2015 | AGM |
| Rs. 9,00,00,000/- consisting of 90,00,000 Equity Shares of Rs. 10 each. | Rs. 14,00,00,000/- consisting of 1,40,00,000 Equity Shares of Rs. 10 each. | August 17, 2015 | AGM |

2. History of Equity Share Capital of our Company:

| Date of Allotment / Fully Paid-up | No. of Equity shares allotted | Face value (Rs.) | Issue Price (Rs.) | Nature of Allotment | Nature of Consideration | Cumulative number of Equity Shares | Cumulative Paid-up Capital (Rs.) |
|-----------------------------------|-------------------------------|------------------|-------------------|------------------------------------|-------------------------|------------------------------------|----------------------------------|
| February 10, 1995 | 2,000 | 100 | 100 | Subscription to MoA ⁽¹⁾ | Cash | 2,000 | 2,00,000 |
| December 02, 1996 | 14,220 | 100 | 100 | Further Allotment ⁽²⁾ | Cash | 16,220 | 16,22,000 |
| September 17, 2000 | 42,500 | 100 | 100 | Further Allotment ⁽³⁾ | Cash | 58,720 | 58,72,000 |
| July 25, 2003 | 66,250 | 100 | 100 | Further Allotment ⁽⁴⁾ | Cash | 1,24,970 | 1,24,97,000 |
| March 29, 2007 | 1,45,230 | 100 | 100 | Further Allotment ⁽⁵⁾ | Cash | 2,70,200 | 2,70,20,000 |
| March 31, 2007 | 56,000 | 100 | 100 | Further Allotment ⁽⁶⁾ | Cash | 3,26,200 | 3,26,20,000 |
| March 31, 2008 | 2,20,500 | 100 | 100 | Further Allotment ⁽⁷⁾ | Cash | 5,46,700 | 5,46,70,000 |
| March 31, 2011 | 42,000 | 100 | 1,000 | Further Allotment ⁽⁸⁾ | Cash | 5,88,700 | 5,88,70,000 |
| March 31, 2012 | 35,000 | 100 | 1,000 | Further Allotment ⁽⁹⁾ | Cash | 6,23,700 | 6,23,70,000 |
| March 31, 2012 | 11,400 | 100 | 1,000 | Further Allotment ⁽¹⁰⁾ | Cash | 6,35,100 | 6,35,10,000 |
| March 30, 2013 | 95,800 | 100 | 250 | Further Allotment ⁽¹¹⁾ | Cash | 7,30,900 | 7,30,90,000 |

| Date of Allotment / Fully Paid-up | No. of Equity shares allotted | Face value (Rs.) | Issue Price (Rs.) | Nature of Allotment | Nature of Consideration | Cumulative number of Equity Shares | Cumulative Paid-up Capital (Rs.) |
|---|-------------------------------|------------------|-------------------|---------------------|-------------------------|------------------------------------|----------------------------------|
| Share Capital having shares of face value of Rs. 100 each was sub-divided into 10 shares of face value of Rs. 10 each <i>vide</i> resolution passed at the annual general meeting of members of the Company held on August 17, 2015 After subdivision the restated position is as under | | | | | | | |
| August 17, 2015 | - | 10 | - | - | - | 73,09,000 | 7,30,90,000 |

- (1) Initial Subscribers to Memorandum of Association subscribed 2000 Equity Shares, details of which are given below:

| Sr. No | Name of Allottee | No of Shares Allotted |
|--------|---------------------|-----------------------|
| 1. | Kishanlal Choudhary | 1,000 |
| 2. | Sunil Choudhary | 1,000 |
| | Total | 2,000 |

- (2) Further Allotment of 14,220 Equity Shares of face value of Rs. 100/- each fully paid at par as per the details given below:

| Sr. No | Name of Allottee | No. of Shares allotted |
|--------|------------------------|------------------------|
| 1. | Savitri Devi Choudhary | 4,000 |
| 2. | Kishanlal Choudhary | 3,100 |
| 3. | Sunil Choudhary | 3,120 |
| 4. | Bina Choudhary | 4,000 |
| | Total | 14,220 |

- (3) Further Allotment of 42,500 Equity Shares of face value of Rs. 100/- each fully paid at par as per the details given below:

| Sr. No | Name of Allottee | No. of Shares Allotted |
|--------|--|------------------------|
| 1. | Gunjan Commercial Limited | 1,000 |
| 2. | Blue Bird Vinimay Private Limited | 2,000 |
| 3. | Concentra Vyapaar Private Limited | 2,000 |
| 4. | Stuti Securities Limited | 5,000 |
| 5. | Krishna Vyapaar Private Limited | 3,500 |
| 6. | VGM Construction Private Limited | 5,000 |
| 7. | Cooltex Merchandise Private Limited | 1,500 |
| 8. | Nidhi Limited | 2,000 |
| 9. | Shweta Trade Service Private Limited | 4,000 |
| 10. | Aristo Trade & Credit Private Limited ^(a) | 1,500 |
| 11. | Ganodaya Finlease Limited | 5,000 |
| 12. | Jetair Properties Private Limited | 2,000 |
| 13. | Longlife Agro Private Limited | 2,000 |
| 14. | Frost Traders Private Limited | 3,000 |
| 15. | Eder Trader & Comm. Private Limited | 3,000 |
| | Total | 42,500 |

(a)As on date of the Prospectus, Aristo Trade & Credit Private Limited stands merged with Emerald Properties Private Limited.

(4) Further Allotment of 66,250 Equity Shares of face value of Rs. 100/- each fully paid at par as per the details given below:

| Sr. No | Name of Allottee | No. of Shares Allotted |
|--------|---|------------------------|
| 1. | Newlook Packing Company Private Limited | 5,500 |
| 2. | Suasion Finvest Private Limited | 4,500 |
| 3. | Sandur Commerce Private Limited | 5,000 |
| 4. | Sunil Kumar Choudhary (HUF) | 2,500 |
| 5. | Sunil Choudhary | 11,000 |
| 6. | Kishanlal Choudary | 3,750 |
| 7. | W.E Engineering Private Limited | 6,000 |
| 8. | Tropex Suppliers Private Limited | 3,000 |
| 9. | Chetna Commercial Company Private Limited | 3,000 |
| 10. | Ace Flora-Tech Limited | 2,000 |
| 11. | Ritu Viniyog & Traders Private Limited | 2,000 |
| 12. | Vijay Enclave Limited | 5,000 |
| 13. | Stephen Marketing Ltd | 3,000 |
| 14. | J.B.Tea Trading Private Limited | 5,000 |
| 15. | Sri Vaikunthanath Trading Private Limited | 5,000 |
| | Total | 66,250 |

(5) Further Allotment of 1,45,230 Equity Shares of face value of Rs. 100/- each fully paid at par as per the details given below:

| Sr. No | Name of Allottee | No. of Shares Allotted |
|--------|--|------------------------|
| 1. | Stephen Marketing Private Limited | 8,000 |
| 2. | Sri Vaikuntnath Trading Private Limited | 5000 |
| 3. | J.B. Trading Private Limited | 5,000 |
| 4. | Vijay Enclave Limited | 5,000 |
| 5. | North West Coal Co. Limited | 15,000 |
| 6. | Sunil Choudhary | 27,230 |
| 7. | Kishanlal Choudhary | 15,000 |
| 8. | Silverion Marketing Private Limited | 5,000 |
| 9. | Shri Vikunt Nath Trading Private Limited | 3,500 |
| 10. | Bhushan Capital Limited | 3,500 |
| 11. | Stuti Securities Limited | 26,000 |
| 12. | Shyam Trade & Finance Private Limited | 8,000 |
| 13. | Ma Padma Vinimay Private Limited | 19,000 |
| | Total | 1,45,230 |

(6) Further Allotment of 56,000 Equity Shares of face value of Rs. 100/- each fully paid at par as per the details given below:

| Sr. No | Name of Allottee | No. of Shares Allotted |
|--------|-------------------------------------|------------------------|
| 1. | Raghavendra Vinimay Private Limited | 56,000 |
| | Total | 56,000 |



(7) Further Allotment of 2,20,500 Equity Shares of face value of Rs. 100/- each fully paid at par as per the details given below:

| Sr. No | Name of Allottee | No. of Shares Allotted |
|--------|--|------------------------|
| 1. | M/s. Raghavendra Vinimay Private Limited | 5,000 |
| 2. | Sunil Choudhary | 13,500 |
| 3. | Kishanlal Choudhary | 19,000 |
| 4. | M/s.Fancy Marketing Investments | 1,83,000 |
| | Total | 2,20,500 |

(8) Further Allotment of 42,000 Equity Shares of face value of Rs. 100/- each fully paid at premium of Rs 900/- each as per the details given below:

| Sr. No | Name of Allottee | No. of Shares Allotted |
|--------|-------------------------------------|------------------------|
| 1. | Cooltex Merchandise Private Limited | 17,000 |
| 2. | Sree Rama Krishna Alloys Limited | 25,000 |
| | Total | 42,000 |

(9) Further Allotment of 35,000 Equity Shares of face value of Rs. 100/- each fully paid at premium of Rs. 900/- each as per the details given below:

| Sr. No | Name of Allottee | No. of Shares Allotted |
|--------|--|------------------------|
| 1. | Sunview Tradelinks Private Limited | 9,000 |
| 2. | Principle Nirman Private Limited | 4,500 |
| 3. | Anant Holdings Private Limited ^(a) | 1,000 |
| 4. | Akansha Commercials Private Limited ^(a) | 3,000 |
| 5. | Narmada Traxim Private Limited ^(b) | 1,000 |
| 6. | Ultra Marketing Private Limited ^(c) | 1,500 |
| 7. | Paxton Commodities Private Limited ^(b) | 2,500 |
| 8. | Tropex Suppliers Private Limited ^(c) | 2,500 |
| 9. | Cooltex Merchandise Private Limited | 2,500 |
| 10. | Gallant Dealers Private Limited | 4,000 |
| 11. | Tatpar Dealers Private Limited ^(d) | 500 |
| 12. | Longview Finvest Private Limited ^(a) | 3,000 |
| | Total | 35,000 |

(a) As on date of the Prospectus, Anant Holdings Private Limited, Akansha Commercials Private Limited and Longview Finvest Private Limited stands merged with Emerald Properties Private Limited.

(b) As on date of the Prospectus, Narmada Traxim Private Limited and Paxton Commodities Private Limited stands merged with Pingle Commotarde Private Limited.

(c) As on date of the Prospectus, Ultra Marketing Private Limited stands merged with Tropex Suppliers Private Limited.

(d) As on date of the Prospectus, Tatpar Dealers Private Limited stands merged with Pushpri Fiscal Services Private Limited.

(10) Further Allotment of 11,400 Equity Shares of face value of Rs. 100/- each fully paid at premium of Rs. 900/- each as per the details given below:

| Sr. No | Name of Allottee | No. of Shares Allotted |
|--------|--|------------------------|
| 1. | Sunil Choudhary | 1,600 |
| 2. | Sunil Kumar Choudhary (HUF) | 1,600 |
| 3. | Kishanlal Choudhary (HUF) | 1,600 |
| 4. | Bina Choudhary | 1,600 |
| 5. | Aristo Trade and Credit Private Limited ^(a) | 2,000 |

| Sr. No | Name of Allottee | No. of Shares Allotted |
|--------|---------------------------------|------------------------|
| 6. | Deepmala Vyapar Private Limited | 3,000 |
| | Total | 11,400 |

(a)As on date of the Prospectus, Aristo Trade & Credit Private Limited stands merged with Emerald Properties Private Limited.

(11)Further Allotment of 95,800 Equity Shares of face value of Rs. 100/- each fully paid at premium of Rs. 150/- each as per the details given below:

| Sr. No | Name of Allottee | No. of Shares Allotted |
|--------|---|------------------------|
| 1. | Principle Nirman Private Limited | 13,000 |
| 2. | Walden Barter Private Limited ^(a) | 4,000 |
| 3. | Emerald Properties Private Limited | 12,000 |
| 4. | V.B. Consultants Private Limited ^(a) | 4,000 |
| 5. | Antony Plastics Private Limited ^(b) | 4,000 |
| 6. | Rishikesh Commercial Co. Private Limited | 4,000 |
| 7. | Wizard Merchandise Private Limited ^(a) | 8,000 |
| 8. | Sadhana Trade & Credit Private Limited | 4,000 |
| 9. | Telstar Marketing Private Limited ^(c) | 3,600 |
| 10. | Trimudra Credit Limited | 12,400 |
| 11. | Cooltex Merchandise Private Limited | 8,800 |
| 12. | Index Tie-Up Private Limited | 4,000 |
| 13. | Gallant Dealers Private Limited | 8,000 |
| 14. | Agomani Commercial Private Limited | 6,000 |
| | Total | 95,800 |

(a)As on date of the Prospectus, Walden Barter Private Limited, V.B. Consultants Private Limited and Wizard Merchandise Private Limited stands merged with Tropex Suppliers Private Limited.

(b)As on date of the Prospectus, Antony Plastics Private Limited stands merged with Deepmala Vyaapar Pvt Ltd.

(c)As on date of the Prospectus, Telstar Marketing Private Limited stands merged with Pushpri Fiscal Services Private Limited.

(d) As on date of the Prospectus, Sadhana Trade & Credit Private Limited stands merged with Mortex Light India Private Limited.

3. We have not issued any Equity Shares for consideration other than cash.
4. No Equity Shares have been allotted pursuant to any scheme approved under Section 391-394 of the Companies Act, 1956.
5. We have not revalued its assets since inception and have not issued any Equity Shares (including bonus shares) by capitalizing any revaluation reserves.
6. We have not issued any shares at price below Issue Price within last one year from the date of this Prospectus.



7. Build-up of Promoters' shareholding, Promoters' contribution and lock-in

i. Build Up of Promoters' shareholdings

As on the date of this Prospectus, our Promoters Sunil Choudhary and Sunil Choudhary HUF hold 24,85,500 Equity Shares of our Company. None of the Equity Shares held by our Promoters are subject to any pledge.

a. Sunil Choudhary

| Date of Allotment and made fully paid up/ Transfer | No. of Equity Shares | Face value per Share (Rs.) | Issue / Acquisition/Transfer price (Rs.)* | Nature of Transactions | Pre-issue shareholding %** | Post- issue shareholding %** | Lock-in Period | Source of funds | Pledge |
|--|----------------------|----------------------------|---|------------------------|----------------------------|------------------------------|----------------|--------------------|--------|
| February 10, 1995 | 1,000 | 100 | 100 | Subscription to MOA | 0.14% | 0.09% | 3 Years | Savings | Nil |
| December 02, 1996 | 3,120 | 100 | 100 | Further Allotment | 0.43% | 0.29% | 3 Years | Savings | Nil |
| August 8, 2001 | 2,500 | 100 | 20 | Transfer | 0.34% | 0.23% | 1 Year | Savings | Nil |
| July 25, 2003 | 11,000 | 100 | 100 | Further Allotment | 1.50% | 1.01% | 3 Years | Savings | Nil |
| March 29, 2007 | 27,230 | 100 | 100 | Further Allotment | 3.73% | 2.50% | 3 Years | Savings/Borrowings | Nil |
| March 31, 2008 | 13,500 | 100 | 100 | Further Allotment | 1.85% | 1.24% | 1 Year | Savings/Borrowings | Nil |
| September 28, 2009 | 62,500 | 100 | 20 | Transfer | 8.55% | 5.73% | 3 Years | Borrowings | Nil |
| March 31, 2012 | 1,600 | 100 | 1,000 | Further Allotment | 0.22% | 0.15% | 1 Year | Borrowings | Nil |
| Equity Share Capital of the Company having equity share of Rs. 100/- each was sub-divided into 10 equity share of face value of Rs. 10/- each with effect from August 17, 2015. After sub division the restated position is as under | | | | | | | | | |
| Total | 12,24,500 | | | | 16.75% | 11.22% | | | |

*Cost of acquisition excludes Stamp Duty and the shares were made fully paid on the date of allotment.

**For calculating the pre and post issue shareholding percentage, number of equity shares has been considered after giving effect to sub-division of equity shares.

Details of borrowings:

| NAME OF THE LENDER | AMOUNT (RS. IN LAKHS) | ADDRESS |
|--------------------------------|-----------------------|----------------|
| Dowell Finance Limited | 10.00 | Kolkatta |
| Laxmi Chand Garg | 12.50 | Vishakhapatnam |
| Narayani Ispat Private Limited | 12.50 | Vishakhapatnam |
| Balajee Road Ways | 16.00 | Vishakhapatnam |

b. Sunil Choudhary HUF

| Date of Allotment and made fully paid up/ Transfer | No. of Equity Shares | Face value per Share (Rs.) | Issue / Acquisition/Transfer price (Rs.)* | Nature of Transactions | Pre-issue shareholding %** | Post- issue shareholding %** | Lock-in Period | Source of funds | Pledge |
|--|----------------------|----------------------------|---|------------------------|----------------------------|------------------------------|----------------|-----------------|--------|
| December 15, 2000 | 2,000 | 100 | 20 | Transfer | 0.27% | 0.18% | 3 Years | Savings | Nil |
| July 25, 2003 | 2,500 | 100 | 100 | Further Allotment | 0.34% | 0.23% | 1 Year | Savings | Nil |
| September 28, 2009 | 1,20,000 | 100 | 20 | Transfer | 16.41% | 11.00% | 3 Years | Business Income | Nil |
| March 31, 2012 | 1,600 | 100 | 1,000 | Further Allotment | 0.22% | 0.15% | 1 Year | Business Income | Nil |
| Equity Share Capital of the Company having equity share of Rs. 100/- each was sub-divided into 10 equity share of face value of Rs. 10/- each with effect from August 17, 2015. After sub division the restated position is as under | | | | | | | | | |
| Total | 12,61,000 | | | | 17.25% | 11.56% | | | |

*Cost of acquisition excludes Stamp Duty and the shares were made fully paid on the date of allotment.

** For calculating the pre and post issue shareholding percentage, number of equity shares has been considered after giving effect to sub-division of equity shares.



ii. Details of Promoter's Contribution locked in for three years:

Pursuant to Regulation 32 and 36 of SEBI ICDR Regulations, an aggregate of 20% of the post-Issue capital held by our Promoters' shall be considered as Promoters' Contribution ("Promoters Contribution") and locked-in for a period of three years from the date of Allotment. The lock-in of the Promoters' Contribution would be created as per applicable law and procedure and details of the same shall also be provided to the Stock Exchange before listing of the Equity Shares.

Our Promoters' has given written consent to include such number of Equity Shares held by them and subscribed by them as a part of Promoter's Contribution constituting 20.79 % of the post issue Equity Shares of our Company and have agreed not to sell or transfer or pledge or otherwise dispose of in any manner, the Promoters Contribution, for a period of three years from the date of allotment in the Issue.

| Date of Allotment | Date when made fully paid up | No. of Shares Allotted/ Transferred | Face Value | Issue Price | Nature of Allotment/Transfer | % of Post Issue shareholding* | Lock in Period |
|--|------------------------------|-------------------------------------|------------|-------------|------------------------------|-------------------------------|----------------|
| Sunil Choudhary | | | | | | | |
| February 10, 1995 | February 10, 1995 | 1,000 | 100 | 100 | Subscription to MoA | 0.09% | 3 Years |
| December 02, 1996 | December 02, 1996 | 3,120 | 100 | 100 | Further Allotment | 0.29% | 3 Years |
| July 25, 2003 | July 25, 2003 | 11,000 | 100 | 100 | Further Allotment | 1.01% | 3 Years |
| March 29, 2007 | March 29, 2007 | 27,230 | 100 | 100 | Further Allotment | 2.50% | 3 Years |
| September 28, 2009 | September 28, 2009 | 62,500 | 100 | 20 | Transfer | 5.73% | 3 Years |
| Equity Share Capital of the Company having equity share of Rs. 100/- each was sub-divided into 10 equity share of face value of Rs. 10/- each with effect from August 17, 2015. After sub division the restated position is as under | | | | | | | |
| Subtotal (A) | | 10,48,500 | | | | 9.61% | 3 years |
| Sunil Choudhary HUF | | | | | | | |
| December 15, 2000 | December 15, 2000 | 2,000 | 100 | 20 | Transfer | 0.18% | 3 years |
| September 28, 2009 | September 28, 2009 | 1,20,000 | 100 | 20 | Transfer | 11.00% | 3 years |
| Equity Share Capital of the Company having equity share of Rs. 100/- each was sub-divided into 10 equity share of face value of Rs. 10/- each with effect from August 17, 2015. After sub division the restated position is as under** | | | | | | | |
| Subtotal (B) | | 12,20,000 | | | | 11.18% | |
| Grand Total (A+B) | | 22,68,500 | | | | 20.79% | |

* For calculating the post issue shareholding percentage, number of equity shares has been considered after giving effect to sub-division of equity shares.

The minimum Promoters' contribution has been brought in to the extent of not less than the specified minimum lot and from the persons defined as 'promoter' under the SEBI ICDR Regulations. The Equity Shares that are being locked in are not ineligible for computation of Promoter's contribution in terms of Regulation 33 of the SEBI ICDR Regulations. In Connection, we confirm the following:

- a) The Equity Shares offered for minimum 20% Promoters' contribution have not been acquired in the three years preceding the date of this Prospectus for consideration other than cash and revaluation of assets or capitalization of intangible assets nor resulted from a bonus issue out of the revaluation reserves or unrealized profits of the Company or against Equity Shares which are otherwise ineligible for computation of Promoters' contribution;
- b) The minimum Promoters' contribution does not include Equity Shares acquired during the one year preceding the date of this Prospectus at a price lower than the Issue Price ;
- c) Our Company has not been formed by the conversion of a partnership firm into a company and thus, no Equity Shares have been issued to our Promoters upon conversion of a partnership firm;
- d) The Equity Shares held by the Promoters and offered for minimum Promoters' contribution are not subject to any pledge;
- e) All the Equity Shares of our Company held by the Promoter are in the process of being dematerialized ; and
- f) The Equity Shares offered for Promoter's contribution do not consist of Equity Shares for which specific written consent has not been obtained from the Promoter for inclusion of its subscription in the Promoter's contribution subject to lock-in.

iii. Details of Equity Shares locked-in for one year

Other than the above Equity Shares that are locked in for three years, the entire pre-Issue Equity Share capital of our Company shall be locked-in for a period of one year from the date of allotment in the Public Issue.

iv. Other requirements in respect of lock-in

Pursuant to Regulation 39 of the SEBI ICDR Regulations, the locked-in Equity Shares held by the Promoters, as specified above, can be pledged only with scheduled commercial banks or public financial institutions as collateral security for loans granted by such scheduled commercial banks or public financial institution, provided that the pledge of the Equity Shares is one of the terms of the sanction of the loan.

Provided that securities locked in as Promoter's Contribution for 3 years under Regulation 36(a) of the SEBI(ICDR) Regulations may be pledged only if, in addition to fulfilling the above requirement, the loan has been granted by such scheduled commercial bank or public financial institution for the purpose of financing one or more of the objects of the Issue.

Further, pursuant to Regulation 40 of the SEBI (ICDR) Regulations, the Equity Shares held by persons other than the Promoters prior to the Issue may be transferred to any other person holding the Equity Shares which are locked-in as per Regulation 37 of the SEBI (ICDR) Regulations, along with the Equity Shares proposed to be transferred, provided that lock-in on such Equity Shares will continue for the remaining period with the transferee and such transferee shall not be eligible to transfer such Equity Shares till the lock-in period stipulated under the SEBI(ICDR) Regulations has ended, subject to compliance with the Takeover Code, as applicable

We further confirm that our Promoter's Contribution of 20.79% of the post Issue Equity Share capital does not include any contribution from Alternative Investment Fund.



8. Our Promoter and Promoter Group, directors and their immediate relatives have not purchased/sold Equity Shares of our Company during last 6 months.

9. Our Shareholding Pattern

The table below represents the shareholding pattern of our Company as per Regulation 31, of the SEBI Listing Regulations, 2015

| C a t e g o r y | Category of Shareholder | No. of share holders | No. of fully paid up equity shares held | No. of Partly paid-up equity shares held | No. of shares underlying Depository Receipts | Total nos. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C 2) | Number of Voting Rights held in each class of securities* | | No. of Shares Underlying Outstanding convertible securities (including Warrants) | Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2) | Number of Locked in shares** | | Number of Shares pledged or otherwise encumbered | | Number of equity shares held in dematerialized form*** |
|--------------------------------------|--------------------------------|----------------------|---|--|--|------------------------|--|---|-------------------------|--|--|------------------------------|---------------------------------|--|---------------------------------|--|
| | | | | | | | | No of Voting Rights | Total as a % of (A+B+C) | | | No. (a) | As a % of total Shares held (b) | No. (a) | As a % of total Shares held (b) | |
| I | II | III | IV | V | VI | VII = IV + V+ VI | VIII | IX | | X | XI = VII + X | XII | | XIII | | XIV |
| A | Promoter and Promoter Group | 7 | 58,14,000 | - | - | 58,14,000 | 79.55 | 58,14,000 | 79.55 | - | 79.55 | - | - | - | - | 58,14,000 |
| B | Public | 13 | 14,95,000 | - | - | 14,95,000 | 20.45 | 14,95,000 | 20.45 | - | 20.45 | - | - | - | - | - |
| C | Non Promoter-Non Public | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 1 | Shares underlying DRs | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| 2 | Shares held by Employee Trusts | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Total | 20 | 73,09,000 | - | - | 73,09,000 | 100.00 | 73,09,000 | 100.00 | - | 100.00 | - | - | - | - | 58,14,000 |

*As on the date of this Prospectus 1 Equity Shares holds 1 vote.

**All Pre-IPO Equity Shares of our Company will be locked in as mentioned above prior to Listing of Shares on BSE SME Platform



I. Shareholding Pattern of Promoter and Promoter Group

| Sr. No. | Category of Shareholder | P A N | Nos. of shareholders | No. of fully paid up equity shares held | No. of Partly paid-up equity shares held | No. of shares underlying Depository Receipts | Total nos. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C 2) | Number of Voting Rights held in each class of securities | | No. of Shares Underlying Outstanding and convertible securities (including Warrants) | Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2) | Number of Locked in shares | | Number of Shares pledged or otherwise encumbered | | Number of equity shares held in dematerialized form** |
|---------|---|-------|----------------------|---|--|--|------------------------|--|--|--------------------------|--|--|----------------------------|---------------------------------|--|---------------------------------|---|
| | | | | | | | | | No of Voting Rights | Total as a % of (A+B+C) | | | No. (a) | As a % of total Shares held (b) | No. (a) | As a % of total Shares held (b) | |
| | I | II | III | IV | V | VI | VII = IV+V+VI | VIII | IX | | X | XI = VII + X | XII | | XIII | | XIV |
| (1) | Indian | | | | | | | | | | | | | | | | |
| (a) | Individuals/Hindu undivided Family | | 6 | 36,51,000 | - | - | 36,51,000 | 49.96 | 36,51,000 | 49.96 | - | 49.96 | - | - | - | - | 36,51,000 |
| | Sunil Choudhary | | 1 | 12,24,500 | - | - | 12,24,500 | 16.75 | 12,24,500 | 16.75 | - | 16.75 | - | - | - | - | 12,24,500 |
| | Sunil Choudhary HUF | | 1 | 12,61,000 | - | - | 12,61,000 | 17.25 | 12,61,000 | 17.25 | - | 17.25 | - | - | - | - | 12,61,000 |
| | Kishanlal Choudhary | | 1 | 10,03,500 | - | - | 10,03,500 | 13.73 | 10,03,500 | 13.73 | - | 13.73 | - | - | - | - | 10,03,500 |
| | Bina Choudhary | | 1 | 56,000 | - | - | 56,000 | 0.77 | 56,000 | 0.77 | - | 0.77 | - | - | - | - | 56,000 |
| | Savitri Devi Choudhary | | 1 | 40,000 | - | - | 40,000 | 0.55 | 40,000 | 0.55 | - | 0.55 | - | - | - | - | 40,000 |
| | Kishanlal Choudhary HUF | | 1 | 66,000 | - | - | 66,000 | 0.90 | 66,000 | 0.90 | - | 0.90 | - | - | - | - | 66,000 |
| (b) | Central Government/ State Government(s) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |

| Sr. No. | Category of Shareholder | P A N | Nos. of shareholders | No. of fully paid up equity shares held | No. of Partly paid-up equity shares held | No. of shares underlying Depository Receipts | Total nos. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C 2) | Number of Voting Rights held in each class of securities | | No. of Shares Underlying Outstanding and including convertible securities (including Warrants) | Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2) | Number of Locked in shares | | Number of Shares pledged or otherwise encumbered | | Number of equity shares held in dematerialized form** |
|---------|---|-------|----------------------|---|--|--|------------------------|--|--|-------------------------|--|--|----------------------------|---------------------------------|--|---------------------------------|---|
| | | | | | | | | | No of Voting Rights | Total as a % of (A+B+C) | | | No. (a) | As a % of total Shares held (b) | No. (a) | As a % of total Shares held (b) | |
| (c) | Financial Institutions/ Banks | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (d) | Any Other (Body Corporate) | - | 1 | 21,63,000 | - | - | 21,63,000 | 29.59 | 21,63,000 | 29.59 | | 29.59 | - | - | - | - | 21,63,000 |
| | Cooltex Merchandise Private Limited | | 1 | 21,63,000 | - | - | 21,63,000 | 29.59 | 21,63,000 | 29.59 | | 29.59 | - | - | - | - | 21,63,000 |
| | Sub-total (A) (1) | | 7 | 58,14,000 | - | - | 58,14,000 | 79.55 | 58,14,000 | 79.55 | - | 79.55 | - | - | - | - | 58,14,000 |
| (2) | Foreign | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (a) | Individuals (Non-Resident Individuals/ Foreign Individuals) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (b) | Government | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (c) | Institutions | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (d) | Foreign Portfolio Investor | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (e) | Any Other (Specify) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Sub-total (A) (2) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Total Shareholding | | 7 | 58,14,000 | - | - | 58,14,000 | 79.55 | 58,14,000 | 79.55 | - | 79.55 | - | - | - | - | 58,14,000 |

| Sr. No. | Category of Shareholder | P A N | N o s · o f s h a r e h o l d e r s | No. of fully paid up equity shares held | No. of Partly paid-up equity shares held | No. of shares underlying Depository Receipts | Total nos. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | No. of Shares Underlying Outstanding and including convertible securities (including Warrants) | Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2) | Number of Locked in shares | | Number of Shares pledged or otherwise encumbered | | Number of equity shares held in dematerialized form** |
|---------|--|-------------|--|---|--|--|------------------------|---|--|-------------------------|--|--|----------------------------|---------------------------------|--|---------------------------------|---|
| | | | | | | | | | No of Voting Rights | Total as a % of (A+B+C) | | | No. (a) | As a % of total Shares held (b) | No. (a) | As a % of total Shares held (b) | |
| | of Promoter and Promoter Group (A)= (A)(1)+(A)(2) | | | | | | | | | | | | | | | | 00 |

c. Shareholding pattern of the Public shareholder

| Sr. No. | Category of Shareholder | PAN | Nos. of shareholders | No. of fully paid up equity shares held | No. of Partly paid-up equity shares held | No. of shares underlying Depository Receipts | Total nos. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | No. of Shares Underlying Outstanding convertible securities (including Warrants) | Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2) | Number of Locked in shares* | | Number of Shares pledged or otherwise encumbered | | Number of equity shares held in dematerialized form** |
|---------|--|-----|----------------------|---|--|--|------------------------|---|--|-------------------------|--|--|-----------------------------|---------------------------------|--|---------------------------------|---|
| | | | | | | | | | No of Voting Rights | Total as a % of (A+B+C) | | | No. (a) | As a % of total Shares held (b) | No. (a) | As a % of total Shares held (b) | |
| | I | II | III | IV | V | VI | VII = IV+V+VI | VIII | IX | | X | XI = VII + X | XII | | XIII | | XIV |
| (1) | Institutions | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (a) | Mutual Funds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (b) | Venture Capital Funds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (c) | Alternate Investment Funds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (d) | Foreign Venture Capital Investors | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (e) | Foreign Portfolio Investors | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (f) | Financial Institutions / Banks | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (g) | Insurance Companies | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (h) | Provident Funds/ Pension Funds | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (i) | Any Other (Bodies Corporate) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Sub-total (B) (1) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (2) | Central Government/State Government(s)/ President of India | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | Sub-Total (B) (2) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (3) | Non-Institutions | | | | | | | | | | | | | | | | |

| Sr. No. | Category of Shareholder | PAN | Nos. of shareholders | No. of fully paid up equity shares held | No. of Partly paid-up equity shares held | No. of shares underlying Depository Receipts | Total nos. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | No. of Shares Underlying Outstanding and convertible securities (including Warrants) | Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2) | Number of Locked in shares* | | Number of Shares pledged or otherwise encumbered | | Number of equity shares held in dematerialized form** |
|---------|--|-----|----------------------|---|--|--|------------------------|---|--|-------------------------|--|--|-----------------------------|---------------------------------|--|---------------------------------|---|
| | | | | | | | | | No of Voting Rights | Total as a % of (A+B+C) | | | No. (a) | As a % of total Shares held (b) | No. (a) | As a % of total Shares held (b) | |
| (a) | Individuals | | | | | | | | | | | | | | | | |
| | i. Individual shareholders holding nominal share capital up to of Rs. 2 lakhs | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| | ii. Individual shareholders holding nominal share capital in excess of Rs. 2 lakhs | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (b) | NBFCs registered with RBI | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (c) | Employee Trusts | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (d) | Overseas Depositories (holding DRs) (balancing figure) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - |
| (e) | Any Other (Bodies Corporate) | - | 13 | 14,95,000 | - | - | 14,95,000 | 20.45 | 14,95,000 | 20.45 | - | 20.45 | - | - | - | - | - |
| | Sub Total (B)(3) | - | 13 | 14,95,000 | - | - | 14,95,000 | 20.45 | 14,95,000 | 20.45 | - | 20.45 | - | - | - | - | - |
| | Total Shareholding of Public (B)= (B)(1)+(B)(2)+ (B)(3) | - | 13 | 14,95,000 | - | - | 14,95,000 | 20.45 | 14,95,000 | 20.45 | - | 20.45 | - | - | - | - | - |

d. Shareholding pattern of the Non Promoter- Non Public shareholder

| | Category of Shareholder | PAN | Nos. of shareholders | No. of fully paid up equity shares held | No. of Partly paid-up equity shares held | No. of shares underlying Depository Receipts | Total nos. shares held | Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2) | Number of Voting Rights held in each class of securities | | | | No. of Shares Underlying Outstanding convertible securities (including Warrants) | Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital) As a % of (A+B+C2) | Number of Locked in shares | | Number of Shares pledged or otherwise encumbered | | Number of equity shares held in dematerialized form |
|-----|--|-----|----------------------|---|--|--|------------------------|--|--|------------------|-------|-------------------------|--|---|----------------------------|---------------------------------|--|---------------------------------|---|
| | | | | | | | | | No of Voting Rights | | | Total as a % of (A+B+C) | | | No. (a) | As a % of total Shares held (b) | No. (a) | As a % of total Shares held (b) | |
| | | | | | | | | | Class as seg : X | Class as seg : Y | Total | | | | | | | | |
| | I | II | III | IV | V | VI | VII = IV+V+VI | VIII | IX | | | | X | XI = VII + X | XII | | XIII | | XIV |
| (1) | Custodian / DR Holder | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| (a) | Name of DR Holder (if applicable) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Sub total (C)(1) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| (2) | Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Sub total (C)(2) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |
| | Total Non-Promoter Non-Public Shareholding (C) = (C)(1)+(C)(2) | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | - | |

Note: PAN of the Shareholders will be provided by our Company prior to Listing of Equity Share on the Stock Exchange.

*** In terms of SEBI Listing Regulations, our Company shall ensure that the Equity Shares held by the Promoter / members of the Promoter Group shall be dematerialised prior to listing of Equity shares. .



Our Company will file the shareholding pattern of our Company, in the form prescribed under Regulation 31 of the SEBI Listing Regulations, one day prior to the listing of the Equity Shares. The shareholding pattern will be uploaded on the website of BSE before commencement of trading of such Equity Shares.

10. Following are the details of the holding of securities (including shares, warrants, convertible securities) of persons belonging to the category “Promoter and Promoter Group”:

| Sr. No. | Name of the Shareholder | Pre – Issue | | Post – Issue | |
|---------|-------------------------------------|----------------------|------------------------|----------------------|-------------------------|
| | | No. of Equity Shares | % of Pre-Issue Capital | No. of Equity Shares | % of Post-Issue Capital |
| (I) | (II) | (III) | (IV) | (V) | (VI) |
| | Promoter | | | | |
| 1. | Sunil Choudhary | 12,24,500 | 16.75% | 12,24,500 | 11.22% |
| 2. | Sunil Choudhary HUF | 12,61,000 | 17.25% | 12,61,000 | 11.56% |
| | Sub total (A) | 24,85,500 | 34.00% | 24,85,500 | 22.78% |
| | Promoter Group | | | | |
| 3. | Kishanlal Choudhary | 10,03,500 | 13.73% | 10,03,500 | 9.20% |
| 4. | Bina Choudhary | 56,000 | 0.77% | 56,000 | 0.51% |
| 5. | Savitri Devi | 40,000 | 0.55% | 40,000 | 0.37% |
| 6. | Kishanlal Choudhary HUF | 66,000 | 0.90% | 66,000 | 0.61% |
| 7. | Cooltex Merchandise Private Limited | 21,63,000 | 29.59% | 21,63,000 | 19.83% |
| | Sub total (B) | 33,28,500 | 45.54% | 33,28,500 | 30.51% |
| | Total (A+B) | 58,14,000 | 79.55% | 58,14,000 | 53.30% |

11. The average cost of acquisition of or subscription to Equity Shares by our Promoter is set forth in the table below:

| Name of the Promoter | No. of Shares held | Average cost of Acquisition (in Rs.)* |
|----------------------|--------------------|---------------------------------------|
| Sunil Choudhary | 12,24,500 | 6.93 |
| Sunil Choudhary HUF | 12,61,000 | 3.40 |

*Average Cost of Acquisition is calculated on the basis of face value of equity shares of Rs. 10/- each; i.e. after sub division of shares

12. No persons belonging to the category “Public” holds securities (including shares, warrants, convertible securities) of more than 1% of the total number of shares except as below:

| Sr. No. | Name of the Shareholder | Pre-Issue | |
|---------|-------------------------------------|----------------------|------------------------------|
| | | No. of Equity Shares | Pre Issue % of Share Capital |
| (I) | (II) | (III) | (IV) |
| 1. | Gallant Dealers Private Limited | 2,95,000 | 4.04% |
| 2. | Sree Ramakrishana Alloys Limited | 2,50,000 | 3.42% |
| 3. | Emerald Properties Private Limited | 2,10,000 | 2.87% |
| 4. | Tropex Suppliers Private Limited | 2,00,000 | 2.74% |
| 5. | Trimudra Credit Limited | 1,24,000 | 1.70% |
| 6. | Sunview Trade Links Private Limited | 90,000 | 1.23% |

13. The lists of top 10 shareholders of our Company and the number of Equity Shares held by them as on the date of filing, ten days before the date of filing and two years before the date of filing of this Prospectus are set forth below:

a. Particulars of the top ten shareholders as on the date of filing this Prospectus:

| Sr. No. | Name of Shareholders | Number of Equity Shares | % of Total Paid-Up Capital |
|---------|-------------------------------------|-------------------------|----------------------------|
| 1. | Cooltex Merchandise Private Limited | 21,63,000 | 29.59% |
| 2. | Sunil Choudhary (HUF) | 12,61,000 | 17.25% |
| 3. | Sunil Choudhary | 12,24,500 | 16.75% |
| 4. | Kishanlal Choudhary | 10,03,500 | 13.73% |
| 5. | Gallant Dealers Private Limited | 2,95,000 | 4.04% |
| 6. | Sree Rama Krishna Alloys Limited | 2,50,000 | 3.42% |
| 7. | Emerald Properties Private Limited | 2,10,000 | 2.87% |
| 8. | Tropex Suppliers Private Limited | 2,00,000 | 2.74% |
| 9. | Trimudra Credit Limited | 1,24,000 | 1.70% |
| 10. | Sunview Trade Links Private Limited | 90,000 | 1.23% |
| | Total | 68,21,000 | 93.32% |

b. Particulars of top ten shareholders ten days prior to the date of filing this Prospectus:

| Sr. No. | Name of Shareholders | Number of Equity Shares | % of Total Paid-Up Capital |
|---------|-------------------------------------|-------------------------|----------------------------|
| 1. | Cooltex Merchandise Private Limited | 21,63,000 | 29.59% |
| 2. | Sunil Choudhary (HUF) | 12,61,000 | 17.25% |
| 3. | Sunil Choudhary | 12,24,500 | 16.75% |
| 4. | Kishanlal Choudhary | 10,03,500 | 13.73% |
| 5. | Gallant Dealers Private Limited | 2,95,000 | 4.04% |
| 6. | Sree Rama Krishna Alloys Limited | 2,50,000 | 3.42% |
| 7. | Emerald Properties Private Limited | 2,10,000 | 2.87% |
| 8. | Tropex Suppliers Private Limited | 2,00,000 | 2.74% |
| 9. | Trimudra Credit Limited | 1,24,000 | 1.70% |
| 10. | Sunview Trade Links Private Limited | 90,000 | 1.23% |
| | Total | 68,21,000 | 93.32% |

c. Particulars of the top ten shareholders two years prior to the date of filing of this Prospectus:

| Sr. No. | Name of Shareholders | Number of Equity Shares | % of then existing Paid-Up Capital |
|---------|-------------------------------------|-------------------------|------------------------------------|
| 1. | Cooltex Merchandise Private Limited | 21,63,000 | 29.59% |
| 2. | Sunil Kumar Choudhary (HUF) | 12,61,000 | 17.25% |
| 3. | Sunil Choudhary | 12,24,500 | 16.75% |
| 4. | Kishanlal Choudhary | 10,03,500 | 13.73% |
| 5. | Sree Rama Krishna Alloys Limited | 2,50,000 | 3.42% |
| 6. | Principle Nirman Private Limited | 1,75,000 | 2.39% |
| 7. | Trimudra Credit Limited | 1,24,000 | 1.70% |
| 8. | Emerald Properties Private Limited | 1,20,000 | 1.64% |
| 9. | Gallant Dealers Private Limited | 1,20,000 | 1.64% |
| 10. | Sunview Tradelinks Private Limited | 90,000 | 1.23% |
| | Total | 65,31,000 | 89.36% |

14. Our Company does not have any Employee Stock Option Scheme / Employee Stock Purchase Plan for our employees and we do not intend to allot any shares to our employees under Employee Stock Option Scheme / Employee Stock Purchase Plan from the proposed issue. As and when, options are granted to our employees under the Employee Stock Option Scheme, our Company shall comply with the SEBI (Share Based Employee Benefits) Regulations, 2014.
15. Neither the Lead Manager viz. Pantomath Capital Advisors Private Limited, nor their associates hold any Equity Shares of our Company as on the date of the Prospectus.
16. Under-subscription in the net issue, if any, in any category, would be allowed to be met with spill over from any other category or a combination of categories at the discretion of our Company in consultation with the Lead Manager and the SME Platform of BSE.
17. The unsubscribed portion in any reserved category (if any) may be added to any other reserved category.
18. The unsubscribed portion if any, after such inter se adjustments among the reserved categories shall be added back to the net offer to the public portion.
19. There are no Equity Shares against which depository receipts have been issued.
20. Other than the Equity Shares, there is no other class of securities issued by our Company.
21. There will be no further issue of capital, whether by way of issue of bonus shares, preferential allotment, right issue or in any other manner during the period commencing from the date of the Prospectus until the Equity Shares have been listed. Further, our Company does not intend to alter its capital structure within six months from the date of opening of the Issue, by way of split/consolidation of the denomination of Equity Shares. However our Company may further issue Equity Shares (including issue of securities convertible into Equity Shares) whether preferential or otherwise after the date of the listing of equity shares to finance an acquisition, merger or joint venture or for regulatory compliance or such other scheme of arrangement or any other purpose as the Board may deem fit, if an opportunity of such nature is determined by its Board of Directors to be in the interest of our Company.
22. None of the persons/entities comprising our Promoter Group, or our Directors or their relatives have financed the purchase by any other person of securities of our Company other than in the normal course of the business of any such entity/individual or otherwise during the period of six months immediately preceding the date of filing of Prospectus.
23. Our Company, our Promoters, our Directors and the Lead Manager have not entered into any buy back or standby or similar arrangements for the purchase of Equity Shares being offered through the Issue from any person.
24. There are no safety net arrangements for this public issue.
25. An over-subscription to the extent of 10% of the Issue can be retained for the purpose of rounding off to the nearest multiple of minimum allotment lot, while finalizing the Basis of Allotment. Consequently, the actual Allotment may go up by a maximum of 10% of the Issue, as a result of which, the post-Issue paid up capital after the Issue would also increase by the excess amount of Allotment so made. In such an event, the Equity Shares held by our Promoters and subject to lock- in shall be suitably increased; so as to ensure that a minimum of 20% of the post Issue paid-up capital is locked in.



26. In case of over-subscription in all categories the allocation in the Issue shall be as per the requirements of Regulation 43 (4) of SEBI (ICDR) Regulations, as amended from time to time.
27. As on date of this Prospectus there are no outstanding warrants, options or rights to convert debentures loans or other financial instruments into our Equity Shares.
28. All the Equity Shares of our Company are fully paid up as on the date of the Prospectus. Further, since the entire issue price in respect of the Issue is payable on application, all the successful applicants will be issued fully paid-up equity shares and thus all shares offered through this issue shall be fully paid-up.
29. As per RBI regulations, OCBs are not allowed to participate in this Issue.
30. Our Company has not raised any bridge loans against the proceeds of the Issue.
31. Our Company undertakes that at any given time, there shall be only one denomination for our Equity Shares, unless otherwise permitted by law.
32. Our Company shall comply with such accounting and disclosure norms as specified by SEBI from time to time.
33. An Applicant cannot make an application for more than the number of Equity Shares being issued through this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investors.
34. No payment, direct or indirect in the nature of discount, commission, and allowance or otherwise shall be made either by us or our Promoters to the persons who receive allotments, if any, in this Issue.
35. We have 20 shareholders as on the date of filing of the Prospectus.
36. Our Promoters and the members of our Promoter Group will not participate in this Issue.
37. Our Company has not made any public issue since its incorporation.
38. Our Company shall ensure that transactions in the Equity Shares by the Promoters and the Promoter Group between the date of filing the Prospectus and the Issue Closing Date shall be reported to the Stock Exchange within twenty-four hours of such transaction.
39. For the details of transactions by our Company with our Promoter Group, Group Companies the financial years ended March 31,2016,2015,2014, 2013, 2012 and 2011 please refer to paragraph titled *"Details of Related Parties Transactions as Restated"* in the chapter titled *'Financial Statements as restated'* on page 205 of the Prospectus.
40. None of our Directors or Key Managerial Personnel holds Equity Shares in our Company, except as stated in the chapter titled *"Our Management"* beginning on page 180 of the Prospectus.

OBJECTS OF THE ISSUE

Our Company proposes to utilize the net proceeds from the Issue towards funding the following objects and achieve the benefits of listing on the SME platform of BSE.

The objects to the Issue are:

1. Working Capital Requirements;
2. General Corporate Purposes.

We believe that the listing of Equity Shares will enhance our Company's corporate image, brand name and create a public market for our Equity Shares in India.

The main objects clause of our Memorandum of Association and the objects incidental and ancillary to the main objects enables us to undertake the activities for which funds are being raised in the Issue. The existing activities of our Company are within the objects clause of our Memorandum of Association.

FUND REQUIREMENTS

The fund requirement and deployment is based on internal management estimates and our Company's current business plan and is subject to change in light of changes in external circumstances or costs, other financial conditions, business or strategy. These estimates have not been appraised by any bank or financial institution.

In view of the dynamic nature of the sector and specifically that of our business, we may have to revise our expenditure and fund requirements as a result of variations in cost estimates, exchange rate fluctuations and external factors which may not be within the control of our management. This may entail rescheduling and revising the planned expenditures and fund requirements and increasing or decreasing expenditures for a particular purpose at the discretion of our management, within the objects.

Means of Finance

The requirements of the objects detailed above are intended to be funded from the Proceeds of the Issue and internal accruals. Accordingly, we confirm that there is no requirement for us to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the proposed Issue.

Utilisation of Net Proceeds

The details of the Issue Proceeds are summarised below:

| Particulars | Amount (Rs in Lakhs) |
|-------------------------------|----------------------|
| Issue Proceeds | 1,152.00 |
| Less: Issue related expenses* | 60.00 |
| Net Proceeds | 1,092.00 |

**As on August 2, 2016, our Company has incurred Rs. 17.94 lakhs towards Issue expenses.*



We intend to utilise the Net Proceeds from the Issue, in the manner set below:

| Sr. No. | Particulars | Amount (Rs in Lakhs) | Percentage of net Issue |
|---------|------------------------------|----------------------|-------------------------|
| 1. | Working Capital Requirements | 892.00 | 81.68% |
| 2. | General Corporate Purposes | 200.00 | 18.32% |

While we intend to utilise the Issue Proceeds in the manner provided above, in the event of a surplus, we will use such surplus towards general corporate purposes including meeting future growth requirements. In case of variations in the actual utilisation of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in this Issue. In the event of any shortfall in the Net Proceeds, we will bridge the fund requirements from internal accruals or debt/equity financing.

Schedule of implementation/ Utilization of Issue Proceeds

Our Company proposes to deploy the Net Proceeds in the aforesaid objects in the financial year 2016-17.

Working Capital Requirements

Our business is working capital intensive. We finance our working capital requirements from bank and financial institutions funding, internal accruals and other sources.

As on March 31, 2015 and March 31, 2016 our Company's net working capital consisted of Rs. 9,272.03 lakhs and Rs. 9,752.03 lakhs respectively, based on the restated standalone financial statements.

The total working capital requirement for the year 2016-17 is expected to be Rs. 10,804.82 lakhs. The incremental working capital requirement for the year ending March 31, 2017 will be Rs. 1,052.78 lakhs, which will be met through the Net Proceeds to the extent of Rs. 892.00 lakhs, and the balance portion will be met through internal accruals.

Basis of estimation of working capital requirement

The details of our Company's working capital requirement and funding of the same, based on the restated standalone financial statements as at March 31, 2015 and March 31, 2016 are as set out in the table below:

| Particulars | Amount (Rs. In Lakhs) | |
|-----------------------------|-----------------------|------------------|
| | As on March 31 | |
| | 2015 | 2016 |
| Current Assets | | |
| Inventories | | |
| Raw Materials | 105.59 | 67.49 |
| Traded Goods/Finished Goods | 4,935.92 | 3,680.49 |
| Others | 50.75 | 32.08 |
| Trade Receivables | 8,437.23 | 10,086.16 |
| Cash and Bank Balance | 1,480.45 | 1,419.00 |
| Short term loans & advances | 925.60 | 547.16 |
| Total (A) | 15,935.54 | 15,832.38 |
| Current Liabilities | | |

| | | |
|---|-----------------|-----------------|
| Trade Payables | 5,924.05 | 5,270.11 |
| Other Current Liabilities & short term provisions | 739.47 | 810.24 |
| Total (B) | 6,663.51 | 6,080.35 |
| Net Working Capital (A)-(B) | 9,272.03 | 9,752.03 |
| Incremental Working Capital | (387.24) | 480.00 |
| Sources of Incremental Working Capital | | |
| Incremental borrowings | - | 392.14 |
| Internal accruals | - | 87.86 |
| Total Source | - | 480.00 |

The details of our Company's expected working capital requirement as at March 31, 2017 is set out in the table below:

| Amount (Rs. In Lakhs) | |
|--|----------------------|
| Particulars | 2016-17(Provisional) |
| Current Assets | |
| Inventories | |
| Raw Materials | 196.85 |
| Traded Goods/Finished Goods | 4,270.13 |
| Trade Receivables | 13,655.82 |
| Cash and Bank Balance | 1,462.01 |
| Short term loans & advances and other current assets | 136.79 |
| Total (A) | 19,721.60 |
| Current Liabilities | |
| Trade Payables | 8,033.37 |
| Other Current Liabilities & Provisions | 883.41 |
| Total (B) | 8,916.78 |
| Net Working Capital (A)-(B) | 10,804.82 |
| Incremental Working Capital* | 1,052.78 |
| Sources Of Incremental Working Capital | |
| Issue Proceeds | 892.00 |
| Internal Accruals | 160.78 |
| Total Source | 1,052.78 |

*Incremental Working capital is calculated by subtracting the Current year working capital from previous year net working capital.

Assumption for working capital requirements

Assumptions for Holding Levels*

| (In months) | | | |
|-----------------------------|------------------------------------|------------------------------------|--|
| Particulars | Holding Level as of March 31, 2015 | Holding Level as of March 31, 2016 | Holding Level as of March 31, 2017 (Provisional) |
| Current Assets | | | |
| Inventories* | | | |
| Raw Materials | 0.21 | 0.11 | 0.15 |
| Traded Goods/Finished Goods | 0.94 | 0.85 | 0.62 |

| Particulars | Holding Level as of March 31, 2015 | Holding Level as of March 31, 2016 | Holding Level as of March 31, 2017 (Provisional) |
|----------------------------|------------------------------------|------------------------------------|--|
| Trade Receivables | 1.67 | 2.36 | 2.01 |
| | | | |
| Current Liabilities | | | |
| Trade Payables | 1.21 | 1.37 | 1.25 |

Our Company proposes to utilize Rs. 892.00 lakhs of Net Proceeds towards working capital requirements for meeting our business requirements.

The incremental working capital requirements are based on historical Company data and estimation of the future requirements in Financial Year 2016-17 considering the growth in activities of our Company. Our Company has assumed raw material inventory of 0.15 month and finished goods/traded goods inventory of 0.62 month for the Financial Year 2016-2017.

Our debtors cycle was of about 1.67 months and 2.36 months in Financial Year 2014-15 and 2015-2016. We have assumed that our debtor's cycle will be 2.01 months for Financial Year 2016-17. Similarly we have estimated current assets, trade payables, current liabilities and short term provisions in line with working capital employed in past years.

Justification for "Holding Period" levels

The justifications for the holding levels mentioned in the table above are provided below:

| Assets- Current Assets | |
|----------------------------------|--|
| Inventories | In FY 2016-17 we have assumed raw material and finished goods/traded goods inventory of around 0.15 month and 0.62 month respectively which is slightly lower than F.Y. 2015-16. We strive to have a better inventory management. |
| Trade receivables | In FY 2016-17 the trade receivable holding period is estimated to decrease from 2.36 months in F.Y. 2015-16 to 2.01 months as we strive to have a stringent debtor management policy. |
| Liabilities- Current Liabilities | |
| Trade Payables | In FY 2016-17, the credit period is expected to be 1.25 months which is lower than of 1.37 months in FY 2015-16 and in lines with our past practise as we will strive to adhere to stricter credit policy to achieve better and favourable pricing terms and to ensure continued relation with the existing suppliers. |

GENERAL CORPORATE PURPOSES

Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes. We intend to deploy the balance Issue proceeds net off issue expenses aggregating Rs. 200.00 lakhs being 18.32% of the net issue proceeds towards general corporate purposes to drive our business growth. In accordance with the policies set up by our Board, we have flexibility in applying the remaining Proceeds after meeting issue expenses, for general corporate purpose including but not restricted to, marketing expenses, meeting operating expenses, strengthening of our business development and marketing capabilities, meeting exigencies which the Company in the ordinary course of business may not

foresee or any other purposes as approved by our Board of Directors, subject to compliance with the necessary provisions of the Companies Act.

ISSUE RELATED EXPENSES

The expenses for this Issue include issue management fees, underwriting fees, registrar fees, legal advisor fees, printing and distribution expenses, advertisement expenses, depository charges and fees to the Stock Exchange, among others. The total expenses for this Issue are estimated not to exceed Rs. 60.00 Lakhs.

| Expenses | Expenses (Rs. in Lakhs)* | Expenses (% of total Issue expenses) | Expenses (% of Gross Issue Proceeds) |
|---|--------------------------|--------------------------------------|--------------------------------------|
| Payment to Merchant Banker including expenses towards printing, advertising, and payment to other intermediaries such as Registrars, Bankers etc. | 35.00 | 58.33% | 3.04% |
| Regulatory fees | 10.00 | 16.67% | 0.87% |
| Marketing and Other Expenses | 15.00 | 25.00% | 1.30% |
| Total estimated Issue expenses | 60.00 | 100.00% | 5.21% |

*As on August 2, 2016, our Company has incurred Rs. 17.94 lakhs towards Issue expenses.

**SCSBs will be entitled to a processing fee of Rs. 10/- per Application Form for processing of the Application Forms procured by other Application Collecting Intermediary and submitted to them.

Selling commission payable to Registered broker, SCSBs, RTAs, CDPs on the portion directly procured from Retail Individual Applicants and Non Institutional Applicants, would be 0.01% on the Allotment Amount# or Rs 100/- whichever is less on the Applications wherein shares are allotted.

The commissions and processing fees shall be payable within 30 working days post the date of receipt of final invoices of the respective intermediaries.

#Amount Allotted is the product of the number of Equity Shares Allotted and the Issue Price.

BRIDGE FINANCING

We have not entered into any bridge finance arrangements that will be repaid from the Net Issue Proceeds. However, we may draw down such amounts, as may be required, from an overdraft arrangement / cash credit facility with our lenders, to finance additional working capital needs until the completion of the Issue. Any amount that is drawn down from the overdraft arrangement / cash credit facility during this period to finance additional working capital needs will be repaid from the Net Proceeds of the Issue.

DEPLOYMENT OF FUNDS:

As estimated by our management, the entire proceeds from the Issue shall be utilised as follows:

| Activity | Total Amount (Rs in Lakhs) | Amount incurred till date | Deployment during FY 2016-17 |
|------------------------------|----------------------------|---------------------------|------------------------------|
| Working Capital Requirements | 892.00 | - | 892.00 |
| General Corporate Purposes | 200.00 | - | 200.00 |
| Issue Expenses | 60.00 | 17.94 | 42.06 |



Our Statutory Auditors, M/s. S. Jaykishan, Chartered Accountants vide their certificate dated August 3, 2016 have confirmed that as on August 2, 2016 the following funds have been deployed towards issue expenses:

| Amount (Rs in Lakhs) | |
|----------------------|--------|
| Source | Amount |
| Internal Accruals | 17.94 |

Our Management, in accordance with the policies setup by the Board, will have flexibility in deploying the Net Proceeds of the Issue.

APPRAISAL BY APPRAISING AGENCY

The fund requirement and deployment is based on internal management estimates and has not been appraised by any bank or financial institution.

INTERIM USE OF FUNDS

Pending utilization of the Issue Proceeds for the Objects of the Issue described above, our Company shall deposit the funds only in Scheduled Commercial Banks included in the Second Schedule of Reserve Bank of India Act, 1934.

In accordance with Section 27 of the Companies Act, 2013, our Company confirms that, pending utilisation of the proceeds of the Issue as described above, it shall not use the funds from the Issue Proceeds for any investment in equity and/or real estate products and/or equity linked and/or real estate linked products.

MONITORING UTILIZATION OF FUNDS

As the size of the Issue does not exceed Rs. 50,000 lakhs, in terms of Regulation 16 of the SEBI Regulations, our Company is not required to appoint a monitoring agency for the purposes of this Issue. Our Board and Audit Committee shall monitor the utilization of the Net Proceeds.

Pursuant to Regulation 32 of the Listing Regulations, our Company shall on a half yearly basis disclose to the Audit Committee the uses and application of the Issue Proceeds. Until such time as any part of the Issue Proceeds remains unutilized, our Company will disclose the utilization of the Issue Proceeds under separate heads in our Company's balance sheet(s) clearly specifying the amount of and purpose for which Issue Proceeds have been utilized so far, and details of amounts out of the Issue Proceeds that have not been utilized so far, also indicating interim investments, if any, of such unutilized Issue Proceeds. In the event that our Company is unable to utilize the entire amount that we have currently estimated for use out of the Issue Proceeds in a Fiscal Year, we will utilize such unutilized amount in the next financial year. Further, in accordance with Regulation 32(1) (a) of the Listing Regulations our Company shall furnish to the Stock Exchanges on a half yearly basis, a statement indicating material deviations, if any, in the utilization of the Issue Proceeds for the objects stated in this Prospectus.

VARIATION IN OBJECTS

In accordance with Section 13(8) and Section 27 of the Companies Act, 2013 and applicable rules, our Company shall not vary the objects of the Issue without our Company being authorised to do so by the Shareholders by way of a special resolution through postal ballot. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution (the "Postal Ballot Notice") shall specify the prescribed details as required under the Companies Act and applicable rules. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English

and one in the vernacular language of the jurisdiction where the Registered Office is situated. Our Promoters or controlling Shareholders will be required to provide an exit opportunity to such Shareholders who do not agree to the proposal to vary the objects, at such price, and in such manner, as may be prescribed by SEBI, in this regard.

OTHER CONFIRMATIONS

No part of the proceeds of the Issue will be paid by us to the Promoters and Promoter Group, the Directors, Associates, Key Management Personnel or Group Companies except in the normal course of business and in compliance with the applicable law.



BASIS FOR ISSUE PRICE

The Issue Price of Rs 32/- per Equity Share has been determined by our Company, in consultation with the Lead Manager on the basis of the following qualitative and quantitative factors.

The face value of the Equity Share is Rs. 10 and Issue Price is Rs. 32/- per Equity Share and is 3.2 times the face value.

QUALITATIVE FACTORS

Some of the qualitative factors, which form the basis for computing the price are:

- Quality assurance
- Experience of our Promoters
- Customer centricity
- Our credibility
- Wide distribution network
- Marketing strategies

For further details, refer to heading “*Our Competitive Strengths*” under chapter titled “*Our Business*” beginning on page 151 of this Prospectus.

QUANTITATIVE FACTORS

The information presented below relating to the Company is based on the restated financial statements of the Company for Financial Year 2014, 2015 and 2016 prepared in accordance with Indian GAAP, Companies Act and SEBI ICDR Regulations. Some of the quantitative factors, which form the basis for computing the price, are as follows:

1. Basic and Diluted Earnings per Share (EPS) as per Accounting Standard 20

As per our Company's Restated Standalone Financial Statements

| Year ended | Basic & Diluted EPS (Rs.) | Weight |
|-------------------------|---------------------------|--------|
| March 31, 2014 | 2.02 | 1 |
| March 31, 2015 | 1.88 | 2 |
| March 31, 2016 | 1.70 | 3 |
| Weighted average | 1.81 | |

As per our Company's Restated Consolidated Financial Statements

| Year ended | Basic & Diluted EPS (Rs.) | Weight |
|-------------------------|---------------------------|--------|
| March 31, 2014 | 2.17 | 1 |
| March 31, 2015 | 2.12 | 2 |
| March 31, 2016 | 1.90 | 3 |
| Weighted average | 2.02 | |

Notes:

- Earnings per share is calculated in accordance with Accounting Standard 20 “Earnings Per Share”.
- With effect from August 17, 2015, Equity Share Capital of the Company having shares of face value of Rs. 100/- each was sub-divided into 10 Equity Shares of face value of Rs. 10/- each. EPS is adjusted accordingly for this change.

2. Price to Earnings (P/E) ratio in relation to Issue Price of Rs. 32 per Equity Share of face value Rs. 10 each fully paid up.

| Particulars | P/E Ratio |
|--|-----------|
| P/E ratio based on Basic EPS for FY 2015-16 (Standalone) | 18.84 |
| P/E ratio based on Weighted Average EPS (Standalone) | 17.64 |
| P/E ratio based on Basic EPS for FY 2015-16 (Consolidated) | 16.87 |
| P/E ratio based on Weighted Average EPS (Consolidated) | 15.85 |
| *Industry P/E | |
| Lowest | N.A. |
| Highest | 19.38 |
| Average | 8.55 |

*Industry Composite comprises Rath Bars Limited, Gallant Metal Limited, Mahamaya Steel Industries Limited, M.D. Inducto Cast Limited and Beekay Steel Industries Limited

3. Return on Net worth (RoNW)

Return on Net Worth ("RoNW") as per restated standalone financial statements

| Year ended | RoNW (%) | Weight |
|-------------------------|--------------|--------|
| March 31, 2014 | 6.37% | 1 |
| March 31, 2015 | 5.60% | 2 |
| March 31, 2016 | 4.81% | 3 |
| Weighted Average | 5.33% | - |

Return on Net Worth ("RoNW") as per restated consolidated financial statements

| Year ended | RoNW (%) | Weight |
|-------------------------|--------------|--------|
| March 31, 2014 | 6.82% | 1 |
| March 31, 2015 | 6.26% | 2 |
| March 31, 2016 | 5.29% | 3 |
| Weighted Average | 5.87% | - |

Note: The RoNW has been computed by dividing net profit after tax as restated, by Net Worth as at the end of the year.

4. Minimum Return on Total Net Worth post Issue needed to maintain Pre Issue Standalone EPS of Rs 1.70 for the year ended March 31, 2016 is 5.04%

Minimum Return on Total Net Worth post Issue needed to maintain Pre Issue Standalone EPS of Rs 1.90 for the year ended March 31, 2016 is 5.57%

5. Net Asset Value (NAV)

Net Asset Value as per restated standalone financial statements:

| Particulars | Amount (in Rs.) |
|---|-----------------|
| Net Asset Value per Equity Share as of March 31, 2016 | 35.33 |
| Net Asset Value per Equity Share after the Issue | 33.68 |
| Issue Price per equity share | 32.00 |



Net Asset Value as per restated consolidated financial statements:

| Particulars | Amount (in Rs.) |
|---|-----------------|
| Net Asset Value per Equity Share as of March 31, 2016 | 35.85 |
| Net Asset Value per Equity Share after the Issue | 34.03 |
| Issue Price per equity share | 32.00 |

Notes:

- Net Asset Value per Equity Share has been calculated as net worth divided by number of equity shares.

6. Comparison with other listed companies

| Companies | CMP | EPS | PE Ratio | RONW % | NAV (Per Equity Share) | Face Value | Total Income (Rs. in crores) |
|-----------------------------------|--------|---------|----------|---------|------------------------|------------|------------------------------|
| Narayani Steels Limited | 32.00 | 1.70 | 18.84 | 4.81 | 35.33 | 10 | 504.07 |
| Peer Group* | | | | | | | |
| Rathi Bars Limited | 8.19 | 0.91 | 9.00 | 1.97 | 46.39 | 10 | 229.92 |
| Gallantt Metal Limited | 36.70 | 5.11 | 7.18 | 12.87 | 39.73 | 10 | 673.50 |
| Mahamaya Steel Industries Limited | 246.35 | (11.24) | N.A. | (19.69) | 57.09 | 10 | 310.38 |
| M.D. Inducto Cast Limited | 56.00 | 2.89 | 19.38 | 12.27 | 20.03 | 10 | 280.74 |
| Beekay Steel Industries Limited | 73.00 | 10.13 | 7.21 | 9.92 | 102.05 | 10 | 520.83 |

*Source: www.bseindia.com

**CMP for our Company is considered as Issue Price

Notes:

- Considering the nature of business of the Company the peers are not strictly comparable. However same have been included for broad comparison.
- The figures for Narayani Steels Limited are based on the restated standalone financial results for the year ended March 31, 2016.
- The figures for the peer group are based on standalone audited results for the respective year ended March 31, 2016.
- Current Market Price (CMP) is the closing prices of respective scripts as on August 3, 2016 or as on the last traded day before August 3, 2016.
- The Issue Price of Rs. 32 per Equity Share has been determined by the Company in consultation with the LM and is justified based on the above accounting ratios.

For further details see section titled “Risk Factors” beginning on page 20 and the financials of the Company including profitability and return ratios, as set out in the section titled “Financial Statements” beginning on page 205 of this Prospectus for a more informed view

STATEMENT OF POSSIBLE TAX BENEFITS

The Board of Directors
Narayani Steels Limited
23A, N.S. Road, Kolkata - 700001

Dear Sirs,

Sub: Statement of possible tax benefits available to the Company and its shareholders on proposed Public Issue of Shares under the existing tax laws

We hereby confirm that the enclosed annexure, prepared by the Management of Narayani Steels Limited ('the Company'), states the possible tax benefits available to the Company and the shareholders of the Company under the Income - Tax Act, 1961 ('Act') and state VAT Legislation presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions which, based on business imperatives which the Company may face in the future, the Company may or may not fulfill.

The benefits discussed in the enclosed statement are not exhaustive and the presentation of the contents stated is the responsibility of the Company's management. We are informed that This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consult his/her/ its own tax consultant with respect to the tax implications arising out of his/her/its participation in the proposed issue, particularly in view of ever changing tax laws in India.

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

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

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 provisions of the tax laws. The same shall be subject to notes to this annexure.

*No assurance is given that the revenue authorities / courts will concur with the views expressed herein. The views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We would not assume responsibility to update the view, consequence to such change.



We shall not be liable to Narayani Steels Limited for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith of intentional misconduct.

**For S.JAYKISHAN
CHARTERED ACCOUNTANTS
FRN 309005E**

**(CA Chirag Agarwal)
Partner
Membership No -300512
Place: Visakhapatnam**

Dated: The 21st day of May, 2016

ANNEXURE TO THE STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO NARAYANI STEELS LIMITED AND ITS SHAREHOLDERS

Outlined below are the possible benefits available to the Company and its shareholders under the current direct tax laws in India.

BENEFITS TO THE COMPANY UNDER THE INCOME TAX ACT, 1961 (THE “ACT”)

1. General tax benefits

A. Business Income

The Company is entitled to claim depreciation on specified tangible and intangible assets owned by it and used for the purpose of its business as per provisions of Section 32 of the Act. Business losses, if any, for an assessment year can be carried forward and set off against business profits for eight subsequent years. Unabsorbed depreciation, if any, for an assessment year can be carried forward and set off against any source of income in subsequent years as per provisions of Section 32 of the Act.

B. MAT Credit

- As per provisions of Section 115JAA of the Act, the Company is eligible to claim credit for Minimum Alternate Tax ('MAT') paid for any assessment year commencing on or after April 1, 2006 against normal income-tax payable in subsequent assessment years.
- As per Section 115JB, Minimum Alternate Tax ("MAT") is payable @18.5% of the Book profits computed in accordance with the provisions of this section, where income-tax computed under the normal provisions of the Act is less than 18.5% of the Book profits as computed under the said section. A surcharge on income tax of 7% would be levied if the total income exceeds Rs. 1 crore but does not exceed Rs 10 crores. A surcharge at the rate of 12% would be levied if the total income exceeds Rs 10 crores. Education cess of 2% and Secondary Higher Education cess of 1% is levied on the amount of tax and surcharge.
- MAT credit shall be allowed for any assessment year to the extent of difference between the tax payable as per the normal provisions of the Act and the tax paid under Section 115JB for that assessment year. Such MAT credit is available for set-off up to ten years succeeding the assessment year in which the MAT credit arises.

C. Capital Gains

(i) Computation of capital gains

- Capital assets are to be categorized into short - term capital assets and long – term capital assets based on the period of holding. All capital assets, being shares held in a Company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under section 10(23D) of the Act or a zero coupon bond, held by an assessee for more than twelve months are considered to be long - term capital assets, capital gains arising from the transfer of which are termed as long - term capital gains ('LTCG'). In respect of any other capital assets, the holding period should exceed thirty - six months to be considered as long term capital assets. Period for getting benefits of long term capital gain regime in the case of unlisted companies is proposed to be reduced from three to two years.

- Short term capital gains ('STCG') means capital gains arising from the transfer of capital asset being a share held in a Company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of Section 10 or a zero coupon bonds, held by an assessee for twelve months or less.
- In respect of any other capital assets, STCG means capital gains arising from the transfer of an asset, held by an assessee for thirty six months or less.
- LTCG arising on transfer of equity shares of a Company or units of an equity oriented fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)) is exempt from tax as per provisions of Section 10(38) of the Act, provided the transaction is chargeable to securities transaction tax (STT) and subject to conditions specified in that section.
- Income by way of LTCG exempt under Section 10(38) of the Act is to be taken into account while determining book profits in accordance with provisions of Section 115JB of the Act.
- As per provisions of Section 48 of the Act, LTCG arising on transfer of capital assets, other than bonds and debentures (excluding capital indexed bonds issued by the Government) and depreciable assets, is computed by deducting the indexed cost of acquisition and indexed cost of improvement from the full value of consideration.
- As per provisions of Section 112 of the Act, LTCG not exempt under Section 10(38) of the Act are subject to tax at the rate of 20% with indexation benefits. However, if such tax payable on transfer of listed securities or units or zero coupon bonds exceed 10% of the LTCG (without indexation benefit), the excess tax shall be ignored for the purpose of computing the tax payable by the assessee.
- As per provisions of Section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), are subject to tax at the rate of 15% provided the transaction is chargeable to STT. No deduction under Chapter VIA is allowed from such income. However, for individual or a Hindu undivided family being a resident, whose total income (after Chapter VIA deduction) is reduced by STCG below the basic exemption limit as applicable to the tax payer, then such STCG is to be reduced by an amount equal to [Exemption Limit – Taxable income (excluding STCG)].
- STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), where such transaction is not chargeable to STT is taxable at the rate of 30%.
- As per provisions of Section 71 read with Section 74 of the Act, short - term capital loss arising during a year is allowed to be set-off against short - term as well as long - term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.
- As per provisions of Section 71 read with Section 74 of the Act, long - term capital loss arising during a year is allowed to be set-off only against long - term capital gains. Balance loss, if any, shall be carried forward and set-off against long – term capital gains arising during subsequent eight assessment years.

(ii) Exemption of capital gains from income tax

- Under Section 54EC of the Act, capital gain arising from transfer of long – term capital assets [other than those exempt u/s 10(38)] shall be exempt from tax, subject to the conditions and to the extent specified therein, if the capital gain are invested within a period of six months from the date of transfer in the bonds redeemable after three years and issued by -:
 1. National Highway Authority of India (NHAI) constituted under Section 3 of National Highway Authority of India Act, 1988; and
 2. Rural Electrification Corporation Limited (REC), a company formed and registered under the Companies Act, 1956.
- Where a part of the capital gains is reinvested, the exemption is available on a proportionate basis. The maximum investment in the specified long term asset cannot exceed Rs 50,00,000 per assessee during any financial year.
- Where the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.
- As per provision of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.
- The characterization of the gain / losses, arising from sale / transfer of shares as business income or capital gains would depend on the nature of holding and various other factors.
- According to provision of section 54EE of the Act, capital gains tax will be exempted if the proceeds of long term capital gains from any capital assets are invested by an assessee in the units of such specified fund, as may be notified by the Central Government in this behalf. This is subject to the condition that the amount remains invested for three years failing which the exemption shall be withdrawn. Further, the investment in the units of the specified fund shall be allowed up to Rs. 50 Lacs.

D. Securities Transaction Tax

As per provisions of Section 36(1) (xv) of the Act, STT paid in respect of the taxable securities transactions entered into in the course of the business is allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head 'Profit and gains of business or profession'. Where such deduction is claimed, no further deduction in respect of the said amount is allowed while determining the income chargeable to tax as capital gains.

E. Dividends

- As per provisions of Section 10(34) read with Section 115-O of the Act, dividend (both interim and final), if any, received by the Company on its investments in shares of another Domestic Company is exempt from tax. The Company distributing the dividend will be liable to pay dividend distribution tax at the rate of 15% (plus applicable surcharge and education cess) on the total amount distributed as dividend.

However, effective from 1st October, 2014 dividend distribution tax would be paid after grossing up the net distributed profits by the company. Dividend will be taxable in the

hands of recipient at the rate 10% if dividend received during the year exceeds Rs. 10,00,000.

- As per the provisions of Section 115BBD of the Act, dividend received by Indian company from a specified foreign company (in which it has shareholding of 26% or more) would be taxable at the concessional rate of 15% on gross basis (plus surcharge and education cess).

BENEFITS TO THE RESIDENT MEMBERS / SHAREHOLDERS OF THE COMPANY UNDER THE ACT

A. Dividends exempt under section 10(34) of the Act

As per provisions of Section 10(34) of the Act, dividend (both interim and final), if any, received by the resident members / shareholders from the Company is exempt from tax. The Company distributing the dividend will be liable to pay dividend distribution tax at the rate of 15% (plus applicable surcharge and education cess) on the total amount distributed as dividend.

However, effective from 1st October, 2014 dividend distribution tax would be paid after grossing up the net distributed profits by the company. Dividend will be taxable in the hands of the recipient at the rate of 10% if dividend received during the year exceeds Rs. 10,00,000.

B. Capital Gains

(i) Computation of capital gains

- Capital assets are to be categorized into short - term capital assets and long - term capital assets based on the period of holding. All capital assets, being shares held in a Company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under section 10(23D) of the Act or a zero coupon bond, held by an assessee for more than twelve months are considered to be long - term capital assets, capital gains arising from the transfer of which are termed as LTCG. In respect of any other capital assets, the holding period should exceed thirty six months to be considered as long - term capital assets.
- STCG means capital gains arising from the transfer of capital asset being a share held in a Company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under clause (23D) of Section 10 or a zero coupon bonds, held by an assessee for twelve months or less.
- In respect of any other capital assets, STCG means capital gain arising from the transfer of an asset, held by an assessee for thirty six months or less.
- LTCG arising on transfer of equity shares of a Company or units of an equity oriented fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)) is exempt from tax as per provisions of Section 10(38) of the Act, provided the transaction is chargeable to STT and subject to conditions specified in that section.
- As per first proviso to Section 48 of the Act, the capital gains arising on transfer of share of an Indian Company need to be computed by converting the cost of acquisition, expenditure incurred in connection with such transfer and full value of the consideration receiving or accruing as a result of the transfer, into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the

prescribed rates prevailing on dates stipulated. Further, the benefit of indexation as provided in second proviso to Section 48 is not available to non-resident shareholders.

- As per provisions of Section 112 of the Act, LTCG not exempt under Section 10(38) of the Act are subject to tax at the rate of 20% (plus applicable surcharge and cess) with indexation benefits. However, if such tax payable on transfer of listed securities or units or zero coupon bonds exceed 10% of the LTCG (without indexation benefit), the excess tax shall be ignored for the purpose of computing the tax payable by the assessee. As per provisions of Section 111A of the Act, STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), are subject to tax at the rate of 15% (plus applicable surcharge and cess) provided the transaction is chargeable to STT. No deduction under Chapter VIA is allowed from such income.
- STCG arising on sale of equity shares or units of equity oriented mutual fund (as defined which has been set up under a scheme of a mutual fund specified under Section 10(23D)), where such transaction is not chargeable to STT is taxable at the rate of 30%.
- As per provisions of Section 71 read with Section 74 of the Act, short - term capital loss arising during a year is allowed to be set-off against short - term as well as long – term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent eight assessment years.
- As per provisions of Section 71 read with Section 74 of the Act, long - term capital loss arising during a year is allowed to be set-off only against long - term capital gains. Balance loss, if any, shall be carried forward and set-off against long - term capital gains arising during subsequent 8 assessment years.

(ii) Exemption of capital gains arising from income tax

- As per Section 54EC of the Act, capital gains arising from the transfer of a long – term capital asset are exempt from capital gains tax if such capital gains are invested within a period of six months after the date of such transfer in specified bonds issued by NHAI and REC and subject to the conditions specified therein.
- Where a part of the capital gains is reinvested, the exemption is available on a proportionate basis. The maximum investment in the specified long - term asset cannot exceed Rs 5,000,000 per assessee during any financial year.
- Where the new bonds are transferred or converted into money within three years from the date of their acquisition, the amount so exempted is taxable as capital gains in the year of transfer / conversion.
- As per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.
- The characterization of the gain / losses, arising from sale / transfer of shares as business income or capital gains would depend on the nature of holding and various other factors.
- In addition to the same, some benefits are also available to a resident shareholder being an individual or Hindu Undivided Family ('HUF').

- As per provisions of Section 54F of the Act, LTCG arising from transfer of shares is exempt from tax if the net consideration from such transfer is utilized within a period of one year before, or two years after the date of transfer, for purchase of a new residential house, or for construction of residential house within three years from the date of transfer and subject to conditions and to the extent specified therein.
- According to provision of section 54EE of the Act, capital gains tax will be exempted if the proceeds of long term capital gains from any capital asset are invested by an assessee in the units of such specified fund, as may be notified by the Central Government in this behalf. This is subject to condition that the amount remains invested for three years failing which the exemption shall be withdrawn. Further, the investment in the units of the specified fund shall be allowed upto Rs. 50 Lacs.

C. Tax Treaty Benefits

As per provisions of Section 90 (2) of the Act, non-resident shareholders can opt to be taxed in India as per the provisions of the Act or the double taxation avoidance agreement entered into by the Government of India with the country of residence of the non-resident shareholder, whichever is more beneficial.

D. Non-Resident Taxation

Special provisions in case of Non-Resident Indian ('NRI') in respect of income / LTCG from specified foreign exchange assets under Chapter XII-A of the Act are as follows:

- NRI means a citizen of India or a person of Indian origin who is not a resident. A person is deemed to be of Indian origin if he, or either of his parents or any of his grandparents, were born in undivided India.
- Specified foreign exchange assets include shares of an Indian company which are acquired / purchased / subscribed by NRI in convertible foreign exchange.
- As per provisions of Section 115E of the Act, LTCG arising to a NRI from transfer of specified foreign exchange assets is taxable at the rate of 10% (plus education cess and secondary & higher education cess of 2% and 1% respectively).
- As per provisions of Section 115E of the Act, income (other than dividend which is exempt under Section 10(34)) from investments and LTCG (other than gain exempt under Section 10(38)) from assets (other than specified foreign exchange assets) arising to a NRI is taxable at the rate of 20% (education cess and secondary & higher education cess of 2% and 1% respectively). No deduction is allowed from such income in respect of any expenditure or allowance or deductions under Chapter VI-A of the Act.
- As per provisions of Section 115F of the Act, LTCG arising to a NRI on transfer of a foreign exchange asset is exempt from tax if the net consideration from such transfer is invested in the specified assets or savings certificates within six months from the date of such transfer, subject to the extent and conditions specified in that section.
- As per provisions of Section 115G of the Act, where the total income of a NRI consists only of income / LTCG from such foreign exchange asset / specified asset and tax thereon has been deducted at source in accordance with the Act, the NRI is not required to file a return of income.

- As per provisions of Section 115H of the Act, where a person who is a NRI in any previous year, becomes assessable as a resident in India in respect of the total income of any subsequent year, he / she may furnish a declaration in writing to the assessing officer, along with his / her return of income under Section 139 of the Act for the assessment year in which he / she is first assessable as a resident, to the effect that the provisions of the Chapter XII-A shall continue to apply to him / her in relation to investment income derived from the specified assets for that year and subsequent years until such assets are transferred or converted into money.
- As per provisions of Section 115I of the Act, a NRI can opt not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing return of income for that assessment year under Section 139 of the Act, declaring therein that the provisions of the chapter shall not apply for that assessment year. In such a situation, the other provisions of the Act shall be applicable while determining the taxable income and tax liability arising thereon.

BENEFITS AVAILABLE TO FOREIGN INSTITUTIONAL INVESTORS ('FIIS') UNDER THE ACT

A. Dividends exempt under section 10(34) of the Act

As per provisions of Section 10(34) of the Act, dividend (both interim and final), if any, received by a shareholder from a domestic Company is exempt from tax. The Company distributing the dividend will be liable to pay dividend distribution tax at the rate of 15% (plus applicable surcharge and education cess) on the total amount distributed as dividend.

However, effective from 1st October, 2014 dividend distribution tax would be paid after grossing up the net distributed profits by the company.

B. Long – Term Capital Gains exempt under section 10(38) of the Act

- LTCG arising on sale equity shares of a company subjected to STT is exempt from tax as per provisions of Section 10(38) of the Act. It is pertinent to note that as per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.
- It is pertinent to note that as per provisions of Section 14A of the Act, expenditure incurred to earn an exempt income is not allowed as deduction while determining taxable income.

C. Capital Gains

- As per provisions of Section 115AD of the Act, income (other than income by way of dividends referred to Section 115-O) received in respect of securities (other than units referred to in Section 115AB & certain securities & government Bonds as mentioned in section 194LD) is taxable at the rate of 20% (plus applicable surcharge and education cess and secondary & higher education cess). No deduction is allowed from such income in respect of any expenditure or allowance or deductions under Chapter VI-A of the Act. Interest on certain securities & government bonds as mentioned in section 194LD is taxable @5% only.
- As per provisions of Section 115AD of the Act, capital gains arising from transfer of securities is taxable as follows:

| Nature of income | Rate of tax (%) |
|--|-----------------|
| LTCG on sale of equity shares not subjected to STT | 10% |
| STCG on sale of equity shares subjected to STT | 15% |
| STCG on sale of equity shares not subjected to STT | 30% |

- For corporate FIIs, the tax rates mentioned above stands increased by surcharge (as applicable) where the taxable income exceeds Rs. 10,000,000. Further, education cess and secondary and higher education cess on the total income at the rate of 2% and 1% respectively is payable by all categories of FIIs.
- The benefit of exemption under Section 54EC of the Act mentioned above in case of the Company is also available to FIIs.

D. Securities Transaction Tax

As per provisions of Section 36(1)(xv) of the Act, STT paid in respect of the taxable securities transactions entered into in the course of the business is allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head 'Profit and gains of business or profession'. Where such deduction is claimed, no further deduction in respect of the said amount is allowed while determining the income chargeable to tax as capital gains

E. Tax Treaty benefits

- As per provisions of Section 90(2) of the Act, FIIs can opt to be taxed in India as per the provisions of the Act or the double taxation avoidance agreement entered into by the Government of India with the country of residence of the FII, whichever is more beneficial to them
- The characterization of the gain / losses, arising from sale / transfer of shares as business income or capital gains would depend on the nature of holding and various other factors

BENEFITS AVAILABLE TO MUTUAL FUNDS UNDER THE ACT

a) Dividend income

Dividend income, if any, received by the shareholders from the investment of mutual funds in shares of a domestic Company will be exempt from tax under section 10(34) read with section 115O of the Act.

b) As per provisions of Section 10(23D) of the Act, any income of mutual funds registered under the Securities and Exchange Board of India, Act, 1992 or Regulations made there under, mutual funds set up by public sector banks or public financial institutions and mutual funds authorized by the Reserve Bank of India, is exempt from income-tax, subject to the prescribed conditions.

**For S.JAYKISHAN
FRN 309005E**

**(CA Chirag Agarwal)
Partner
Membership No-300512
Place: Visakhapatnam.
Dated: The 21st day of May, 2016**

SECTION IV – ABOUT THE COMPANY

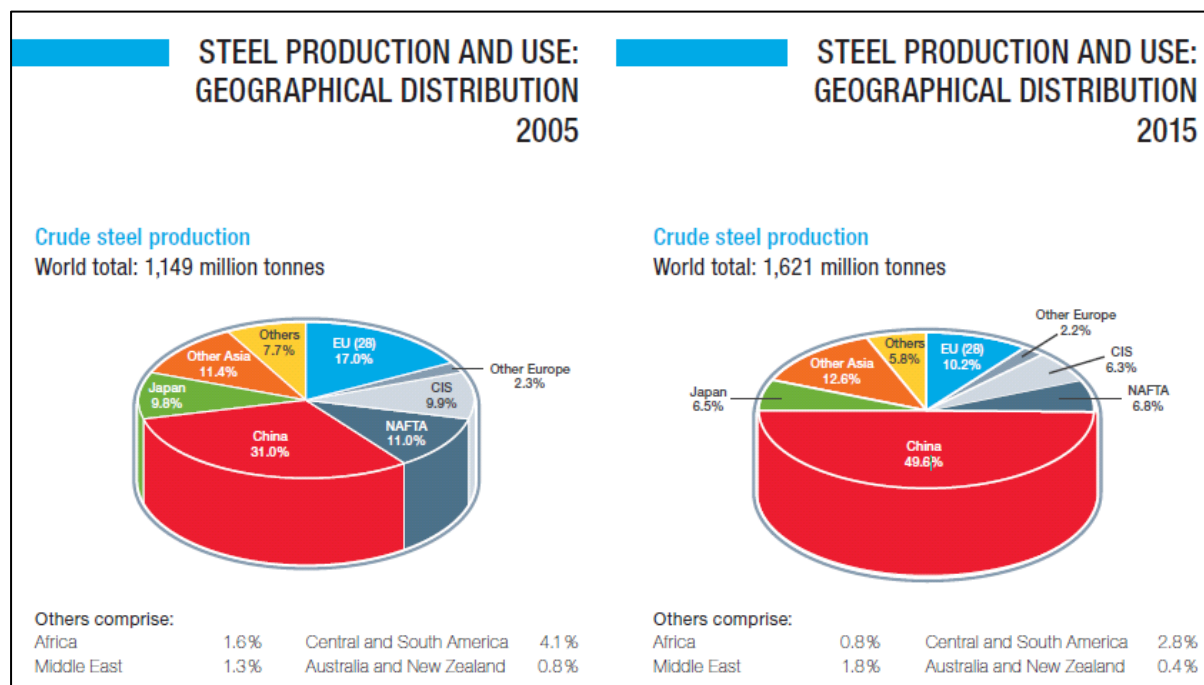
OUR INDUSTRY

The information in this section includes extracts from publicly available information, data and statistics and has been derived from various government publications and industry sources. Neither we nor any other person connected with the Issue have verified this information. The data may have been re-classified by us for the purposes of presentation. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but that their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and, accordingly, investment decisions should not be based on such information. You should read the entire Prospectus, including the information contained in the sections titled “Risk Factors” and “Financial Statements as Restated” and related notes beginning on page 20 and 205 respectively of this Prospectus before deciding to invest in our Equity Shares.

INTRODUCTION TO STEEL INDUSTRY

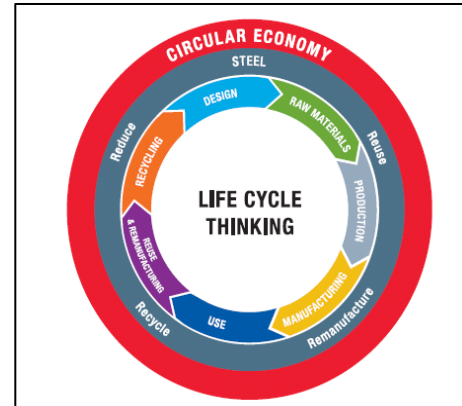
Steel is a cornerstone and key driver for the world’s economy. The steel industry directly employs more than two million people worldwide, plus two million contractors and four million people in supporting industries. Including industries such as construction, transport and energy, the steel industry is a source of employment for more than 50 million people. Steel is at the core of the green economy, in which economic growth and environmental responsibility work hand in hand. Steel is the main material used in delivering renewable energy: solar, tidal and wind. Steel is 100% recyclable and can be used in new products and applications amounting to significant energy and raw material savings.

(Source: World Steel in Figures 2014; World Steel Association www.worldsteel.org)



(Source: World Steel in Figures 2016; World Steel Association www.worldsteel.org)

Steel enables a sustainable society, through a circular economy, accounting for the full life cycle of steel products. A global circular economy promotes zero waste; a reduction in the amount of materials used and encourages the reuse and recycling of materials. These are all fundamental advantages of steel, which is reusable and 100% recyclable. The development of stronger, more efficient and lighter steels for many applications such as cars, wind turbines, residential housing or skyscrapers, is also contributing to substantial natural resources and energy savings both in the production and use phases.



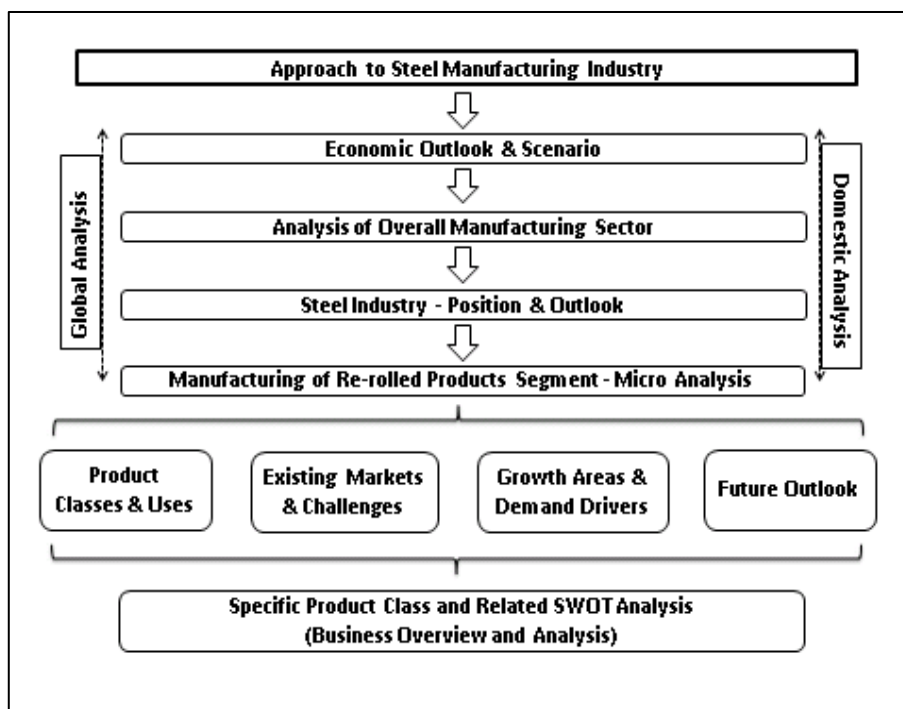
Source: *World Steel in Figures 2015*, World Steel Association (www.worldsteel.org)

APPROACH TO INDUSTRY ANALYSIS

Analysis of Steel Manufacturing Industry needs to be approached at both macro and micro levels, whether for domestic or global markets. Steel Manufacturing Industry forms part of Manufacturing Sector at a macro level. Hence, broad picture of Manufacturing Sector should be at preface while analysing the Steel Manufacturing Industry.

Manufacturing sector comprises various industries, which in turn, have numerous sub-classes or products. One such major industry in the overall Manufacturing sector is 'Steel Manufacturing Industry', which in turn encompasses various components one of them being 'Manufacturing of Re-Rolled Steel Products Segment'.

Thus, Manufacturing of Re-rolled Steel Products Segment should be analysed in the light of 'Steel Manufacturing Industry' at large. An appropriate view on Manufacturing of Re-rolled Steel Products Segment, then, calls for the overall economic outlook, performance and expectations of Manufacturing Sector, position and outlook of Steel Industry and Re-rolled Products Segment micro analysis.



This Approach Note is developed by Pantomath Capital Advisors (P) Ltd ('Pantomath') and any unauthorized reference or use of this Note, whether in the context of Steel industry and / or any other industry, may entail legal consequences.

GLOBAL ECONOMIC ENVIRONMENT

INTRODUCTION

Since the Economic Survey and Budget were presented a year ago, the Indian economy has continued to consolidate the gains achieved in restoring macro-economic stability. Inflation, the fiscal deficit, and the current account deficit have all declined, rendering India a relative haven of macro stability in these turbulent times. Economic growth appears to be recovering, albeit at varying speeds across sectors.

At the same time, the upcoming Budget and 2016-17 (FY-2017) economic policy more broadly, will have to contend with an unusually challenging and weak external environment. Although the major international institutions are yet again predicting that global growth will increase from its current subdued level, they assess that risks remain tilted to the downside. This uncertain and fragile outlook will complicate the task of economic management for India.

The risks merit serious attention not least because major financial crises seem to be occurring more frequently. The Latin American debt crisis of 1982, the Asian Financial crisis of the late 1990s, and the Eastern European crisis of 2008 suggested that crises might be occurring once a decade. But then the rapid succession of crises, starting with Global Financial Crisis of 2008 and proceeding to the prolonged European crisis, the mini-crises of 2013, and the China provoked turbulence in 2015 all hinted that the intervals between events are becoming shorter.

This hypothesis could be validated in the immediate future, since identifiable vulnerabilities exist in at least three large emerging economies—China, Brazil, Saudi Arabia—at a time when underlying growth and productivity developments in the advanced economies are soft. More flexible exchange

rates, however, could moderate full-blown eruptions into less disruptive but more prolonged volatility.

One tail risk scenario that India must plan for is a major currency re-adjustment in Asia in the wake of a similar adjustment in China; as such an event would spread deflation around the world. Another tail risk scenario could unfold as a consequence of policy actions—say, capital controls taken to respond to curb outflows from large emerging market countries, which would further moderate the growth impulses emanating from them.

In either case, foreign demand is likely to be weak, forcing India—in the short run— to find and activate domestic sources of demand to prevent the growth momentum from weakening. At the very least, a tail risk event would require Indian monetary and fiscal policy not to add to the deflationary impulses from abroad. The consolation would be that weaker oil and commodity prices would help keep inflation and the twin deficits in check.

(Source-Economic Survey 2015-16-Volume I; www.indiabudget.nic.in)

GLOBAL ECONOMIC OVERVIEW

The global macroeconomic landscape is currently chartering a rough and uncertain terrain characterized by weak growth of world output. The situation has been exacerbated by; (i) declining prices of a number of commodities, with reduction in crude oil prices being the most visible of them, (ii) turbulent financial markets (more so equity markets), and (iii) volatile exchange rates. These conditions reflect extreme risk-aversion behaviour of global investors, thus putting many, and in particular, commodities exporting economies under considerable stress.

One important positive outcome in 2015 is the modest pickup in the growth of some of the advanced economies. However, growth in emerging market and developing economies declined for the fifth consecutive year. As a result, overall global economic activity remained subdued in 2015. In its latest Update of the World Economic Outlook (WEO), published on 19 January 2016, the IMF projected growth in the global economy to improve from 3.1 per cent in 2015, to 3.4 per cent in 2016 and further to 3.6 per cent in 2017. Growth in advanced economies is projected at 2.1 per cent in 2016 and to continue through 2017 at the same rate.

The slowdown and rebalancing of the Chinese economy, lower commodity prices, and strains in some large Emerging Market and Developing economies (EMDE) are likely to continue to weigh on their growth prospects in 2016–17. Assessments indicate that mixed inflation developments in the EMDEs reflect the conflicting implications of weak domestic demand and lower commodity prices versus marked currency depreciations over the past year. The WEO update also indicated that India and the rest of emerging Asia are bright spots, with some other countries facing strong headwinds from China's economic rebalancing and global manufacturing weakness. World trade volume growth projections have been placed at 2.6 per cent and 3.4 per cent respectively for 2015 and 2016, which is much lower than what was estimated earlier in WEO in October 2015.

(Source-Economic Survey 2015-16-Volume II; www.indiabudget.nic.in)

GLOBAL OUTLOOK FOR GROWTH

One important positive outcome in 2015 was the modest pick-up in growth in some of the advanced economies. It might be recalled that after falling in 2009 due to the 2008 global financial crisis, growth in emerging and developing economies rebounded in 2010 and 2011. While advanced economies also exhibited a recovery in 2010 thanks to the large stimuli, global growth continued to be tepid relative to the average of the decade ending 2006, largely on account of the slowdown in

advanced economies. Spill over effects of the crisis may have been large, prolonged and bi-directional, given that the global integration is far greater than in the prior decade. This has made the task of projecting global economic outlook arduous. This uncertainty has led to the International Monetary Fund (IMF) revising the global growth outlook in its World Economic Outlook (WEO) four times a year since 2009.

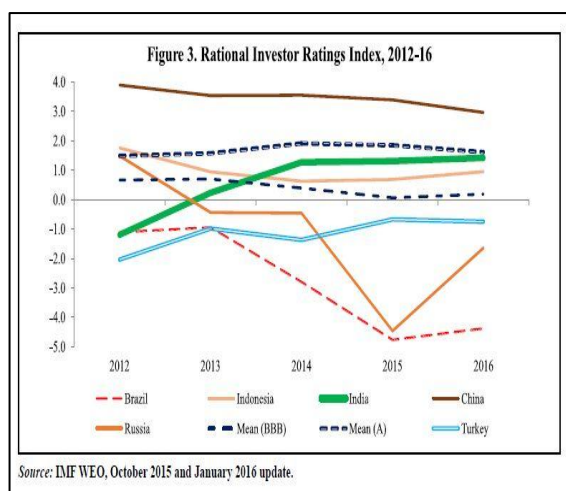
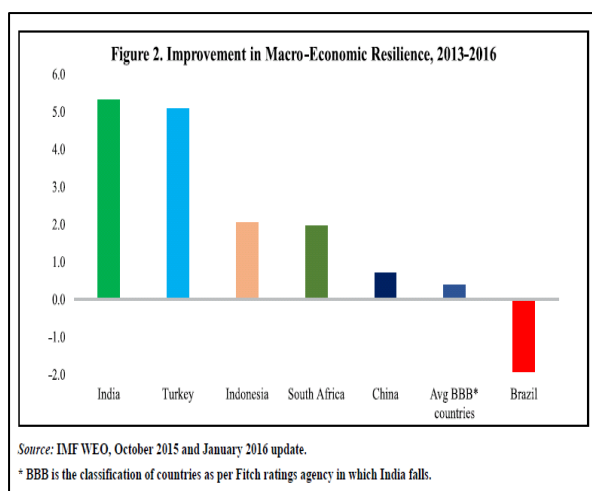
In its latest WEO Update, published on 19 January 2016, the IMF has projected growth in the global economy to go up from 3.1 per cent in 2015 to 3.4 per cent in 2016 and further to 3.6 per cent in 2017, slightly lower than the projection published in October 2015. Growth in advanced economies is revised by 0.2 percentage points in 2016 to 2.1 per cent, to continue through 2017. Growth in the US is expected to remain resilient owing to strengthening of the housing and labour markets. Growth in the euro area is expected to increase due to stronger private consumption supported by lower oil prices and easy financial conditions is expected to outweigh the weakening in net exports. Growth in Japan is also expected to consolidate in 2016, on the back of fiscal support, lower oil prices, accommodative financial conditions, and rising incomes.

Overall global economic activity remained subdued in 2015, as growth in emerging market and developing economies (EMDE) declined for the fifth consecutive year and recovery in advanced economies was modest. This is also attributable to the changing composition of the global economy and relative point contributions to global growth. The fall in the contribution of the EMDEs is not being made good by the advanced economies. A recent feature is that the Chinese economy is gradually slowing down and is transitioning from investment demand to consumption demand and from manufacturing to services. The concern over the spill overs of subdued global growth to other economies through trade channels and weaker commodity prices is manifest in diminishing confidence and increasing volatility in financial markets. In addition, a dual monetary policy—a gradual tightening in monetary policy in the US in the backdrop of its resilient recovery and easy monetary policy in several other major advanced economies has led to continued uncertainties and poses challenges for the year ahead. In the case of EMDEs, growth remained subdued at 4 per cent in 2015, but is projected to increase to 4.3 per cent in 2016 and 4.7 per cent in 2017. The slowdown and rebalancing of the Chinese economy, lower commodity prices, and strains in some large emerging market economies will continue to weigh on growth prospects in 2016–17. Assessments indicate that mixed inflation developments in EMDEs reflect the conflicting implications of weak domestic demand and lower commodity prices versus marked currency depreciations over the past year.

The 19 January WEO Update also indicated that India and the rest of emerging Asia are bright spots, albeit with some countries facing strong headwinds from China's economic rebalancing and global manufacturing weakness. The IMF's growth forecast for India is 7.5 per cent in 2016 and 2017 and this surpasses the projection of 6.3 per cent and 6.0 per cent respectively for China. The level of global economic activity has a significant and direct bearing on the growth prospects of the emerging economies through trade channels. As per the Update, world trade volume growth projections have been placed at 3.4 per cent and 4.1 per cent respectively for 2016 and 2017 lower by 0.7 percentage points to 0.5 percentage point respectively from WEO, October 2015. The World Bank's Report on Global Economic Prospects (January 2016) also estimated that India will grow by a robust 7.8 per cent in 2016 and 7.9 per cent in the following two years. Compared to other major developing countries, the report maintained that India is well positioned to withstand near-term headwinds and volatility in global financial markets due to reduced external vulnerabilities, a strengthening domestic business cycle, and a supportive policy environment.

(Source-Economic Survey 2015-16-Volume II; www.indiabudget.nic.in)

The Indian economy has continued to consolidate the gains achieved in restoring macroeconomic stability. A sense of this turnaround is illustrated by a cross-country comparison. In last year's Survey, we had constructed an overall index of macroeconomic vulnerability, which adds a country's fiscal deficit, current account deficit, and inflation. This index showed that in 2012 India was the most vulnerable of the major emerging market countries. Subsequently, India has made the most dramatic strides in reducing its macro-vulnerability. Since 2013, its index has improved by 5.3 percentage points compared with 0.7 percentage points for China, 0.4 percentage points for all countries in India's investment grade (BBB), and a deterioration of 1.9 percentage points in the case of Brazil (Figure 2).



If macro-economic stability is one key element of assessing a country's attractiveness to investors, its growth rate is another. In last year's Survey we had constructed a simple Rational Investor Ratings Index (RIRI) which combined two elements, growth serving as a gauge for rewards and the macro-economic vulnerability index proxying for risks. The RIRI is depicted in Figure 3; higher levels indicate better performance. As can be seen, India performs well not only in terms of the change of the index but also in terms of the level, which compares favourably to its peers in the BBB investment grade and even its "betters" in the A grade¹. As an investment proposition, India stands out internationally.

(Source-Economic Survey 2015-16-Volume I, www.indiabudget.nic.in)

REVIEW OF MAJOR DEVELOPMENTS IN INDIAN ECONOMY

In the Advance Estimates of GDP that the Central Statistics Office (CSO) released recently, the growth rate of GDP at constant market prices is projected to increase to 7.6 per cent in 2015-16 from 7.2 per cent in 2014-15, mainly because private final consumption expenditure has accelerated. Similarly, the growth rate of GVA for 2015-16 is estimated at 7.3 per cent vis-à-vis 7.1 per cent in 2014-15. Although agriculture is likely to register low growth for the second year in a row on account of weak monsoons, it has performed better than last year. Industry has shown significant improvement primarily on account of the surprising acceleration in manufacturing (9.5 per cent vis-à-vis 5.5 per cent in 2014-15). Meanwhile, services continue to expand rapidly.

- Even as real growth has been accelerating, nominal growth has been falling, to historically low levels, an unusual trend highlighted in the Mid-Year Economic Analysis (MYEA), 2015-16.

- According to the Advance Estimates, nominal GDP (GVA) is likely to increase by just 8.6 (6.8) percent in 2015-16.
- In nominal terms, construction is expected to stagnate, while even the dynamic sectors of trade and finance are projected to grow by only 7 to 7 3/4 percent.
- Inflation remains under control The CPI-New Series inflation has fluctuated around 51/2 percent, while measures of underlying trends—core inflation, rural wage growth and minimum support price increases—have similarly remained muted. Meanwhile, the WPI has been in negative territory since November 2014, the result of the large falls in international commodity prices, especially oil. As low inflation has taken hold and confidence in price stability has improved, gold imports have largely stabilized, notwithstanding the end of a period of import controls
- Similarly, the external position appears robust. The current account deficit has declined and is at comfortable levels; foreign exchange reserves have risen to US\$351.5 billion in early February 2016, and are well above standard norms for reserve adequacy; net FDI inflows have grown from US\$21.9 billion in April-December 2014-15 to US\$27.7 billion in the same period of 2015-16; and the nominal value of the rupee, measured against a basket of currencies, has been steady. India was consequently well-positioned to absorb the volatility from the U.S. Federal Reserve actions to normalize monetary policy that occurred in December 2015. Although the rupee has declined against the dollar, it has strengthened against the currencies of its other trading partners.
- The fiscal sector registered three striking successes: on-going fiscal consolidation, improved indirect tax collection efficiency; and an improvement in the quality of spending at all levels of government.
- Government tax revenues are expected to be higher than budgeted levels. Direct taxes grew by 10.7 per cent in the first 9 months (9M) of 2015-16. Indirect taxes were also buoyant. In part, this reflected excise taxes on diesel and petrol and an increase in the Swachh Bharat cess. The central excise duty collection from petroleum products during April to December 2015-16 recorded a growth of 90.5 per cent and stood at Rs.1.3 lakh crore as against Rs. 0.7 lakh crore in the same period last year. Tax performance also reflected an improvement in tax administration because revenues increased even after stripping out the additional revenue measures (ARMs). Indirect tax revenues grew by 10.7 per cent (without ARMs) and 34.2 per cent (with ARMs).The main findings are that a welcome shift in the quality of spending has occurred from revenue to investment, and towards social sectors. Aggregate public investment has increased by about 0.6 per cent of GDP in the first 8 months of this fiscal year, with contributions from both the Centre (54 per cent) and states (46 per cent).

(Source - Economic Survey 2015-16-Volume I, www.indiabudget.nic.in)

PRIMARY MARKET

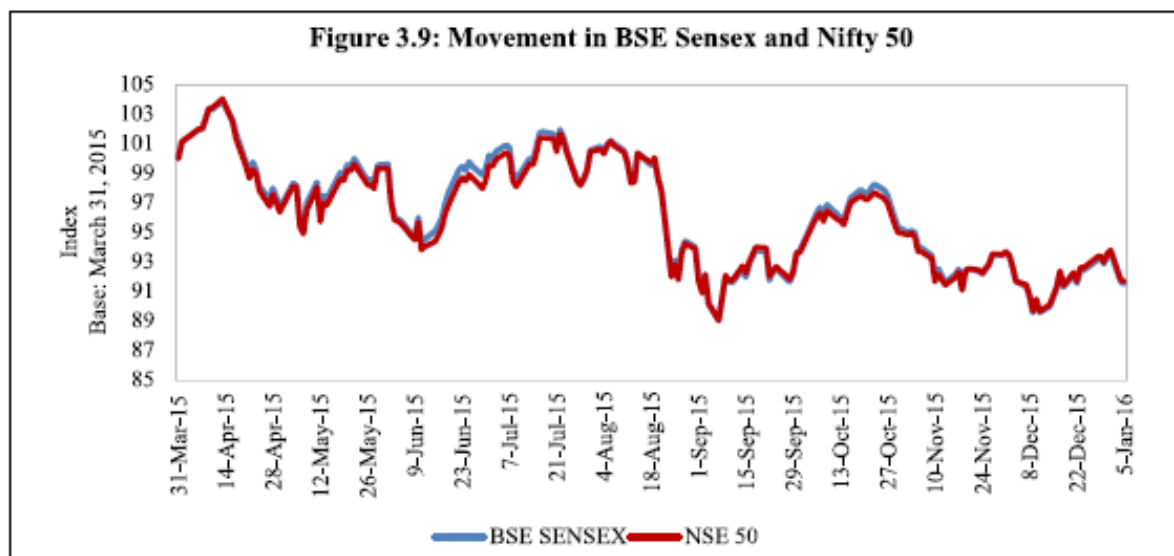
In 2015-16 (April-December), resource mobilization through the public and right issues has surged rapidly as compared to the last financial year. During 2015-16 (April- December), 71 companies have accessed the capital market and raised Rs.51,311 crore, compared to Rs.11,581 crore raised through 61 issues during the corresponding period of 2014-15.

The small and medium enterprises (SME) platform of the stock exchange is intended for small and medium sized companies with high growth potential, whose post issue paid-up capital is less than or equal to Rs. 25 crore. During 2015-16 (April- December), 32 companies were listed on the SME platform, raising a total amount of Rs.278 crore as compared to Rs.229 crore raised through 28 issues in the corresponding period of 2014-15.

Resources mobilized by mutual funds during April-December 2015 also increased substantially to Rs.1,61,696 crore from Rs.87,942 crore mobilized during the same period of the previous year.

SECONDARY MARKET

During 2015-16 so far, the Indian securities market has remained subdued (Figure 3.9). The Bombay Stock Exchange (BSE) Sensex declined by 8.5 per cent (up to 5 January 2016) over end-March 2015, mainly on account of turmoil in global equity markets in August 2015 following slowdown in China and its currency devaluation and slump in stocks. On 4 January 2016, weak Chinese manufacturing data again led to a global sell-off which caused the BSE Sensex also to decline by 538 points (2.1 per cent). The downward trend in the Indian stock market was also guided by mixed corporate earnings for Q1 and Q2 of 2015- 16, FPIs' concern over minimum alternative tax (MAT), weakening of the rupee against the US dollar, investor concern over delay in passage of the Goods and Services Tax (GST) Bill, uncertainty over interest rate hike by US Fed and selling by FPIs. However, the Indian equity market has been relatively resilient during this period compared to the other major EMEs. The Indian stock market withstood the US Fed increase in interest rates in December 2015.



Source: SEBI

(Source-Economic Survey 2015-16-Volume II, www.indiabudget.nic.in)

INDUSTRIAL PERFORMANCE

The Index of Industrial Production (IIP) which provides quick estimates of the performance of key industrial sectors has started showing upward momentum (Figure 6.1). As per IIP, the industrial sector broadly comprising mining, manufacturing and electricity attained 3.1 per cent growth during April-December 2015-16 as compared to 2.6 per cent during the same period of 2014-15 due to the higher growth in mining and manufacturing sectors (Table 6.1). The mining, manufacturing and electricity sectors grew by 2.3 per cent, 3.1 per cent, and 4.5 per cent respectively during April-December 2015-16. The mining sector growth was mainly on account of higher coal production. The manufacturing sector was propelled by the higher production by the industry groups like furniture; wearing apparel, dressing and dyeing of fur; motor vehicles, trailers & semitrailers; chemicals and chemical products; refined petroleum products & nuclear fuel; and wood & products of wood. The growth in electricity is mainly contributed by higher growth in generation of thermal and nuclear sector.

In terms of use based classification, consumer durable goods have witnessed a remarkable growth at 12.4 per cent during April-December 2015-16. Basic goods and capital goods have registered 3.4 per cent and 1.7 per cent growth with intermediate goods by 1.9 per cent (Table 6.1).

The eight core infrastructure supportive industries, coal, crude oil, natural gas, refinery products, fertilizers, steel, cement and electricity that have a total weight of nearly 38 per cent in the IIP, registered a cumulative growth of 1.9 per cent during April-December 2015-16 as compared to 5.7 per cent during April-December 2014-15. Month-wise performance of the eight core sectors shows that the production of coal and fertilizers have increased substantially, while that of crude oil, natural gas and steel have mostly been negative. Refinery products, cement and electricity have attained moderate growth. Clearances for coal projects have facilitated production of coal. Crude oil and natural gas production declined because of a fall in production by Oil and Natural Gas Corporation (ONGC), Oil India Limited (OIL) and also private/joint venture (JV) companies in different months. In electricity generation, while the thermal and nuclear sectors have registered higher growth, the hydro sector has not performed well.

| Table 6.1: IIP-based Growth Rates of Broad Sectors/ Use-based Classification (in per cent) | | | | | | | | | | | | |
|--|--------|---------|---------|------|-------|-----------|---------|-----|------|-----------|------|--|
| | Weight | 2013-14 | 2014-15 | | | | 2015-16 | | | | | |
| | | | Q1 | Q2 | Q3 | Apr.-Dec. | Q1 | Q2 | Q3 | Apr.-Dec. | | |
| General | 100.00 | -0.1 | 2.8 | 4.5 | 1.3 | 2.0 | 2.6 | 3.3 | 4.8 | 1.5 | 3.1 | |
| Sectoral | | | | | | | | | | | | |
| Mining | 14.16 | -0.6 | 1.5 | 3.0 | 0.5 | 2.1 | 1.8 | 0.4 | 3.1 | 3.3 | 2.3 | |
| Manufacturing | 75.53 | -0.8 | 2.3 | 3.9 | 0.4 | 1.1 | 1.8 | 3.7 | 4.7 | 0.9 | 3.1 | |
| Electricity | 10.32 | 6.1 | 8.4 | 11.3 | 9.4 | 9.4 | 10.0 | 2.3 | 6.8 | 4.4 | 4.5 | |
| Use Based | | | | | | | | | | | | |
| Basic goods | 45.68 | 2.1 | 7.0 | 8.7 | 7.0 | 8.3 | 8.0 | 4.7 | 4.4 | 1.3 | 3.4 | |
| Capital goods | 8.83 | -3.6 | 6.4 | 13.6 | -0.5 | 3.2 | 5.1 | 2.0 | 13.4 | -10.0 | 1.7 | |
| Intermediate goods | 15.69 | 3.1 | 1.7 | 3.1 | 1.6 | 0.8 | 1.8 | 1.6 | 2.2 | 1.9 | 1.9 | |
| Consumer goods | 29.81 | -2.8 | -3.4 | -3.2 | -5.4 | -6.4 | -4.9 | 2.5 | 2.7 | 6.8 | 4.0 | |
| Consumer durables | 8.46 | -12.2 | -12.6 | -9.5 | -15.5 | -20.9 | -15.2 | 3.7 | 11.9 | 23.4 | 12.4 | |
| Consumer non-durables | 21.35 | 4.8 | 2.8 | 1.4 | 2.3 | 3.2 | 2.3 | 1.7 | -3.0 | -1.6 | -1.0 | |
| Source: CSO | | | | | | | | | | | | |

Source: CSO

Figure 6.1 depicts three months moving average month-on-month (M-o-M) growth of the IIP, manufacturing and eight core industries. The growth in industrial production, manufacturing sector and the eight core sectors started picking up again in December 2015. It is expected that the uptick in growth rate will be maintained due to revival in manufacturing production.

While the overall IIP has shown recovery, there is variation in the performance of some of the major industries during April-December 2015. While some sectors like electricity, coal, fertilizers, cement

and passenger cars have shown positive growth, sectors like steel and aluminium have shown negative growth during April-December 2015.

(Source-Economic Survey 2015-16-Volume-II, www.indiabudget.nic.in)

MICRO SMALL AND MEDIUM ENTERPRISES SECTOR

With 3.6 crore units spread across the country, that employ 8.05 crore people, Micro, Small and Medium Enterprises (MSME) have a contribution of 37.5 per cent to the country's GDP. The sector has huge potential for helping address structural problems like unemployment, regional imbalances, unequal distribution of national income and wealth across the country. Due to comparatively low capital costs and their forward-backward linkages with other sectors, MSMEs will play a crucial role in the success of the Make in India initiative.

Realizing the importance of the MSME sector, the government has undertaken a number of schemes/programmes like the Prime Minister's Employment Generation Programme (PMEGP), Credit Guarantee Trust Fund for Micro and Small Enterprises (CGTMSE), Credit Linked Capital Subsidy Scheme (CLCSS) for Technology Up gradation, Scheme of Fund for Regeneration of Traditional Industries (SFURTI), and Micro and Small Enterprises- Cluster Development Programme (MSECDP) for the establishment of new enterprises and development of existing ones. Some of the new initiatives undertaken by the government for the promotion and development of MSMEs, are as follows:

- **Udyog Aadhar Memorandum (UAM):** The UAM scheme, which was notified in September 2015 under section 8 of the MSME Development Act 2006, is a path-breaking step to promote ease of doing business for MSMEs. Under the scheme, MSME entrepreneurs just need to file an online entrepreneurs' memorandum to instantly get a unique Udyog Aadhaar Number (UAN). The information sought is on self-certification basis and no supporting documents are required. This marks a significant improvement over the earlier complex and cumbersome procedure.
- **Employment Exchange for Industries:** To facilitate match making between prospective job seekers and employers an employment exchange for industries was launched on June 15, 2015 in line with Digital India. More than 3.42 lakh job seekers have been registered on the portal as on December 30, 2015.
- **Framework for Revival and Rehabilitation of MSMEs:** Under this framework, which was notified in May 2015, banks have to constitute a Committee for Distressed MSME enterprises at zonal or district level to prepare a Corrective Action Plan (CAP) for these units.
- **A scheme for Promoting Innovation and Rural Entrepreneurs (ASPIRE):** ASPIRE was launched on March 16, 2015 with the objective of setting up a network of technology centres and incubation centres to accelerate entrepreneurship and promote start-ups for innovation and entrepreneurship in rural and agriculture based industry.

In addition, the government intends to provide more credit to MSME sectors, especially in the rural areas, focusing on skill development, encouraging entrepreneurial activities with optimistic mind set among rural youth and creating job opportunities among rural women, for high, inclusive and sustained industrial growth.

(Source - Economic Survey 2015-16-Volume II, www.indiabudget.nic.in)

OUTLOOK FOR GROWTH

Real GDP growth for 2015-16 is expected to be in the 7 to 7^{3/4} range, reflecting various and largely offsetting developments on the demand and supply sides of the Indian economy. Before analysing these factors, however, it is important to step back and note one important point. India's long-run potential GDP growth is substantial, about 8-10 percent. But its actual growth in the short run will also depend upon global growth and demand. After all, India's exports of manufactured goods and services now constitute about 18 percent of GDP, up from about 11 percent a decade ago.

Reflecting India's growing globalization, the correlation between India's growth rate and that of the world has risen sharply to reasonably high levels. For the period 1991-2002 this correlation was 0.2. Since then, the correlation has doubled to 0.42. In other words, a 1 percentage point decrease in the world growth rate is now associated with a 0.42 percentage point decrease in Indian growth rates.

Accordingly, if the world economy remains weak, India's growth will face considerable headwinds. For example, if the world continues to grow at close to 3 percent over the next few years rather than returning to the buoyant 4-4½ per cent recorded during 2003-2011, India's medium-term growth trajectory could well remain closer to 7-7½ per cent, notwithstanding the government's reform initiatives, rather than rise to the 8-10 per cent that its long-run potential suggests. In other words, in the current global environment, there needs to be a recalibration of growth expectations and consequently of the standards of assessment.

Turning to the outlook for 2016-17, we need to examine each of the components of aggregate demand: exports, consumption, private investment and government.

- To measure the demand for India's exports, we calculate a proxy-weighted average GDP growth rate of India's export partners. The weights are the shares of partner countries in India's exports of goods and services. We find that this proxy for export demand growth declined from 3.0 percent in 2014 to 2.7 per cent in 2015, which helps explain the deceleration in India's non-oil exports, although the severity of the slowdown—in fact, a decline in export volume—went beyond adverse external developments. Current projections by the IMF indicate that trading partner growth this demand will improve marginally this year to about 2.8 percent. But the considerable downside risks suggest that it would be prudent not to count on a big contribution to GDP growth from improving export performance.
- On the domestic side, two factors could boost consumption. If and to the extent that the Seventh Pay Commission (7th PC) is implemented, increased spending from higher wages and allowances of government workers will start flowing through the economy. If, in addition, the monsoon returns to normal, agricultural incomes will improve, with attendant gains for rural consumption, which over the past two years of weak rains has remained depressed.
- Against this, the disappearance of much of last year's oil windfall would work to reduce consumption growth. Current prospects suggest that oil prices (Indian crude basket) might average US\$ 35 per barrel next fiscal year compared with US\$ 45 per barrel in 2015-16. The resulting income gain would amount roughly equivalent to 1 percentage point of GDP – an 18 per cent price decline times a share of net oil imports in GDP of 6 percent. But this would be half the size of last year's gain, so consumption growth would slow on this account next year.

- According to analysis done by Credit Suisse, (non-financial) corporate sector profitability has remained weak, falling by 1 percent in the year to December 2015. This decline reflected a sharp deterioration in the financial health of the metals—primarily steel—companies, which have now joined the ranks of companies under severe financial stress. As a result, the proportion of corporate debt owed by stressed companies, defined as those whose earnings are insufficient to cover their interest obligations, has increased to 41 percent in December 2015, compared to 35 percent in December 2014.³ In response to this stress, companies have once again been compelled to curb their capital expenditures substantially.
- Finally, the path for fiscal consolidation will determine the demand for domestic output from government. The magnitude of the drag on demand and output will be largely equal to the size of consolidation, assuming a multiplier of about 1.
- There are three significant downside risks. Turmoil in the global economy could worsen the outlook for exports and tighter financial conditions significantly. Second, if contrary to expectations oil prices rise more than anticipated, this would increase the drag from consumption, both directly, and owing to reduced prospects for monetary easing. Finally, the most serious risk is a combination of the above two factors. This could arise if oil markets are dominated by supply-related factors such as agreements to restrict output by the major producers.
- The one significant upside possibility is a good monsoon. This would increase rural consumption and, to the extent that it dampens price pressures, open up further space for monetary easing.
- Putting these factors together, we expect real GDP growth to be in the 7 to 7 ^{3/4} per cent range, with downside risks because of on-going developments in the world economy. The wider range in the forecast this time reflects the range of possibilities for exogenous developments, from a rebound in agriculture to a full-fledged international crisis; it also reflects uncertainty arising from the divergence between growth in nominal and real aggregates of economic activity.

(Source - Economic Survey 2015-16-Volume I, www.indiabudget.nic.in)

INDIA'S INCREASING IMPORTANCE TO GLOBAL GROWTH

Despite global headwinds and a truant monsoon, India registered robust growth of 7.2 per cent in 2014-15 and 7.6 per cent in 2015-16, thus becoming the fastest growing major economy in the world. As per the estimates of the International Monetary Fund (IMF), global growth averaged 3.1 per cent in 2015, declining from 3.4 per cent registered in 2014. While growth in advanced economies has improved modestly since 2013, the emerging economies have witnessed a consistently declining trend in growth rate since 2010. It is against this background that the recent Indian growth story appears particularly bright.

India has made striking progress in its contribution to the global growth of Gross Domestic Product (GDP) in Purchasing Power Parity (PPP) terms. PPP represents the number of units of a country's currency required to purchase the same amount of goods and services in the domestic market as the US dollar would purchase in the United States, thus adjusting for purchasing power differentials between currencies in relevant markets. India's contribution to global growth in PPP terms increased from an average of 8.3 per cent during the period 2001 to 2007 to 14.4 per cent in 2014. During the 1990s, the US's contribution to the global GDP growth in PPP terms was, on an average, around 16 percentage points higher than India's. The picture changed dramatically in 2013 and 2014

when India's contribution was higher than that of the US by 2.2 and 2.7 percentage points respectively. During 1991-2014, low growth in Japan (0.9 per cent annually) resulted in its low contribution (1.5 per cent) to global growth. India and China constitute 42.5 per cent and 53.2 per cent respectively of the total PPP measure of the lower-middle income countries and upper-middle income countries; and hence those country groups largely reflect India's and China's patterns.

The global economy—in particular the global growth powerhouse, China—is rebalancing, leading to an increasing role for India. After the onset of the multiple crises in different parts of the world, India's contribution has become much more valuable to the global economy.

India's share in world GDP has increased from an average of 4.8 per cent during 2001-07 to 6.1 per cent during 2008-13 and further to an average of 7.0 per cent during 2014 to 2015 in current PPP terms (IMF). India's resilience and current levels of reasonably strong growth should, thus, be appreciated in the light of its increasing contribution to global growth.

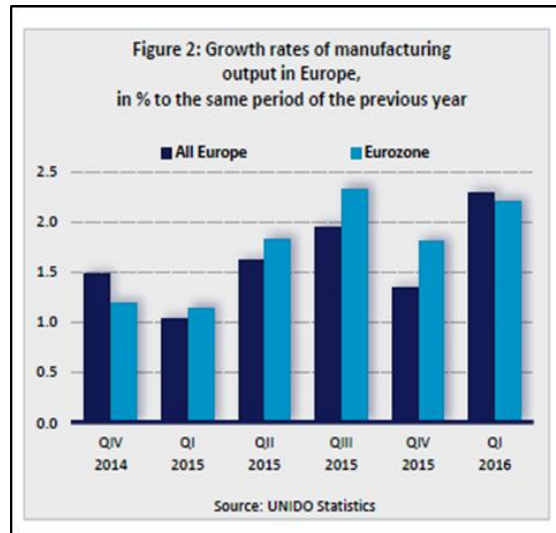
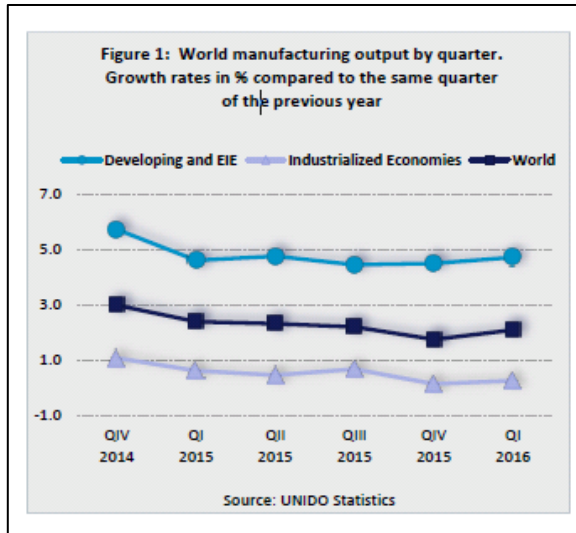
(Source - Economic Survey 2015-16-Volume II, www.indiabudget.nic.in)

GLOBAL MANUFACTURING SECTOR

World manufacturing growth in the first quarter of 2016

World manufacturing growth continued to be sluggish in the first quarter of 2016 due to the fragile recovery process in industrialized economies and significantly weakened growth prospects in developing and emerging industrial economies. China, which has emerged as the largest global manufacturer in the aftermath of the protracted economic crisis, has entered a transition period and has adopted a more balanced pace, thus pushing the average industrial growth of emerging industrial economies downward. World manufacturing growth has also been affected by the generally lower growth pace in the United States and Japan, the second and third largest manufacturers in the world. Increasing pressure associated with financial volatility and falling oil prices has contributed to the instability of manufacturing growth in industrialized economies.

Despite the protracted period of low growth in industrialized as well as in developing and emerging economies, there is no sign of an imminent recession in global industrial production. World manufacturing output rose by 2.1 per cent in the first quarter of 2016 compared to the same period of the previous year, which is slightly higher than 1.8 per cent growth estimated for the last quarter of 2015. The production of durable goods, motor vehicles and consumer electronics is rising in industrialized and in developing economies. These positive growth trends were observed across country groups (Figure 1).



Industrialized economies marginally increased their quarterly growth rate in the first quarter of 2016 to 0.3 per cent from 0.2 per cent in the previous quarter. Some improvement in growth performance was observed in Europe, where manufacturing output rose by 2.3 per cent in the first quarter of 2016 compared to the same period of the previous year. The growth of manufacturing output slightly increased in North America in the first quarter of 2016, but was still below 1.0 per cent. East Asia experienced a major blow, with manufacturing output dropping by nearly 3.0 per cent in the first quarter of 2016. Production decline was reported in two of East Asia's major manufactures, Japan and the Republic of Korea. Japan's yen began rising against other major currencies against the backdrop of an increased trade balance due to an earlier export surge, which has adversely affected manufacturing production in recent months. Production decline in East Asia had a negative impact on the manufacturing growth of industrialized countries as a whole.

Manufacturing growth in developing and emerging industrial economies remains weak due to a further slowdown in capital inflows from industrialized economies and a significant decline in exports. The slow recovery of industrialized economies and their dependence on external markets has exposed domestic structural problems in developing and emerging industrial economies, which have now been further compounded due to falling oil prices, compression of demand in domestic markets and high fluctuation in commodity prices. The downward trend of net capital inflows to developing economies continued, while exports from developing economies dropped by 13.0 per cent in 2015 (UNCTAD).

Despite the prolonged period of weak growth, developing and emerging industrial economies contributed around 90.0 per cent of global manufacturing growth in the first quarter of 2016. Manufacturing output in developing and emerging industrial economies has increased by 4.7 per cent in the first quarter, slightly higher than in the previous quarter (4.5 per cent). As depicted in Figure 1, the pace of growth in both country groups exhibit similar trends but the level of growth has been consistently higher in developing and emerging industrial economies than in industrialized countries. However, growth performance varied considerably among the regions. While Asian economies persevered, manufacturing output dropped in Africa and Latin America. Manufacturing output declined in Egypt and South Africa in the first quarter of 2016. Similarly, a sharp plunge in production was observed in Brazil as a result of overall economic recession.

Industrialized economies

Industrialized countries maintained a positive growth of manufacturing output overall in the first quarter of 2016, however, the pace has been too slow over a protracted period. The average quarterly growth of industrialized economies in 2015 was below 1.0 per cent, and only 0.3 per cent in the first quarter of 2016 compared to the same period of the previous years. Growth in industrialized economies in the first quarter of 2016 was characterized by moderate growth in Europe and North America and a negative trend in East Asia. This trend has persisted for quite some time.

Among the industrialized regions, Europe's manufacturing output has grown consistently since 2014. Manufacturing output in the first quarter of 2016 rose by 2.3 per cent compared to the same period of the previous year. This is the highest growth rate registered in Europe since early 2014. The growth figures were positive for the majority of European countries, with strong growth performance of around 7.0 per cent or more being observed in Switzerland, Ireland, Lithuania and Slovenia.

At the peak of financial instability, UNIDO's Quarterly Reports presented disaggregated data for the Eurozone economies to distinguish their growth trends from the rest of Europe. This difference seems to have disappeared in recent quarters. The growth trends for these two groups converged at the beginning of 2016. Eurozone economies, assisted by lower energy prices and a weaker euro, indicated a 2.2 per cent growth of manufacturing output in the first quarter of 2016. Germany, the largest manufacturer among the Eurozone countries, performed well with an increase of 1.8 per cent in manufacturing output. Manufacturing output rose by 2.1 per cent in Italy and by 0.9 per cent in France. Manufacturing output also rose in Belgium (2.5 per cent), in the Netherlands (1.5 per cent) and in Spain (4.9 per cent). Greece recorded a second consecutive quarter of positive growth, with manufacturing output rising by 1.4 per cent in the first quarter of 2016.

Outside the Eurozone, the manufacturing output of the United Kingdom declined by 1.3 per cent in the first quarter of 2016 compared to the same period of 2015. A potential Brexit has created considerable uncertainty, affecting business environment confidence and resulting in negative growth of manufacturing output. Among the other economies, the falling oil prices has hit the manufacturing output of Norway and the Russian Federation particularly hard, where output dropped by 6.4 per cent and 3.4 per cent, respectively. The manufacturing output of East European countries demonstrated a relatively higher growth rate of 3.4 per cent in Poland, 7.3 per cent in Croatia and 5.3 per cent in Bulgaria.

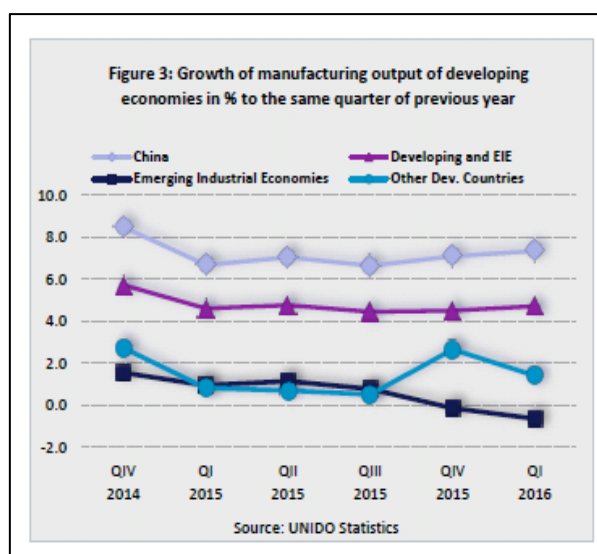
The industrial production index in North America rose by 0.9 per cent in the first quarter of 2016. Canada outperformed the United States with a 2.7 per cent growth of manufacturing output, attributable primarily to the high growth in the production of motor vehicles. US manufacturing output rose by merely by 0.7 per cent against the backdrop of a decline in competitiveness due to a strong dollar and weak consumer spending.

In East Asia, manufacturing output rose in Malaysia by 4.2 per cent, while other major economies observed negative growth. Manufacturing output dropped by 3.2 per cent in Japan, 1.8 per cent in Singapore and by 3.8 per cent in the Republic of Korea. The manufacturing output of the industrialized economies of East Asia fell by 2.9 per cent.

Developing and emerging industrial economies

A slowdown in China and a downturn in Latin America have impacted the overall growth of manufacturing in developing and emerging industrial economies. The slowdown in China was modest; manufacturing output rose by 7.4 per cent. This is one of the slowest growth rates since 2005, but not when compared with other economies of the world. Due to strong domestic demand, China's manufacturing has proven resilient to external shocks. Compared to other economies, China has maintained relatively high growth rates under conditions of declining capital inflow and exports.

Latin American economies, on the other hand, were not equally resilient and were negatively affected by subdued global demand for commodities and falling oil prices. The manufacturing production in Latin America fell by 3.3 percent. In addition, Brazil, South America's largest manufacturer, faced political uncertainty, decreasing prices of export commodities and soaring inflation. The manufacturing output of Brazil in the first quarter of 2016 plunged by 11.2 per cent compared to the same period of the previous year. Manufacturing growth in other major economies of the continent, namely Argentina and Chile, was less than 1 per cent, while Peru's manufacturing production dropped by 1.6 per cent. Mexico and Columbia recorded relatively higher growth rates.



Growth performance was much higher in Asian economies, where manufacturing output rose by 6.3 per cent in the first quarter of 2016. As one of the fast growing Asian economies, Viet Nam has maintained a double digit growth rate of manufacturing output for five consecutive quarters. The overall growth of Viet Nam's economy has been driven by strength in export-oriented manufacturing, which continues to be driven by rising foreign direct investment. Indonesia's manufacturing output, which recently climbed to rank 10 of the largest world manufacturers, grew by 3.7 per cent in the first quarter of 2016. India's manufacturing output, which had achieved impressive growth rates in the last quarters, fell by 2.2 per cent. The high cost of borrowing and poor demand played a major role in the pre-mature reversal of India's manufacturing growth in 2016. Manufacturing production also dropped in Pakistan in the first quarter of 2016.

Estimates based on the limited available data indicate that manufacturing output in Africa has dropped by 0.8 per cent. The loss in growth was attributable to two major African economies - Egypt and South Africa. Egypt's manufacturing output dropped by 1.4 per cent and South Africa's by 0.8 per cent compared to the same period of the previous year. The manufacturing output of Senegal and Tunisia decreased as well. The weaker growth of manufacturing output is primarily

credited to low capital inflow and reduced exports. Positive growth was maintained by Côte d'Ivoire and Morocco.

Findings by industry group

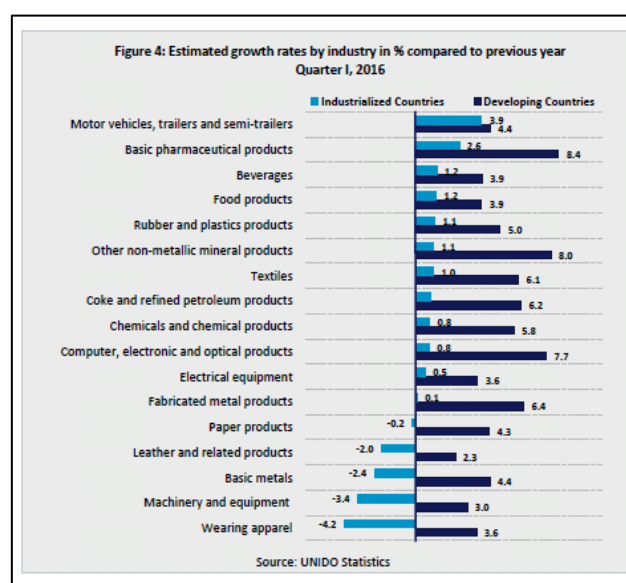
Global manufacturing production maintained a positive growth in nearly all industries in the first quarter of 2016. However, against the backdrop of falling investment in capital goods, the production of machinery and equipment declined by 1.1 per cent worldwide. The biggest loss was recorded by the tobacco industry, with worldwide production declining by 3.4 per cent. By contrast, the production of pharmaceutical products rose by 4.8 per cent. Among other fast growing industries, the production of textiles rose by 4.9 per cent and motor vehicles by 4.1 per cent.

Disaggregated data by industrialized and developing economies show that industrialized countries performed relatively well in the production of high-technology industries such as pharmaceutical products, motor vehicles, chemicals and electronics. The fastest growing industry in industrialized economies was the production of motor vehicles which rose by 3.9 per cent in the first quarter of 2016. Among them, vehicle production in Canada rose by 11.8 per cent, by 9.4 per cent in Italy and by 7.1 per cent in France. However, in Japan the production of motor vehicles fell by 5.3 per cent.

In general, the growth performance of developing and emerging industrial economies was far better in nearly all manufacturing industries, including several high-technology industries. The production of pharmaceutical products in developing and emerging industrial economies rose by the highest rate of 8.4 per cent. A significant contribution to the growth of pharmaceutical products was made by African countries, namely Egypt and Senegal.

As shown in the Figure 4, developing economies maintained a relatively higher growth rate in the production of basic consumer goods. The manufacture of food products rose by 3.9 per cent, textile by 6.1 per cent and wearing apparel by 3.6 per cent. The most significant growth rate among developing economies in the production of wearing apparel was observed in Turkey at 12.2 per cent in the first quarter of 2016. The production of other consumer goods rose at a higher rate in developing and emerging industrial economies. Among other industries, the production of chemicals and chemical products grew by 5.8 per cent and basic metals by 4.4 per cent.

The growth rates for selected industries are presented below.



The production of electronic and optical products registered one of the highest growth figures at 7.7 per cent in developing and emerging industrial economies. Similarly, the manufacture of other non-metallic mineral products that essentially supply construction materials rose by nearly 8.0 per cent.

Additional statistics on the growth rates in the first quarter of 2016 are available in the Statistical Tables.

(Source: World Manufacturing Production- Statistics for Quarter I, 2016; United Nations Industrial Development Organisation - www.unido.org)

GLOBAL STEEL PRODUCTION

The global economy is going through a difficult phase as markets adjust to slower levels of Chinese growth - the “new normal”. However, given the expected population increase, emerging new applications for steel and new markets are developing. Without steel modern society could not survive. World crude steel production reached 1,621 million tonnes (Mt) for the year 2015, down by 2.9% compared to 2014. In 2015, China accounted for 44.8% of the global market for steel (by volume), compared to 45.9% in 2014.

In 2015, concern over excess capacity once again increased. As mentioned during an OECD high level symposium on the topic, “overcapacity is a global problem requiring a global solution; structural adjustments are required.” Restructuring is not new; it is an ongoing process as old as the industry itself and it requires appropriate industrial policy developed by governments in cooperation with industry. Barriers to exit as well as social and environmental impacts need to be addressed and planned for. In today’s economic context it is ever more crucial that policies promote a level playing field to ensure that steel companies in one region are not put at a disadvantage with steelmakers from other regions or in relation to competing materials.

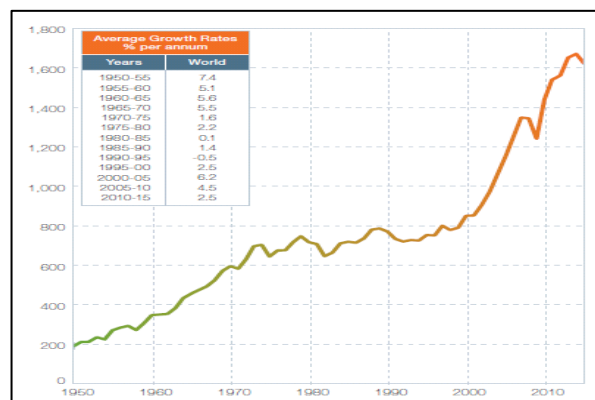
But one must never forget that the key word in any discussion about steel is “sustainable”. If one longstanding challenge for the industry has been how to produce steel with lower carbon emissions, the new challenge is improving the value of steel in applications. This needs a major focus on innovation.

Steel plays a key role in the new circular business model in which all products must be designed and manufactured to be repaired, remanufactured, reused and recycled. The next few pages of this publication give you a glimpse of why steel, thanks to its strength, adaptability, flexibility and durability, is the essential material in the circular economy.

(Source: World Steel in Figures 2016, World Steel Association www.worldsteel.org)

World Crude Steel Production 1950 to 2015

| million tonnes | | | | | |
|----------------|-------|-------|-------|-------|-------|
| Years | World | Years | World | Years | World |
| 1950 | 189 | 1997 | 800 | 2008 | 1,343 |
| 1955 | 270 | 1998 | 779 | 2009 | 1,239 |
| 1960 | 347 | 1999 | 790 | 2010 | 1,433 |
| 1965 | 456 | 2000 | 850 | 2011 | 1,538 |
| 1970 | 595 | 2001 | 852 | 2012 | 1,560 |
| 1975 | 644 | 2002 | 905 | 2013 | 1,650 |
| 1980 | 717 | 2003 | 971 | 2014 | 1,670 |
| 1985 | 719 | 2004 | 1,063 | 2015 | 1,621 |
| 1990 | 770 | 2005 | 1,148 | | |
| 1995 | 753 | 2006 | 1,250 | | |
| 1996 | 751 | 2007 | 1,348 | | |



(Source: World Steel in Figures 2016, World Steel Association www.worldsteel.org)

Major Steel Producing Countries 2014-2015

| Country | 2015 | | 2014 | |
|---------------|------|---------|------|---------|
| | Rank | Tonnage | Rank | Tonnage |
| China | 1 | 803.8 | 1 | 822.8 |
| Japan | 2 | 105.2 | 2 | 110.7 |
| India | 3 | 89.4 | 3 | 87.3 |
| United States | 4 | 78.8 | 4 | 88.2 |
| Russia | 5 | 70.9 | 5 | 71.5 |
| South Korea | 6 | 69.7 | 6 | 71.5 |
| Germany | 7 | 42.7 | 7 | 42.9 |
| Brazil | 8 | 33.3 | 8 | 33.9 |
| Turkey | 9 | 31.5 | 9 | 34.0 |
| Ukraine | 10 | 23.0 | 10 | 27.2 |

(Source: World Steel in Figures 2016, World Steel Association www.worldsteel.org)

INDIAN MANUFACTURING SECTOR

Introduction

The Prime Minister of India, Mr Narendra Modi, has launched the 'Make in India' initiative to place India on the world map as a manufacturing hub and give global recognition to the Indian economy.

The Government of India has set an ambitious target of increasing the contribution of manufacturing output to 25 per cent of Gross Domestic Product (GDP) by 2025, from 16 per cent currently.

Market Size

India's manufacturing sector could touch US\$ 1 trillion by 2025. There is potential for the sector to account for 25-30 per cent of the country's GDP and create up to 90 million domestic jobs by 2025. Business conditions in the Indian manufacturing sector continue to remain positive.

In November 2015, the seasonally adjusted Nikkei India Manufacturing Purchasing Managers' Index (PMI) stood at 50.3, which indicated expansion for twenty-fifth consecutive month. The services PMI was at 50.1 points in November 2015.

Investments

In a major boost to the 'Make in India' initiative, the Government of India has received investment proposals of over US\$ 3.05 billion till end of August 2015 from various companies.

India has become one of the most attractive destinations for investments in the manufacturing sector. Some of the major investments and developments in this sector in the recent past are:

- Canada's Magna International Incorporated has started production at two facilities in Gujarat's Sanand, which will supply auto parts to Ford Motor Co in India and will employ around 600 people at both units.
- Swedish home furnishing brand Ikea has made a long-term plan of opening 25 stores in India by making an investment worth Rs 12,500 crore (US\$ 1.9 billion).

- Siemens has announced that it will invest € 1 billion (US\$ 1.13 billion) in India to add 4,000 jobs to its existing workforce of 16,000 in the country.
- US-based First Solar Inc. and China's Trina Solar have plans to set up manufacturing facilities in India. Clean energy investments in India increased to US\$ 7.9 billion in 2014, helping the country maintain its position as the seventh largest clean energy investor in the world.
- Samsung Electronics has invested Rs 517 crore (US\$ 77.82 million) towards the expansion of its manufacturing plant in Noida, Uttar Pradesh (UP). "Samsung India Electronics is committed to strengthen its manufacturing infrastructure and will gradually expand capacity at this plant to meet the growing domestic demand for mobile handsets, as per the company.
- Shantha Biotechnics Private Limited has started building a facility to manufacture Insuman, an insulin product to treat diabetes. Sanofi SA, which acquired Shantha Biotechnics, will invest Rs 460 crore (US\$ 69.24 million) to build the facility.
- BMW and Mercedes-Benz have intensified their localisation efforts to be part of 'Make in India' initiative. "The localisation efforts will reduce the waiting period and accelerate the servicing process of our cars as we had to (previously) depend on our plants overseas for supply and will help us on the pricing front."
- Suzuki Motor Corp plans to make automobiles for Africa, the company's next big bet, as well as for India at its upcoming factory in Hansalpur, near Ahmedabad, Gujarat.
- Taiwan-based HTC has decided to manufacture products in India. HTC is believed to have partnered GDN Enterprises, which has an assembly set up in Noida.
- Foxconn is planning an aggressive expansion in India, building up to 12 new factories and employing as many as one million workers by 2020
- The State Government of Tamil Nadu has signed investment agreements worth Rs 2,42,160 crore (US\$ 36.45 billion) during a two-day Global Investors Meet in September 2015.

Government Initiatives

In a bid to push the 'Make in India' initiative to the global level, Mr Narendra Modi, Prime Minister of India, pitched India as a manufacturing destination at the World International Fair in Germany's Hannover earlier this year. Mr Modi showcased India as a business friendly destination to attract foreign businesses to invest and manufacture in the country.

The Government of India has taken several initiatives to promote a healthy environment for the growth of manufacturing sector in the country. Some of the notable initiatives and developments are:

- The Government plans to organise a 'Make in India week' in Mumbai between February 13-18, 2016 to boost the 'Make in India' initiative and expects 1,000 companies from 10 key sectors to participate in the exhibition of innovative products and processes, a hackathon and sessions on urban planning, among other events.
- The National Institution for Transforming India Aayog (NITI Aayog) plans to release a blueprint for various technological interventions which need to be incorporated by the Indian manufacturing economy, with a view to have a sustainable edge over competing neighbours like Bangladesh and Vietnam over the long term.

- Ms Nirmala Sitharaman, Minister of State (Independent Charge) for Commerce and Industry, has launched the Technology Acquisition and Development Fund (TADF) under the National Manufacturing Policy (NMP) to facilitate acquisition of Clean, Green and Energy Efficient Technologies, by Micro, Small & Medium Enterprises (MSMEs).
- The Government of India has asked New Delhi's envoys in over 160 countries to focus on economic diplomacy to help government attract investment and transform the 'Make in India' campaign a success to boost growth during the annual heads of missions conference. Prime Minister, Mr Modi has also utilised the opportunity to brief New Delhi's envoys about the Government's Foreign Policy priority and immediate focus on restoring confidence of foreign investors and augmenting foreign capital inflow to increase growth in manufacturing sector.
- The Government of Uttar Pradesh (UP) has secured investment deals valued at Rs 5,000 crore (US\$ 752.58 million) for setting up mobile manufacturing units in the state.
- The Government of Maharashtra has cleared land allotment for 130 industrial units across the state with an investment of Rs 6,266 crore (US\$ 943.13 million)
- Dr Jitendra Singh, Union Minister of State (Independent Charge) of the Ministry of Development of North Eastern Region (DoNER), MoS PMO, Personnel, Public Grievances & Pensions, Atomic Energy and Space, Government of India, has announced the 'Make in Northeast' initiative beginning with a comprehensive tourism plan for the region.
- Government of India has planned to invest US\$ 10 billion in two semiconductor plants in order to facilitate electronics manufacturing in the country.
- Entrepreneurs of small-scale businesses in India will soon be able to avail loans under Pradhan Mantri MUDRA Yojana (PMMY). The three products available under the PMMY include: Shishu - covering loans up to Rs 50,000 (US\$ 752), Kishor - covering loans between Rs 50,000 (US\$ 752) to Rs 0.5 million (US\$ 7,520), and Tarun - covering loans between Rs 0.5 million (US\$ 7,520) and Rs 1 million (US\$ 15,052).

Road Ahead

The Government of India has an ambitious plan to locally manufacture as many as 181 products. The move could help infrastructure sectors such as power, oil and gas, and automobile manufacturing that require large capital expenditure and revive the Rs 1,85,000 crore (US\$ 28.42 billion) Indian capital goods business.

India is an attractive hub for foreign investments in the manufacturing sector. Several mobile phone, luxury and automobile brands, among others, have set up or are looking to establish their manufacturing bases in the country.

With impetus on developing industrial corridors and smart cities, the government aims to ensure holistic development of the nation. The corridors would further assist in integrating, monitoring and developing a conducive environment for the industrial development and will promote advance practices in manufacturing.

Exchange Rate Used: INR 1 = US\$ 0.015 as on December 17, 2015

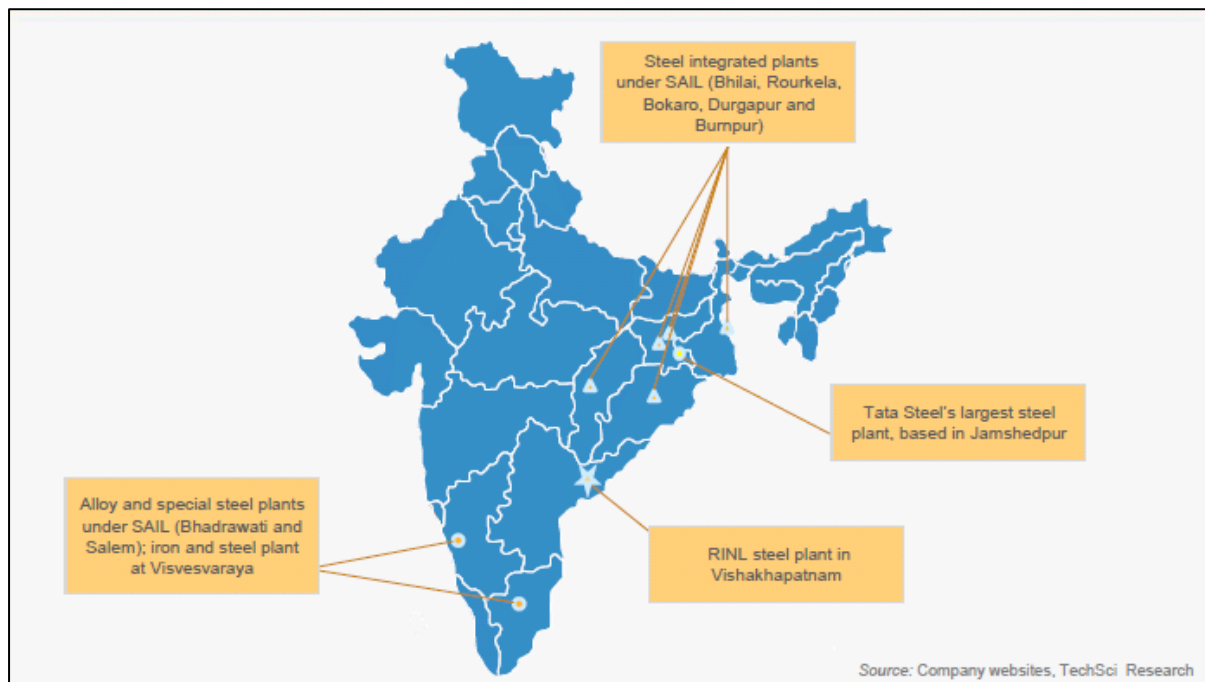
References: Media Reports, Press Releases, Press Information Bureau, McKinsey & Company

(Source: India Brand Equity Foundation www.ibef.org)

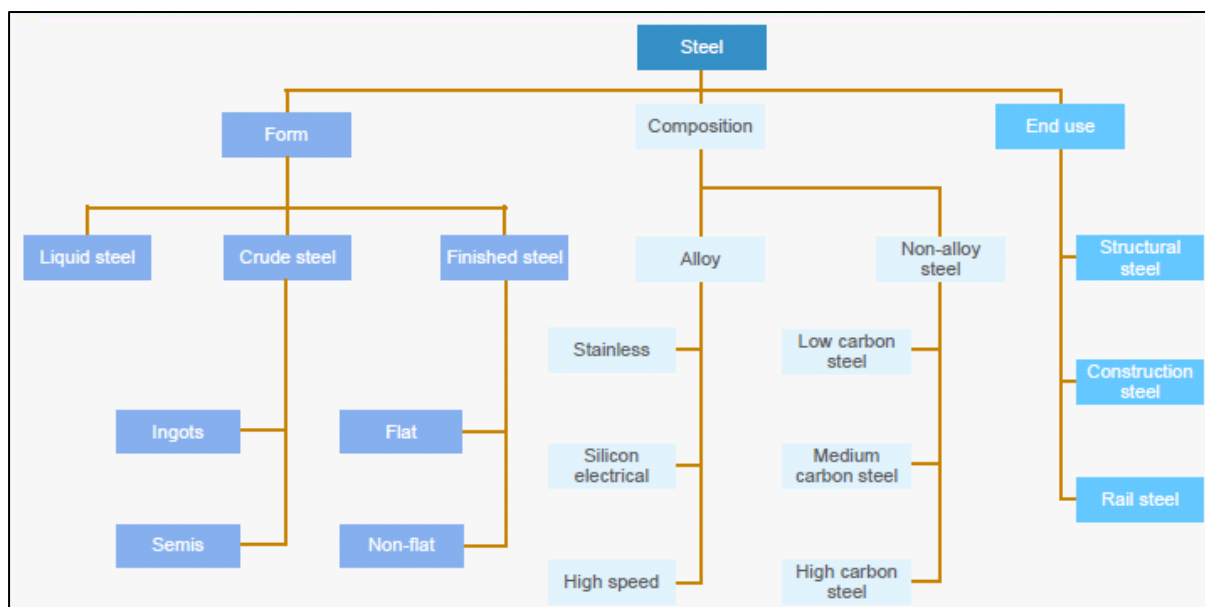
INTRODUCTION TO INDIAN STEEL INDUSTRY

In 2015, India ranked as the third largest crude steel producer in the world, leaving behind United States. The total finished steel production in FY16* is 38.370 MT. During FY16, Indian steel industry imported a total of 4.572 million tones of finished steel.

Key Steel Plants in India



Structure of the Steel Sector



(Source: Steel: January 2016 India Brand Equity Foundation www.ibef.org)

INDIAN STEEL INDUSTRY

Introduction

- e. India is the world's third-largest producer of crude steel (up from eighth in 2003) and is

expected to become the second-largest producer by 2016. The growth in the Indian steel sector has been driven by domestic availability of raw materials such as iron ore and cost-effective labour. Consequently, the steel sector has been a major contributor to India's manufacturing output.

- f. The Indian steel industry is very modern with state-of-the-art steel mills. It has always strived for continuous modernisation and up-gradation of older plants and higher energy efficiency levels.

Market Size

India's crude steel capacity reached 109.85 Million Tonnes (MT) in 2014-15, a growth of 7.4 per cent. Production of crude steel grew by 8.9 per cent to 88.98 MT. Total finished steel production for sale increased by 5.1 per cent to 92.16 MT. Consumption of total finished steel increased 3.9 per cent to 76.99 MT.

India produced 7.34 MT of steel in the month of September 2015, which was nearly equal to the country's steel production in September 2014.

The steel sector in India contributes nearly two per cent of the country's gross domestic product (GDP) and employs over 600,000 people. The per capita consumption of total finished steel in the country has risen from 51 Kg in 2009-10 to about 59 Kg in 2014-15. India's steel consumption for FY 2015-16 is estimated to increase by 7 per cent, higher than 2 per cent growth last year, due to improving economic activity, as per E&Y's 'Global Steel 2015-16' report.

Investments

Steel industry and its associated mining and metallurgy sectors have seen a number of major investments and developments in the recent past.

According to the data released by Department of Industrial Policy and Promotion (DIPP), the Indian metallurgical industries attracted Foreign Direct Investments (FDI) to the tune of US\$ 8.7 billion, respectively, in the period April 2000–September 2015.

Some of the major investments in the Indian steel industry are as follows:

- National Mineral Development Corporation (NMDC) has planned to invest Rs 40,000 crore (US\$ 6.1 billion) in the next eight years to achieve mining capacity of 75 million tonnes per annum (MTPA) by FY2018-19 and 100 MTPA by FY2021-22, compared to 48 MTPA current capacity.
- Posco Korea, the multinational Korean steel company, has signed an agreement with Shree Uttam Steel and Power (part of Uttam Galva Group) to set up a steel plant at Satarda in Maharashtra.
- Iron ore output in India is expected to increase by 25 per cent to 153 Million Tonnes in FY 2016, which in turn will help reduce iron ore imports by two-thirds to five Million Tonnes, SAIL plans to invest US\$23.8 billion to increase the steel production to 50 MTPA by 2025.
- Arcelor Mittal, world's leading steel maker, has agreed a joint venture with Steel Authority of India Ltd (SAIL) to set up an automotive steel manufacturing facility in India.
- Iran has evinced interest in strengthening ties with India in the steel and mines sector, said ambassador of the Islamic Republic of Iran, Mr Gholamreza Ansari in his conversation with Minister of Steel and Mines, Mr Narendra Singh Tomar.



- Public sector mining giant NMDC Ltd will set up a greenfield 3-million tonne per annum steel mill in Karnataka jointly with the state government at an estimated investment of Rs 18,000 crore (US\$ 2.8 billion).
- JSW Steel has announced to add capacity to make its plant in Karnataka the largest at 20 MT by 2022.

Government Initiatives

The Government of India is aiming to scale up steel production in the country to 300 MT by 2025 from 81 MT in 2013-14.

The Ministry of Steel has announced to invest in modernisation and expansion of steel plants of Steel Authority of India Limited (SAIL) and Rashtriya Ispat Nigam Limited (RINL) in various states to enhance the crude steel production capacity in the current phase from 12.8 MTPA to 21.4 MTPA and from 3.0 MTPA to 6.3 MTPA respectively.

The Minister of Steel & Mines, Mr Narendra Singh Tomar, has reiterated commitment of Central Government to support the steel industry to reach a production target of 300 Million Tonne Per Annum (MTPA) in 2025.

The Ministry of Steel is facilitating setting up of an industry driven Steel Research and Technology Mission of India (SRTMI) in association with the public and private sector steel companies to spearhead research and development activities in the iron and steel industry at an initial corpus of Rs 200 crore (US\$ 31.67 million).

Some of the other recent government initiatives in this sector are as follows:

- Government of India plans to auction eight coal blocks with reserves of 1,143 million tonnes to steel and cement firms in January 2016, as per coal secretary Mr Anil Swarup.
- Government has planned Special Purpose Vehicles (SPVs) with four iron ore rich states i.e., Karnataka, Jharkhand, Orissa, and Chhattisgarh to set up plants having capacity between 3 to 6 MTPA.
- SAIL plans to invest US\$ 23.8 billion for increasing its production to 50 MTPA by 2025. SAIL is currently expanding its capacity from 13 MTPA to 23 MTPA, at an investment of US\$ 9.6 billion.
- A Project Monitoring Group (PMG) has been constituted under the Cabinet Secretariat to fast track various clearances/resolution of issues related to investments of Rs 1,000 crore (US\$ 152 million) or more.
- To increase domestic value addition and improve iron ore availability for domestic steel industry, duty on export of iron ore has been increased to 30 per cent.

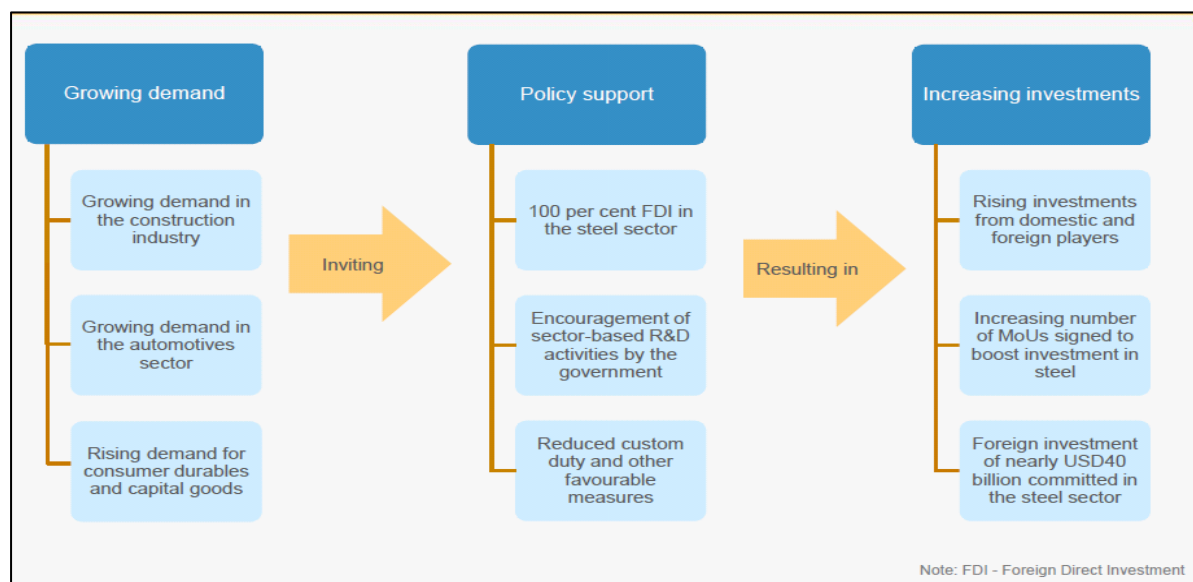
Road Ahead

India is expected to become the world's second largest producer of crude steel in the next 10 years, moving up from the third position, as its capacity is projected to increase to about 300 MT by 2025. Huge scope for growth is offered by India's comparatively low per capita steel consumption and the expected rise in consumption due to increased infrastructure construction and the thriving automobile and railways sectors.

Exchange Rate: INR 1 = US\$ 0.015 as on December 17, 2015

References: Media reports, Press releases, Press Information Bureau (PIB), Joint Plant Committee (JPC) (Source: India Brand Equity Foundation www.ibef.org)

STRONG DEMAND AND POLICY SUPPORT DRIVING INVESTMENT



(Source: Steel: January 2016 India Brand Equity Foundation www.ibef.org)

POLICY SUPPORT AIDING GROWTH IN THE STEEL SECTOR

National Steel Policy 2015

In view of the sector's changed dynamics, globally as well as domestically, the Ministry of Steel has initiated the process of drafting a new National Steel Policy to replace the existing National Steel Policy of 2005. According to the final draft of National Steel Policy 2015, government would permit 100 per cent Foreign Direct Investment (FDI) through the automatic route for the steel sector

R&D and innovation

A new scheme, The scheme for the promotion of R&D in the iron and steel sector, has been approved with budgetary provision of USD24.6 million to initiate and implement the provisions of the scheme as per the 11th Five-Year Plan which has continued in the 12th Five Year Plan. The development of technology for Cold-Rolled Grain Oriented (CRGO) steel sheets and other value-added products is also included under the policy purview and is allocated USD 6.7 million

Foreign Direct Investment

100 per cent FDI through the automatic route is allowed in the Indian steel sector.

Rise in export duty

The government hiked the export duty on iron ore to 30 per cent ad valorem on all varieties of iron ore (except pellets) . Export duty on chrome ore and concentrates has been enhanced to 30 per cent ad valorem

Reduction in custom duty on plants and equipment

The government has reduced the basic custom duty on the plants and equipments required for initial set up or expansion of iron ore pellets plants and iron ore beneficiation plants from 7.5/5 per cent to 2.5 per cent. Customs duty on imported flat-rolled stainless steel products has been



increased to 10 per cent from 7.5 per cent. Basic customs duty on steel grade dolomite and steel grade limestone is being reduced from 5 per cent to 2.5 per cent. Basic customs duty is being reduced from 10 per cent to 5 per cent on forged steel rings used in the manufacture of bearings of wind-operated electricity generators

Push due to Make in India initiative

Going forward, the Make in India initiative and policy decisions taken under it are expected to augment the country's steel production capacity and resolve issues related to the mining industry.

(Source: Steel: January 2016 India Brand Equity Foundation www.ibef.org)

MAJOR INITIATIVES TAKEN BY THE MINISTRY OF STEEL

- Export duty on iron ore has been increased to 30 per cent ad valorem on all varieties of iron ore (except pellets), to preserve iron ore resources for domestic use.
- As per the Government's decision, the Government of India's 51 per cent shareholding in Eastern Investments Company Limited (EIL), under Bird Group of Companies, was transferred to RINL.
- New Research and Development policy for the steel sector have been finalized/adopted for implementation.
- New techno-economic benchmarks have been evolved on international patterns to improve performance of steel PSUs; implementation is being monitored closely.
- The Steel Ministry is preparing a feasibility report to merge all the small PSUs. Feasibility study is under preparation for the merger of MSTC* and Ferro Scrap Nigam Limited, Bhilai (FSNL)
- Under the Ministry, the Joint Plant Committee (JPC) studied 300 districts, 1,500 villages, 4,500 manufacturers and 8,000 retailers spread over India's 28 states and 7 union territories to assess steel demand in the rural areas and examine the potential to increase steel consumption levels.
- The Ministry of Steel set up the Steel Innovation Council to promote innovative ideas in the steel sector.
- The New National Steel Policy, 2015 for the forthcoming years is under finalization.
- To lead the research in the steel sector, Ministry will be setting up Steel Research and Technology Mission of India (SRTMI) with an initial corpus of USD33 million.
- *Government has initiated Project Monitoring Group(PMG) constituted under the Cabinet Secretariat in order to fast track various clearance issues that results in the delay in investments in the steel industry*

(Source: Steel: January 2016 India Brand Equity Foundation www.ibef.org)

OPPORTUNITIES: END USES OF STEEL IN INDIA

Automotive

The automotive industry is forecasted to grow in size by USD74 billion to 260- 300 billion from 2015 to 2026. With Increasing Capacity Addition in the automotive industry, demand for steel from the sector is expected to be robust

Capital Goods

The capital goods sector accounts for 11 per cent of steel consumption and expected to increase 14/15 per cent by 2025-26, and has the potential to increase in tonnage and market share. Corporate India's capex is expected to grow and generate greater demand for steel.

Infrastructure

The infrastructure sector accounts for 9 per cent of steel consumption and expected to increase 11 per cent by 2025- 26. Due to such a huge investment in infrastructure the demand for long steel products would increase in the years.

Airports

More and more modern and private airports are expected to be set up. Development of Tier II City airports would sustain consumption growth. Estimated steel consumption in airport building is likely to grow more than 20 per cent over next few years.

Railways

The Dedicated Rail Freight Corridor (DRFC) network expansion would be enhanced in future. Gauge conversion, setting up of new lines and electrification would drive steel demand. Indian Railways started the PPP mode of funding and has already awarded projects worth around USD1.73 billion during the first seven months (April-October) of FY16.

Oil and Gas

The Liquid fuel transportation pipeline network is likely to grow from the present 16,800 km to 22,000 km in 2014. This would lead to an increase in demand of steel tubes and pipes, providing a lucrative opportunity to the steel industry. Investment of USD 70 billion is expected during 2012-14.

Power

The government targets capacity addition of 88.5 GW under the 12th Five Year Plan (2012–17) and around 100 GW under the 13th Five Year Plan (2017–22) Both generation and Transmission capacities would be enhanced, thereby raising steel demand from the sector.

Rural India

Rural India is expected to reach per capita consumption of 12.11 kg to 14 kg for finished steel by 2020. Policies like Bharat Nirman and Rajiv Gandhi Awaaz Yojna are driving growing demand for construction steel in rural India.

(Source: Steel: January 2016 India Brand Equity Foundation www.ibef.org)

CHALLENGES AND PROBLEMS FACING THE INDIAN RE-ROLLING INDUSTRY

- **Raw Material issue:**

This industry mostly uses pencil ingots, re-roll able scrap and billets as raw material. As these ingots/billets are mainly produced through induction furnaces, they face severe

quality problems. Often there occur surface defects like deep ripple marks, cracks etc, internal defects like piping, network of localized porosity along with high gas contents and composition problems like high percentage of sulphur, phosphorous, lead, copper and tin. The aforesaid shortcomings in raw materials / feedstock cause quality problems in rolled product, increase rejection rate and decrease the overall yield.

- **Reheating furnace:**

The most important cost centers in re-rolling mill industry are reheating furnace. The reheating furnaces have normally been observed by lower productivity, higher range of temperature variation both in product & hearth resulting in energy consumption. There is a lot of gap between the theoretical energy (180 Kcal/Kg) required and practical energy input levels (400 Kcal/Kg). Apart from energy efficiency, second major problem is of high burning/scale losses to the tune of 2-3%. The scale losses not only cause appreciable financial losses but also sometime cause surface quality problems in the product. It is also a national loss. The emission levels in term of SPM, SO₂ & GHG are also very high. The main reasons behind poor performances of the furnaces are unscientific designs & non availability of skilled manpower for operation of furnace.

- **Rolling Mill:**

The rolling mill industry is the main section where material is rolled. The rolling mills of rerolling sector range from the size of “6” to “18”. They are known for their higher energy consumption, low mill utilization, unscientifically designed mill equipments, unscientific mill layouts, inefficient power transmission systems, lower productivities, lower bearing life, lower roll lives and higher breakdowns. There is an urgent need to attend to these problems. Most of the mills do not follow standard operating and maintenance practices. Many of the mills do not follow appropriate rolling process parameters viz no. of passes / average reduction per pass. Due to the absence of appropriate rolling and predictive maintenances, the formation of cobbles/misrolls is high and thus yield is lower. Most of the mills have manual operation and mechanization /automations are very less. The motors used by the mills are of low efficiency and their capacity resulting in poor performance.

- **Laboratories for testing:**

In the many rolling mills there are no laboratories for testing of material.

- **Pollution Problems:**

Re-rolling industry is considered as polluting industry. The major reason for this is high usage of fossil fuels for heating steel in the process of reheating furnaces. Because of cost consideration this sector is now mainly using coal as fuel. Further, the pollution control devices installed in the mills are not properly designed. Because of this the mills are facing continuous pressure from PCBs for pollution abatement.

- **Energy Consumption:**

The consumption levels of Energy of the rerolling mills are very high as compared to bigger plants the main reason behind this are inefficient reheating furnaces, severe design problems in reheating furnaces as well as rolling mills. Non adoption of SOP and SMP, inappropriate rolling process parameters, low efficiency of transmission equipments, inappropriate roll pass design, Low level of mill mechanization / automation, inappropriate rolling mill layout and use of low efficiency motors.

(Source: SRMA Steel Newsletter – 23rd Issue; Steel Re-Rolling Mills Association of India www.sрма.co.in)

OUR BUSINESS

Incorporated in 1995, our Company Narayani Steels Limited is engaged in trading and manufacturing of hot rolled long products of value added steel. We primarily trade in blooms, billets, TMT bars, pellets, etc and also manufacture TMT bars and other long products such as rounds, flats, angles, channels, etc.

Our Company, promoted by Shri Sunil Choudhary, started its operations with acquisition of a steel rolling plant in Vizianagaram. We further acquired our second plant in 2012. Our Company strengthened its roots in Vishakhapatnam steel industry by expanding its business operations on a wide scale over the years. This fact is evidenced by increase in our business turnover from over Rs. 200 crores in Financial Year 2011 to over Rs. 500 crores in Financial Year 2016.

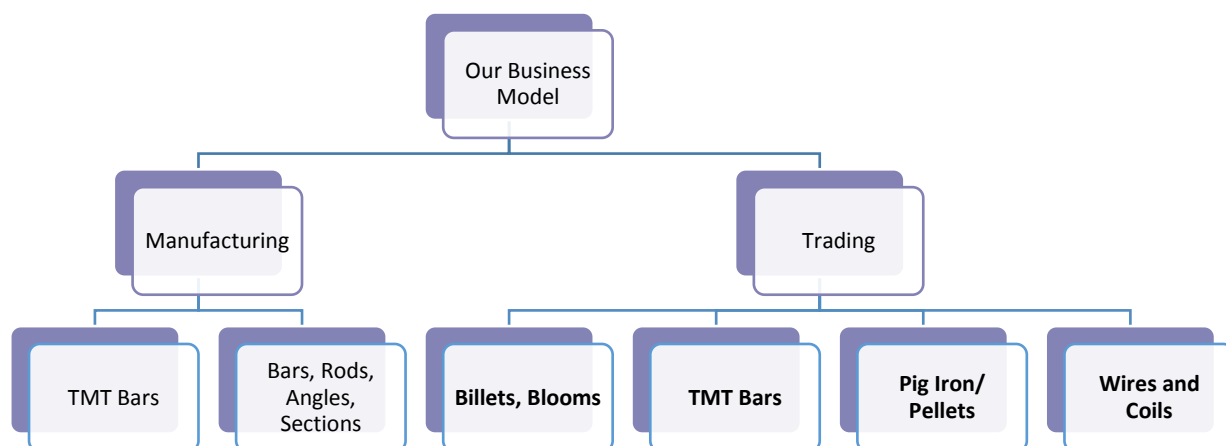
Currently our Company operates from two manufacturing units, both of which are situated in Vizianagaram district; one being used for production of angles, flats, channels, rounds, etc while the second unit is used for production of TMT Bars.

Our Company procures billets and blooms from Rashtriya Ispat Nigam Limited ("RINL"). RINL is a Government of India undertaking which is renowned for its superior quality steel products. We provide TMT Bars as per approved industrial standards, and ensure that all our products have the appropriate content of various chemical compositions. Further, we have an in-house testing facility for testing chemical composition of our products. With a goal to maintain standards in terms of quality and customer satisfaction, we are committed to satisfy customer compliance by supplying Narayani TMT Rebars as per the prescribed quality controls by government.

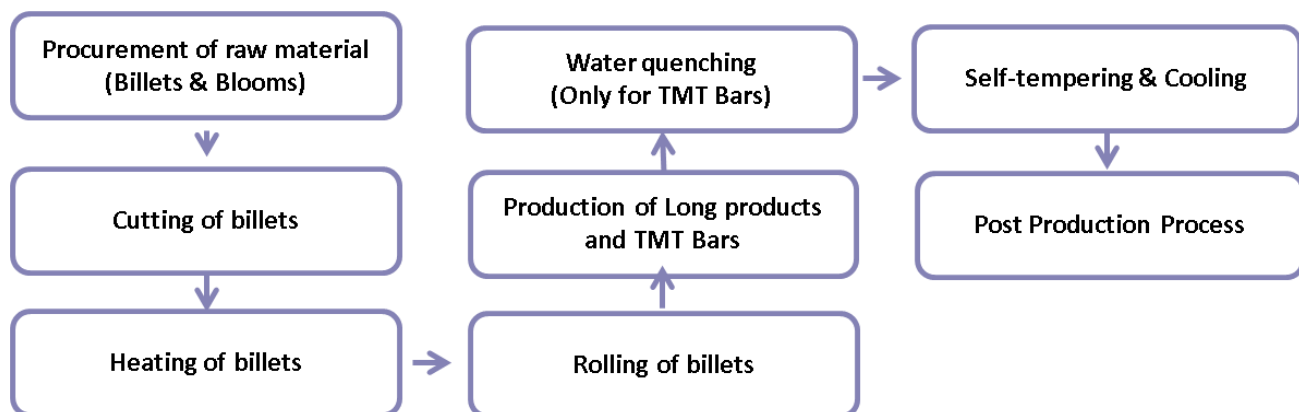
We have developed a wide network for the sales and distribution of our products across Andhra Pradesh, Telangana and other states in India.

We have been one of the loyal customers of RINL since several years and have received several awards and certifications from RINL including "Best Performer – Semi Liftings" in 2014-15, Certificate of Appreciation for "Star Customer – All India" (for highest tonnage in any category) in 2011-12, "Star Customer" (Semis) in 2011-12 and "Star Regional Customer" (Andhra Region) in 2011-12.

We endeavour to satisfy customer by continuous improvement through process innovation and quality maintenance. We aim to grow our operations on PAN India basis and make our brand as a distinguished name in steel rolling industry.



MANUFACTURING PROCESS: TMT AND OTHER LONG PRODUCTS LIKE ANGLES, CHANNEL, ROUNDS, FLATS



Manufacturing Process

Our Company is engaged in the manufacturing of the below long products:

- Hot rolled steel long products such as angles, flats, rounds, channels, etc.
- TMT Bars

Production process of hot rolled steel long products:

This process can be divided broadly into the following phases:

- Procurement of raw material (billets, blooms)
- Cutting of billets
- Heating of billets
- Rolling of billets
- Production of Long products such as angles, flats, rounds, channels, etc.
- Self-tempering & Cooling
- Post Production Process

Hot rolled long products are manufactured by heating and rolling billets/blooms. Billets and blooms are our primary raw material. We procure them mainly from RINL. Billets and blooms are cut for easing the process. Cutting process begins after initial inspection of the raw materials. We use Liquefied Petroleum Gas and Oxygen for cutting of billets/blooms. A crane is used to transfer the raw materials after cutting to the conveyor. The heated furnace warms the temperature of billets and converts them into red hot billets.

The billets/blooms are placed on a conveyor belt which leads them to the furnace. Hot billets are converted into thick rolls as they are passed through a sequence of rolling machines which uses the tensile strength of steel to convert billets into hot long value added steel products. The rollers are adjusted accordingly for manufacturing of various dimensions of angles, flats, channels, rounds, etc. The products are then cooled on cooling bed adjacent to rolling section.

Final shape is given to the product by us as per the demand of particular segment. We manufacture these products on the basis of consumer demand and management estimate and analysis.

With a wide distribution network and strong marketing team, we generally do not face piling up of inventory or dead stock.

One major difference between production of TMT bars and other long products is that in case of these long products, water quenching is not required. These products are not thermo mechanically treated. The rods are directly made to fall on the cooling bed after the above process, wherein temperature equalizing takes place. This makes the surface of the products like a hardened structure called martensite and the core remains soft and is known as ferrite-pearlite.

The post production process of such long products involves quality testing, tagging and marking. After tagging and marking the same is divided into lots. The lots are stored or loaded, weighed and despatched.

PRODUCTION PROCESS OF TMT BARS

This process can be divided broadly into the following phases:

- Procurement of raw material i.e. billets/blooms
- Cutting of billets
- Heating of billets
- Rolling of billets
- Production of TMT bars
- Water quenching
- Self-tempering & Cooling
- Post Production Process

We manufacture TMT bars from billets/blooms at our another manufacturing unit located at Vizianagaram. We have a automated plant for manufacturing of TMT bars. We have installed two pulverizers at this unit which helps to maintain the temperature of furnace. The process starts by cutting of billets/blooms with the help of Liquefied Petroleum Gas and Oxygen. A crane is used to transfer these billets/blooms to conveyor. Billets are then placed on conveyors which leads the billets to furnace. The heated billets are then transferred to rolling mill through conveyor maintaining a temperature in the range of 1100-1200 degree Celcius. These billets/blooms pass through a series of roughing section and then through different stands on the rolling machine which progressively reduce the billets/blooms to the final size and shape of the reinforcing bar so as to produce the desired TMT Bar.

The TMT bars so produced are guided through a specially designed proprietary of thermal pipes in which quenching is done under controlled conditions. The surface temperature of the hot bars falls drastically from 900 degree Celsius to around 400 degree Celcius on account of the intense and uniform cooling. This process increases the tensile strength of the material keeping high ductility and weldability. The quenching technology adopted in process line increases the strength and bendability of the product.

Post production process

This process starts can be divided into the following phases:

- Sizing
- Bundling, tagging & marking
- Storage
- Dispatch

The TMT bars produced are checked for weight and dimensions and cut in the desired sizes. We conduct quality testing of the TMT Bars in our in-house laboratory. Testing of sample takes place for verification of physical, mechanical and chemical characteristics of the bars at specified intervals in accordance with the internal guidelines. At this phase testing takes place for surface finish, material composition i.e. chemical analysis of the bars (mainly determining sulphur, carbon and phosphorous content) and maintaining the same as per the BIS norms, mechanical properties such as elongation,

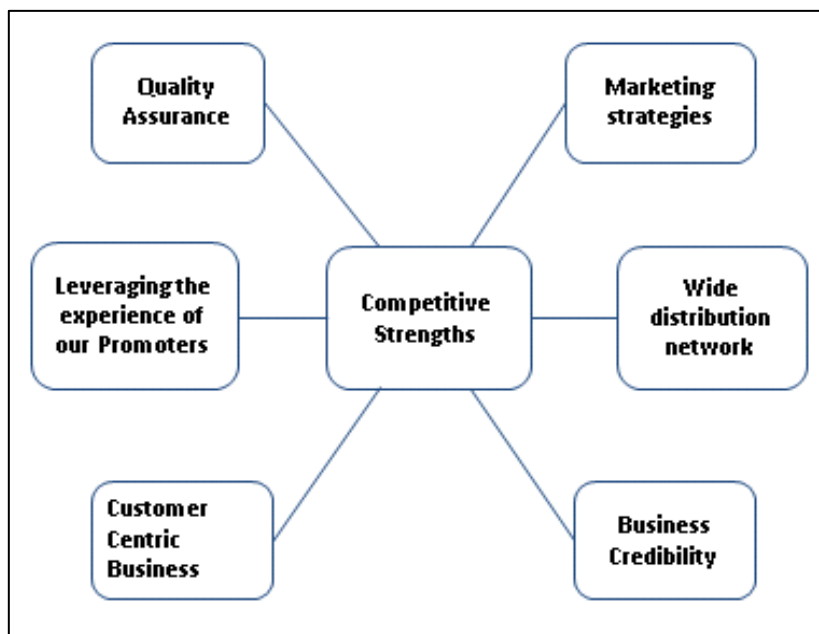
bendability and macro structure. Post testing, the same are tagged and marked. These bars are then bundled using wires. The bundled bars are stored or loaded, weighed and despatched.

OUR PRODUCTS: MANUFACTURING

| | |
|-------------------------------------|---|
| TMT BARS | TMT Bars are long steel products used generally for reinforcement in construction and infrastructure projects. They provide tensile strength to concrete sections subject to a bending load, and they normally have ribbed profiles on their surface to improve bonding with concrete. We have adopted the quenching and self-tempering technology for making our thermo-mechanically treated bars. We provide tailor-made length of TMT Bars which are BIS approved. We manufacture TMT Bars as per prescribed industrial standards, and ensure that all our products have the appropriate content of various chemical compositions. |
| BARS, RODS, ANGLES, SECTIONS | The other long products manufactured by our Company include bars & rods and structural steel such as angles and sections. Bars & rods find direct use in wide variety of products in Engineering & Agricultural, House hold, Furniture sector etc. with/without further processing. Structural steel like angles, channels is used in civil/mechanical construction. |

OUR PRODUCTS: TRADING MATERIALS

| | |
|--------------------------|---|
| BILLETS, BLOOMS | We procure billets and blooms from RINL, which is Government of India undertaking and is known for its quality of billets. Billets are longer than blooms but with smaller square ends. Blooms are large, long, continuously cast pieces of steel with a minimum square section of 150mm x 150mm, but usually much larger. |
| TMT BARS | We also trade in TMT bars which as described above are long steel products used for reinforcement in construction and infrastructure projects. |
| PIG IRON/ PELLETS | Basic raw iron is called pig iron because it's produced in the form of chunky moulded blocks known as pigs. Pig iron is made by heating an iron ore in a blast furnace. Pig iron is actually a very basic form of cast iron, but it's moulded only very crudely because it's typically melted down to make steel. Pellets are small balls of iron ore used in the production of steel. They are generally made with technology that uses the powder that is generated during the ore extraction process, once considered waste. We regularly trade in pig iron and pellets. We source these goods from local suppliers. |
| WIRES AND COILS | Our Company also trades in wires and coils which is mainly imported by us from China. |



1. Quality assurance

We conduct stringent quality tests at every stage of manufacturing process and the desired chemical compositions are maintained right through the process. After manufacturing, the products are also carefully inspected and evaluated on various parameters. We produce TMT bars and structural steel mainly from RINL billets, which is known for its quality. Further our products are also ISI approved, thus ensuring qualitative standards. Further, our traded goods are also procured from trusted and well known suppliers.

2. Leveraging the experience of our Promoters

Our Promoters have vast experience in the steel industry and with their expertise in this industry; our Company has been able to create a name for itself in the steel market. We are able to create a wide distribution network owing to the reputation and relations our Promoters have built over the years. The vision, prudence and dynamism of our management enable us to discover and capitalize on new opportunities and accordingly position ourselves to become leaders in our industry.

3. Our business is customer centric

Our Company focuses on attaining highest level of customer satisfaction. The progress achieved by us is largely due to our ability to address and exceed customer satisfaction. The directors of the company have years of expertise and are well acquainted with domestic markets. We are committed to customer satisfaction by continuous improvement through process innovation keeping cost under check.

4. Our credibility

Our Company has a strong credit standing at its disposal. We are able to generate better profit margins as we are able to obtain bulk turnover discounts from our vendors.

5. Wide distribution network

Currently our Company has around 400-500 dealers. With our large and diverse customer base, we have been able to achieve a turnover of over Rs. 500 crores in financial year 2015-16. We aim to cater to PAN India basis by widening our distribution network further.

6. Marketing strategies

Our marketing team is ready to take up challenges so as to scale new heights and explore new markets. Our commitment and competitive prices have helped us penetrate the market.

COLLABORATIONS

As on date of the Prospectus, we have not entered into any technical or other collaboration.

OUR MAJOR RAW MATERIALS

For our manufacturing process, below are our major raw materials:-

| | |
|------------------------|---|
| Billets, Blooms | <p>Billets, blooms are primary raw material used in the production of TMT bars. We majorly source these both for manufacturing and trading purposes from RINL, which is a government undertaking and is known for its quality of billets. Billets are longer than blooms but with smaller square ends. Blooms are large, long, continuously cast pieces of steel with a minimum square section of 150mm x 150mm, but usually much larger. They are cut-to-length immediately after casting.</p> <p>TMT Bars produced from billets and blooms as compared to those produced from ingots show high tensile strength and elongation and there is remarkable consistency of properties.</p> |
|------------------------|---|

UTILITIES & INFRASTRUCTURE FACILITIES

Infrastructure Facilities

Our corporate office at Vishakhapatnam, Andhra Pradesh and our registered office in Kolkata is well equipped with computer systems, internet connectivity, other communication equipment, security and other facilities, which are required for our business operations to function smoothly. Our manufacturing facilities located at Vizianagaram are equipped with requisite utilities and modern infrastructure facilities including the following:-

Power

Our Company meets its power requirements by purchasing electricity from Eastern Power Distribution Company of Andhra Pradesh Limited.

Water

Water is a key and indispensable resource requirement in our manufacturing process. Our Company has made adequate arrangements by digging borewells to meet its water requirements.

EXPORT AND EXPORT OBLIGATIONS

Our Company doesn't have any export obligation as we are not currently exporting any of our products.

HUMAN RESOURCE

We believe that our employees are key contributors to our business success. We focus on attracting and retaining the best possible talent. Our Company looks for specific skill-sets, interests and background that would be an asset for its kind of business.

As at July 31, 2016, our Company has around 165 employees. Our manpower is a prudent mix of the experienced and youth which gives us the dual advantage of stability and growth. Our work processes and skilled/ semi-skilled/ unskilled resources together with our strong management team have enabled us to successfully implement our growth plans.

BUSINESS STRATEGY

Our vision is to provide customer satisfaction, by offering high qualitative products. In line with this vision, our Company is implementing a business strategy with the following key components. Our strategy will be to focus on capitalizing on our core strengths and expanding the operations of our business. We intend to focus on our existing range of products with specific emphasis on the following factors as business and growth strategy:



1. Enhancing utilization of existing production capacity

Our current business model comprises more of trading and less of manufacturing activities, resulting into under utilization of our installed production capacity. We intend to increase our manufacturing activities simultaneously with our trading activities by offering our customer base qualitative and reliable range of products. With our widespread dealer network built over the years, we seek to capitalize this base for increasing our manufacturing activities.

2. Improving functional efficiency

Our Company intends to improve operating efficiencies to achieve cost reductions to have a competitive edge over the peers. We believe that this can be done through continuous process improvement, customer service and technology development.

3. Leveraging our market skills and relationship

Leveraging our market skills and relationships is a continuous process in our organization and the skills that we impart in our people give importance to customers. We aim to do this by leveraging our marketing skills and relationships and further enhancing customer satisfaction.

4. Brand image

We would continue to associate ourselves with good quality customers and execute projects to their utmost satisfaction. We are highly conscious about our brand image and intend to continue our brand building exercise by providing excellent services to the satisfaction of the customers.

5. Enhancing production and product quality

We believe quality service and products of global standards will be of utmost importance for customer retention and repeat-order flow. We intend to have close interaction with our customers in a bid to strengthen our relationships with them. We train our employees to consistently design and deliver client focused solutions.

6. Expand our global footprint

Through a combination of increased utilization of capacities, reduced costs, wider range of products adhering to global standards, marketing initiatives, competitive pricing and more efficient use of resources, we intend to expand our global footprint and become a preferred supplier in the steel industry.

CAPACITY AND CAPACITY UTILISATION

The productwise capacity utilisation of our machineries is as under:

(in metric tonnes)

| Products | Installed | Actual 2013-14 | Actual 2014-15 | Actual 2015-16 | Projected 2016-17 | Projected 2017-18 |
|--|-----------|-------------------|-------------------|-------------------|----------------------|----------------------|
| MS Bars, Rounds, Flats, Squares | 40,000 | 8,515 | 5,403* | 7,656 | 10,000 | 12,100 |
| TMT Bars | 60,000 | 11,889 | 15,499 | 19,357 | 25,000 | 24,200 |

*Our capacity utilization was low in Financial Year 2014-15 as compared to FY 2013-14 since our operations were majorly impacted due to cyclone Hudhud. Had this cyclone not been occurred, our capacity utilization for FY 2014-15 would have been higher in accordance with our past trends. We tend to increase our manufacturing operations in line with our past trends barring this incident by utilizing our existing unutilized capacities.



COMPETITION

Steel being a vast and global industry, we face competition from various domestic and international players. Though being dominated by the large conglomerates, the industry is also unorganized and fragmented with many small and medium-sized companies and entities. Among listed companies, we face competition from the below:

List of competitors

Major players include Mahamaya Steel Industries Limited, Gallantt Metal Limited, Rath Bars Limited, M.D. Inducto Cast Limited, Beekay Steel Industries Limited etc.

We intend to continue competing vigorously to capture more market share and adding more management personnel to manage our growth in an optimal way.

END USERS

Our products are mainly sold to dealers who in turn sell the same to infrastructure companies, construction companies, automobile companies, power sector, railway sector, industrial houses, retailers, etc.

MARKETING

The efficiency of the marketing and sales network is critical success of our Company. Our success lies in the strength of our relationship with our dealers who have been associated with our Company. Our team through their vast experience and good rapport with clients owing to timely and quality delivery of service plays an instrumental role in creating and expanding a work platform for our Company. To retain our customers, our team, which comprises of people with vast experience regularly interacts with them and focuses on gaining an insight into the additional needs of dealers.


INSURANCE

We do not maintain standard fire and special perils policy for insurance cover against loss or damage by fire, earthquake of our building, factory, shed and plant & machinery.

INTELLECTUAL PROPERTY

We have applied for registration of the following Trademarks with Trademarks Registry, Government of India. The details of trademark applications are as under:

| Sl. No | Description | Word/Label Mark | Applicant | Application Number | Date of Filing | Classes | Date of Expiry | Status |
|--------|----------------|-----------------|---------------------------------|--------------------|----------------|---------|----------------|-------------------|
| 1. | NARAYANI | WORD | NARAYANI STEELS PRIVATE LIMITED | 2411017 | 12/10/2012 | 6 | NA | Advertised before |
| 2. | NARAYANI Ispat | WORD | NARAYANI STEELS PRIVATE LIMITED | 2411018 | 12/10/2012 | 6 | NA | Registered |

| Sl. No | Description | Word/ Label Mark | Applicant | Application Number | Date of Filing | Classes | Date of Expiry | Status |
|--------|---|------------------|-------------------------|--------------------|----------------|---------|----------------|----------------------|
| 3. |  | Device with logo | NARAYANI STEELS LIMITED | 3326309 | 02/08/2016 | 6 | NA | Formalities Chk Pass |



LAND AND PROPERTY

I. Land & Property owned by the Company

| Sr. No. | Property Kind | Description of Property | Title |
|---------|-------------------|--|-------|
| 1. | Freehold Property | D. No. 30-15-138 on Eastern side of Main road, Dabagardens, covered by Block No. 42 TS No. 704 and 1456 of Allipuram Ward, Visakhapatnam Municipal Corporation area- Visakhapatnam | Clear |
| 2. | Freehold Property | East Godavari District, Kakinada Joint Sub Registrar's jurisdiction aream Ramanayyapeta Village, Ramanayyapeta Panchat limits covered by S. No. 167, 70, Part 66p, Plot No. 1664, 165 with ACC Shed constructions. | Clear |
| 3. | Freehold Property | S. No. 202.30, 38 part at Modavalasa Village, Denkada Mandal, Vizianagaram District | Clear |
| 4. | Freehold Property | Ground floor in Plot No. S/68 bearing Door No. 55-14-80/1, Municipal Tax Asst. No.44500/1124, Electrical Service Connection No. 146625 situated at APSEB Colony- within limits of Greater Visakhapatnam Municipal Corporation and Madhurawada Registration Sub District. | Clear |
| 5. | Freehold Property | F-9, D-Block, IDA, Autonagar, Visakhapatnam | Clear |

II. Land & Property taken on lease by the Company

| Sr. No. | Property Kind | Lessor | Description of Property |
|---------|--------------------|------------------------------|---|
| 1. | Leasehold Property | Sunil Choudhary | A/1 and A/2 at Andhra Pradesh Industrial Estate, V.T. Agraharam, Vizianagaram |
| 2. | Leasehold Property | Bagaria More Company Limited | 23A, N.S. Road, 7 th Floor, Room-31, Kolkata, West Bengal |

KEY INDUSTRY REGULATIONS AND POLICIES

The following description is a summary of certain sector specific Indian laws and regulations in India, which are applicable to the Company. The information detailed in this section has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the investors and are neither designed nor intended to be a substitute for professional legal advice.

Except as otherwise specified in this Prospectus, the Companies Act, 1956 / the Companies Act, 2013, as may be applicable, taxation statutes such as the Income Tax Act, 1961 and other miscellaneous laws apply to the Company as they do generally to any other Indian company, and accordingly, have not been covered under this chapter. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

APPROVALS

For the purpose of the business undertaken by the Company, the Company is required to comply with various laws, statutes, rules, regulations, executive orders, etc that may be applicable to the Company from time to time. The details of such approvals have more particularly been described, for your reference, in the section titled “Government Approvals and other Statutory approvals” starting from page no. 328 of this Prospectus.

APPLICABLE LAWS AND REGULATIONS

Steel Industry:

The Bureau of Indian Standards Act, 1986

Bureau of Indian Standards Act, 1986, as amended from time to time (**‘BIS Act’**), provides for the “harmonious development of the activities of standardisation, marking and quality certification of goods and for matters connected therewith”. Specifically, it establishes a bureau for the standardization, marking and quality certification of goods, called the Bureau of Indian Standards (**‘BIS’**). The BIS Act provides for the powers, duties and functions of the BIS, which, *inter alia*, include:

- a. recognition of any standard established for any article or process by any other institution in India, or elsewhere as an ‘Indian Standard’;
- b. establishment, publishing and promotion, in such manner as may be prescribed, of the Indian Standard, in relation to any article or process;
- c. Specification of a Standard Mark to be called the ‘Bureau of Indian Standards Certification Mark’ which shall be of such design and contain such particulars as may be prescribed to represent a particular Indian Standard;
- d. granting, renewal, suspension or cancellation of a license for the use of the Standard Mark; and
- e. making such inspection and taking such samples of any material or substance, as may be necessary, to see whether any article or process in relation to which the Standard Mark has been used, conforms to the Indian Standard or whether the Standard Mark has been improperly used in relation to any article or process with or without a license.

The Steel and Steel Products (Quality Control) Order, 2012

The Steel and Steel Products (Quality Control) Order, 2012, as amended from time to time (**‘Quality Control Order’**), was passed in exercise of Section 14 of the Bureau of Indian Standard Act, 1986. The Quality Control Order provides that only those steel or steel products meeting the specified applicable standard of quality may be manufactured, sold or distributed by any person. The Quality Control Order provides that all steel or steel products not meeting the specified standards shall be



disposed of as scrap as per the scheme of testing and inspection under the Bureau of Indian Standards Act, 1986. The Quality Control Order requires manufacturers of steel or steel products to apply for certification under the Bureau of Indian Standards Act, 1986. The Quality Control Order further provides for testing of samples bearing the Standard Mark, to confirm if they meet the specified standards as per the Bureau of Indian Standards Act, 1986.

The Steel and Steel Products (Quality Control) Second Order, 2012

The Steel and Steel Products (Quality Control) Second Order, 2012, as amended from time to time (**'Quality Control Second Order'**), was passed in exercise of Section 14 of the Bureau of Indian Standard Act, 1986. The Quality Control Second Order provides that no person shall sell, manufacture, distribute or store steel products specified in the schedule thereto unless the products contain a certification marks of the Bureau of Indian Standards by obtaining a certification marks license and conforming to the specified standards. However this does not apply to steel products manufactured for export which conform to the specifications of the foreign buyer.

Labour Laws

The Factories Act, 1948

The Factories Act, 1948, as amended from time to time (**'Factories Act'**), seeks to, *inter alia*, regulate the workmen engaged in any factory and provides norms for the safety, health and welfare of the workers. It applies to industries which are engaged in the process of manufacturing; and in which (i) 10 (ten) or more workmen are engaged on any day of the preceding 12 (twelve) months, where the manufacturing process is being carried out with the aid of power; or (ii) 20 (twenty) or more workmen are engaged on any day of the preceding 12 (twelve) months, where the manufacturing process is being carried out without the aid of power.

The Factories Act does not cover mines governed by the Mines Act, 1952, or a mobile unit belonging to the armed forces, railway running shed or a hotel, restaurant or eating place.

The Factories Act provides that the 'occupier' of a factory, i.e., the person who has ultimate control over the affairs of the factory (which in the case of a company shall mean any one of the directors so designated) must ensure the health, safety and welfare of all workmen in the factory. The 'Occupier' must also ensure that the prescribed standards are complied with to provide for safety and proper maintenance of the factory such that it does not pose health risks to any of the workmen. Further, he shall ensure the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workmen's health and safety, cleanliness and safe working conditions.

It is pertinent to note that State Governments have set out rules in respect of the prior submission of plans, their approval for the registration of the establishment, and licensing of factories. *The Andhra Pradesh Factories Rules, 1950 ('Rules')* is applicable to the establishments of the Company. The Rules govern approval of plans, grant of licenses, safety procedures, working hours and conditions of workers.

The Employees' Provident Funds and Miscellaneous Provisions Act, 1952

The Employees Provident Funds and Miscellaneous Provisions Act, 1952, as amended from time to time (**'EPF Act'**), mandates provisioning for provident fund, family pension fund and deposit linked insurance in factories and other establishments for the benefits of the employees. The EPF Act applies to all establishments engaged in any industry specified in Schedule I (of the EPF Act) that employ 20 (twenty) or more persons and to any other establishment employing 20 (twenty) or more persons or class of such establishments which the Central Government may specify by a notification.

The Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965, as amended from time to time (**'Bonus Act'**), provides for payment of bonus based on profit or based on production or productivity to persons employed in factories or in establishments employing 20 (twenty) or more persons on any day during an accounting year. It ensures that a minimum bonus is payable to every employee regardless of whether the employer has any allocable surplus in the accounting year in which the bonus is payable. Under the Bonus Act, the employer is bound to pay to every employee, in respect of the accounting year, a minimum bonus equal to 8.33% of the salary or wage earned by the employee during the accounting year or Rupees Hundred, whichever is higher.

The Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972, as amended from time to time (**'Gratuity Act'**), provides for payment of gratuity, to an employee, at the time of termination of his services. Gratuity is payable to an employee on the termination of his employment after he has rendered continuous service for not less than five years: (a) on his/her superannuation; (b) on his/her retirement or resignation; (c) on his/her death or disablement due to accident or disease (in this case the minimum requirement of five years does not apply).

The Gratuity Act establishes a scheme for the payment of gratuity to employees engaged in establishments in which ten or more persons are employed or were employed on any day of the preceding twelve months and in such other establishments in which ten or more persons are employed or were employed on any day of the preceding twelve months, as the Central Government may specify by notification. The maximum amount of gratuity payable to an employee is Rupees Ten Lakh.

The Andhra Pradesh Payment of Gratuity Rules, 1972 (**'Rules'**) are applicable to the Company. The Rules provide procedures for, amongst others, application for gratuity and mode of its payment.

The Andhra Pradesh Compulsory Gratuity Insurance Rules, 2011 (**'Insurance Rules'**) are also applicable to the Company. The Insurance Rules provide for the manner in which insurance must be obtained by the employer from the Life Insurance Corporation of India to discharge his liability under the Gratuity Act.

The Employee's Compensation Act, 1923

The Employees' Compensation Act, 1923, as amended from time to time (**'Compensation Act'**) aims to provide employees and their dependents, compensatory payment, in case of accidents arising out of and in course of employment and causing either death or disablement of employees. It applies to factories, mines, docks, construction establishments, plantations, oilfields and other establishments listed in Schedule II and III of the Compensation Act but exclude any establishment covered by the Employees' State Insurance Act. Every employee including those employed through a contractor except casual employees, who are engaged for the purposes of employer's business and who suffers an injury in any accident arising out of and in the course of his employment is entitled to compensation under the Compensation Act.

The Minimum Wages Act, 1948

The Minimum Wages Act, 1948, as amended from time to time (**'Minimum Wages Act'**), was enacted to provide for fixing minimum rates of wages in certain employments. The consequences of failure to adhere to the minimum rates of wages fixed under the Minimum Wages Act is in the form of liability to prosecution and punishment in the form of imprisonment of up to six months and/or fines of up to Rupees Five Hundred. Further, employees having earned less than the minimum wage fixed are entitled to the payment of shortfall amounts, in addition to a compensation, which may extend up to ten times the shortfall amount.



The Andhra Pradesh Minimum Wages Rules, 1960 ('Rules') are also applicable to the state of Andhra Pradesh and to the Company. The Rules govern procedural aspects of the Minimum Wages Act.

The Payment of Wages Act, 1936

The Payment of Wages Act, 1936, as amended from time to time (***'Wages Act'***) is aimed at regulating the payment of wages to certain classes of persons employed in certain specified industries and to ensure a speedy and effective remedy for them against illegal deductions or unjustified delay caused in payment of wages. It contains provisions in relation to the responsibility for payment of wages, fixing of wage periods, time of payment of wages, and maintenance of registers and records. It applies to the persons employed in a factory, industrial or other establishment or in a railway, either directly or indirectly, through a sub-contractor. Further, the Wages Act is applicable to employees drawing wages up to Rupees Eighteen Thousand per month.

The Andhra Pradesh Payment of Wages Rules, 1937 ('Rules') governs the procedural aspects of the Wages Act including maintenance of registers, procedure for imposing fines and payment of excess bonus.

The Maternity Benefit Act, 1961

The Maternity Benefit Act, 1961, as amended from time to time (***'Maternity Benefit Act'***), is aimed at regulating the employment of women in certain establishments for certain periods before and after child birth and for providing for maternity benefit and certain other benefits. It applies to every establishment being a factory, mine or plantation including any such establishment belonging to government and to every establishment wherein persons are employed for the exhibition of equestrian, acrobatic and other performances. It also applies to every shop or establishment wherein ten or more persons are employed or were employed on any day of the preceding twelve months.

According to the Maternity Benefit Act, every woman is entitled to, and her employer is liable for, the payment of maternity benefit at the rate of the average daily wage for the period of her actual absence, including the period immediately proceeding the day of her delivery, the actual day of her delivery and any period immediately following that day.

The Equal Remuneration Act, 1976

The Equal Remuneration Act, 1976 as amended from time to time (***'Remuneration Act'***) aims to provide for the payment of equal remuneration to men and women workers and for the prevention of discrimination, on the ground of sex, against women in the matter of employment and for matters connected therewith or incidental thereto. According to the Remuneration Act, no employer shall pay to any worker, employed by him/ her in an establishment, a remuneration (whether payable in cash or in kind) at rates less favorable than those at which remuneration is paid by him to the workers of the opposite sex in such establishment for performing the same work or work of a similar nature.

In addition, no employer shall for complying with the foregoing provisions of the Remuneration Act, reduce the rate of remuneration of any worker. No employer shall, while making recruitment for the same work or work of a similar nature, or in any condition of service subsequent to recruitment such as promotions, training or transfer, make any discrimination against women except where the employment of women in such work is prohibited or restricted by or under any law for the time being in force.

The Child Labour (Prohibition & Regulation) Act, 1986

The Child Labour (Prohibition & Regulation) Act, 1986, as amended from time to time (***'Child Labour Act'***) was enacted to prohibit the engagement of children below the age of fourteen years in certain specified occupations and processes and to regulate their conditions of work in certain other employments. No child shall be required or permitted to work in any establishment in excess of such

number of hours, as may be prescribed for such establishment or class of establishments. Every child employed in an establishment shall be allowed in each week, a holiday of one whole day, which day shall be specified by the occupier in a notice permanently exhibited in a conspicuous place in the establishment and the occupier shall not alter the day so specified more than once in three months.

The Contract Labour (Regulation and Abolition) Act, 1970

The Contract Labour (Regulation and Abolition) Act, 1970, as amended from time to time (**'CLRA'**) requires establishments that employ or have employed on any day in the preceding twelve months, twenty or more workers as contract labour to be registered. The CLRA places an obligation on the principal employer of an establishment to which the CLRA applies to make an application for registration of the establishment. In the absence of registration, contract labour cannot be employed in the establishment. Likewise, every contractor to whom the CLRA applies is required to obtain a license and not to undertake or execute any work through contract labour except under and in accordance with the license issued.

To ensure the welfare and health of contract labour, the CLRA imposes certain obligations on the contractor including the establishment of canteens, rest rooms, washing facilities, first aid facilities, and provision of drinking water and payment of wages. In the event that the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time.

The Andhra Pradesh Labour (Regulation and Abolition) Rules, 1971, provides for the constitution of the state board and makes provisions for registration and licensing of establishments, the welfare and health of contract labour and maintenance of registers.

The Industrial Disputes Act, 1947

The Industrial Disputes Act, 1947 as amended from time to time (**'ID Act'**) provides the procedure for investigation and settlement of industrial disputes. When a dispute exists or is apprehended, the appropriate Government may refer the dispute to a labour court, tribunal or arbitrator, to prevent the occurrence or continuance of the dispute, or a strike or lock-out while a proceeding is pending. The labour courts and tribunals may grant appropriate relief including ordering modification of contracts of employment or reinstatement of workers. The Industrial Disputes Act provides for direct access for the workers to labour courts or tribunals in case of individual disputes and provided for the constitution of grievance settlement machineries in any establishment having twenty or more workers.

The Andhra Pradesh Industrial Disputes Rules, 1958 ('Rules') also applicable to the state of Andhra Pradesh and to the Company. The Rules govern the procedural aspects of the ID Act.

The Industrial Employment (Standing Orders) Act, 1946

The Industrial Employment (Standing Orders) Act, 1946 as amended from time to time (**'Standing Orders Act'**) applies to every industrial establishment where hundred or more workers are/were employed on any day of the preceding twelve months. It applies to every worker employed in an industrial establishment but excludes workers employed in a managerial or administrative capacity and workers employed in a supervisory capacity and drawing wages more than Rupees Ten Thousand per month. Under the Standing Orders Act, standing orders are to be framed in order to standardize the service conditions of the workers in industrial establishments. The standing orders are to be displayed prominently in the establishment in English and the language understood by the workers near the entrance of the establishment and all departments.

The Andhra Pradesh Industrial Employment (Standing Orders) Rules, 1953 ('Rules') are also applicable to the State of Andhra Pradesh and, therefore, to the Company. The Rules govern the procedural aspects of the Standing Orders Act.

The Trade Union Act, 1926

The Trade Union Act, 1926 as amended from time to time (**'Trade Union Act'**) provides for registration of trade unions (including association of employers) with a view to render lawful organization of labour to enable collective bargaining. The Trade Union Act also confers certain protection and privileges on a registered trade union. It applies to all kinds of unions of workers and associations of employers and aims at regularizing labour-management relations.

No trade union shall be registered unless a minimum of seven workers engaged or employed in the establishment or industry with which it is connected are the members of such trade union on the date of making of application for registration. However, a trade union shall not be registered unless at least ten per cent, or one hundred of the workers, whichever is less, engaged or employed in the establishment or industry with which it is connected are the members of the Trade Union on the date of making of application for registration. The trade union so formed has the right to act for the individual and/or for collective benefit of workers at different levels.

The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979

The Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979 as amended from time to time (**'Migrant Workmen Act'**) is applicable to an establishment, which employs five or more Inter-State migrant workers through an intermediary who has recruited workers from one State for employment in an establishment situated in another State. The inter-State migrant workers, in an establishment to which the Migrant Workmen Act becomes applicable, are required to be provided with certain facilities such as housing, medical aid, travel expenses etc.

The Apprentices Act, 1961

The Apprentices Act, 1961 as amended from time to time (**'Apprentice Act'**) was enacted to regulate and control the program of training of apprentices and for matters connected therewith. The term 'apprentice' means "a person who is undergoing apprenticeship training in pursuance of a contract of apprenticeship". While, 'apprenticeship training' means "a course of training in any industry or establishment undergone in pursuance of a contract of apprenticeship and under prescribed terms and conditions which may be different for different categories of apprentices". The Apprentice Act makes it obligatory on part of the employers both in public and private sector establishments having requisite training infrastructure as laid down in the Apprentice Act, to engage apprentices. The Apprentice Act covers a total of 259 designated trades and more than 250 groups of industries.

The Shops and Establishment Acts

The Establishments are required to be registered under the provisions of local shops and establishments legislation applicable in the relevant states. The objective of the act, irrespective of the state, is to regulate the working and employment conditions of worker employed in shops and establishments including commercial establishments. The act provides for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees.

The Andhra Pradesh Shops and Establishments Act, 1988 and the Andhra Pradesh Shops and Establishments Rules, 1990 govern the Company's shops and establishments in Andhra Pradesh

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 as amended from time to time (**'SHWW Act'**) provides for the protection of women at work place and prevention of sexual harassment at work place. The SHWW Act also provides for a redressal mechanism to manage complaints in this regard. Sexual harassment includes one or more of the following acts or behaviour namely, physical contact and advances or a demand or request for sexual favours or making sexually coloured remarks, showing pornography or any other unwelcome physical, verbal or non-verbal conduct of sexual nature.

The SHWW Act makes it mandatory for every employer of a workplace to constitute an Internal Complaints Committee presided upon by a woman. It also provides for the manner and time period within which a complaint shall be made to the Internal Complaints Committee i.e. a written complaint is to be made within a period of three months from the date of incident. If the establishment has less than ten employees, then the complaints from employees of such establishments as also complaints made against the employer himself shall be received by the Local Complaints Committee constituted under section 6 of the SHWW Act.

Anti-Trust Laws

The Competition Act, 2002

The Competition Act, 2002, as amended from time to time (***'Competition Act'***) aims to prevent anti-competitive practices that cause or are likely to cause an appreciable adverse effect on competition in the relevant market in India. The Act prohibits anti-competitive agreements, abuse of dominant position and regulates combinations (mergers and acquisitions) with a view to ensure that there is no adverse effect on competition in the relevant market in India.

Under the Competition Act, the Competition Commission has powers to pass directions / impose penalties in cases of anti-competitive agreements, abuse of dominant position and combinations, provided the penalty is not more than ten per cent of the average turnover of the last three years.

Intellectual Property Laws

The Patents Act, 1970

The Patents Act, 1970, as amended from time to time (***'Patents Act'***), provides for the grant of patents to protect the legal rights tied to the intellectual property in inventions. A patent gives the holder of the patent the right to prevent others from exploiting the patented invention commercially in the country where the patent has been granted. In order for a patent to be granted to an invention, it must be novel, have an inventive step and should be capable of industrial application. The Patents Act sets out inventions that are not patentable along with the form and manner of application for patents. Patents obtained in India are valid for a period of twenty years from the date of filing the application.

The Trade Marks Act, 1999

The Trade Marks Act, 1999, as amended from time to time (***'Trademarks Act'***), governs the statutory protection of trademarks in India. Indian trademarks law permits the registration of trademarks for goods and services. Certification trademarks and collective marks are also registrable under the Trademarks Act. Applications for a trademark registration may be made for in one or more international classes. Once granted, trademark registration is valid for ten years unless cancelled. If not renewed after 10 years, the mark lapses and the registration for such mark must be obtained afresh. Registered trademarks may be protected by means of an action for infringement. The owner of a registered trademark is *prima facie* regarded as the owner of the mark by virtue of the registration obtained.

Environmental Laws

The Government of Andhra Pradesh constituted the Andhra Pradesh Pollution Control Board (***'APPCB'***) under the provisions of the Water (Prevention and Control of Pollution) Act, 1974, with a view to protect the environment, prevent and control the pollution of air and water in the State of Andhra Pradesh. The APPCB is responsible for monitoring and providing consents to industrial undertakings in Andhra Pradesh under the following environmental laws:



The Environment (Protection) Act, 1986

The Environment Protection Act, 1986 as amended from time to time (**'EPA'**) encompasses various environment protection laws in India. The EPA grants the Government of India the power to take any measures it deems necessary or expedient for protecting and improving the quality of the environment and preventing and controlling pollution. Penalties for violation of the EPA include imprisonment, payment of a fine, or both. Under the EPA and the Environment (Protection) Rules, 1986, a prior approval of the Ministry of Environment and Forests or the State Environment Impact Assessment Authority (**'SEIAA'**) is required, as the case may be, for the establishment of any new project and for expansion or modernization of existing projects. Obtaining of prior environment clearance includes four stages: screening, scoping, public consultation and appraisal.

An application for environment clearance is made after the prospective project or activity site has been identified, but prior to commencing construction activity or other land preparation. Certain projects which require approval from the SEIAA may not require an EIA report. For projects that require preparation of an EIA report, public consultation involving public hearing and written responses is conducted by the State Pollution Control Board, prior to submission of a final EIA report. The environmental clearance (for commencement of the project) is valid for up to five years for all projects (other than mining projects), which may be further extended by the concerned regulator for up to five years.

The Water (Prevention and Control of Pollution) Act, 1974

The Water (Prevention and Control of Pollution) Act, 1974 as amended from time to time (**'Water Act'**) aims to prevent and control water pollution and to maintain or restore water purity. The Water Act provides for the formation of one central pollution control board, as well as various state pollution control boards to implement its provisions. Under the Water Act, any person intending to establish any industry, operation or process or any treatment and disposal system likely to discharge sewage or other pollution into a water body, is required to obtain the prior consent of the relevant state pollution control board.

The Water (Prevention and Control of Pollution) Rules, 1975 describes the procedure for the constitution of the pollution control Boards.

The Air (Prevention and Control of Pollution) Act, 1981

The Air (Prevention and Control of Pollution) Act, 1981 as amended from time to time (**'Air Act'**), aims to prevent, control and abate air pollution, and stipulates that no person shall, without prior consent of the relevant state pollution control board, establish or operate any industrial plant that emits air pollutants in an air pollution control area. The central pollution control board and state pollution control boards constituted under the Water Act perform similar functions under the Air Act as well. Not all provisions of the Air Act apply automatically to all parts of India, and the state pollution control board must notify an area as an "air pollution control area" before the restrictions under the Air Act applies.

The Air Prevention and Control of Pollution Rules, 1982 deal with the procedural aspects of the Air Act.

The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008

The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008 as amended from time to time (**'Hazardous Wastes Rules'**) aims to regulate the proper collection, reception, treatment, storage and disposal of hazardous waste by imposing an obligation on every occupier and operator of a facility generating hazardous waste to dispose such waste without adverse effect on the environment, including through the proper collection, treatment, storage and disposal of such waste. Every occupier and operator of a facility generating hazardous waste must obtain an approval from the state pollution control board. The occupier, the transporter and the

operator are liable for damages caused to the environment resulting from the improper handling and disposal of hazardous waste.

Tax Laws

The Central Excise Act, 1944

The Excise duty is levied on production of goods but the liability of excise duty arises only on removal of goods from the place of storage, i.e., factory or warehouse. Unless specifically exempted, excise duty is levied even if the duty was paid on the raw material used in production. The basic rate of excise duty is 12.5%.

The Central Sales Tax Act, 1956

The Central sales tax is levied on interstate sale of goods. The Central Sales Tax Act, 1956, as amended from time to time (**'Central Sales Tax Act'**) formulates principles for determining (a) when a sale or purchase takes place in the course of inter-state trade or commerce; (b) when a sale or purchase takes place outside a State and (c) when a sale or purchase takes place in the course of imports into or export from India. The Central Sales Tax Act provides for levy, collection and distribution of taxes on sales of goods in the course of inter-state trade or commerce and also declares certain goods to be of special importance in inter-State trade or commerce and specifies the restrictions and conditions to which state laws imposing taxes on sale or purchase of such goods of special importance are subject to. Sale is considered inter-state when the sale occasions movement of goods from one state to another or is effected by transfer of documents during their movement from one state to another. The liability to pay tax is on the dealer who sells the goods.

Law on Value Added Tax

Value Added Tax (**'VAT'**) is a tax on the final consumption of goods or services. It is a multi-stage tax with the provision to allow input tax credit on tax at an earlier stage, which can be appropriated against the VAT liability on subsequent sale. This input tax credit in relation to any period means setting off the amount of input tax by a registered dealer against the amount of his output tax. The VAT liability of the dealer/manufacturer is calculated by deducting input tax credit from tax collected on sales during the payment period.

VAT is covered under entry 54 of the State List. Each state government has enacted its respective VAT act for levying and collecting VAT in their respective states. *The Andhra Pradesh Value Added Tax Act, 2005* (**'VAT Act'**) is applicable to the establishments of the Company.

The Andhra Pradesh Value Added Tax Rules, 2005 which deals with the procedural aspects of the VAT Act is applicable to the Company.

The Customs Act, 1962

The Customs Act, 1962, as amended from time to time (**'Customs Act'**) regulates import of goods into and export of goods from India. Further, the Customs Act regulates the levy and collection of customs duty on goods in accordance with the Customs Tariff Act, 1975. Under the Customs Act, the Central Board of Customs and Excise (**CBEC**) is empowered to appoint, by notification, ports or airports as customs ports or airports.

The Customs duty is payable as a percentage of value which is known as assessable value or customs value. The value may be either value or tariff value as defined in the Customs Act. According to the Customs Act, the value of the imported goods and export goods shall be the transaction value of such goods i.e. the price actually paid or payable for the goods when sold for export to India for delivery at the time and place of import or export from India for delivery at the time and place of export where the buyer and seller of the goods are not related and price is the sole consideration for the sale.

The Andhra Pradesh Tax on Professions, Trades, Callings and Employments Act, 1987



The Andhra Pradesh Tax On Professions, Traders, Callings And Employments Act, 1987 as amended from time to time (**'Professional Tax Act'**) provides the professional tax slabs in India and is applicable to persons who are either involved in any profession or trade. The professional tax payable under the Professional Tax Act by any person earning a salary or wage shall be deducted by his employer from the salary or wages payable to such person before such salary or wages is paid to him, and such employer shall, irrespective of whether such deduction has been made or not when the salary and wage is paid to such persons, be liable to pay tax on behalf of such person. Every employer must obtain the registration under the Professional Tax Act from the assessing authority in the prescribed manner.

The Andhra Pradesh Tax on Professions, Trades, Callings and Employments Rules, 1987 deals with the procedural aspects of the Act and is applicable to the Company.

Miscellaneous Laws

The Micro, Small and Medium Enterprises Development Act, 2006

The Micro, Small and Medium Enterprises Development Act, 2006 as amended from time to time (**'MSMED Act'**) seeks to facilitate the development of micro, small and medium enterprises. The MSMED Act provides that where an enterprise is engaged in the manufacturing and production of goods pertaining to any industry specified in the first schedule to the Industries (Development and Regulation) Act, 1951, the classification of an enterprise will be as follows:

- a. where the investment in plant and machinery does not exceed twenty-five lakh rupees shall be regarded as a micro enterprise;
- b. where the investment in plant and machinery is more than twenty-five lakh rupees but does not exceed five crore rupees shall be regarded as a small enterprise;
- c. where the investment in plant and machinery is more than five crore rupees but does not exceed ten crore rupees shall be regarded as a medium enterprise.

The MSMED Act provides for the memorandum of micro, small and medium enterprises to be submitted by the relevant enterprises to the prescribed authority. While it is compulsory for medium enterprises engaged in manufacturing to submit the memorandum, the submission of the memorandum by micro and small enterprises engaged in manufacturing is optional. The MSMED Act defines a supplier to mean a micro or small enterprise that has filed a memorandum with the concerned authorities. The MSMED Act ensures that the buyer of goods makes payment for the goods supplied to him immediately or before the date agreed upon between the buyer and supplier. The MSMED Act provides that the agreed period cannot exceed forty five days from the day of acceptance of goods. The MSMED Act also stipulates that in case the buyer fails to make payment to the supplier within the agreed period, then the buyer will be liable to pay compound interest at three times of the bank rate notified by the Reserve Bank of India from the date immediately following the date agreed upon. The MSMED Act also provides for the establishment of the Micro and Small Enterprises Facilitation Council (**'Council'**). The Council has jurisdiction to act as an arbitrator or conciliator in a dispute between the supplier located within its jurisdiction and a buyer located anywhere in India.

The Legal Metrology Act, 2009

The Legal Metrology Act, 2009 (**'Metrology Act'**) (i) establishes and enforces standards of weights and measures; (ii) regulates trade and commerce in weights; (iii) and measures other goods which are sold or distributed by weight, measure or number and for matters connected therewith. The Metrology Act states that any transaction/contract relating to goods/class of goods shall be as per the weight/measurement/numbers prescribed by the Metrology Act. Moreover, the Metrology Act prohibits any person from quoting any price, issuing a price list, cash memo or other document, in relation to goods or things, otherwise than in accordance with the provisions of the Metrology Act.

The specifications with respect to the exact denomination of the weight of goods to be considered in transactions are contained in the Rules made by each State.

The Andhra Pradesh Legal Metrology (Enforcement) Rules, 2011 which amongst other things, prescribes procedures for the declaration of quantity in transactions and dealings, provisions relating to the use of weights and measures, etc.

POLICES APPLICABLE

The Foreign Direct Investment

Under paragraph 6.2.5 of the current consolidated FDI Policy, effective from 12 May 2015, issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, including any modifications thereto or substitutions thereof, issued from time to time, (**'Consolidated FDI Policy'**), foreign direct investment in micro and small enterprises will be subject to sectoral caps, entry routes and other sectoral regulations.



OUR HISTORY AND CERTAIN OTHER CORPORATE MATTERS

Certain forms and resolutions filed with Registrar of Companies (prior to 2006) are not traceable by our Company. With respect to this chapter these include forms for incorporation of Company, change in registered office of Company, increase in authorised share capital, etc. Hence, this chapter is prepared based on the ROC search reports, data provided by management and to the best of information available.

CORPORATE PROFILE AND BRIEF HISTORY

Our Company was originally incorporated as “Narayani Steels Private Limited” under the provisions of the Companies Act, 1956 vide Certificate of Incorporation dated February 10, 1995 issued by Registrar of Companies, Andhra Pradesh bearing Registration No. 01-19412 at Vizianagaram, Andhra Pradesh. Subsequently our Company was converted into a public limited company vide fresh Certificate of Incorporation dated August 24, 2015 and the name of our Company was changed to “Narayani Steels Limited”. The Corporate Identification Number of our Company is U27109WB1996PLC082021.

Sunil Choudhary and Sunil Choudhary HUF are the promoters of our Company. Sunil Choudhary and KishanLal Choudhary were the original subscribers to the Memorandum of Association. Sunil Choudhary HUF joined the Company by acquiring shares in December, 2000 from Jetair Properties Private Limited.

Our Company is engaged in manufacturing and trading of value added steel products. The business operations comprise of manufacturing of TMT bars, flats, channels, flats and rounds and trading of various others steel products like TMT bars, billets, channels, flats, angles, rounds, wire coils etc. For further information regarding our business activities, product range, market of each product, our growth, standing with reference to prominent competitors, management, major suppliers and customers and geographical area please refer the sections “Our Business”, “Our Industry”, “Financial Statements as Restaed” and “Our Management” beginning on page no. 151, 123, 205 and 180 respectively.

CHANGE OF REGISTERED OFFICE

At the time of Incorporation, our Registered Office was situated at: A1 & A2, Industrial Estate, Vizianagaram, Andhra Pradesh. Subsequently, our Registered Office was shifted to:

| Date | From | To | Reasons |
|-------------------|--|--|--|
| May 19, 1995* | A1 & A2, Industrial Estate, Vizianagaram, Andhra Pradesh | 29A, Banstalla Street, Jorabagan, Kolkata, West Bengal | Suitable for administrative convenience in all aspects |
| February 9, 2008# | 29A, Banstalla Street, Jorabagan, Kolkata, West Bengal | 23A, N.S. Road, 7 th Floor, Room-31, Kolkata, West Bengal | Suitable for administrative convenience in all aspects |

*Our Shareholders approved shifting of our registered office and we received order from Company Law Board for shifting our registered office on November 13, 1996.

#Our Board of Directors approved change in our registered office as the change was within the local limits of city.

KEY EVENTS AND MILESTONES IN THE HISTORY OF OUR COMPANY

| Financial Year | Event |
|----------------|--|
| 1995 | Incorporation of our Company |
| FY 11-12 | Purchase of Automatic Rolling Plant for production of TMT Bars |

| Financial Year | Event |
|----------------|---|
| FY 12-13 | Received Certification of Appreciation from RINL for being the “Star Customer” for the financial year 2011-12 |
| FY 12-13 | Commencement of production of TMT Bars |
| FY 13-14 | Achieving turnover of over Rs. 500 crore |
| FY 15-16 | Conversion of Company from Private Limited to Public Limited |

Kishanlal Choudhary and Sunil Choudhary are the initial subscribers to the Memorandum of Association of the Company. Bina Chowdhary and Savitri Devi Choudhary acquired shares in the year 1996

OUR MAIN OBJECTS

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

- To establish, construct, run, operate on any factory for manufacturing of Steel and allied products and to set up Steel furnaces and to carry on the business of Iron foundries, Metal foundries, metal presses, metal rollers, metal works, rolling mills, re-rolling mills, metal converters and manufactures of metal fittings and hard ware of all kinds.*
- To carry on business of buying and selling of all varieties of Iron and Steel, such as MS rounds, MS bars, T or Steel, CL skull, CL scrap, re-rolling products, re-rolling scrap and by-products and joint products of Iron and Steel, and to deal in coal, coke and other energy generation products useful in furnaces and foundries.*
- To carry on in India or elsewhere the business to produce, prepare, protect, preserve, process, turn to account, grow, cultivate, commercialize, cut to size, season, press, manipulate, dry, disinfect, grade, handle, transport, import, export, buy, sell, store, handle, auction and to act as Brokers, Agents, Merchants, Traders, Exporters, Importers, Stockiest, Distributors, Saw-mill owners, forest owners, farm owners, or otherwise to deal in all types of commercial & non commercial timbers, woods, bamboos and similar material used for industrial domestic or for other purposes and to carry on all the foregoing activities in respect of all shapes, sizes & varieties of timber & wood products, goods, articles, monuments or things, in finish, semi finished, knock down or semi knock down conditions and to do all incidental acts and things necessary for the attainment of foregoing Objects.*
- To carry on in India or elsewhere the business as Manufactures, Producers, Processors, Importers, Exporters, Buyers, Sellers, Stockiest, Agents, Contractors, Collaborators, Exchangers, Distributors or otherwise to deal in all kinds and classes of ply board and boards including duplex boards, triplex boards, hard boards, plywood, commercial plywood, water proof plywood of various sizes, wood, log wood, log peeling, corrugated bamboo, plywood, pre-laminated particle boards, rice husk boards, block boards, false ceiling tiles, flush doors, furniture and fittings, manufacturing of core veneer, and face veneer, straw boards, card board boxes, cartons, fiber boards, corrugated boards, pressed boards, size boards, colored boards, laminated boards, messonite boards whether made of pulp of produced from waste, wood, bamboo, grass, jute and husk.*
- To carry on business as manufacturers of Gear Coupling, Gear Bushes, Gear Boxes, Gear Pinions, made with Carbon Steel, Stainless Steel, Alloy Steel, Manages Steel, Cast Iron required in the manufacture and assembly of Heavy Engineering Machines, Machinery parts, Machine Tools and Spare parts.*
- To manufacture and/or produce and/or otherwise engage generally in the manufacture or production of special fittings as per drawings special equipment related to high-tech welding methods, all kinds of machinery, machinery parts and accessories connected with*

manufacturing of Gears and Spares mentioned in Main Objects Clause No. 5 above.

7. To carry on all kinds of Commission Agency business for Indian and Foreign Firms and to act as Selling Agents, Buying Agents, Distributors, Dealers and Stockiest for goods, products, articles and merchandise of any kind.
8. To carry on Real Estate business like assistance in buying and selling or real estate management of assets in real estate.
9. To carry on the business of hire purchase and let on lease, plant, machinery, house sites, refrigerators, automobiles, televisions, videos, relay transmission of films and other entertainment programmes through Cable T.V. and Star T.V. and/or other authorized net work organizations, and to deal all types of electrical, electronics, consumable goods.
10. To undertake fabrication works, Contracts of all descriptions and to take up and execute Contracts for the erection of all types of plants, machineries, electrical fixtures, furnaces process equipment, furniture and fittings and all industrial products and engineering products.
11. To carry on the business of investment in all kinds of movable and immovable properties including lands, buildings, plots, farm houses, pleasure gardens, godowns, residential, industrial, commercial, agricultural and mining properties, Jewellers, bullion merchants, precious stones, gifts made of gold, silver and semi-precious stones, art, antiquities and aesthetic works.
12. To give or provide guarantees, counter guarantees, indemnities, securities, collateral securities, mortgages or become sureties, any other business securities and to guarantee the performance of such Persons, Societies, Trusts, Companies including Holding & Subsidiary Companies or any other Juristic persons having dealings with the Company in any manner, on such terms, conditions and stipulations as may deem fit and in the interest of the Company.
13. To establish and carry on business of the Company at various places by way of opening Branches of the Company in India and Abroad.
14. To install proper equipments, systems, machinery, infrastructure relating to the activities of the Company and also adopt various technologies and network system for the purpose of the business of the Company in India and Abroad.
15. To enter into Joint Venture or Foreign Collaboration with any Proprietary concern, Partnership Firm, Company and any Juristic person, to carry on the business as permitted by the Memorandum of Association of the Company.
16. To acquire, take over or convert the whole business or part business of any Promoter, Director, Proprietary concern, Partnership Firm, Company and any Juristic person including its assets, liabilities, deposits, all movable & immovable properties, credentials and to carry on the business as a Going Concern.

CHANGES IN MEMORANDUM OF ASSOCIATION

Since incorporation, the following changes have been made to our Memorandum of Association

| Date of Shareholder's Approval | Amendment |
|--------------------------------|---|
| May 19, 1995 | Clause II of the Memorandum of Association of the Company changed to reflect change in registered office of the Company from the state of Andra Pradesh to the State of West Bengal |
| July 9, 1997 | The initial authorised share capital of Rs. 40,00,000 consisting of 40,000 Equity Shares of Rs. 100/- each was increased to Rs. 60,00,000 consisting of 60,000 Equity Shares of Rs. 100/- each. |

| Date of Shareholder's Approval | Amendment |
|--------------------------------|---|
| March 4, 1998 | The authorised share capital of Rs. 60,00,000 consisting of 60,000 Equity Shares of Rs. 100/- each was increased to Rs. 1,00,00,000 consisting of 1,00,000 Equity Shares of Rs. 100/- each. |
| September 17, 2000 | The authorised share capital of Rs. 1,00,00,000 consisting of 1,00,000 Equity Shares of Rs. 100/- each was increased to Rs. 1,20,00,000 consisting of 1,20,000 Equity Shares of Rs. 100/- each. |
| January 25, 2002 | <p>Two new clauses were added to Main Object Clause of Memorandum of Association. The clauses are:</p> <p>3. <i>To carry on in India or elsewhere the business to produce, prepare, protect, preserve, process, turn to account, grow, cultivate, commercialize, cut to size, season, press, manipulate, dry, disinfect, grade, handle, transport, import, export, buy, sell, store, handle, auction and to act as Brokers, Agents, Merchants, Traders, Exporters, Importers, Stockiest, Distributors, Saw-mill owners, forest owners, farm owners, or otherwise to deal in all types of commercial & non commercial timbers, woods, bamboos and similar material used for industrial domestic or for other purposes and to carry on all the foregoing activities in respect of all shapes, sizes & varieties of timber & wood products, goods, articles, monuments or things, in finish, semi finished, knock down or semi knock down conditions and to do all incidental acts and things necessary for the attainment of foregoing Objects.</i></p> <p>4. <i>To carry on in India or elsewhere the business as Manufactures, Producers, Processors, Importers, Exporters, Buyers, Sellers, Stockiest, Agents, Contractors, Collaborators, Exchangers, Distributors or otherwise to deal in all kinds and classes of ply board and boards including duplex boards, triplex boards, hard boards, plywood, commercial plywood, water proof plywood of various sizes, wood, log wood, log peeling, corrugated bamboo, plywood, pre-laminated particle boards, rice husk boards, block boards, false ceiling tiles, flush doors, furniture and fittings, manufacturing of core veneer, and face veneer, straw boards, card board boxes, cartons, fiber boards, corrugated boards, pressed boards, size boards, colored boards, laminated boards, messonite boards whether made of pulp of produced from waste, wood, bamboo, grass, jute and husk.</i></p> |
| January 10, 2003 | The authorised share capital of Rs. 1,20,00,000 consisting of 1,20,000 Equity Shares of Rs. 100/- each was increased to Rs. 1,40,00,000 consisting of 1,40,000 Equity Shares of Rs. 100/- each |
| July 14, 2003 | The authorised share capital of Rs. 1,40,00,000 consisting of 1,40,000 Equity Shares of Rs. 100/- each was increased to Rs. 1,70,00,000 consisting of 1,70,000 Equity Shares of Rs. 100/- each |
| August 10, 2004 | The authorised share capital of Rs. 1,70,00,000 consisting of 1,70,000 Equity Shares of Rs. 100/- each was increased to Rs. 2,00,00,000 consisting of 2,00,000 Equity Shares of Rs. 100/- each |
| December 23, 2004 | The authorised share capital of Rs. 2,00,00,000 consisting of 2,00,000 Equity Shares of Rs. 100/- each to increased to Rs. 2,40,00,000 consisting of 2,40,000 Equity Shares of Rs. 100/- each |
| February 14, 2005 | The authorised share capital of Rs. 2,40,00,000 consisting of 2,40,000 Equity Shares of Rs. 100/- each was increased to Rs. 2,50,00,000 consisting of 2,50,000 Equity Shares of Rs. 100/- each |
| October 17, 2005 | The authorised share capital of Rs. 2,50,00,000 consisting of 2,50,000 |



| Date of Shareholder's Approval | Amendment |
|--------------------------------|---|
| | Equity Shares of Rs. 100/- each was increased to Rs. 3,00,00,000 consisting of 3,00,000 Equity Shares of Rs. 100/- each |
| December 16, 2006 | The authorised share capital of Rs. 3,00,00,000 consisting of 3,00,000 Equity Shares of Rs. 100/- each was increased to Rs. 5,00,00,000 consisting of 5,00,000 Equity Shares of Rs. 100/- each |
| February 01, 2008 | The authorised share capital of Rs. 5,00,00,000 consisting of 5,00,000 Equity Shares of Rs. 100/- each was increased to Rs. 7,00,00,000 consisting of 7,00,000 Equity Shares of Rs. 100/- each |
| March 25, 2013 | The authorised share capital of Rs. 7,00,00,000 consisting of 7,00,000 Equity Shares of Rs. 100/- each was increased to Rs. 9,00,00,000 consisting of 9,00,000 Equity Shares of Rs. 100/- each |
| August 17, 2015 | Clause I of the Memorandum of Association of the Company changed to reflect changed name of the Company as "Narayani Steels Limited" on conversion of the Company into a Public Company. |
| August 17, 2015 | The authorised share capital of Rs. 9,00,00,000 consisting of 9,00,000 Equity Shares of Rs. 100/- each was sub-divided into 90,00,000 Equity Shares of Rs. 10/- each. |
| August 17, 2015 | The authorised share capital of Rs. 9,00,00,000 consisting of 90,00,000 Equity Shares of Rs. 10/- each was increased and to Rs. 14,00,00,000 consisting of 1,40,00,000 Equity Shares of Rs. 10/- each |
| August 17, 2015 | A new set of Memorandum of Association is adopted as per Schedule I, Table A of the Companies Act, 2013 in substitution of the erstwhile Memorandum of Association. |

HOLDING COMPANY OF OUR COMPANY

Our Company has no holding company as on this date of filing of this Prospectus.

SUBSIDIARY COMPANY OF OUR COMPANY

Our Company has no subsidiaries as on date of filing of this Prospectus.

PROMOTERS OF OUR COMPANY

The promoters of our Company are Sunil Choudhary and Sunil Choudhary HUF. For details, see "*Our Promoter and Promoter Group*" beginning on page 195 of this Prospectus

CAPITAL RAISING ACTIVITIES THROUGH EQUITY OR DEBT

For details regarding our capital raising activities through equity and debt, refer to the section titled "*Capital Structure*" beginning on page 79 of this Prospectus.

INJUNCTIONS OR RESTRAINING ORDERS

The Company is not operating under any injunction or restraining order.

MERGERS AND ACQUISITIONS IN THE HISTORY OF OUR COMPANY

Our Company has not merged/amalgamated itself nor has acquired any business/undertaking, since incorporation.

SHAREHOLDERS AGREEMENTS

Our Company has not entered into any shareholders agreement as on date of filing of this Prospectus.

OTHER AGREEMENTS

Our Company has not entered into any agreements/arrangement except under normal course of business of the Company, as on the date of filing of this Prospectus.

STRATEGIC/ FINANCIAL PARTNERS

Our Company does not have any strategic/financial partner as on the date of filing of this Prospectus.

DEFAULTS OR RESCHEDULING OF BORROWINGS WITH FINANCIAL INSTITUTIONS OR BANKS

There have been no defaults or rescheduling of borrowings with financial institutions or banks as on the date of this Prospectus.

CONVERSION OF LOANS INTO EQUITY SHARES

There have been no incident of conversion of loans availed from financial institutions and banks into Equity Shares as on the date of this Prospectus.

CHANGE IN ACTIVITIES OF OUR COMPANY IN THE LAST FIVE YEARS

There has been no change in the activities of our Company in the last five years.

STRIKES AND LOCKOUTS

Except one labour strike and lockout at our manufacturing unit at Vizianagaram during Financial Year 2012-13, there have been no other strikes or lockouts in our Company since incorporation.

REVALUATION OF ASSETS

Our Company has not revalued its assets since incorporation and has not issued any Equity Shares including bonus shares by capitalizing any revaluation reserves.

TIME AND COST OVERRUNS IN SETTING UP PROJECTS

As on the date of this Prospectus, there have been no time and cost overruns in any of the projects undertaken by our Company.

NUMBER OF SHAREHOLDERS

Our Company has 20 shareholders as on date of this Prospectus.

OUR MANAGEMENT

Certain forms and resolutions filed with Registrar of Companies (prior to 2006) are not traceable by our Company. These forms and resolutions include forms for change in Directors, change in Designation of Director, etc. Hence, this chapter is prepared based on the ROC search reports, data provided by management and to the best of information available.

BOARD OF DIRECTORS

Under our Articles of Association we are required to have not less than 3 directors and not more than 15 directors, subject to the applicable provisions of the Companies Act. We currently have eight directors on our Board.

The following table sets forth details regarding our Board of Directors as on the date of this Prospectus:

| Sr. No. | Name, Age, Father's/Husband's Name, Designation, Address, Occupation, Nationality, Term and DIN | Last date of Appointment/Re-appointment as Director | Other Directorship |
|---------|--|---|---|
| 1. | Name: Kishanlal Choudhary Age: 77 years Father's Name: Chandgilal Choudhary Designation: Chairman & Non-Executive Director Address: Flat No.301, Door No. 9-29-20/7, Roshan Towers, Balaji Nagar, Visakhapatnam- 530003, Andhra Pradesh, India Occupation: Business Nationality: Indian Term: Liable to retire by rotation DIN: 00289428 | Appointed as Chairman on September 4, 2015 Appointed as Non-Executive Director on September 19, 2015 | Public Limited Company - Nil Private Limited Company – Hari Equipments Private Limited |
| 2. | Name: Sunil Choudhary Age: 51 years Father's Name: Kishanlal Choudhary Designation: Managing Director & CEO Address: Flat No.301, Door No. 9-29-20/7, Roshan Towers, Balaji Nagar, Visakhapatnam- 530003, Andhra Pradesh, India Occupation: Business Nationality: Indian Term: 5 years from September 4, 2015 to September 3, 2020 and liable to retire by rotation DIN: 00289479 | Appointed as Managing Director and CEO on September 4, 2015 | Public Limited Company – Nil Private Limited Company – a. Hari Equipments Private Limited b. Kedarnath Commotrade Private Limited c. Narayani Ispat Private Limited d. Cooltex Merchandise Private Limited |
| 3. | Name: Bivor Bagaria Age: 27 years Father's Name: Ramesh Bagaria Designation: Director & CFO Address: 10/1/1, Madhav Ghosh Road Salkia, Howrah- 711106, West Bengal, | Appointed as Director on November 26, 2013 Appointed as CFO on September 2, 2015 | Public Limited Company – Nil Private Limited Company – Nil |

| Sr. No. | Name, Age, Father's/Husband's Name, Designation, Address, Occupation, Nationality, Term and DIN | Last date of Appointment/Re-appointment as Director | Other Directorship |
|---------|---|---|---|
| | India Occupation: Profesional Nationality: Indian Term: Non-rotational director DIN: 06765822 | | |
| 4. | Name: Bina Chowdhary Age: 46 years Father's Name: Prem Narayan Garg Designation: Non-executive Director Address: Flat No.301, D.No.9-29-20/7, Roshan Towers, Balaji Nagar, Visakhapatnam- 530003, Andhra Pradesh, India Occupation: Business Nationality: Indian Term: Liable to retire by rotation DIN: 00299534 | Appointed as Non Executive Director on September 4, 2015 | Public Limited Company – Nil Private Limited Company – a. Narayani Ispat Private Limited b. Kedarnath Commotrade Private Limited |
| 5. | Name: Krishnamacharyulu Eunny Age: 71 years Father's Name: Rangacharyulu Eunny Designation: Independent Director Address: D. No. 2 -92, Santhi Nagar, Colony, Near Venkateswara Swamy Temple, Aganam Pudi, Pedamadak, Visakhapatnam – 530046, Andhra Pradesh, India Occupation: Professional Nationality: Indian Term: 5 years from September 10, 2015 to September 9, 2020 and not liable to retire by rotation DIN: 07281774 | Appointed as Independent Director on September 10, 2015 Regularization as Independent Director on September 28, 2015 | Public Limited Company - Nil Private Limited Company - Nil |
| 6. | Name: Bhaskararao Puvvala Age: 62 years Father's name: Nageswararao Puvvala Designation: Independent Director Address: D.No: 49-53-8/15, Anjana Towers, B.S. Layout, P&T Colony, Visakhapatnam – 530013, Andhra Pradesh, India Occupation: Professional Nationality: Indian Term: 5 years from September 10, 2015 to September 9, 2020 and not liable to retire by rotation DIN: 07282264 | Appointed as Independent Director on September 10, 2015 Regularization as Independent Director on September 28, 2015 | Public Limited Company – Nil Private Limited Company - Nil |

| Sr. No. | Name, Age, Father's/Husband's Name, Designation, Address, Occupation, Nationality, Term and DIN | Last date of Appointment/Re-appointment as Director | Other Directorship |
|---------|---|---|---|
| 7. | Name: Ramesh Prathapa Age: 61 years Father's name: Krishna Murty Prathapa Designation: Independent Director Address: D. No : 49-47-9/1, NGGOS Colony, Akkayapalem , Visakhapatnam – 530016, Andhra Pradesh, India Occupation: Professional Nationality: Indian Term: 5 years from September 10, 2015 to September 9, 2020 and not liable to retire by rotation DIN: 07281821 | Appointed as Independent Director on September 10, 2015 Regularization as Independent Director on September 28, 2015 | Public Limited Company - Nil Private Limited Company- Nil |
| 8. | Name: Atul Kumar Saxena Age: 63 years Father's Name: Krishna Swarup Saxena Designation: Additional Independent Director Address: 45-58-12, G-4, Satya Sai Vihar Apartments, Narasimhanagar, Visakhapatnam – 530024, Andhra Pradesh, India Occupation: Professional Nationality: Indian Term: 5 years from September 10, 2015 to September 9, 2020 and not liable to retire by rotation DIN: 07284335 | Appointed as Independent Director on September 10, 2015 Regularization as Independent Director on September 28, 2015 | Public Limited Company - Nil Private Limited Company – Nil |

BRIEF BIOGRAPHIES OF OUR DIRECTORS

i. Kishanlal Choudhary

Kishanlal Choudhary, aged 77 years is the Chairman and Non- Executive Director of our Company with effect from September 19, 2015. He has been Director of the Company since incorporation. He has an experience of more than two decades in iron and steel industry. He is entrusted with the responsibility of guidance to the management with his rich and vast experience in this industry.

ii. Sunil Choudhary

Sunil Choudhary, aged 51 years is the Managing Director and Chief Executive Officer of our Company with effect from September 4, 2015. He has been Director of the Company since incorporation. He has an experience of more than two decades in iron and steel industry. He is the guiding force behind the strategic decisions of Our Company and has been instrumental in formulating the overall business strategy and developing business relations of the Company. He also looks after the overall business operations of the Company.

iii. Bivor Bagaria

Bivor Bagaria, aged 27 years is a director of our Company since November 26, 2013. He has an added responsibility of functioning as the Chief Financial Officer of the Company with effect from September 2, 2015. He is a Chartered Accountant by qualification and a member of Institute of Chartered Accountants of India. He looks after the accounting and finance operations of the Company.

iv. Bina Chowdhary

Bina Chowdhary, aged 46 years is the Non-Executive Director of our Company w.e.f. September 4, 2015. She has a good experience in iron and steel industry and acts as mentor and guiding figure to the management and staff of our Company.

v. Krishnamacharyulu Eunny

Krishnamacharyulu Eunny, aged 71 years is an Independent Director of our Company w.e.f. September 10, 2015. He is well experienced in the field of technical services, project construction and marketing.

vi. Bhaskararao Puvvala

Bhaskararao Puvvala, aged 62 years is an Additional Independent Director of our Company w.e.f. September 10, 2015. He is a retired Chief Manager of Union Bank of India.

vii. Ramesh Prathapa

Ramesh Prathapa, aged 61 years is an Additional Independent Director of our Company w.e.f. September 10, 2015. He is a retired Chief Manager of Union Bank of India.

viii. Atul Saxena

Atul Saxena, aged 63 years is an Additional Independent Director of our Company w.e.f. September 10, 2015. He is experienced in legal services industry.

CONFIRMATIONS

As on the date of this Prospectus:

1. None of the Directors of the Company are related to each other within the meaning of section 2(77) of the Companies Act, 2013, except as mentioned below:

FAMILY RELATIONSHIP BETWEEN DIRECTORS

| Name of the Director | Name of the other Director | Family Relation |
|----------------------|----------------------------|--------------------------------|
| Kishanlal Choudhary | Sunil Choudhary | Father – Son |
| Sunil Choudhary | Bina Chowdhary | Husband – Wife |
| Kishanlal Choudhary | Bina Chowdhary | Father in law- Daughter in Law |

2. There are no arrangements or understanding with major shareholders, customers, suppliers or any other entity, pursuant to which any of the Directors or Key Management Personnel were selected as a Director or member of the senior management.
3. The Directors of our Company have not entered into any service contracts with our Company which provides for benefits upon termination of employment.
4. None of the above mentioned Directors are on the RBI List of willful defaulters.



5. Further, none of our Directors are or were directors of any company whose shares were (a) suspended from trading by stock exchange(s) or (b) delisted from the stock exchanges during the term of their directorship in such companies.
6. None of the Promoters, persons forming part of our Promoter Group, Directors or persons in control of our Company, has been or is involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by SEBI or any other regulatory authority.

REMUNERATION/COMPENSATION/COMMISSION PAID TO DIRECTORS

During the last financial year ended on March 31, 2016, the directors have been paid gross remuneration as follows:

| Name of Director | Remuneration paid during FY 2015-16 (Rupees in lakhs) |
|---------------------|--|
| Kishanlal Choudhary | 28.50 |
| Sunil Choudhary | 7.50 |

Further, none of the existing Directors except above have received any remuneration during the Financial Year 2015-16.

Sunil Choudhary

Sunil Choudhary is appointed as a Managing Director and Chief Executive Officer of the Company vide shareholders resolution in Extra Ordinary General Meeting held on September 4, 2015 for a period of 5 years commencing from September 4, 2015. He is entitled to a remuneration of Rs. 3.00 lakhs per month, as well as perquisites including leave travel allowance, medical re-imbursement for self and family subject to ceiling of 1 month salary in a year, bonus subject to shareholders' approval, reimbursement of newspapers, magazines, books and periodical expenses, reimbursement of other expenses incurred for business or in accordance with the Rules and policies of the Company, provision of chauffeur driven car for the use of Company's business, meal coupons and telephone at residence. He shall be entitled to such increment from time to time as the Board may by its discretion determine.

SHAREHOLDING OF OUR DIRECTORS IN THE COMPANY

As per the Articles of Association of our Company, a Director is not required to hold any qualification shares. Except as stated below, no other directors have shareholding of our Company.

The following table details the shareholding of our Directors as on the date of this Prospectus:

| Sr. No. | Name of the Director | No. of Equity Shares | % of Pre Issue Equity Share Capital | % of Post Issue Equity Share Capital |
|---------|----------------------|----------------------|-------------------------------------|--------------------------------------|
| 1. | Kishanlal Choudhary | 10,03,500 | 13.73% | 9.20% |
| 2. | Sunil Choudhary | 12,24,500 | 16.75% | 11.22% |
| 3. | Bina Chowdhary | 56,000 | 0.77% | 0.51% |

INTERESTS OF DIRECTORS

Interest in promotion of our Company

Our Managing Director, Sunil Choudhary is interested to the extent of being Promoter of our Company and being karta of Sunil Choudhary HUF. Sunil Choudhary may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares, if any. For more information, see *“Our Promoters and Promoter Group”* on page 185 of the Prospectus.

Interest as member of our Company

As on date of this Prospectus, our Directors together hold 22,84,000 Equity Shares in our Company i.e. 31.25% of the pre Issue paid up Equity Share capital of our Company. Therefore, our Directors are interested to the extent of their respective shareholding and the dividend declared and other distributions, if any, by our Company.

Interest as a creditor of our Company

As on the date of this Prospectus, our Company has not availed loans from the Directors of our Company. Though our Company also made purchases and has outstanding dues to entities in which our Directors are interested. For further details, refer to section titled *“Related Party Transactions”* beginning on page 203 of this Prospectus.

Interest as Director of our Company

Our Executive Directors may be deemed to be interested to the extent of remuneration paid to them for services rendered as a Director of our Company and reimbursement of expenses payable to them. For details, see *“Remuneration/Compensation/Commission of Directors”* above. Further, our non- Executive Directors are entitled to receive sitting fees for attending meetings of our Board within the limits laid down in the Companies Act, 2013 and as decided by our Board subject to Articles of Association.

Interest as Key Managerial Personnel of our Company

Sunil Choudhary, Managing Director and CEO of the Company, Bivor Bagaria, Director and Chief Financial Officer of our Company are Key Managerial Personnel of the Company and may be deemed to be interested to the extent of remuneration, reimbursement of expenses payable to them for services rendered to us in accordance with the provisions of the Companies Act and AoA of our Company. For further details, please refer details mentioned above and chapter titled *“Related Party Transactions”* beginning on page 203 of this Prospectus.

Our Directors are not interested in the appointment of or acting as Underwriters, Registrar and Bankers to the Issue or any such intermediaries registered with SEBI.

Other Indirect Interest

Except as stated in *“Financial Statements as Restated”* beginning on page 205 of this Prospectus, none of our sundry debtors or beneficiaries of loans and advances are related to our Directors.

PROPERTY INTEREST AND TRANSACTION INVOLVING ACQUISITION OF LAND

Except as stated/referred to in the heading titled *“Land and Property”* beginning on page 162 and chapter titled *“Related Party Transaction”* on page 203 of the Prospectus, our Directors have not entered into any contract, agreement or arrangements within a period of two years preceding the date of Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them. Further our Directors do not have any interest in any immovable property to be acquired by the Company except other wise disclosed in the heading titled *“Land and Property”* beginning on page 162 of the Prospectus.



INTEREST IN THE BUSINESS OF OUR COMPANY

Save and except as stated otherwise in “*Related Party Transactions*” in the chapter titled “*Financial Statements as Restated*” beginning on page 205 of this Prospectus, our Directors do not have any other interests in our Company as on the date of this Prospectus.

SHAREHOLDING OF DIRECTORS IN SUBSIDIARIES AND ASSOCIATE COMPANIES

Our Company does not have a subsidiary Company as on date of filing Prospectus. Hari Equipments Private Limited is an Associate Company with the meaning of section 2(6) of the Companies Act, 2013

CHANGES IN OUR BOARD OF DIRECTORS DURING THE LAST THREE YEARS

Following are the changes in directors of our Company in last three years prior to the date of this Prospectus:

| Name | Date of event | Nature of event | Reason |
|-------------------------|--------------------|-----------------------|--|
| Bivor Bagaria | November 26, 2013 | Appointment | Appointment as Additional Director |
| Bivor Bagaria | September 30, 2014 | Change designation in | Regularisation as Director |
| Kishanlal Chaudhary | September 4, 2015 | Change designation in | Re-designated as Whole-time Director and appointed as Chairman |
| Sunil Choudhary | September 4, 2015 | Appointment | Appointment as Managing Director and CEO |
| Bina Choudhary | September 4, 2015 | Appointment | Appointment as Non-Executive Director |
| Krishnamacharyulu Eunny | September 10, 2015 | Appointment | Appointment as Additional Independent Director |
| Bhaskararao Puvvala | September 10, 2015 | Appointment | Appointment as Additional Independent Director |
| Ramesh Prathapa | September 10, 2015 | Appointment | Appointment as Additional Independent Director |
| Atul Kumar Saxena | September 10, 2015 | Appointment | Appointment as Additional Independent Director |
| Kishanlal Chaudhary | September 19, 2015 | Change designation in | Re-designated as Non-Executive Director |

BORROWING POWERS OF THE BOARD

Pursuant to a special resolution passed at the Annual General Meeting of our Company held on August 17, 2015 and pursuant to provisions of Section 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 and rules made there under and the Board of Directors (including committees) of the Company be and is hereby authorized to borrow money on such terms and conditions as may be considered and suitable by the Board of Directors up to a limit of Rs. 300,00,00,000/- (Rupees Three Hundred Crores Only) notwithstanding that the money(s) to be borrowed together with the money(s) already borrowed by the Company (apart from the Temporary Loans obtained from the Company’s Bankers in the ordinary course of business) may exceed the aggregate of the Paid-up Capital of the Company and its Free Reserves of the Company.

CORPORATE GOVERNANCE

The provisions of the SEBI Listing Regulations will be applicable to our Company immediately upon the listing of our Equity Shares with BSE. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of Chapter IV of the SEBI Listing Regulations as may be applicable.

Our Company stands committed to good corporate governance practices based on the principles such as accountability, transparency in dealings with our stakeholders, emphasis on communication and transparent reporting. We have complied with the requirements of the applicable regulations, including Regulations, in respect of corporate governance including constitution of the Board and Committees thereof. The corporate governance framework is based on an effective independent Board, the Board's supervisory role from the executive management team and constitution of the Board Committees, as required under law.

The following committees have been formed in compliance with the corporate governance norms:

- A. Audit Committee
- B. Stakeholders Relationship Committee
- C. Nomination and Remuneration Committee

A) Audit Committee

Our Company has constituted an audit committee ("**Audit Committee**"), as per section 177 of the Companies Act 2013 and Regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; vide resolution passed at the meeting of the Board of Directors held on August 1, 2016.

The terms of reference of Audit Committee adheres to the requirements of Regulation 18 of the Listing Agreement, proposed to be entered into with the Stock Exchange in due course. The committee presently comprises the following three 3 directors:

| Name of the Director | Status | Nature of Directorship |
|----------------------|----------|------------------------|
| Ramesh Prathapa | Chairman | Independent Director |
| Bhaskararao Puvvala | Member | Independent Director |
| Atul Kumar Saxena | Member | Independent Director |

The Company Secretary and Compliance Officer of the Company would act as the Secretary to the Audit Committee.

The Audit Committee shall have following powers:

- a. To investigate any activity within its terms of reference;
- b. To seek information from any employee;
- c. To obtain outside legal or other professional advice; and
- d. To secure attendance of outsiders with relevant expertise if it considers necessary.

The Audit Committee shall mandatorily review the following information:

- a. Management discussion and analysis of financial condition and results of operations;
- b. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
- c. Management letters / letters of internal control weaknesses issued by the statutory auditors;
- d. Internal audit reports relating to internal control weaknesses; and

- e. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee.

The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, are binding on the Board. If the Board is not in agreement with the recommendations of the Committee, reasons for disagreement shall have to be incorporated in the minutes of the Board Meeting and the same has to be communicated to the shareholders. The Chairman of the Audit committee has to attend the Annual General Meetings of the Company to provide clarifications on matters relating to the audit.

The role of the Audit Committee not limited to but includes:

1. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - i. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
 - ii. Changes, if any, in accounting policies and practices and reasons for the same;
 - iii. Major accounting entries involving estimates based on the exercise of judgment by management;
 - iv. Significant adjustments made in the financial statements arising out of audit findings;
 - v. Compliance with listing and other legal requirements relating to financial statements;
 - vi. Disclosure of any related party transactions;
 - vii. Qualifications in the draft audit report.
5. Reviewing, with the management, the half yearly financial statements before submission to the board for approval.
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, right issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/Draft Prospectus/Prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Review and monitor the auditor's independence, performance and effectiveness of audit process.
8. Approval or any subsequent modification of transactions of the company with related parties.
9. Scrutiny of inter-corporate loans and investments.
10. Valuation of undertakings or assets of the company, wherever it is necessary.
11. Evaluation of internal financial controls and risk management systems.

12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
14. Discussion with internal auditors any significant findings and follow up there on.
15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
18. To oversee and review the functioning of the vigil mechanism which shall provide for adequate safeguards against victimization of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee in appropriate and exceptional cases.
19. Call for comments of the auditors about internal control systems, scope of audit including the observations of the auditor and review of the financial statements before submission to the Board.
20. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
21. To investigate any other matters referred to by the Board of Directors.
22. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Explanation (i): The term "related party transactions" shall have the same meaning as contained in the Accounting Standard 18, Related Party Transactions, issued by The Institute of Chartered Accountants of India.

Meeting of Audit Committee and relevant Quorum

The audit committee shall meet at least 4 times in a year and not more than 4 months shall elapse between 2 meetings. The quorum shall be either 2 members or one third of the members of the Audit Committee whichever is greater, but there shall be a minimum of 2 Independent Directors, who are members, present.

B) Stakeholder's Relationship Committee

Our Company has constituted a shareholder / investors grievance committee ("*Stakeholders' Relationship Committee*") to redress complaints of the shareholders. The Stakeholders' Relationship Committee was constituted vide resolution passed at the meeting of the Board of Directors held on August 1, 2016.

The Stakeholders' Relationship Committee comprises the following Directors:

| Name of the Director | Status | Nature of Directorship |
|-------------------------|----------|------------------------|
| Bhaskararao Puvvala | Chairman | Independent Director |
| Ramesh Prathapa | Member | Independent Director |
| Krishnamacharyulu Eunny | Member | Independent Director |



The Company Secretary and Compliance Officer of the Company would act as the Secretary to the Stakeholders' Relationship Committee.

The Stakeholders' Relationship Committee shall oversee all matters pertaining to investors of our Company. The terms of reference of the Stakeholders' Relationship Committee include the following:

1. Efficient transfer of shares; including review of cases for refusal of transfer / transmission of shares and debentures;
2. Redressal of shareholder's/investor's complaints;
3. Reviewing on a periodic basis the approval/refusal of transfer or transmission of shares, debentures or any other securities;
4. Issue of duplicate certificates and new certificates on split/consolidation/renewal;
5. Allotment and listing of shares;
6. Reference to statutory and regulatory authorities regarding investor grievances; and
7. To otherwise ensure proper and timely attendance and redressal of investor queries and grievances;
8. Any other power specifically assigned by the Board of Directors of the Company

Quorum for Stakeholders' Relationship Committee

The quorum necessary for a meeting of the Stakeholders' Relationship Committee shall be 2 members or one third of the members, whichever is greater.

C) Nomination and Remuneration Committee

Our Company has constituted a Nomination and Remuneration Committee in accordance section 178 of Companies Act 2013. The constitution of the Nomination and Remuneration Committee was approved by a Meeting of the Board of Directors held on August 1, 2016. The said committee is comprised as under:

The Nomination and Remuneration Committee comprises the following Directors:

| Name of Director | Designation in Committee | Nature of Directorship |
|-------------------------|--------------------------|------------------------|
| Krishnamacharyulu Eunny | Chairman | Independent Director |
| Ramesh Prathapa | Member | Independent Director |
| Atul Kumar Saxena | Member | Independent Director |

The Company Secretary and Compliance Officer of the Company would act as the Secretary to the Nomination and Remuneration Committee.

The terms of reference of the Nomination and Compensation Committee are:

- a. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- b. Formulation of criteria for evaluation of Independent Directors and the Board;
- c. Devising a policy on Board diversity;
- d. Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board of Directors their appointment and removal and shall carry out evaluation of every director's performance;

- e. Determining, reviewing and recommending to the Board, the remuneration of the Company's Managing/ Joint Managing / Deputy Managing / Whole time / Executive Director(s), including all elements of remuneration package;
- f. To ensure that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks

Quorum for Nomination and Remuneration Committee

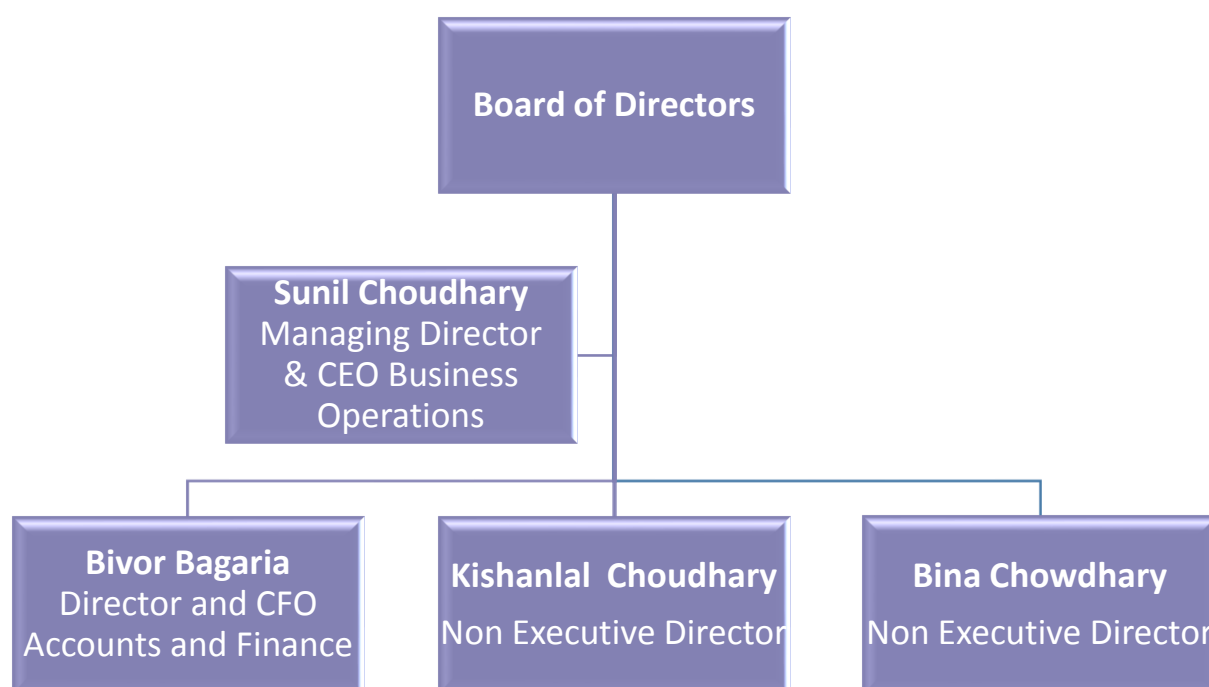
The quorum necessary for a meeting of the Nomination and Remuneration Committee shall be 2 members or one third of the members, whichever is greater.

Policy on Disclosures and Internal Procedure for Prevention of Insider Trading

We will comply with the provisions of the SEBI (Prohibition of Insider Trading) Regulations, 1992 as amended, post listing of our Company's shares on the Stock Exchange.

Company Secretary & Compliance Officer, is responsible for setting forth policies, procedures, monitoring and adhering to the rules for the prevention of dissemination of price sensitive information and the implementation of the code of conduct under the overall supervision of the Board.

ORGANIZATIONAL STRUCTURE



KEY MANAGERIAL PERSONNEL

Our Company is managed by our Board of Directors, assisted by qualified and experienced professionals, who are permanent employees of our Company. Below are the details of the Key Managerial Personnel of our Company:

The details of our Key Managerial Personnel are set out below:

a. Sunil Choudhary, Managing Director & CEO

Sunil Choudhary, aged 50 years is the Managing Director and Chief Executive Officer of our Company with effect from September 4, 2015. He has been Director of the Company since incorporation. He has an experience of more than two decades in iron and steel industry. He is the guiding force behind the strategic decisions of Our Company and has been instrumental in formulating the overall



business strategy and developing business relations of the Company. He also looks after the overall business operations of the Company.

b. Bivor Bagaria, Chief Financial Officer & Director

Bivor Bagaria, aged 26 years is a director of our Company since November 11, 2013. He has an added responsibility of functioning as the Chief Financial Officer of the Company with effect from September 2, 2015. He is a Chartered Accountant by qualification and a member of Institute of Chartered Accountants of India. He looks after the accounting and finance operations of the Company.

c. Nisha Rathor, Company Secretary and Compliance Officer

Nisha Rathor, aged 26 years is a Company Secretary and Compliance Officer of our Company since March 30, 2016. She is a Company Secretary by qualification and a member of Institute of Company Secretaries of India. She looks after the secretarial and legal compliance of the Company.

RELATIONSHIP BETWEEN KEY MANAGERIAL PERSONNEL

None of the key managerial personnel are related to the each other within the meaning of Section 2 (77) of the Companies Act, 2013. All of Key Managerial Personnel are permanent employees of our Company.

SHAREHOLDING OF KEY MANAGERIAL PERSONNEL

Sunil Choudhary, Managing Director and Chief Executive Officer and thus a key managerial personnel holds 12,24,000 Equity Shares of our Company.

RELATIONSHIPS OF DIRECTOR/ AND PROMOTERS WITH KEY MANAGERIAL PERSONNEL

Except as stated below, none of the Key Managerial Personnel are related to promoters and directors of our Company within the meaning of Section 2(47) of the Companies Act, 2013

| Name of the Key Managerial Personnel | Name of the other Promoter/Director | Family Relation |
|--------------------------------------|-------------------------------------|-----------------|
| Sunil Choudhary | Kishanlal Choudhary | Son-Father |
| Sunil Choudhary | Bina Chowdhary | Husband – Wife |
| Sunil Choudhary | Sunil Choudhary (HUF) | Karta of HUF |

ARRANGEMENTS AND UNDERSTANDING WITH MAJOR SHAREHOLDERS

None of our Directors have been appointed on our Board pursuant to any arrangement with our major shareholders, customers, suppliers or others.

SHAREHOLDING OF THE KEY MANAGERIAL PERSONNEL

Sunil Choudhary, Managing Director & CEO holds 12,24,500 Equity Shares of our Company. Except him, no other Key Managerial Personnel holds any Equity Shares of our Company as on the date of this Prospectus.

REMUNERATION/COMPENSATION PAID TO KEY MANAGERIAL PERSONNEL

During the last financial year ended on March 31, 2016, Sunil Choudhary, Managing Director and Chief Executive Officer of our Company and thus the Key Managerial Personnel has been paid gross remuneration as 28.50 lakhs per year. Other than him no other KMP has been paid remuneration in financial year 2015-16.

For details regarding his remuneration, refer heading titled “Remuneration/Compensation/Commission paid to Director” on page 241 in the chapter titled “Financial Statements as Restated” beginning on page 205 of this Prospectus. No remuneration was paid to Bivor Bagaria during the previous year.

BONUS OR PROFIT SHARING PLAN OF THE DIRECTORS/ KEY MANAGERIAL PERSONNEL

Our Company has not entered into any Bonus or Profit Sharing Plan with any of the Directors, Key Managerial Personnel.

CONTINGENT AND DEFERRED COMPENSATION PAYABLE TO DIRECTORS & KEY MANAGERIAL PERSONNEL

None of our Directors or Key Managerial Personnel has received or is entitled to any contingent or deferred compensation.

LOANS TO KEY MANAGERIAL PERSONNEL

The Company has not given any loans and advances to the Key Managerial Personnel except as disclosed in this Prospectus.

INTEREST OF KEY MANAGERIAL PERSONNEL

The Key Managerial Personnel of our Company do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business and to the extent of Equity Shares held by them in our Company, if any. They may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of such Equity Shares, if any. Except as disclosed under heading titled “*Shareholding of the Key Managerial Personnel*” on page 192 of this Prospectus none of our Key Managerial Personnel hold any equity shares in our Company. Further, the Managing Director of our Company is also interested to the extent of being Promoter of our Company. For more information, see “*Our Promoters and Promoter Group*” on page 195 of this Prospectus. Except as stated in chapter titled ‘*Related Party Transactions*’ beginning on page 203 of this Prospectus and as described herein above, our KMPs do not have any other interest in our business. Except as disclosed in this Prospectus, none of our Key Managerial Personnel have been paid any consideration of any nature from our Company, other than their remuneration.

CHANGES IN KEY MANAGERIAL PERSONNEL IN THE LAST THREE YEARS

| Name | Date of appointment | Nature of event | Reason |
|---------------------|---------------------|-----------------------|--|
| Bivor Bagaria | September 2, 2015 | Appointment | Appointment as CFO |
| Kishanlal Chaudhary | September 4, 2015 | Change in designation | Re-designated as Whole-time Director and appointed as Chairman |
| Sunil Choudhary | September 4, 2015 | Appointment | Appointment as Managing Director and CEO |
| Priyanka Ruia | September 10, 2015 | Appointment | Appointment as Company Secretary and Compliance Officer |
| Kishanlal Chaudhary | September 19, 2015 | Change in designation | Re-designated as Non-Executive Director |



| Name | Date of appointment | Nature of event | Reason |
|---------------|---------------------|-----------------|---|
| Priyanka Ruia | September 19, 2015 | Resignation | Resignation as Company Secretary and Compliance Officer |
| Nisha Rathor | March 31, 2016 | Appointment | Appointment as Company Secretary and Compliance Officer |

Other than above changes, there has been no changes in Key Managerial Personnel of our Company.

ESOP/ESPS SCHEME TO EMPLOYEES

Presently, we do not have any ESOP/ESPS Scheme for employees.

PAYMENT OR BENEFIT TO OUR OFFICERS (NON SALARY RELATED)


Except as disclosed under the heading titled “*Related Party Transactions*” under the section titled “*Financial Statements as Restated*” beginning on page 205 of this Prospectus, no amount or benefit has been paid or given within the three preceding years or is intended to be paid or given to any of our officers except the normal remuneration for services rendered as officers or employees.

OUR PROMOTER AND PROMOTER GROUP

OUR PROMOTERS

Our Company is promoted by Sunil Choudhary and Sunil Choudhary HUF. As on the date of the Prospectus, our promoters held, in aggregate 24,85,500 Equity Shares representing 34.01% of pre-issue paid up capital of our Company.

Brief profile of our individual Promoter is as under:

| | |
|---|---|
|  | <p>Sunil Choudhary, Promoter, Managing Director & Chief Executive Officer</p> <p>Sunil Choudhary, aged 51 years is the Managing Director and Chief Executive Officer of our Company with effect from September 4, 2015. He has been Director of the Company since incorporation. He has an experience of more than two decades in iron and steel industry. He is the guiding force behind the strategic decisions of our Company and has been instrumental in formulating the overall business strategy and developing business relations of the Company. He also looks after the overall business operations of the Company.</p> <p>Passport No: K8338073 Driving License: NA Voter ID: BGY2594232 Nationality: Indian</p> <p>Other ventures promoted by him:</p> <ol style="list-style-type: none"> 1. Sunil Choudhary HUF 2. Avny Ventures <p>Address: Flat No.301, Door No. 9-29-20/7, Roshan Towers, Balaji Nagar, Visakhapatnam, 530003, Andhra Pradesh, India</p> <p>For further details relating to Sunil Choudhary, including terms of appointment as our Chief Executive Officer, director, other directorships held by him, please refer to the chapter titled “<i>Our Management</i>” beginning on page 180 of this Prospectus.</p> |
|---|---|

DECLARATION

Our Company confirms that the permanent account number, bank account number and passport number of our Individual Promoter have been submitted to the Stock Exchange at the time of filing of the Prospectus with it.

OUR PROMOTER ENTITY:

Sunil Choudhary HUF is a Hindu Undivided Family, its Karta being Mr. Sunil Choudhary. Its office is situated at 301, Roshan Tower, CBM Compound, CBMC, Visakhapatnam, Andhra Pradesh - 530017.

Sunil Choudhary is the Karta of HUF. The members and co-parceners of HUF are:

1. Sunil Choudhary
2. Bina Chowdhary
3. Snehal Choudhary Rateria
4. Anjani Choudhary
5. Hemang Choudhary



Balajee Roadways is a proprietorship of Sunil Choudhary HUF and is engaged in business of road transport and logistics.

DECLARATION

Our Company confirms that the permanent account number and bank account number of our Promoter entity have been submitted to the Stock Exchange at the time of filing of the Prospectus with it.

INTEREST OF PROMOTERS

Interest in promotion of our Company

Our Promoters may be deemed to be interested in the promotion of the Company to the extent of the Equity Shares held by them and also to the extent of any dividend receivable by them or any other distributions in respect of the aforesaid Equity Shares. For further details, refer to chapter titled "*Capital Structure*" on page 79 of this Prospectus.

Interest in the property of our Company

Our promoters do not have any other interest in any property acquired by our Company in a period of two years before filing of this Prospectus or proposed to be acquired by us as on date of filing the Prospectus with RoC.

Interest as member of our Company

As on date of this Prospectus, our Promoters together hold 24,85,500 Equity Shares in our Company i.e. 34.01% of the pre Issue paid up Equity Share capital of our Company. Therefore, our Promoters are interested to the extent of their respective shareholding and the dividend declared, if any, by our Company. For further details regarding shareholding of our Promoters in our Company, please refer "*Capital Structure*" on page 79 of this Prospectus.

Interest as a creditor of our Company

As on the March 31, 2016, our Company has undertaken transactions with certain companies in which our Promoters may deem to be interested. For further details regarding interest as creditor, refer to chapter titled "*Financial Statement as Restated*" and "*Related Party Transactions*" beginning on pages 205 and 203 of this Prospectus.

Interest as Director of our Company

Our Promoter / Director, may deemed to be interested to the extent of remuneration and/or reimbursement of expenses payable to them for services rendered to us in accordance with the provisions of the Companies Act and in terms of agreements entered into with our Company, if any and AoA of our Company. For further details, refer to chapters titled "*Our Management*" and "*Financial Statements*" on pages 180 and 205 respectively of this Prospectus

Interest as Key Managerial Personnel of our Company.

Sunil Choudhary is Managing Director of the Company and hence a Key Managerial Personnel of the Company and may be deemed to be interested to the extent of remuneration reimbursement of expenses payable to him for services rendered to us in accordance with the provisions of the Companies Act and in terms of agreement entered into with our Company, if any and AoA of our Company. For further details, please refer to chapter titled "*Our Management*" and section titled "*Related Party Transaction*" on page no 180 and 203 respectively of this Prospectus.

Interest in transactions involving acquisition of land

Except as stated/referred to in the heading titled —Land and Property under the chapter titled —Our Business beginning on page 162 of this Prospectus, our Promoters have not entered into any contract, agreement or arrangements in relation to acquisition of property, since incorporation in

which the Promoters are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

Payment of benefits to our Promoters and Promoter Group during the last two years

Other than in the normal course of business including any advances or commission paid and Except as stated in “Financial Statements” beginning on page 205 of this Prospectus, there has been no payment of any amount of benefits to our Promoters or the members of our Promoter Group during the last two years from the date of the Prospectus nor is there any intention to pay or give any benefit to our Promoters or Promoter group as on the date of the Prospectus.

Other Indirect Interest

Except as stated in “Financial Statements” beginning on page 205 of this Prospectus, none of our sundry debtors or beneficiaries of loans and advances are related to our Promoters

OUR PROMOTER GROUP

Our Promoter Group in terms of Regulation 2(1)(zb) of the SEBI (ICDR) Regulations is as under:

A. Individuals related to our Promoter:

| Relationship with Promoter | Sunil Choudhary |
|----------------------------|--|
| Father | Kishanlal Choudhary |
| Mother | Savitri Devi Choudhary |
| Sister | Manju Gupta |
| Spouse | Bina Choudhary |
| Son | Hemang Choudhary |
| Daughter | Anjani Choudhary Snehal Choudhary Rateria |

Disassociation of certain immediate relatives from Promoter Group by Promoters:

Sunil Choudhary

The below mentioned persons are ‘immediate’ relatives of our Promoter, Sunil Choudhary but, as such, do not form part of the ‘Promoter Group’ of the Company. Moreover, the aforesaid relatives do not own shareholding in our Company and are also not involved in the business of our Company. Our Promoter vide letter dated September 15, 2015 has submitted that information related to business/financial interest held by the said relatives is not accessible for the purpose of disclosure in the Prospectus. Further the said persons through their respective declarations have expressed their unwillingness to be constituted under the ‘Promoter Group’ of the Company and have requested that consequently their entities should not be considered to be part of the ‘Promoter Group’ and ‘Group Companies’. Therefore, the disclosures made in this Prospectus are limited to the extent of information that has been made available by our Promoter in relation to Promoter Group and Group Companies.

| Relationship with Promoter | Name of relative |
|----------------------------|------------------------|
| Spouse’s Father | Prem Narayan Garg |
| Spouse’s Mother | Sonia Devi Garg |
| Spouse’s Brother | AnilGarg Sunil Garg |

B. Promoter Group Entities of Sunil Choudhary and Sunil Choudhary HUF

1. Narayani Ispat Private Limited
2. Kedarnath Commotrade Private Limited
3. Hari Equipments Private Limited
4. Cooltex Merchandise Private Limited



5. Balajee Roadways
6. Kishanlal Choudhary HUF
7. Avny Ventures
8. Hemang Steel Traders
9. ASL Marketing Private Limited
10. Green Acre Orchards

RELATIONSHIP OF PROMOTERS WITH OUR DIRECTORS

Except as disclosed herein, none of our Promoter(s) are related to any of our Company's Directors within the meaning of Section 2 (77) of the Companies Act, 2013.

| Promoters | Kishanlal Choudhary | Sunil Choudhary | Bina Chowdhary |
|---------------------|---------------------|-----------------|----------------|
| Sunil Choudhary | Son – Father | Self | Husband – Wife |
| Sunil Choudhary HUF | - | Karta of HUF | Member of HUF |

CHANGES IN CONTROL

Sunil Choudhary is the original promoter of our Company. Sunil Choudhary HUF joined the Company by acquiring shares in December, 2000 from Jetair Properties Private Limited. There has been no change in the management or control of our Company during the last five years .

LITIGATION

For details on litigations and pending disputes against the Promoters and defaults made by them, please refer to the chapter titled “*Outstanding Litigations and Material Developments*” beginning on page 316 of this Prospectus.

CONFIRMATION

Our Promoters and the members of our Promoter Group have not been debarred from accessing the capital markets under any order or direction passed by SEBI or any other regulatory or governmental authority. None of our Promoters was or also is a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI.

Further, neither our Promoters, the relatives of our Promoters (as defined under the Companies Act) nor our Group Companies have been declared as a wilful defaulter by the RBI or any other government authority and there are no violations of securities laws committed by our Promoters in the past and no proceedings for violation of securities laws are pending against him.

OUR GROUP COMPANIES

In accordance with the provisions of the SEBI (ICDR) Regulations, for the purpose of identification of Group Companies', our Company has considered companies as covered under the applicable accounting standards, i.e. Accounting Standard 18 issued by the Institute of Chartered Accountant of India and such other companies as considered material by our Board. Pursuant to a resolution dated August 1, 2016, our Board vide a policy of materiality has resolved that except as mentioned in the list of related parties prepared in accordance with Accounting Standard 18 no other Company is material in nature. Based on above, following are our Group Companies:

1. Narayani Ispat Private Limited ("NIPL")
2. Hari Equipments Private Limited ("HEPL")
3. Kedarnath Commotrade Private Limited
4. Cooltex Merchandise Private Limited

No equity shares of our Group Companies are listed on any stock exchange and none of them have made any public or rights issue of securities in the preceding three years.

Our Group Companies

The details of our Group Companies are provided below:

1. Narayani Ispat Private Limited ("NIPL")

Naryani Ispat Private Limited is a private Company incorporated on July 3, 1996 under the provisions of Companies Act, 1956. NIPL has its registered office at 23A, N.S. Road, 7th Floor, Room-31, Kolkata - 700001, West Bengal. and is mainly engaged in trading of iron and steel, ferro alloys and coal. Our promoters hold 5.79% of Equity Shares in NIPL. Its current paid up capital is Rs. 8,25,93,000.. The Corporate Identification Number is U27109WB1996PTC080314

NATURE AND EXTENT OF INTEREST OF OUR PROMOTERS

Equity Shareholding of our Promoters:

| Name of the Promoter | Number of Shares held | Shareholding percentage in the Company |
|----------------------|-----------------------|--|
| Sunil Choudhary | 4,50,000 | 5.45% |
| Sunil Choudhary HUF | 28,000 | 0.34% |
| Total | 4,78,000 | 5.79% |

Sunil Chaudhary and Bina Chowdhary, Directors of our Company are also Directors in NIPL

Financial Performance

Amount (Rs. in lakhs)

| Particulars | 2013-14 | 2014-15 | 2015-16 |
|-------------------------|-----------|-----------|----------|
| Paid Up Capital | 825.93 | 825.93 | 825.93 |
| Reserves & Surplus | 1,930.36 | 2,093.65 | 2219.28 |
| Sales and other income | 86,138.62 | 56,790.64 | 48635.44 |
| Profit/(loss) after tax | 17.77 | 164.38 | 125.63 |
| NAV (in Rs.) | 33.37 | 35.35 | 36.87 |

**Narayani Ispat Private Limited has not become sick company under the meaning of The Sick Industrial Companies (Special Provisions) Act, 1985, it is not under winding up and does not have a negative networth*



2. Hari Equipments Private Limited (“HEPL”)

Hari Equipments Private Limited is a private Company incorporated on May 4, 1971 under the provisions of Companies Act, 1956. HEPL has its registered office at Kolkata and is engaged in trading of iron and steel products and steam. Our promoter holds 24.53% of Equity Shares in HEPL. Its current paid up capital of Rs. 1,22,50,000. The Corporate Identification Number is U51504WB1971PTC080792.

NATURE AND EXTENT OF INTEREST OF PROMOTERS

Equity Shareholding of our Promoters

| Name of the Promoter | Number of Shares held | Shareholding percentage in the Company |
|----------------------|-----------------------|--|
| Sunil Choudhary | 3,00,500 | 24.53% |
| Total | 3,00,500 | 24.53% |

Kishanlal Choudhary and Sunil Choudhary, Directors of our Company are also Directors of HEPL

Financial Performance

| Particulars | Amount (Rs. in lakhs) | | |
|------------------------|-----------------------|-----------|-----------|
| | 2013-14 | 2014-15 | 2015-16 |
| Paid Up Capital | 92.50 | 92.50 | 122.50 |
| Reserves & Surplus | (0.78) | 34.87 | 73.45 |
| Sales and other income | 13,068.98 | 15,402.79 | 17,975.34 |
| Profit/loss after tax | 21.60 | 35.65 | 38.58 |
| NAV (in Rs.) | 9.92 | 13.77 | 16.00 |

Hari Equipments Private Limited has not become sick company under the meaning of The Sick Industrial Companies (Special Provisions) Act, 1985, it is not under winding up and does not have a negative networth.

3. Kedarnath Commotrade Private Limited (“KEPL”)

Kedarnath Commotrade Private Limited is a private Company incorporated on February 24, 2009 under the provisions of Companies Act, 1956. KEPL has its registered office at 23A, Netaji Subhas Road, 7th Floor, Room no. 31, Kolkata and is into trading of iron and steel. Our promoters hold 22.71% of Share Capital in KEPL. Its current paid up capital is Rs. 5,97,50,000, of which Equity Share paid up capital is Rs. 1,47,50,000. The Corporate Identification Number is U51909WB2009PTC133079.

NATURE AND EXTENT OF INTEREST OF PROMOTERS

Equity Shareholding of our Promoters

| Name of the Promoter | Number of Shares held | Shareholding percentage in the Company |
|----------------------|-----------------------|--|
| Sunil Choudhary | 3,35,000 | 22.71% |
| Total | 3,35,000 | 22.71% |

Sunil Choudhary and Bina Chowdhary, Directors of our Company are also Directors of KEPL

Financial Performance

| Particulars | Amount (Rs. in lakhs) | | |
|------------------------|-----------------------|---------|---------|
| | 2013-14 | 2014-15 | 2015-16 |
| Paid Up Capital | 57.50 | 57.50 | 147.50 |
| Reserves & Surplus | - | - | 9.80 |
| Sales and other income | - | - | 3430.55 |
| Profit/loss after tax | - | - | 9.80 |
| NAV (in Rs.) | 10.00 | 10.00 | 10.66 |

Kedarnath Commotrade Private Limited has not become sick company under the meaning of The Sick Industrial Companies (Special Provisions) Act, 1985, it is not under winding up and does not have a negative networth

4. Cooltex Merchandise Private Limited (“CMPL”)

Cooltex Merchandise Private Limited is a private Company incorporated on March 17, 1994 under the provisions of Companies Act, 1956. CMPL has its registered office at Shristi Apartment, 2nd Floor 12 Ho Chi Minh Sarani, Suite No. 2F, Kolkata – 700071 and is a registered NBFC. Our promoters indirectly control the voting powers of the Company. Its paid up capital is Rs. 1,44,50,000. The Corporate Identification Number is U51109WB1994PTC062345

NATURE AND EXTENT OF INTEREST OF PROMOTERS

Sunil Choudhary, Director of our Company is also Directors of CMPL

Financial Performance

Amount (Rs. In lakhs)

| Particulars | 2013-14 | 2014-15 | 2015-16 |
|------------------------|---------|---------|---------|
| Paid Up Capital | 144.50 | 144.50 | 144.50 |
| Reserves & Surplus | 671.00 | 670.54 | 669.93 |
| Sales and other income | 1.25 | 2.82 | 2.91 |
| Profit/loss after tax | (0.59) | (0.46) | (0.61) |
| NAV (in Rs.) | 56.44 | 56.40 | 56.36 |

Cooltex Merchandise Private Limited has not become sick company under the meaning of The Sick Industrial Companies (Special Provisions) Act, 1985, it is not under winding up and does not have a negative networth.

LITIGATION

For details on litigations and disputes pending against the Promoter and Group Companies and defaults made by them, please refer to the chapter titled, “*Outstanding Litigations and Material Developments*” on page 316 of this Prospectus.

DISSOCIATION BY THE PROMOTER IN THE LAST THREE YEARS

Our Promoters have not disassociated themselves from any of the companies, firms or other entities during the last three years preceding the date of the Prospectus.

NEGATIVE NET WORTH

None of our Group Companies have negative net worth as on the date of the Prospectus.

DEFUNCT / STRUCK-OFF COMPANY

None of our Group Company has become defunct or struck – off in the five years preceding the filing of this Prospectus.

INTEREST OF OUR PROMOTERS AND GROUP COMPANIES

Our Promoters and Group Companies are interested to the extent of their shareholding of Equity Shares, if any, from time to time, and in case of our Individual Promoter, also to the extent of shares held by their relatives from time to time, for which they are entitled to receive the dividend declared, if any, by our Company. Our Individual Promoter may also benefit from holding directorship in our Company. Our Individual Promoter may also be deemed to be interested to the extent of remuneration and/or reimbursement of expenses payable to him under the Articles/ terms of appointment. As on the date of this Prospectus, our Promoters together hold 24,85,500 Equity Shares of our Company.



Except as stated hereinabove and as stated in “Annexure T *Related Party Transactions*” under chapter titled “*Financial Statements as Restated*” and “*Our Management*” beginning on page 205 and 180 respectively of this Prospectus, we have not entered into any contract, agreements or arrangements during the preceding two years from the date of this Prospectus in which the Promoters are directly or indirectly interested and no payments have been made to them in respect of these contracts, agreements or arrangements which are proposed to be made to them.

Further, except as stated above and as stated otherwise under the paragraph titled “Shareholding of our Directors” in the chapter titled “*Our Management*” beginning on page 180 of this Prospectus; in “Annexure T- *Related Party Transactions*” under chapter titled “*Financial Statements*” beginning on page 241 of this Prospectus, and under the paragraph titled “Interest of Directors” in the chapter titled “*Our Management*” beginning on page 180 of this Prospectus; paragraph titled “*Land and Property*” in the chapter titled “*Our Business*” beginning on page 151 of this Prospectus, our Promoters do not have any other interests in our Company as on the date of this Prospectus.

Further, except as disclosed above and in the audited restated financial statements of our Company under “Annexure T *Related Party Transactions*” under chapter titled “*Financial Statements as Restated*” beginning on page 241 of this Prospectus, our Group Companies and associates have no business interest in our Company.

COMMON PURSUITS

Our Promoters viz., Sunil Choudhary and Sunil Choudhary HUF are interested in Our Group Companies/ Member of Promoter Group Entity. Narayani Ispat Private Limited, Hari Equipments Private Limited and Kedarnath Commotrade Private Limited are into similar line of business. Further, our Promoter Group entity; Hemang Steel Traders is also in same line of business. As these entities do not have any non-compete agreements in place amongst themselves, there is a conflict of interest between our Company and the said Group Companies. For associated risk factor, please refer to the section titled “*Risk Factors*” beginning on page 20 of the Prospectus.

SALES/PURCHASES BETWEEN OUR COMPANY & GROUP COMPANIES

Other than as disclosed in the chapter titled “*Related Party Transactions*” on page 203 of this Prospectus, there are no sales/purchases between the Company and the Group Companies when such sales or purchases exceed in value in the aggregate 10 per cent of the total sales or purchases of the Company.

PAYMENT OR BENEFIT TO OUR GROUP COMPANIES

Except as stated in chapter titled “*Related Party Transactions*” beginning on page 203 of this Prospectus, there has been no payment of benefits to our Group Companies during the financial years ended March 31, 2016, 2015, 2014, 2013 and 2012 nor is any benefit proposed to be paid to them.

RELATED PARTY TRANSACTION

For details on Related Party Transactions of our Company, please refer to Annexure T of restated financial statements under the section titled, '*Financial Statements as Restated*' beginning on page 205 of this Prospectus.



DIVIDEND POLICY

Under the Companies Act, 2013, an Indian company pays dividends upon a recommendation by its Board of Directors and approval by a majority of the shareholders. Under the Companies Act, 2013 dividends may be paid out of profits of a company in the year in which the dividend is declared or out of the undistributed profits or reserves of the previous years or out of both.

Our Company does not have a formal dividend policy. Any dividends to be declared shall be recommended by the Board of Directors depending upon the financial condition, results of operations, capital requirements and surplus, contractual obligations and restrictions, the terms of the credit facilities and other financing arrangements of our Company at the time a dividend is considered, and other relevant factors and approved by the Equity Shareholders at their discretion. Our Company has not paid any dividend for the last three years.

Dividends are payable within 30 days of approval by the Equity Shareholders at the annual general meeting of our Company. When dividends are declared, all the Equity Shareholders whose names appear in the register of members of our Company as on the "record date" are entitled to be paid the dividend declared by our Company. Any Equity Shareholder who ceases to be an Equity Shareholder prior to the record date, or who becomes an Equity Shareholder after the record date, will not be entitled to the dividend declared by Our Company

SECTION V – FINANCIAL STATEMENTS
FINANCIAL STATEMENT AS RESTATED

AUDITOR’S REPORT ON STANDALONE RESTATED FINANCIAL STATEMENT

To,
The Board of Directors,
Narayani Steels Limited,
23A, N.S Road, Kolkata - 700001

Dear Sirs,

1. We have examined the attached restated standalone summary financial information of Narayani Steels Limited (“Hereinafter referred as the Company”) (“formerly Narayani Steels Private Limited”) as approved by Board of Director of the Company, prepared by the management of the Company from the Audited Financial Statements of the Company for the year ended 31st March 2016, 31st March 2015, 31st March 2014, 31st March 2013, and for 31st March 2012. The summarized statements of which annexed to this report have been prepared in accordance with the requirements of:
 - a) Section 26 read with the applicable provisions within Rule - 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014 of Companies Act, 2013, as amended (hereinafter referred to as the “Act”); and
 - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“the Regulation”) (“SEBI ICDR Regulations”) issued by the Securities and Exchange Board of India (SEBI) and amendments made thereto from time to time; and
 - c) The (Revised) Guidance Note on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India (“ICAI”); and
 - d) The terms of reference of our engagements with the Company, requesting us to examine financial statements referred to above and proposed to be included in the Prospectus being issued by the Company for its proposed Initial Public Offering of equity shares in SME Platform of BSE Limited (“IPO” or “SME IPO”); and
2. In terms of Schedule VIII of the SEBI (ICDR) Regulations, 2009 and other provisions relating to accounts, We, M/s S.Jaykishan, Chartered Accountants, have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the “Peer Review Board” of the ICAI.
3. The standalone financial statements for years ended 31st March 2016, 31st March 2015, 31st March 2014, 31st March 2013, 31st March 2012 have been audited by us.

We further Report that we have examined:

- a) Annexure I containing the Restated Standalone Statement of Assets and Liabilities as at 31st March 2016, 31st March 2015, 31st March 2014, 31st March 2013, 31st March 2012;

- b) Annexure II containing the Restated Standalone Statement of Profits and Losses for Financial Years ended on 31st March 2016, 31st March 2015, 31st March 2014, 31st March 2013, 31st March 2012;
- c) Annexure III containing the Restated Standalone Statement of Cash Flows of the Company for financial Years ended on 31st March 2016, 31st March 2015, 31st March 2014, 31st March 2013, 31st March 2012;
- d) Annexure IV containing the Significant Accounting Policies and notes to the Restated Financial Statements along with adjustments on account of audit qualifications / adjustments / regroupings;

(Collectively hereinafter referred as “**Restated Standalone Financial Statements**” or “**Restated Standalone Summary Statements**”)

4. In accordance with the requirements of Act, ICDR Regulations, Guidance Note on the reports in Company Prospectus (Revised) issued by ICAI and the terms of our Engagement Letter, we further report that :

- (i) The “**Restated Statement of Assets and Liabilities**” as set out in **Annexure I** to this report, of the Company as at 31st March 2016, 31st March 2015, 31st March 2014, 31st March 2013, 31st March 2012 are prepared by the Company and approved by the Board of Directors. This Statement of Assets and Liabilities, as restated have been arrived at after making such adjustments, regroupings and notes related to the individual Financial Statements of the Company, as in our opinion were appropriate and further described in Significant Accounting Policies and Notes to the Restated Summary Statements as set out in **Annexure IV** to this Report. As a result of these adjustments, the amounts reported in the above mentioned statements are not necessarily the same as those appearing in the audited financial statements of the Company.
- (ii) The “**Restated Statement of Profit and Loss**” as set out in **Annexure II** to this report, of the Company for financial Years ended on 31st March 2016, 31st March 2015, 31st March 2014, 31st March 2013, 31st March 2012 are prepared by the Company and approved by the Board of Directors. This Statement of Profit and Loss, as restated have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and further described in Significant Accounting Policies and Notes to the Restated Summary Statements as set out in **Annexure IV** to this Report. As a result of these adjustments, the amounts reported in the above mentioned statements are not necessarily the same as those appearing in the audited financial statements of the Company.
- (iii) The “**Restated Statement of Cash Flow**” as set out in **Annexure III** to this report, of the Company for financial Years ended on March 31st March 2016, 31st March 2015, 31st March 2014, 31st March 2013, 31st March 2012 are prepared by the Company and approved by the Board of Directors. This Statement of Cash Flow, as restated, have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and further described in Significant Accounting Policies and Notes to Restated Summary Statements as set out in **Annexure IV** to this Report. As a result of these adjustments, the amounts reported in the above mentioned statements are not

necessarily the same as those appearing in the audited financial statements of the Company.

5. Based on the above, we are of the opinion that “**Restated Financial Statements**” or “**Restated Summary Statements**” have been made after incorporating:

- a) Adjustments for any material amounts in the respective financial years have been made to which they relate; and
- b) There are no Extra-ordinary items that need to be disclosed separately in the Restated Summary Statements; and
- c) Adjustments on account of the statutory audit qualifications, if any, have been adjusted and regrouped to the individual financial statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to the Restated Standalone Summary Statements as set out in Annexure IV to this Report.
- d) There was no change in accounting policies, which needed to be adjusted in the “Restated Financial Statements” except for provision for Gratuity which was accounted on cash basis till financial year 2011-12 and then from financial year 2012-13 the accounting policy was changed by the management from cash basis to accrual basis and sought actuarial valuation of the same as per the provisions laid in AS -15. There are adjustments made in the Restated Financial Statements in relation to the above changes in accounting policies. The adjustments are made in Provision for Gratuity and Deferred Tax Asset/Liability as per the actuarial valuation.
- e) There are no revaluation reserves, which need to be disclosed separately in the “**Restated Financial Statements**”.
- f) The Company has not paid dividend on its equity shares till March 31, 2016.

6. Other Financial Information:

1. We have also examined the following financial information as set out in annexure prepared by the Management and as approved by the Board of Directors of the Company for the Years ended on 31st March 2016, 31st March 2015, 31st March 2014, 31st March 2013, 31st March 2012.

| | |
|---|------------|
| Restated Statement of Share Capital | Annexure-A |
| Restated Statement of Reserves And Surplus | Annexure-B |
| Restated Statement of Long Term Borrowings | Annexure-C |
| Restated Statement of Deferred Tax (Assets) / Liabilities | Annexure-D |
| Restated Statement of Long Term Provisions | Annexure-E |
| Restated Statement of Short Term Borrowings | Annexure-F |
| Restated Statement of Trade Payables | Annexure-G |
| Restated Statement of Other Current Liabilities | Annexure-H |
| Restated Statement of Short Term Provisions | Annexure-I |
| Restated Statement of Fixed Assets | Annexure-J |
| Restated Statement of Non-Current Investments | Annexure-K |
| Restated Statement of Long-Term Loans And Advances | Annexure-L |
| Restated Statement of Inventories | Annexure-M |
| Restated Statement of Trade Receivables | Annexure-N |
| Restated Statement of Cash & Bank Balances | Annexure-O |
| Restated Statement of Short-Term Loans And Advances | Annexure-P |

| | |
|---|------------|
| Restated Statement of Other Income | Annexure-Q |
| Restated Statement of Turnover | Annexure-R |
| Restated Statement of Significant Accounting Ratios | Annexure-S |
| Restated Statement of Related party transaction | Annexure-T |
| Restated Statement of Capitalization as at March 31, 2016 | Annexure-U |
| Restated Statement of Tax shelter | Annexure-V |
| Restated Statement of Contingent liabilities | Annexure-W |
| Reconciliation of Restated Profit | Annexure-X |

2. The Restated Financial Information contain all the disclosures required by the SEBI ICDR regulations and partial disclosures as required by Accounting Standards notified under the Companies Act of India read with the General Circular 15/ 2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Act.
3. The preparation and presentation of the Financial Statements referred to above are based on the Audited financial statements of the Company in accordance with the provisions of the Act and ICDR Regulations. The Financial Information referred to above is the responsibility of the management of the Company.
4. In our opinion, the above financial information contained in Annexure I to III and Annexure A to X of this report read along with the Restated statement of Significant Accounting Policies and Notes as set out in Annexure IV are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with paragraph B, Section 26 of the Act, the SEBI Regulations, The Revised Guidance Note on Reports in Company Prospectus and Guidance Note on Audit Reports/Certificates on Financial Information in Offer Documents issued by the Institute of Chartered Accountants of India ("ICAI") to the extent applicable, as amended from time to time, and in terms of our engagement as agreed with you. We did not perform audit tests for the purpose of expressing an opinion on individual balances of account or summaries of selected transactions, and accordingly, we express no such opinion thereon.
5. Consequently the financial information has been prepared after making such regroupings and adjustments as were, in our opinion, considered appropriate to comply with the same. As result of these regroupings and adjustments, the amount reported in the financial information may not necessarily be same as those appearing in the respective audited financial statements for the relevant years.
6. The report should not in any way be construed as a re-issuance or re-dating of any of the previous audit report, nor should this constructed as a new opinion on any of the financial statements referred to herein.
7. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
8. Our report is intended solely for use of the management and for inclusion in the Offer Document in connection with the SME IPO for Proposed Issue of Equity Shares of the Company. Our report should not be used, referred to or distributed for any other purpose without our written consent.
9. The Company has given corporate guarantee for credit facilities taken by Hari Equipments Pvt Ltd, a Company in which directors of the Company are director/ members, in pursuance of the Bank stipulation and resolution passed in the meeting of the Board of Directors of the Company prior to the date on which Section 185 of the Companies Act, 2013 was notified.

The Company in Financial year 2015-16 has also kept one of its property at Visakhapatnam as security with Syndicate Bank for credit facilities taken by Kedarnath Commotrade Pvt Ltd, a Company in which directors of the Company are director/ members, in pursuance of the Bank stipulation, which is not in accordance with the provisions of section 185 of the Companies Act.

For S. JAYKISHAN
CHARTERED ACCOUNTANTS
FRN 309005E

(CA Chirag Agarwal)
Partner
Membership No-300512
Place: Visakhapatnam.
Dated: The 21st day of May, 2016.

RESTATED STATEMENT OF ASSETS AND LIABILITIES

ANNEXURE -I
Amount (Rs. in Lakhs)

| Sr. No. | Particulars | As at March 31, | | | | |
|-----------|---------------------------------------|------------------|------------------|------------------|------------------|------------------|
| | | 2016 | 2015 | 2014 | 2013 | 2012 |
| | EQUITY AND LIABILITIES | | | | | |
| 1) | <u>Shareholders Funds</u> | | | | | |
| | a. Share Capital | 730.90 | 730.90 | 730.90 | 730.90 | 635.10 |
| | b. Reserves & Surplus | 1,851.40 | 1,727.25 | 1,590.25 | 1,442.32 | 1,182.93 |
| | | 2,582.30 | 2,458.15 | 2,321.15 | 2,173.22 | 1,818.03 |
| 2) | <u>Non Current Liabilities</u> | | | | | |
| | a. Long Term Borrowings | 1,404.34 | 1,410.26 | 1,610.00 | 992.33 | 1,071.93 |
| | b. Deferred Tax Liabilities (Net) | 34.49 | 24.12 | 15.90 | 1.94 | - |
| | c. Long Term Provisions | 20.73 | 17.11 | 16.80 | 16.37 | 15.42 |
| | | 1,459.56 | 1,451.48 | 1,642.70 | 1,010.64 | 1,087.35 |
| 3) | <u>Current Liabilities</u> | | | | | |
| | a. Short Term Borrowings | 7,103.26 | 6,711.12 | 6,849.74 | 7,966.33 | 4,682.52 |
| | b. Trade Payables | 5,270.11 | 5,924.05 | 6,529.97 | 2,675.84 | 3,100.97 |
| | c. Other Current Liabilities | 759.21 | 679.73 | 727.18 | 167.04 | 109.15 |
| | d. Short Term Provisions | 51.03 | 59.74 | 51.89 | 45.58 | 60.59 |
| | | 13,183.61 | 13,374.63 | 14,158.78 | 10,854.80 | 7,953.22 |
| | T O T A L (1+2+3) | 17,225.47 | 17,284.26 | 18,122.63 | 14,038.67 | 10,858.60 |
| | | | | | | |
| | ASSETS | | | | | |
| 4) | <u>Non Current Assets</u> | | | | | |
| | a. Fixed Assets | | | | | |
| | i. Tangible Assets | 1,072.43 | 1,017.89 | 1,039.25 | 982.88 | 813.44 |
| | ii. Capital work-in-progress | 15.57 | 41.76 | - | - | - |
| | b. Non-current Investments | 241.35 | 241.35 | 82.34 | 82.34 | 82.34 |
| | c. Deferred Tax Assets(Net) | - | - | - | - | 9.88 |
| | d. Long Term Loans & Advances | 63.74 | 47.73 | 32.73 | 100.69 | 53.11 |
| | | 1,393.09 | 1,348.72 | 1,154.32 | 1,165.92 | 958.77 |
| 5) | <u>Current Assets</u> | | | | | |
| | a. Inventories | 3,780.06 | 5,092.26 | 4,387.82 | 4,605.70 | 2,904.44 |
| | b. Trade Receivables | 10,086.16 | 8,437.23 | 9,101.62 | 5,842.30 | 5,787.63 |
| | c. Cash and Bank Balance | 1,419.00 | 1,480.45 | 1,925.80 | 1,864.98 | 887.30 |
| | d. Short Term Loans & Advances | 547.16 | 925.60 | 1,553.07 | 559.77 | 320.45 |
| | | 15,832.38 | 15,935.54 | 16,968.31 | 12,872.74 | 9,899.83 |
| | T O T A L(4+5) | 17,225.47 | 17,284.26 | 18,122.63 | 14,038.67 | 10,858.60 |

Note: The above statement should be read with the significant accounting policies and notes to restated statement of profit and loss and restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED STATEMENT OF PROFIT AND LOSS
ANNEXURE – II
Amount (Rs. in Lakhs)

| Sr. No. | Particulars | For the year ended March 31, | | | | |
|----------|---|------------------------------|------------------|------------------|------------------|------------------|
| | | 2016 | 2015 | 2014 | 2013 | 2012 |
| A | INCOME | | | | | |
| | Revenue from Operations(Gross) | 51,211.70 | 60,648.95 | 58,484.08 | 47,806.39 | 38,437.46 |
| | Less: Excise Duty | 964.21 | 1,044.07 | 837.46 | 441.38 | 1,214.09 |
| | Revenue from Operations(Net) | 50,247.49 | 59,604.88 | 57,646.62 | 47,365.01 | 37,223.38 |
| | Other Income | 159.44 | 390.93 | 378.25 | 226.82 | 673.35 |
| | Total Revenue (A) | 50,406.93 | 59,995.81 | 58,024.87 | 47,591.83 | 37,896.73 |
| B | EXPENDITURE | | | | | |
| | Cost of Materials Consumed | 7,149.33 | 6,143.47 | 6,643.98 | 6,336.45 | 28,724.99 |
| | Purchase of Traded Goods | 39,026.45 | 52,220.39 | 48,597.80 | 43,874.95 | 7,684.47 |
| | Changes in Inventories of finished goods, WIP and stock in Trade | 1,255.43 | (688.07) | 155.98 | (4,312.50) | (42.90) |
| | Employee Benefits Expense | 228.40 | 164.50 | 296.14 | 131.25 | 80.06 |
| | Finance Costs | 1,164.29 | 1,139.16 | 1,222.41 | 863.52 | 693.20 |
| | Depreciation | 53.87 | 59.55 | 56.70 | 41.50 | 30.66 |
| | Other Expenses | 1,343.73 | 750.03 | 838.20 | 448.64 | 538.83 |
| | Total Expenses (B) | 50,221.49 | 59,789.04 | 57,811.22 | 47,383.81 | 37,709.30 |
| C | Profit before exceptional, extraordinary items and tax (C) = (A-B) | 185.44 | 206.77 | 213.66 | 208.02 | 187.42 |
| | Less - Exceptional Items | - | - | - | 35.19 | - |
| | Profit before extraordinary items and tax | 185.44 | 206.77 | 213.66 | 172.83 | 187.42 |
| | Extraordinary items | - | - | - | - | - |
| D | Profit before tax | 185.44 | 206.77 | 213.66 | 172.83 | 187.42 |
| | Tax expense | | | | | |
| | (i) Current tax | 50.92 | 60.69 | 51.77 | 44.31 | 60.51 |
| | (ii) Deferred tax Liability/(Asset) | 10.38 | 8.50 | 13.96 | 11.81 | 0.42 |
| E | Total Tax Expense | 61.30 | 69.19 | 65.73 | 56.12 | 60.93 |
| F | Restated profit after tax (D-E) | 124.15 | 137.59 | 147.93 | 116.71 | 126.49 |

Note: The above statement should be read with the significant accounting policies and notes to restated statement of profit and loss and restated statement of cash flow appearing in Annexure IV, II and III respectively.



RESTATED STATEMENT OF CASH FLOW

ANNEXURE -III Amount (Rs. in Lakhs)

| Particulars | For the year ended March 31, | | | | |
|---|------------------------------|-----------------|-----------------|-------------------|-----------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Cash flow from operating activities: | | | | | |
| Net Profit before tax as per Statement of Profit And Loss | 185.44 | 206.77 | 213.66 | 172.83 | 187.42 |
| Adjustments for: | | | | | |
| Depreciation | 53.87 | 59.55 | 56.70 | 41.50 | 30.66 |
| Finance Costs | 1,164.29 | 1,139.16 | 1,222.41 | 863.52 | 693.20 |
| Provision for Gratuity | 3.64 | 0.28 | 0.43 | 0.99 | 2.30 |
| Interest & Dividend Income | (104.97) | (120.60) | (151.71) | (74.79) | (28.48) |
| Sundry Balances Written Off | 3.24 | 1.00 | 2.07 | 1.48 | - |
| Rent Received | (0.72) | (0.84) | (0.62) | (0.62) | (0.68) |
| Profit on Sale of Fixed Assets | - | - | (30.04) | (1.73) | - |
| Liabilities no longer required written back | (1.13) | (8.03) | (0.74) | (1.26) | (3.48) |
| | | | | | |
| Operating Profit Before Working Capital Changes | 1,303.66 | 1,277.29 | 1,312.15 | 1,001.90 | 880.94 |
| Adjusted for | | | | | |
| (Increase)/Decrease in Inventories | 1,312.20 | (704.44) | 217.88 | (1,701.25) | (2,123.24) |
| (Increase)/Decrease in Trade Receivables | (1,648.93) | 664.39 | (3,259.32) | (54.67) | (1,998.23) |
| (Increase)/Decrease in Loans and Advances | 370.51 | 641.82 | (981.28) | (277.10) | 1,151.35 |
| Increase/(Decrease) in Trade Payables | (652.81) | (597.89) | 3,854.86 | (423.86) | 1,097.39 |
| Increase/(Decrease) in Other Liabilities | 37.77 | 8.21 | 551.39 | 35.35 | 78.01 |
| Cash Generated From/(used in) Operations Before Extra-Ordinary Items | 722.41 | 1,289.37 | 1,695.69 | (1,419.62) | (913.78) |
| Add:- Extra-Ordinary Items | - | - | - | - | - |
| Cash Generated From Operations | 722.41 | 1,289.37 | 1,695.69 | (1,419.62) | (913.78) |
| Direct Tax Paid | (73.41) | (67.50) | (28.56) | (37.11) | (73.50) |
| Net Cash Flow from/(used in) Operating Activities: (A) | 649.00 | 1,221.87 | 1,667.13 | (1,456.74) | (987.28) |
| | | | | | |
| Cash Flow From Investing Activities: | | | | | |
| Purchase of Fixed Assets | (81.90) | (94.37) | (105.76) | (244.10) | (501.20) |
| Purchase of Non Current Investment | - | (159.00) | - | - | - |
| Sale of Fixed Assets | - | - | 40.00 | 16.30 | - |
| Interest & Dividend Income | 104.97 | 120.60 | 151.71 | 74.79 | 28.48 |
| Rent Received | 0.72 | 0.84 | 0.62 | 0.62 | 0.68 |

| Particulars | For the year ended March 31, | | | | |
|---|------------------------------|-------------------|-------------------|-----------------|-------------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| (Increase) / Decrease in Fixed Deposits with Banks | 150.58 | (101.39) | (28.78) | (497.15) | (631.29) |
| Net Cash Flow from/(used in) Investing Activities: (B) | 174.37 | (233.31) | 57.80 | (649.54) | (1,103.33) |
| | | | | | |
| Cash Flow from Financing Activities: | | | | | |
| Proceeds from Issue of Capital | - | - | - | 238.48 | 400.00 |
| Increase/ (Decrease) in Long Term Borrowings | (5.18) | (196.90) | 614.61 | (71.99) | 769.93 |
| Increase/ (Decrease) in Short Term Borrowings | 392.14 | (199.25) | (1,085.08) | 3,283.82 | 1,639.47 |
| Finance Costs | (1,121.21) | (1,139.16) | (1,222.41) | (863.52) | (693.20) |
| Net Cash Flow from/(used in) Financing Activities (C) | (734.24) | (1,535.31) | (1,692.88) | 2,586.79 | 2,116.20 |
| | | | | | |
| Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C) | 89.13 | (546.75) | 32.04 | 480.51 | 25.59 |
| Cash & Cash Equivalents As At Beginning of the Year | 31.34 | 578.08 | 546.04 | 65.53 | 39.94 |
| Cash & Cash Equivalents As At End of the Year | 120.47 | 31.34 | 578.08 | 546.04 | 65.53 |
| 1. Components of cash and cash equivalents: | | | | | |
| Particulars | | | | | |
| Cash on hand | 59.56 | 23.12 | 56.09 | 17.40 | 42.45 |
| Balances With Banks | | | | | |
| In current accounts | 60.91 | 8.22 | 521.99 | 528.64 | 23.08 |
| Total Cash and cash equivalents | 120.47 | 31.34 | 578.08 | 546.04 | 65.53 |

2. The Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard -3 on Cash Flow Statement, specified under the Companies Act, 1956 (which are deemed to be applicable as Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of Companies (Accounts) Rules, 2014).

3. Figures in Brackets represents outflow.

4. The above statement should be read with the significant accounting policies and notes to restated statement of profit and loss and restated statement of cash flow appearing in Annexure IV, II and III respectively.



ANNEXURE – IV

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE RESTATED SUMMARY STATEMENTS:

A. BACKGROUND

M/s. Narayani Steels Limited was incorporated as Narayani Steels Private Limited on February 10, 1995 under the provisions of Companies Act, 1956 with Registrar of Companies, Kolkata, West Bengal vide registration no. U27109WB1996PTC082021. Pursuant to Shareholders Resolution passed at the Annual General Meeting held on 17th August, 2015, the Company was converted into a Public Limited Company and the name of the Company was changed to “Narayani Steels Limited” vide a fresh Certificate of Incorporation issued by the Registrar of Companies, Kolkata, West Bengal.

The Company is engaged in manufacturing and trading of Iron & Steel products.

B. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

1) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Restated Summary Statement of Assets and Liabilities of the Company as on March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012, and the Restated Summary Statement of Profit and Loss and Restated Summary Statements of Cash Flows for the year ended on March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 and the annexure thereto (collectively, the “**Restated Financial Statements**” or “**Restated Summary Statements**”) have been extracted by the management from the Financial Statements of the Company for the year ended March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012.

- a) The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (“GAAP”) under the historical cost convention on accrual basis and on the principles of going concern. The accounting policies are consistently applied by the Company.
- b) The financial statements are prepared to comply in all material respects with the accounting standards notified by the Companies (Accounting Standards) Rules (as amended) and the relevant provisions of the Companies Act, 2013 and Companies Act, 1956 where applicable.
- c) All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.
- d) The preparation of the financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialized.

2) REVENUE RECOGNITION

- a) Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- b) Sales are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincide with the delivery of goods. Sales are inclusive

of excise duty and net of trade discounts. However, excise duty relating to sales is reduced from gross turnover for disclosing net turnover.

- c) Purchases are net of Cenvat, Vat & Discount.
- d) Insurance Claims to the extent considered recoverable during the year are taken into account. However, claims whose recovery cannot be ascertained with reasonable certainty are accounted for on acceptance/ actual receipt basis.
- e) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

3) **FIXED ASSETS**

- a) Fixed Assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price (net of CENVAT / duty credits availed or available thereon) and any attributable cost of bringing the asset to its working condition for the intended use.
- b) Depreciation is provided on the life and in the manner prescribed in Schedule II to the Companies Act, 2013 for financial year ended 31st March, 2016 and 31st March'2015 and Schedule XIV to the Companies Act, 1956 for financial year ended 31st March'2014, 2013, 2012, on straight line method on fixed assets in Unit II at Bhogapuram and on written down value method on other fixed assets.
- c) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and value in use, which is determined by the present value of the estimated future cash flows.
- d) Costs of the fixed assets not ready for their intended use at the Balance Sheet date together with all related expenses are shown as Capital Work-in-progress.

4) **INVESTMENTS**

Investments classified as long-term investments are stated at cost. Provision is made to recognize any diminution other than temporary in the value of such investments. Current investments are carried at lower of cost and fair value.

5) **INVENTORIES**

Inventories are valued at lower of cost and net realisable value. Cost of inventories comprises material cost on FIFO basis, labour and manufacturing overheads incurred in bringing the inventories to their present location and condition. Cost of finished goods includes excise duty.

6) **FOREIGN CURRENCY TRANSACTIONS**

A. INITIAL RECOGNITION

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

B. CONVERSION

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

C. EXCHANGE DIFFERENCES

Exchange differences arising on the settlement of monetary items are recognised as income or as expense in the year in which they arise.

D. FORWARD EXCHANGE CONTRACTS

Forward Exchange Contracts (other than those entered into to hedge foreign currency risk of future transactions in respect of which firm commitments are made or are highly probable forecast transactions) are translated at period end exchange rates and the resultant gains and losses as well as the gains and losses on cancellation of such contracts are recognised in the Statement of Profit and Loss.

7) RETIREMENT BENEFITS

DEFINED-CONTRIBUTION PLANS:

Contribution as per the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 towards provident fund is charged to the Statement of Profit and Loss of the year when the contributions to the respective fund is due. There is no other obligation other than the contribution payable to the respective funds.

DEFINED BENEFIT PLAN:

Liability with regard to long-term employee benefits is provided for on the basis of an actuarial valuation at the Balance Sheet date. Actuarial gain / loss is recognised immediately in the statement of profit and loss.

8) BORROWING COSTS

- a) Borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalised for the period until the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use.
- b) Other Borrowing costs are recognised as expense in the period in which they are incurred.

9) TAXES ON INCOME

Tax expense comprises of current tax and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities, computed in accordance with the applicable tax rates and tax laws. In case of tax payable as per provisions of MAT under Section 115JB of the Income Tax Act, 1961, MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

Deferred Tax arising on account of "timing differences" and which are capable of reversal in one or more subsequent periods is recognized, using the tax rates and tax laws that are enacted or substantively enacted. Deferred tax asset is recognized only to the extent there is reasonable certainty with respect to reversal of the same in future years as a matter of prudence.

10) EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

11) PRIOR PERIOD ITEMS

Significant items of income and expenditure which relates to prior accounting period have been restated and recorded in the respective year to which it relates.

12) PROVISIONS / CONTINGENCIES

- a) A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.
- b) Contingent Liabilities are not provided for in the accounts and are shown separately in the Notes on Account.

C. CHANGES IN ACCOUNTING POLICIES IN THE PERIOD/YEARS COVERED IN THE RESTATED FINANCIAL STATEMENTS

There are no changes in significant accounting policies except for Provision for Gratuity which was accounted on cash basis till financial year 2011-12 and then from financial year 2012-13 the accounting policy was changed by the management from cash basis to accrual basis and sought actuarial valuation of the same as per provisions laid in AS -15.

D. NOTES ON RESTATED FINANCIAL STATEMENTS

- 1) The financial statements including financial information have been prepared after making such regroupings and adjustments, considered appropriate to comply with the same. As result of these regroupings and adjustments, the amount reported in the financial statements/information may not necessarily be same as those appearing in the respective audited financial statements for the relevant years.
- 2) In compliance with Schedule II of the Companies Act, 2013, the management has reassessed the estimate useful lives of the fixed assets and made necessary changes with effect from 1 April 2014. As a consequence of this change, depreciation charge for the financial year 2014-15 is higher by Rs. 18,31,082/- . Further, based on transitional provision provided in note 7 (b) of Schedule II, depreciation amount of Rs.58,401/- (net of deferred tax Rs.27,974/-) has been adjusted against retained earnings in the financial year 2014-15.
- 3) Interest income of Rs 3.56 lakhs was recorded in other income in the financial year 2012-13 as prior period interest income. While preparing the restated financial statement, this income has been restated and recorded in the respective year and the effect has also been given the current tax and provision for tax.
- 4) Provision for Gratuity which was not created as per actuarial valuation for financial year 2010-11 and 2011-12 has now been restated in those years and the effect has also been given to gratuity expense in the restated statement of profit and loss and Deferred Tax Asset/ Liability account.
- 5) Other Expenses of Rs 3.21 lakhs was recorded in other income in the financial year 2014-15 as prior period expense. While preparing the restated financial statement, this expense has been restated and recorded in the respective year and the effect has also been given the current tax and provision for tax.
- 6) Issue expenses which were expensed out has been recorded as an asset as the same shall be written off against securities premium account on completion of IPO and accordingly provision for tax on the same has been adjusted.



7) Employee benefits:

The Company has adopted the Accounting Standard 15 (revised 2005) on Employee Benefits as per an actuarial valuation carried out by an independent actuary. The disclosures as envisaged under the standard are as under:-

Amount (Rs in lakhs)

| Particulars | Gratuity (UnFunded) 31/03/16 | Gratuity (UnFunded) 31/03/15 | Gratuity (UnFunded) 31/03/14 | Gratuity (UnFunded) 31/03/13 | Gratuity (UnFunded) 31/03/12 |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| (i)Reconciliation of Opening and Closing Balances of the present value of Defined Benefit Obligation: | | | | | |
| Defined Benefit obligation at beginning of the year | 17.20 | 16.92 | 16.49 | 15.50 | 13.20 |
| Interest Cost | 1.23 | 1.35 | 1.42 | 1.24 | 1.06 |
| Current Service Cost | 1.09 | 0.95 | 0.95 | 0.99 | 0.98 |
| Benefits Paid | (3.72) | - | (1.57) | - | - |
| Actuarial (Gain)/Loss | 5.04 | (2.02) | (0.35) | (1.24) | 0.26 |
| Defined Benefit obligation at the year end | 20.84 | 17.20 | 16.92 | 16.49 | 15.50 |
| (ii)Reconciliation of Opening and Closing Balances of fair value of plan assets: | | | | | |
| Not Applicable as scheme is unfunded | | | | | |
| (iii)Reconciliation of fair value of assets and obligation: | | | | | |
| Fair Value of Plan assets | - | - | - | - | - |
| Present Value of Obligation | 20.84 | 17.20 | 16.92 | 16.49 | 15.50 |
| Amount recognised as liability in Balance Sheet | 20.84 | 17.20 | 16.92 | 16.49 | 15.50 |
| (iv)Expenses recognized during the year in the Statement of Profit & Loss : | | | | | |
| Current Service Cost | 1.09 | 0.95 | 0.95 | 0.99 | 0.98 |
| Interest Cost | 1.23 | 1.35 | 1.41 | 1.24 | 1.06 |
| Expected return on plan assets | - | - | - | - | - |
| Actuarial (Gain)/Loss | 5.04 | (2.02) | (0.35) | (1.24) | 0.26 |
| Recognised in the Statement of Profit and Loss | 7.36 | 0.28 | 2.00 | 0.99 | 2.30 |
| | | | | | |

| Particulars | Gratuity (UnFunded) 31/03/16 | Gratuity (UnFunded) 31/03/15 | Gratuity (UnFunded) 31/03/14 | Gratuity (UnFunded) 31/03/13 | Gratuity (UnFunded) 31/03/12 |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| (v) Actuarial assumptions: | | | | | |
| Mortality Table | IALM 2006/08 ULTIMATE | IALM 2006/08 ULTIMATE | IALM 2006/08 ULTIMATE | LICI 1994- 1996 | LICI 1994- 1996 |
| Superannuation age | 70 | 70 | 70 | 70 | 70 |
| Discount rate (per annum) | 8% | 8% | 9% | 8% | 8% |
| Rate of escalation in salary (per annum) after first 5 Years | 6% | 6% | 5% | 5% | 5% |

(vi) The above information is certified by the actuary.



8) Segment Reporting (AS 17)

Segment reporting as required by AS-17 issued by the ICAI notified by Ministry of Corporate Affairs.

- I. Business Segment: The Company is mainly engaged in a single business segment of Manufacturing and Trading of Iron & Steel Products, accordingly there is no separate reportable segment as per Accounting Standard 17 "Segment Reporting".
- II. Geographical Segment: This segment has been considered for Secondary Segment Reporting. Since the Company does not have any transaction outside India as sales being in the domestic market only, the disclosure requirement of Accounting Standard- 17 "Segment Reporting", notified under the Companies Act, 2013 is not applicable.

9) Provisions, Contingent Liabilities and Contingent Assets (AS 29)

There are no contingent liabilities except as mentioned in Annexure –W.

10) Related Party Disclosure (AS 18)

Related party transactions are reported as per AS-18 of Companies (Accounting Standards) Rules, as amended, in the Annexure – T of the enclosed financial statements.

11) Accounting for Taxes on Income (AS 22)

Deferred Tax liability/Asset in view of Accounting Standard – 22: "Accounting for Taxes on Income" as at the end of the year/period is reported as under:

(Rs in lakhs)

| Particulars | As at | | | | |
|--|------------|------------|------------|------------|------------|
| Deferred Tax Liability | 31/03/2016 | 31/03/2015 | 31/03/2014 | 31/03/2013 | 31/03/2012 |
| Gross Block as per Books on 31st | 1,526.24 | 1,417.83 | 1,378.77 | 1,265.70 | 1,129.43 |
| Less: Accumulated Depreciation as per Companies Act | 452.94 | 399.07 | 339.52 | 282.82 | 315.99 |
| Less: Depreciation adjusted against retained earnings | 0.87 | 0.87 | - | - | - |
| Less: Gross Value of Fixed Assets Where no timing Difference arises due to same rate of Depreciation | - | - | - | - | - |
| Net WDV as Per Companies Act | 1,072.43 | 1,017.89 | 1,039.25 | 982.88 | 813.44 |
| Net Block as per Income Tax | 947.26 | 927.73 | 973.33 | 960.42 | 828.38 |
| Timing difference- Depreciation | 125.17 | 90.15 | 65.91 | 22.46 | (14.94) |
| Deferred Tax Liability (A) | 41.39 | 29.81 | 21.39 | 7.29 | (4.85) |
| Incremental Depreciation | 11.58 | 8.42 | 14.10 | 12.13 | 1.17 |

| | | | | | |
|---|-------|-------|-------|------|--------|
| Gratuity Expenses charged to Statement of Profit and Loss | 3.64 | 0.28 | 2.00 | 0.99 | 2.30 |
| DTA | 1.20 | 0.20 | 0.14 | 0.32 | 0.75 |
| Cumulative Deferred Tax Assets | 6.89 | 5.69 | 5.49 | 5.35 | 5.03 |
| Deferred Tax Assets (B) | 6.89 | 5.69 | 5.49 | 5.35 | 5.03 |
| Cumulative Balance of Deferred Tax Liability/(Assets) (A-B) | 34.50 | 24.12 | 15.90 | 1.94 | (9.88) |

12) Earnings Per Share (AS 20):

Earnings per Share have been calculated is already reported in the Annexure –S of the enclosed financial statements.

13) Realizations:

In the opinion of the Board and to the best of its knowledge and belief, the value on realization of current assets, loans and advances will, in the ordinary course of business, not be less than the amounts at which they are stated in the Balance sheet.

14) Contractual liabilities

All other contractual liabilities connected with business operations of the Company have been appropriately provided for.

15) Amounts in the Financial Statements

Amounts in the financial statements are rounded off to nearest lakhs. Figures in brackets indicate negative values.

For S. JAYKISHAN
CHARTERED ACCOUNTANTS
FRN 309005E

(CA Chirag Agarwal)
Partner
Membership No-300512
Place: Visakhapatnam.
Dated: The 21st day of May, 2016



RESTATED STATEMENT OF SHARE CAPITAL

ANNEXURE – A

Amount(Rs. in Lakhs)

| Particulars | As at March 31, | | | | |
|--|-----------------|---------------|---------------|---------------|---------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Equity Share Capital | | | | | |
| Authorised Share capital | | | | | |
| Equity Share (F.Y. 2016- Rs. 10/-each, till F.Y. 2015- Rs. 100/- each) | 1,400.00 | 900.00 | 900.00 | 900.00 | 700.00 |
| | 1,400.00 | 900.00 | 900.00 | 900.00 | 700.00 |
| Issued, Subscribed & Fully Paid Up Share Capital | | | | | |
| Equity Share (F.Y. 2016- Rs. 10/-each, till F.Y. 2015- Rs. 100/- each) | 730.90 | 730.90 | 730.90 | 730.90 | 635.10 |
| | | | | | |
| TOTAL | 730.90 | 730.90 | 730.90 | 730.90 | 635.10 |

Reconciliation of Number of Shares outstanding at the end of the respective year

| Particulars | As at March 31, | | | | |
|--|-----------------|----------|----------|----------|----------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| At the beginning of the year | 7,30,900 | 7,30,900 | 7,30,900 | 6,35,100 | 5,88,700 |
| Add: Shares Allotted during the year | - | - | - | 95,800 | 46,400 |
| Add: Increase in shares due to sub-division* | 65,78,100 | - | - | - | - |
| At the end of the reporting year | 73,09,000 | 7,30,900 | 7,30,900 | 7,30,900 | 6,35,100 |

Terms/Rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10/- in F.Y. 2016 (Rs. 100/- till F.Y. 2015) per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the share holders.

Details of shareholders holding more than 5% of the aggregate shares in the company:

| Name of Shareholder | As at March 31, | | | | | | | | | |
|-------------------------------------|-----------------|--------|---------------|--------|---------------|--------|---------------|--------|---------------|--------|
| | 2016 | | 2015 | | 2014 | | 2013 | | 2012 | |
| | No. Of Shares | % | No. Of Shares | % | No. Of Shares | % | No. Of Shares | % | No. Of Shares | % |
| Kishanlal Choudhary | 10,03,500 | 13.73% | 1,00,350 | 13.73% | 1,00,350 | 13.73% | 1,00,350 | 13.73% | 1,00,350 | 15.80% |
| Sunil Choudhary(HUF) | 12,61,000 | 17.25% | 1,26,100 | 17.25% | 1,26,100 | 17.25% | 1,26,100 | 17.25% | 1,26,100 | 19.86% |
| Sunil Choudhary | 12,24,500 | 16.75% | 1,22,450 | 16.75% | 1,22,450 | 16.75% | 1,22,450 | 16.75% | 1,22,450 | 19.28% |
| Cooltex Merchandise Private Limited | 21,63,000 | 29.59% | 2,16,300 | 29.59% | 2,16,300 | 29.59% | 2,16,300 | 29.59% | 2,07,500 | 32.67% |

Notes:

- 1) *Shareholders, vide resolution dated 17.08.2015, approved the subdivision of 1 equity shares having a nominal value of Rs. 100/- into 10 equity shares having a nominal value of Rs. 10/- each.
- 2) Pursuant to Shareholder's Resolution passed at the Annual General Meeting held on 17.08.2015 approving the issue of Equity shares to the Public, the Company has filed a draft prospectus dated 24.09.2015 with SME platform of Bombay Stock Exchange for issue of 36,00,000 Equity shares of Rs. 10 each at a premium of Rs. 22 per share.
- 3) The above statement should be read with the significant accounting policies and notes to restated statement of profit and loss and restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED STATEMENT OF RESERVES & SURPLUS
ANNEXURE - B
(Rs. in Lakhs)

| Particulars | As at March 31 | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Securities Premium Account | | | | | |
| Balance as per last financial statements | 938.28 | 938.28 | 938.28 | 795.60 | 378.00 |
| Additions During the year | - | - | - | 143.70 | 417.60 |
| Share Issue Expenses | - | - | - | (1.02) | - |
| Closing Balance | 938.28 | 938.28 | 938.28 | 938.28 | 795.60 |
| | | | | | |
| Surplus [Balance in the statement of Profit & Loss] | | | | | |
| Balance as per last financial statements | 788.97 | 651.97 | 504.04 | 387.33 | 260.84 |
| Profit for the year | 124.15 | 137.59 | 147.93 | 116.71 | 126.49 |
| Less: Adjustment A/c Depreciation on Fixed Assets (Refer Note below) | - | (0.58) | - | - | - |
| | | | | | |
| Closing Balance | 913.12 | 788.97 | 651.97 | 504.04 | 387.33 |
| | | | | | |
| TOTAL | 1,851.40 | 1,727.25 | 1,590.25 | 1,442.32 | 1,182.93 |

Note:

- 1) In compliance with Schedule II of the Companies Act, 2013, the management has reassessed the estimate useful lives of the fixed assets and made necessary changes with effect from 1 April 2014. As a consequence of this change, depreciation charge for the year ending on 31-03-2015 is higher by Rs. 18,31,082/- . Further, based on transitional provision provided in note 7 (b) of Schedule II, depreciation amount of Rs.58,401/- (net of deferred tax Rs.28,846/-) has been adjusted against retained earnings of the year 31-03-2015.
- 2) The above statement should be read with the significant accounting policies and notes to restated statement of profit and loss and restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED STATEMENT OF LONG TERM BORROWINGS
ANNEXURE C
(Rs. in Lakhs)

| Particulars | As at March 31, | | | | |
|--|-----------------|-------------|----------|-------------|-------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| <u>Secured</u> | | | | | |
| Vehicle loan(including current maturity) | 7.71 | 14.10 | 3.55 | 8.93 | 15.13 |
| Less :Amount disclosed under the head - "Other Current Liabilities" (Current Maturity) | 7.13 | 6.39 | 3.55 | 6.60 | 6.20 |
| | 0.58 | 7.71 | - | 2.33 | 8.93 |
| <u>Unsecured</u> | | | | | |

| | | | | | |
|--|-----------------|-----------------|-----------------|---------------|-----------------|
| Loans from promoters/group companies/subsidiaries / material associate companies | - | - | - | - | - |
| Others | | | | | |
| Loan from Bodies Corporate | 1,403.76 | 1,402.55 | 1,610.00 | 990.00 | 1,063.00 |
| TOTAL | 1,404.34 | 1,410.26 | 1,610.00 | 992.33 | 1,071.93 |

Terms of Repayment

I. Unsecured loan

Unsecured Loans from Bodies Corporate, partly bearing interest for the financial year ended as on 31st March'2016 and 2015, interest free for the financial year ended as on 31st March 2014, 2013 and 2012. The said loans have been taken without any stipulation for repayment and are stated by the management to be in the nature of Long term borrowings.

II. Loan against vehicles

Loans against Vehicles is secured by way of hypothecation of the underlying asset financed.

Loan taken during the year 2014-15 is repayable by 12 monthly installments of Rs. 63,582/- and 1 month installment of Rs. 58,044/- as on 31-03-2016, carrying average interest at 11.01% p.a.

Loan taken during the financial year 2012 was repayable by Equated Monthly Installments over a period of 3 years from the date of loan, carrying average interest at 11.35% p.a.

Note: The above statement should be read with the significant accounting policies and notes to restated statement of profit and loss and restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED STATEMENT OF DEFERRED TAX (ASSETS)/LIABILITIES

ANNEXURE D
(Rs. in Lakhs)

| Particulars | As at March 31, | | | | |
|--|-----------------|--------------|--------------|-------------|---------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Opening Balance of Deferred Tax (Asset)/ Liability | 24.12 | 15.90 | 1.94 | (9.88) | (10.29) |
| Current year Provision | | | | | |
| (DTA)/DTL on Depreciation | 11.58 | 8.42 | 14.10 | 12.13 | 1.17 |
| (DTA)/DTL on Provision for Gratuity | (1.20) | (0.20) | (0.14) | (0.32) | (0.75) |
| Closing Balance of Deferred Tax (Asset)/ Liability | 34.49 | 24.12 | 15.90 | 1.94 | (9.88) |

Note: The above statement should be read with the significant accounting policies and notes to restated statement of profit and loss and restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED STATEMENT OF LONG TERM PROVISIONS

ANNEXURE E (Rs. in lakhs)

| Particulars | As at March 31 | | | | |
|------------------------|----------------|--------------|--------------|--------------|--------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Provision for Gratuity | 20.73 | 17.11 | 16.80 | 16.37 | 15.42 |
| TOTAL | 20.73 | 17.11 | 16.80 | 16.37 | 15.42 |

Note: The above statement should be read with the significant accounting policies and notes to restated statement of profit and loss and restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED STATEMENT OF SHORT TERM BORROWINGS

ANNEXURE – F (Rs. in Lakhs)

| Particulars | As at March 31, | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Working Capital Loans From Union Bank of India (Secured) | | | | | |
| -Cash Credit | 4,834.67 | 4,981.25 | 5,172.13 | 4,434.26 | 4,412.52 |
| -Buyer's Credit | - | 743.12 | - | 2,595.08 | - |
| Loan against Fixed Deposit (Secured) | - | - | 197.00 | - | 270.00 |
| Channel Finance from Banks | 2,268.59 | 986.75 | 1,480.61 | 937.00 | - |
| TOTAL | 7,103.26 | 6,711.12 | 6,849.74 | 7,966.33 | 4,682.52 |

Details of security

1. Cash Credit and Buyer's Credit from Union Bank of India are secured by way of hypothecation of Book Debts and Stocks.

The loan is also collaterally secured by way of a) charge on Plant & Machinery, office premises, flats and plots in the name of the Company, b) charge on certain immovable properties of the Company, Mr. Sunil Choudhary, Mrs. Savitri Devi Choudhary, Mr. Kishan Lal Choudhary and Narayani Ispat Pvt. Ltd. c) Term Deposits of Rs 152 lacs for F.Y. 2015-16 in the name of the Company. d) Personal guarantee of Mr. Sunil Choudhary, Mr. Kishan Lal Choudhary, Mr. Bivor Bagaria, Mrs. Bina Choudhary, Mrs. Savitri Devi Choudhary and e) Corporate Guarantee from Narayani Ispat Pvt. Ltd.

2. Channel Finance from Andhra Bank of Rs. 10 crores and an adhoc limit of Rs. 5 crores for financial year 2015-16, Rs. 10 Crores for financial year 2014-2015, Rs. 15 crores for financial year 2013-2014 and Rs. 10 Crores for financial year 2012-2013 are collaterally secured by Fixed Deposit of Rs 3,75,00,000/-, Rs 2,50,00,000/-, Rs. 3,75,00,000/- and Rs. 2,50,00,000/- and guaranteed by the directors of the Company, Mr. Sunil Choudhary and Mr. Kishan Lal Choudhary.

Channel Financing from Yes Bank of Rs. 3 Crores in financial year 2015-16 is collaterally secured by Fixed Deposit of Rs 60,00,000/- and guaranteed by Mr. Sunil Choudhary, Mr. Kishan Lal Choudhary & Sunil Choudhary(HUF).

Channel Financing from Tata Capital Financial Services Limited of Rs. 5 Crores in financial year 2015-16 is guaranteed by Mr. Sunil Choudhary, Mr. Kishan Lal Choudhary, Mrs. Bina Choudhary & Mrs. Savitri Devi Choudhary.

3. The rate of interest on Cash Credit from Union Bank of India linked to the base rate are 12.9%, 14.25%, 14.25%, 12.25% and 12.25% for financial year ended on March'2016, March'2015, March'2014, March'2013 and March'2012 respectively. The rate of interest on Channel Financing from Andhra Bank is 10.25% p.a. (Base Rate + 0.50)% for F.Y. 2015-16 and 10.75% p.a. for F.Y. 2013-14 and 2014-15.

The rate of interest on Channel Financing from Yes Bank and Tata Capital Financial Services Limited for F.Y. 2015-16 is 11.25% (Base Rate + 0.75)% and 11.75% respectively.

Note: The above statement should be read with the significant accounting policies and notes to restated statement of profit and loss and restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED STATEMENT OF TRADE PAYABLES

Annexure G
(Rs. in Lakhs)

| Particulars | As at March 31, | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Due to Micro, Small & Medium Enterprises [Refer Note below] | - | - | - | - | - |
| Due to others | 1,357.53 | 1,318.01 | 2,659.75 | 703.15 | 522.82 |
| Liability under L/C | 3,795.64 | 4,526.25 | 3,806.01 | 1,904.19 | 2,514.74 |
| Liability for Expenses | 116.94 | 79.79 | 64.21 | 68.50 | 63.40 |
| TOTAL | 5,270.11 | 5,924.05 | 6,529.97 | 2,675.84 | 3,100.97 |

Note:

1. The figures disclosed above are based on the restated summary statement of assets and liabilities of the company.
2. There are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
3. The above statement should be read with the significant accounting policies and notes to restated statement of profit and loss and restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED STATEMENT OF OTHER CURRENT LIABILITIES
ANNEXURE – H
(Rs. in Lakhs)

| Particulars | As at March 31, | | | | |
|--------------------------------------|-----------------|---------------|---------------|---------------|---------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Current maturities of long-term debt | 7.13 | 6.39 | 3.55 | 6.60 | 6.20 |
| Interest Accrued but Not Due | 61.50 | 18.42 | 79.05 | 47.54 | 40.33 |
| Advances received from Customers | 620.93 | 572.57 | 550.72 | 39.42 | 14.17 |
| Due for Capital Goods | - | 2.12 | - | 19.70 | 4.78 |
| Credit Balances of Related Parties | 8.13 | 11.89 | 17.72 | 7.22 | 31.22 |
| Share application money refundable | - | - | - | 9.00 | 9.00 |
| Statutory dues | 61.52 | 68.34 | 76.14 | 37.55 | 3.46 |
| TOTAL | 759.21 | 679.73 | 727.18 | 167.04 | 109.15 |

Note:

1. The figures disclosed above are based on the restated summary statement of assets and liabilities of the company.
2. The above statement should be read with the significant accounting policies and notes to restated statement of profit and loss and restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED STATEMENT OF SHORT TERM PROVISIONS
ANNEXURE – I
(Rs. in Lakhs)

| Particulars | As at March 31 | | | | |
|--------------------------|----------------|--------------|--------------|--------------|--------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Provision for Income Tax | 50.92 | 59.64 | 51.77 | 45.47 | 60.51 |
| Provision for Gratuity | 0.11 | 0.10 | 0.12 | 0.12 | 0.08 |
| TOTAL | 51.03 | 59.74 | 51.89 | 45.58 | 60.59 |

Note:

1. The above statement should be read with the significant accounting policies and notes to restated statement of profit and loss and restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED STATEMENT OF FIXED ASSETS

Depreciation as per Schedule XIV of the Companies Act, 1956

| Particulars | Gross Block | | | | Accumulated Depreciation | | | | Net Block | |
|-------------------------------|---------------------|---------------------------|--------------------------|----------------------|--------------------------|----------------------------------|-------------------------------|----------------------|----------------------|----------------------|
| | As at April 1, 2011 | Additions during the Year | Deletion during the Year | As at March 31, 2012 | As at April 1, 2011 | Depreciation charge for the year | Depreciation Reversed on Sale | As at March 31, 2012 | As at March 31, 2012 | As at March 31, 2011 |
| <u>Tangible Assets</u> | | | | | | | | | | |
| Freehold Land | 190.41 | 258.45 | - | 448.86 | - | - | - | - | 448.86 | 190.41 |
| Building | 35.99 | 53.00 | - | 88.98 | 20.30 | 1.41 | - | 21.71 | 67.27 | 15.69 |
| Computer | 11.15 | 7.43 | - | 18.57 | 8.52 | 1.09 | - | 9.62 | 8.96 | 2.62 |
| Furniture | 4.26 | - | - | 4.26 | 3.44 | 0.15 | - | 3.59 | 0.67 | 0.81 |
| Plant & Machinery | 279.28 | 156.12 | - | 435.40 | 165.86 | 17.61 | - | 183.47 | 251.93 | 113.42 |
| Vehicle | 110.60 | 22.76 | - | 133.35 | 87.20 | 10.40 | - | 97.60 | 35.75 | 23.39 |
| Total | 631.67 | 497.75 | - | 1,129.43 | 285.33 | 30.66 | - | 315.99 | 813.44 | 346.35 |

Note:

1. The original cost of vehicles & equipments includes Rs. 18,00,000/- (P.Y.Nil) acquired from loans taken from banks & financial institutions, of which Rs. 15,13,158/- (P.Y. Nil) were outstanding as at 31-03-2012.
2. The Company has during the year 2011-12, acquired another unit for production of rolled products. The same has not been put to use by the Company up to 31st March, 2012 and therefore no depreciation has been provided on the assets relating to the said unit.

| Particulars | Gross Block | | | | Accumulated Depreciation | | | | Net Block | |
|-------------------------------|---------------------|---------------------------|--------------------------|----------------------|--------------------------|----------------------------------|-------------------------------|----------------------|----------------------|----------------------|
| | As at April 1, 2012 | Additions during the Year | Deletion during the Year | As at March 31, 2013 | As at April 1, 2012 | Depreciation charge for the year | Depreciation Reversed on Sale | As at March 31, 2013 | As at March 31, 2013 | As at March 31, 2012 |
| <u>Tangible Assets</u> | | | | | | | | | | |
| Freehold Land | 448.86 | 15.70 | - | 464.56 | - | - | - | - | 464.56 | 448.86 |
| Building | 88.98 | 90.52 | - | 179.51 | 21.71 | 2.86 | - | 24.57 | 154.93 | 67.27 |
| Computer | 18.57 | 1.52 | - | 20.10 | 9.62 | 2.31 | - | 11.92 | 8.18 | 8.96 |
| Furniture | 4.26 | 1.33 | - | 5.58 | 3.59 | 0.15 | - | 3.74 | 1.85 | 0.67 |
| Plant & Machinery | 435.40 | 115.30 | - | 550.69 | 183.47 | 29.81 | - | 213.27 | 337.42 | 251.93 |
| Vehicle | 133.35 | 1.14 | 89.23 | 45.26 | 97.60 | 6.38 | 74.66 | 29.31 | 15.95 | 35.75 |
| Total | 1,129.43 | 225.50 | 89.23 | 1,265.70 | 315.99 | 41.50 | 74.66 | 282.82 | 982.88 | 813.44 |

Note:

1. The original cost of vehicles includes Rs. 18,00,000/- (P.Y. Rs 18,00,000) acquired from loans taken from banks, of which Rs.8,93,292/- (P.Y. Rs 15,13,158) were outstanding as at the year end.

2. Additions for the year 2012-2013 include following pre-operative expenses incurred during the period prior to commencement of Commercial production as on 01/12/2012 at Company's Unit - II at Bhogapuram in Andhra Pradesh and Capitalized by transfer to Plant & Equipments and Buildings in proportion to thier respective costs:

| Particulars | (Amount inRs.) |
|-----------------------------|------------------|
| Salaries | 1,79,782 |
| Payment to Foreman | 4,00,000 |
| Rates and taxes | 56,750 |
| Power Connection Charges | 24,47,023 |
| Arrear Power Charges | 5,58,801 |
| Electricity Charges | 17,902 |
| Printing & Stationery | 5,000 |
| Telephone Expenses | 7,730 |
| Travelling & Conveyance | 30,451 |
| Legal and Professional Fees | 7,784 |
| Safety & Security | 2,70,597 |
| Diesel Expenses | 14,034 |
| General Expenses | 5,611 |
| Office Expenses | 3,900 |
| Total | 40,05,365 |

| Particulars | Gross Block | | | | Accumulated Depreciation | | | | Net Block | |
|-------------------------------|---------------------|---------------------------|--------------------------|----------------------|--------------------------|----------------------------------|-------------------------------|----------------------|----------------------|----------------------|
| | As at April 1, 2013 | Additions during the Year | Deletion during the Year | As at March 31, 2014 | As at April 1, 2013 | Depreciation charge for the year | Depreciation Reversed on Sale | As at March 31, 2014 | As at March 31, 2014 | As at March 31, 2013 |
| <u>Tangible Assets</u> | | | | | | | | | | |
| Freehold Land | 464.56 | - | 9.96 | 454.60 | - | - | - | - | 454.60 | 464.56 |
| Building | 179.51 | 17.75 | - | 197.26 | 24.57 | 6.24 | - | 30.82 | 166.44 | 154.93 |
| Computer | 20.10 | 1.18 | - | 21.28 | 11.92 | 2.12 | - | 14.04 | 7.24 | 8.18 |
| Furniture | 5.58 | 4.83 | - | 10.41 | 3.74 | 0.96 | - | 4.70 | 5.72 | 1.85 |
| Plant & Machinery | 550.69 | 98.67 | - | 649.37 | 213.27 | 42.60 | - | 255.87 | 393.50 | 337.42 |
| Vehicle | 45.26 | 0.59 | - | 45.85 | 29.31 | 4.79 | - | 34.10 | 11.75 | 15.95 |
| Total | 1,265.70 | 123.03 | 9.96 | 1,378.77 | 282.82 | 56.70 | - | 339.52 | 1,039.25 | 982.88 |

Depreciation as per Schedule II of the Companies Act, 2013

| Particulars | Gross Block | | | | Accumulated Depreciation | | | | Retained Earning | Net Block | |
|-------------------------------|---------------------|---------------------------|--------------------------|----------------------|--------------------------|----------------------------------|-------------------------------|----------------------|------------------|----------------------|----------------------|
| | As at April 1, 2014 | Additions during the year | Deletion during the year | As at March 31, 2015 | As at April 1, 2014 | Depreciation charge for the year | Depreciation Reversed on Sale | As at March 31, 2015 | | As at March 31, 2015 | As at March 31, 2014 |
| <u>Tangible Assets</u> | | | | | | | | | | | |
| Freehold Land | 454.60 | 2.92 | - | 457.52 | - | - | - | - | - | 457.52 | 454.60 |
| Building | 197.26 | - | - | 197.26 | 30.82 | 5.86 | - | 36.68 | - | 160.58 | 166.44 |
| Computer | 21.28 | - | - | 21.28 | 14.04 | 2.26 | - | 16.30 | 0.23 | 4.75 | 7.24 |
| Furniture | 10.41 | 3.68 | - | 14.09 | 4.70 | 0.98 | - | 5.68 | 0.23 | 8.17 | 5.72 |
| Plant & Machinery | 649.37 | 12.14 | - | 661.51 | 255.87 | 44.76 | - | 300.63 | 0.41 | 360.47 | 393.50 |
| Vehicle | 45.85 | 20.32 | - | 66.18 | 34.10 | 5.69 | - | 39.79 | - | 26.39 | 11.75 |
| Sub-Total | 1,378.77 | 39.06 | - | 1,417.83 | 339.52 | 59.55 | - | 399.07 | 0.87 | 1,017.89 | 1,039.25 |
| Capital WIP | - | 41.76 | - | 41.76 | - | - | - | - | - | 41.76 | - |
| Total | 1,378.77 | 80.82 | - | 1,459.59 | 339.52 | 59.55 | - | 399.07 | 0.87 | 1,059.65 | 1,039.25 |

NOTE:

1. The original cost of vehicles includes Rs. 20,32,474/- (P.Y. Rs. 22,75,696/-) acquired from loans taken from banks & financial institutions, of which Rs. 14,10,219/- (P.Y. Rs.3,54,528/-) were outstanding as at year end.

| Particulars | Gross Block | | | | Accumulated Depreciation | | | | Retained Earning | Net Block | |
|-------------------------------|---------------------|---------------------------|--------------------------|----------------------|--------------------------|----------------------------------|-------------------------------|----------------------|------------------|----------------------|----------------------|
| | As at April 1, 2015 | Additions during the year | Deletion during the year | As at March 31, 2016 | As at April 1, 2015 | Depreciation charge for the year | Depreciation Reversed on Sale | As at March 31, 2016 | | As at March 31, 2016 | As at March 31, 2015 |
| <u>Tangible Assets</u> | | | | | | | | | | | |
| Freehold Land | 457.52 | 0.87 | - | 458.39 | - | - | - | - | - | 458.39 | 457.52 |
| Building | 197.26 | 35.59 | - | 232.84 | 36.68 | 6.31 | - | 42.98 | - | 189.86 | 160.58 |
| Computer | 21.28 | 0.09 | - | 21.38 | 16.30 | 1.55 | - | 17.85 | 0.23 | 3.30 | 4.75 |
| Furniture | 14.09 | 0.35 | - | 14.44 | 5.68 | 0.91 | - | 6.58 | 0.23 | 7.62 | 8.17 |
| Plant & Machinery | 661.51 | 71.52 | - | 733.02 | 300.63 | 40.42 | - | 341.05 | 0.41 | 391.56 | 360.47 |
| Vehicle | 66.18 | - | - | 66.18 | 39.79 | 4.68 | - | 44.47 | - | 21.70 | 26.39 |
| Sub-Total | 1,417.83 | 108.41 | - | 1,526.24 | 399.07 | 53.87 | - | 452.94 | 0.87 | 1,072.43 | 1,017.89 |
| Capital WIP | 41.76 | - | 26.19 | 15.57 | - | - | - | - | - | 15.57 | 41.76 |
| Total | 1,459.59 | 108.41 | 26.19 | 1,541.82 | 399.07 | 53.87 | - | 452.94 | 0.87 | 1,088.00 | 1,059.65 |

NOTE:

1. The original cost of vehicles includes Rs. 20,32,474/- (P.Y. Rs. 20,32,474/-) acquired from loans taken from banks & financial institutions, of which Rs. 7,70,901/- (P.Y. Rs.14,10,219/-) were outstanding as at year end.

The above statement should be read with the significant accounting policies and notes to restated statement of profit and loss and restated statement of cash flow appearing in Annexure IV, II and III respectively.



RESTATED STATEMENT OF NON CURRENT INVESTMENTS

ANNEXURE – K
(Rs. in lakhs)

| Particulars | As at March 31, | | | | | | | | | |
|--|-----------------|---------------|---------------|---------------|---------------|--------------|---------------|--------------|---------------|--------------|
| | 2016 | | 2015 | | 2014 | | 2013 | | 2012 | |
| | No. of Shares | Amount | No. of Shares | Amount | No. of Shares | Amount | No. of Shares | Amount | No. of Shares | Amount |
| Investment in Property (at cost) | - | 159.00 | - | 159.00 | - | - | - | - | - | - |
| Trade Investments (at cost) | | | | | | | | | | |
| Equity Shares - Unquoted (Fully Paid Up) | | | | | | | | | | |
| Hari Equipment (P) Ltd (Face value - Rs 10/- each) | 4,59,490 | 56.73 | 4,59,490 | 56.73 | 4,59,490 | 56.73 | 4,59,490 | 56.73 | 4,59,490 | 56.73 |
| Kedarnath Commotrade (P) Ltd (Face Value - Rs 10/- each) | 2,45,000 | 24.50 | 2,45,000 | 24.50 | 2,45,000 | 24.50 | 2,45,000 | 24.50 | 2,45,000 | 24.50 |
| | | 81.23 | | 81.23 | | 81.23 | | 81.23 | | 81.23 |
| <u>Non - Trade Investments (at cost)</u> | | | | | | | | | | |
| Equity Shares - Quoted (Fully Paid Up) | | | | | | | | | | |
| Union Bank of India | 1,009 | 1.11 | 1,009 | 1.11 | 1,009 | 1.11 | 1,009 | 1.11 | 1,009 | 1.11 |
| | | 1.11 | | 1.11 | | 1.11 | | 1.11 | | 1.11 |
| Total Non Current Investments | | 241.35 | | 241.35 | | 82.34 | | 82.34 | | 82.34 |
| Aggregate amount of unquoted investments | | 81.23 | | 81.23 | | 81.23 | | 81.23 | | 81.23 |
| Aggregate amount of quoted investments | | 1.11 | | 1.11 | | 1.11 | | 1.11 | | 1.11 |
| Market Value of Quoted Investments | | 1.32 | | 1.58 | | 1.39 | | 2.20 | | 2.38 |

NOTE:

1. Till the financial year 2014-15, both Hari Equipments Private Limited and Kedarnath Commotrade Private Limited were Associates of the Company. However, in the financial year 2015-16, only Hari Equipments Private Limited is the Associate of the Company.
2. Investment in Property is given as collateral security against credit facilities availed by Kedarnath Commotrade Private Limited.
3. The above statement should be read with the significant accounting policies and notes to restated statement of profit and loss and restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED STATEMENT OF LONG TERM LOANS & ADVANCES

ANNEXURE – L

(Rs. in lakhs)

| Particulars | As at March 31, | | | | |
|----------------------------------|-----------------|--------------|--------------|---------------|--------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Unsecured considered good | | | | | |
| Security and other Deposits | 63.74 | 47.73 | 32.73 | 63.72 | 49.67 |
| Capital Advances | - | - | - | 36.97 | 3.45 |
| TOTAL | 63.74 | 47.73 | 32.73 | 100.69 | 53.11 |

Note:

- 1) List of persons/entities classified as promoters and group companies has been determined by the management and relied upon by the Auditor. The Auditors have not performed any procedure to determine whether the list is accurate and complete.
- 2) The above statement should be read with the significant accounting policies and notes to restated statement of profit and loss and restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED STATEMENT OF INVENTORIES

ANNEXURE – M

(Rs. in lakhs)

| Particulars | As at March 31, | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| (As taken, valued and certified by the management) | | | | | |
| Raw Materials | 67.49 | 105.59 | 117.58 | 194.65 | 2,806.91 |
| Traded Goods | 3,293.93 | 4,403.73 | 3,766.91 | 4,089.21 | - |
| Finished Goods | 368.00 | 495.49 | 452.51 | 304.19 | 84.05 |
| Scrap & Miss Rolls | 18.56 | 36.70 | 28.44 | 10.43 | 7.28 |
| Stores & Spares | 24.97 | 43.75 | 15.82 | 4.75 | 2.25 |
| Furnace oil, coal & Gas | 7.11 | 7.00 | 6.56 | 2.47 | 3.96 |
| TOTAL | 3,780.06 | 5,092.26 | 4,387.82 | 4,605.70 | 2,904.44 |

Note:

1. Inventory has been physically verified by the management of the Company at the end of respective year.
2. The above statement should be read with the significant accounting policies and notes to restated statement of profit and loss and restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED STATEMENT OF TRADE RECEIVABLES

ANNEXURE – N

(Rs. in lakhs)

| Particulars | As at March 31, | | | | |
|--|------------------|-----------------|-----------------|-----------------|-----------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| <u>(Unsecured, Considered Good)</u> | | | | | |
| From Directors / Promoters / Promoter Group / Associates / Relatives of Directors / Group Companies | | | | | |
| -Less than six months | 7.32 | 1,470.45 | 2,720.50 | 446.11 | 5,411.61 |
| -More than six months | - | - | - | - | - |
| From Others | | | | | |
| -Less than six months | 9,585.95 | 6,833.03 | 5,923.14 | 5,369.76 | 235.92 |
| -More than six months | 492.89 | 133.75 | 457.98 | 26.43 | 140.10 |
| TOTAL | 10,086.16 | 8,437.23 | 9,101.62 | 5,842.30 | 5,787.63 |

Note:

1. List of persons/entities classified as Promoters and Group Companies has been determined by the Management and relied upon by the Auditor. The Auditors have not performed any procedure to determine whether the list is accurate and complete.
2. Other Debts includes Rs.7,31,886/-, Rs. 14,70,44,519/-, Rs 27,20,49,556/-, Rs 4,46,10,576/- and Rs 54,11,61,418/- for financial year ending March, 2016, March, 2015, March, 2014, March, 2013, and March, 2012 respectively due from Pvt. Companies in which Director is a Member/Director.
3. The above statement should be read with the significant accounting policies and notes to restated statement of profit and loss and restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED STATEMENT OF CASH AND BANK BALANCES
ANNEXURE – O
(Rs. in lakhs)

| Particulars | As at March 31, | | | | |
|---|-----------------|-----------------|-----------------|-----------------|---------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| <u>Cash & Cash Equivalents</u> | | | | | |
| Cash in hand (as certified) | 59.56 | 23.12 | 56.09 | 17.40 | 42.45 |
| Balances With Banks | | | | | |
| In current accounts | 60.91 | 8.22 | 521.99 | 528.64 | 23.08 |
| <u>Other Bank Balances</u> | | | | | |
| In Fixed Deposits with Maturity period more than 3 months | 1,230.67 | 1,297.28 | 1,160.87 | 1,265.26 | 797.80 |
| Interest accrued on Fixed Deposits | 67.86 | 151.83 | 186.85 | 53.68 | 23.99 |
| TOTAL | 1,419.00 | 1,480.45 | 1,925.80 | 1,864.98 | 887.31 |

Note:

- 1) Balances in Fixed Deposits are under lien with Banks against Channel facility and credit facility taken from the bank.
- 2) The above statement should be read with the significant accounting policies and notes to restated statement of profit and loss and restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED STATEMENT OF SHORT TERM LOANS & ADVANCES
ANNEXURE- P
(Rs. in lakhs)

| Particulars | As at March 31, | | | | |
|---|-----------------|---------------|-----------------|---------------|---------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Advances recoverable in cash or in kind or for value to be received | | | | | |
| To Directors/Promoters/Promoter Group/Associates/Relatives of Directors/Group Companies | 31.61 | 1.80 | 1.80 | 12.11 | 21.53 |
| To Others | 254.38 | 628.26 | 1,344.04 | 203.27 | 61.99 |
| VAT & Cenvat Receivable | 153.08 | 212.02 | 137.22 | 248.28 | 148.25 |
| VAT Advance against Appeal | 15.42 | 22.09 | - | - | - |
| Income Tax Payments | 44.23 | 23.14 | 22.49 | 54.29 | 20.14 |
| Tax deducted/collected at Source | 28.72 | 36.05 | 22.01 | 7.11 | 63.50 |
| Prepaid Expenses | - | - | 23.25 | 32.46 | 2.78 |
| Share Application Money | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 |
| Issue expenses | 17.46 | - | - | - | - |
| Total | 547.16 | 925.60 | 1,553.07 | 559.77 | 320.45 |

Note:

1. List of persons/entities classified as Promoters and Group Companies has been determined by the Management and relied upon by the Auditor. The Auditors have not performed any procedure to determine whether the list is accurate and complete.
2. The above statement should be read with the significant accounting policies and notes to restated statement of profit and loss and restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED STATEMENT OF OTHER INCOME

ANNEXURE – Q

(Rs. in lakhs)

| Particulars | For the year ended March 31, | | | | |
|-----------------------------------|------------------------------|---------------|---------------|---------------|---------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Other income | 159.44 | 390.93 | 378.25 | 226.82 | 673.35 |
| Net Profit Before Tax as Restated | 185.44 | 206.77 | 213.66 | 172.83 | 187.42 |
| Percentage | 85.98 | 189.06 | 177.04 | 131.24 | 359.27 |

SOURCE OF INCOME

(Rs in lakhs)

| Particulars | For the year ended March 31, | | | | |
|--------------------------------------|------------------------------|---------------|---------------|---------------|---------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Related and Recurring | | | | | |
| Interest income on Sales | 52.56 | 194.33 | 195.12 | 122.80 | 607.94 |
| Related and Non Recurring | | | | | |
| Liability Written Back | 1.13 | 8.03 | 0.74 | 1.26 | 3.48 |
| Foreign Exchange Fluctuation | - | 7.96 | - | 29.14 | - |
| Commission Income | - | 58.74 | - | - | - |
| CSA Handling Charges | - | - | - | - | 0.28 |
| Non Related and Recurring | | | | | |
| Interest on Fixed Deposit | 100.65 | 116.69 | 147.96 | 68.38 | 26.69 |
| Interest on Other Deposits | 4.27 | 3.90 | 3.62 | 2.77 | 1.62 |
| Flat Rent | 0.72 | 0.84 | 0.62 | 0.62 | 0.68 |
| Dividend Received | 0.06 | 0.01 | 0.14 | 0.08 | 0.16 |
| Non Related and Non Recurring | | | | | |
| Miscellaneous Income | 0.06 | 0.42 | - | 0.03 | 0.09 |
| Profit on Sale of Fixed Assets | - | - | 30.04 | 1.73 | - |
| Lease Rent | - | - | - | - | 32.40 |
| | | | | | |
| Total Other income | 159.44 | 390.93 | 378.25 | 226.82 | 673.35 |

Note:

1. The classification of other income as recurring/non recurring, related, non related to business activity is based on the current operation and business activity of the Company as determined by the management.
2. The above statement should be read with the significant accounting policies and notes to restated statement of profit and loss and restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED STATEMENT OF TURNOVER
ANNEXURE R
(Rs in lakhs)

| Particulars | For the year ended March 31, | | | | |
|--|------------------------------|------------------|------------------|------------------|------------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Turnover of Products Manufactured by the issue Company | 7,879.36 | 7,504.62 | 6,790.22 | 2,761.09 | 2,875.25 |
| Turnover of Products Traded by the issue Company | 42,365.88 | 52,100.26 | 50,856.41 | 44,603.92 | 34,348.12 |
| Turnover in respect of sale of services by the issue Company | 2.25 | - | - | - | - |
| TOTAL | 50,247.49 | 59,604.88 | 57,646.62 | 47,365.01 | 37,223.38 |

RESTATED STATEMENT OF SIGNIFICANT ACCOUNTING RATIOS
ANNEXURE – S
(Rs. in lakhs)

| Ratio | As at March 31, | | | | |
|--|-----------------|----------|----------|----------|----------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Net Worth | 2,582.30 | 2,458.15 | 2,321.15 | 2,173.22 | 1,818.03 |
| Restated Profit after Tax | 124.15 | 137.59 | 147.93 | 116.71 | 126.49 |
| Less : Prior Period Item | - | - | - | - | - |
| Adjusted Restated Profit after Tax | 124.15 | 137.59 | 147.93. | 116.71 | 126.49 |
| Earning Per Share (Restated) | | | | | |
| Number of shares outstanding as on the end of the year | 73,09,000 | 7,30,900 | 7,30,900 | 7,30,900 | 6,35,100 |
| Weighted Average Number of Equity Shares at the end of the Year | 73,09,000 | 7,30,900 | 7,30,900 | 6,35,625 | 5,88,827 |
| Add-Dilutive Effect of Potential Shares | - | - | - | - | - |
| Weighted Average Number of Equity Shares along with dilutive effect of potential shares at the end of the Year | 73,09,000 | 7,30,900 | 7,30,900 | 6,35,625 | 5,88,827 |
| Nominal Value per Equity share (Rs.) | 10.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| Restated Basic Earning Per Share | 1.70 | 18.82 | 20.24 | 18.36 | 21.48 |

| Ratio | As at March 31, | | | | |
|--|-----------------|-----------|-----------|-----------|-----------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Restated Diluted Earning Per Share | 1.70 | 18.82 | 20.24 | 18.36 | 21.48 |
| Earning Per Share (Restated) (After share split) | | | | | |
| Number of shares outstanding as on the end of the year | 73,09,000 | 73,09,000 | 73,09,000 | 73,09,000 | 63,51,000 |
| Weighted Average Number of Equity Shares at the end of the Year | 73,09,000 | 73,09,000 | 73,09,000 | 63,56,250 | 58,88,270 |
| Add-Dilutive Effect of Potential Shares | - | - | - | - | - |
| Weighted Average Number of Equity Shares along with dilutive effect of potential shares at the end of the Year | 73,09,000 | 73,09,000 | 73,09,000 | 63,56,250 | 58,88,270 |
| Nominal Value per Equity share (Rs.) | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| Restated Basic Earning Per Share | 1.70 | 1.88 | 2.02 | 1.84 | 2.15 |
| Restated Diluted Earning Per Share | 1.70 | 1.88 | 2.02 | 1.84 | 2.15 |
| Return on Net Worth (%) | 4.81% | 5.60% | 6.37% | 5.37% | 6.96% |
| Net Asset Value Per Share before split(Rs) | 35.33 | 336.32 | 317.57 | 297.34 | 286.26 |
| Net Asset Value Per Share after split(Rs) | 35.33 | 33.63 | 31.76 | 29.73 | 28.63 |

Notes to Accounting Ratios:

1. Earnings per share= Profit available to equity shareholders/ weighted average number of outstanding of equity shares during the year.
2. Diluted Earnings per share= Profit available to equity shareholders/ weighted average number of potential equity shares outstanding during the year.
3. Weighted Average number of outstanding equity shares has been calculated in terms of the requirement of Accounting standard as prescribed by the Companies (Accounting Standards) Rules.
4. Return on Net Worth (%) = Profit available for Equity Shareholders/Networth X 100

5. Net Profit before extra ordinary items as appearing in the restated statement of profits and losses and Net Worth as appearing in the restated statement of assets and liabilities has been considered for the purpose of computing the above ratios.
6. Net Asset value per share (Face value of Rs.10 each) has been computed considering the outstanding number of share as at the end of the year.
7. Net Worth for ratios mentioned represent equity share capital and reserves and surplus. Refer Annexure B for components of Reserve and Surplus.
8. The shares capital has been splitted into 1:10 ratio and the face value has been reduced from Rs.100/- per share to Rs.10/- per share.
9. The above statement should be read with the significant accounting policies and notes to restated statement of profit and loss and restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED STATEMENT OF RELATED PARTY TRANSACTION

ANNEXURE – T

- I. Name of the related parties where control exists irrespective of whether transactions have occurred or not – None
- II. Names of the other related parties with whom transactions have taken place during the year:

| | |
|---|--|
| (a) Key Managerial Personnel (Directors) | Kishan Lal Choudhary |
| | Sunil Choudhary |
| | Bina Choudhary (from FY 15-16) |
| (b) Relatives of Key Managerial Personnel | Bina Choudhary (till FY 14-15) |
| | Savitri Devi Choudhary |
| (c) Associates | Hari Equipments Private Limited |
| | Kedarnath Commotrade Private Limited (till FY 14-15) |
| (d) Enterprises owned or significantly influenced by the Key Managerial Personnel or their relatives | Narayani Ispat Private Limited |
| | Hemang Steel Traders, Jamshedpur |
| | Balajee Roadways |
| | Kedarnath Commotrade Private Limited (from FY 15-16) |

Details of transactions with Related Parties

| Name and Nature of Transaction | Amount of Transaction in 2015-16 | Amount of Transaction in 2014-15 | Amount of Transaction in 2013-14 | Amount of Transaction in 2012-13 | Amount of Transaction in 2011-12 |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| <u>Purchases (Exclusive of Taxes)</u> | | | | | |
| Narayani Ispat Private Limited | 5,379.95 | 6,634.51 | 10,448.33 | 13,281.40 | 5,975.98 |
| Hari Equipments Private Limited | 1,099.67 | 998.07 | 245.70 | 214.99 | - |
| Kedarnath Commotrade Private Limited | 2,012.91 | - | - | - | - |
| <u>Sales of Goods (Exclusive of Taxes)</u> | | | | | |
| Narayani Ispat Private Limited | 6,386.69 | 18,105.80 | 31,374.84 | 31,239.50 | 32,900.47 |
| Hari Equipments Private Limited | 968.22 | 2,497.92 | 4,541.64 | - | - |
| Kedarnath Commotrade Private Limited | 1,586.11 | - | - | - | - |
| <u>Lease Rent Paid</u> | | | | | |
| Sunil Choudhary | 1.44 | 1.44 | 0.72 | 0.72 | 0.72 |
| <u>Lease Rent Received</u> | | | | | |
| Balajee Roadways | - | - | - | - | 32.40 |
| <u>Freight Paid</u> | | | | | |
| Balajee Roadways | 295.03 | 96.20 | 98.72 | 35.64 | 101.36 |
| <u>Managerial Remuneration</u> | | | | | |
| Sunil Choudhary | 28.50 | 18.00 | 18.00 | 18.00 | 18.00 |
| Kishan Lal Choudhary | 7.50 | 18.00 | 18.00 | 18.00 | 18.00 |
| <u>Interest received on sales</u> | | | | | |
| Narayani Ispat Private Limited | - | - | - | - | 600.21 |
| <u>Advances Given/(refunded)</u> | | | | | |
| Sunil Kumar Choudhary | - | - | - | (6.00) | - |
| Kedarnath Commotrade Private Limited | - | - | - | 1.80 | - |
| Hari Equipments Private Limited | - | - | - | 7.23 | - |
| <u>Advances received</u> | | | | | |

| Name and Nature of Transaction | Amount of Transaction in 2015-16 | Amount of Transaction in 2014-15 | Amount of Transaction in 2013-14 | Amount of Transaction in 2012-13 | Amount of Transaction in 2011-12 |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| Hemang Steel Traders , Jamshedpur | - | - | - | 1.22 | 6.00 |
| Sunil Kumar Choudhary | - | - | - | - | 6.00 |
| <u>Investment in Shares</u> | | | | | |
| Hari Equipments Private Ltd | - | - | - | - | 10.00 |
| <u>Sale of Fixed Assets</u> | | | | | |
| Balajee Roadways | - | - | - | 16.30 | - |
| <u>Purchases of fixed assets</u> | | | | | |
| Narayani Ispat Private Limited | - | - | - | 18.69 | - |



Outstanding Balances as on the end of respective years

(Rs. in lakhs)

| Name and Nature of Transaction | Amount Outstanding as on 31.03.16 (Payable)/Receivable | Amount Outstanding as on 31.03.15 (Payable)/Receivable | Amount Outstanding as on 31.03.14 (Payable)/Receivable | Amount Outstanding as on 31.03.13 (Payable)/Receivable | Amount Outstanding as on 31.03.12 (Payable)/Receivable |
|--|--|--|--|--|--|
| <u>Trade Receivables</u> | | | | | |
| Narayani Ispat Pvt Ltd | - | 1,470.45 | 255.85 | 446.11 | 5,381.69 |
| Hemang Steel Traders , Jamshedpur | - | - | - | - | 29.93 |
| Hari Equipments Private Limited | 7.32 | - | 2,464.65 | - | - |
| <u>Trade Payables</u> | | | | | |
| Hari Equipments Private Limited | - | 179.40 | - | - | - |
| Narayani Ispat Private Limited | 30.62 | - | - | - | - |
| Kedarnath Commotrade Private Limited | 164.59 | - | - | - | - |
| <u>Investment in Shares</u> | | | | | |
| Hari Equipment (P) Ltd | 56.73 | 56.73 | 56.73 | 56.73 | 56.73 |
| Kedarnath Commotrade Private Limited | 24.50 | 24.50 | 24.50 | 24.50 | 24.50 |
| <u>Advances Given</u> | | | | | |
| Hari Equipment (P) Ltd | - | - | - | 10.31 | 3.08 |
| Balajee Roadways | 31.61 | - | - | - | 18.45 |
| Kedarnath Commotrade Private Limited | - | 1.80 | 1.80 | 1.80 | - |
| <u>Advances received</u> | | | | | |
| Hemang Steel Traders , Jamshedpur | 7.22 | 7.22 | 7.22 | 7.22 | 6.00 |
| Sunil Kumar Choudhary | - | - | - | - | 6.00 |
| <u>Liabilities For Expenses</u> | | | | | |
| Balajee Roadways | - | - | 69.81 | 12.06 | - |
| Directors' Remuneration | 0.90 | 4.67 | 10.50 | - | - |

Notes:

- I. The figures disclosed above are based on the restated summary of statement of assets and liabilities of the Company.
- II. List of persons/entities classified as Promoters and Group Companies has been determined by the Management and relied upon by the Auditor. The Auditors have not performed any procedure to determine whether the list is accurate and complete.
- III. The above statement should be read with the significant accounting policies and notes to restated statement of profit and loss and restated statement of cash flow appearing in Annexure IV, II and III respectively.



**RESTATED STATEMENT OF CAPITALIZATION AS
AT MARCH 31, 2016**

ANNEXURE – U

(Rs. in lakhs)

| Particulars | Pre Issue | Post Issue |
|--|-----------------|-----------------|
| Borrowings | | |
| Short term debt (A) | 7,103.26 | 7,103.26 |
| Long Term Debt (B) | 1,411.47 | 1,411.47 |
| Total debts (C) | 8,514.73 | 8,514.73 |
| Shareholders' funds | | |
| Equity share capital | 730.90 | 1,090.90 |
| Reserve and surplus - as restated | 1,851.40 | 2,583.40 |
| Total shareholders' funds | 2,582.30 | 3,674.30 |
| Long term debt / shareholders funds (%) | 54.66 | 38.41 |
| Total debt / shareholders funds (%) | 329.73 | 231.74 |

Note:

1. The figures disclosed above are based on the restated summary of statement of assets and liabilities of the Company.
2. Short term debts represents which are expected to be paid/payable within 12 months and excludes installment of term loans repayable within 12 months
3. Long term debt represents debts other than Short term debts as defined above but includes installment of term loans repayable within 12 months grouped under other current liabilities.
4. For calculation of post issue capitalization Statement, the figures of Short term/Long term, debt as appearing on 31/03/2016 has only been considered. Further Equity share capital and security premium has been increased on account of issue of shares at price of Rs.32 per share i.e. face value is Rs. 10/- and securities premium is Rs.22/- per share on 36 lacs equity shares. Based on the information provided by the management Issue Related expense of Rs 60 lacs approx has been deducted from Securities Premium account as shown in post issue capital. No verification of accounts post 31/03/2016 has been done. The shares capital has been splitted into 1:10 ratio and the face value has been reduced from Rs.100/- per share to Rs.10/- per share.
5. The above statement should be read with the significant accounting policies and notes to restated statement of profit and loss and restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED STATEMENT OF TAX SHELTER
ANNEXURE – V
(Rs. in lakhs)

| Particulars | As at March 31, | | | | |
|---|-----------------|----------------|----------------|----------------|---------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Restated Profit before tax (A) | 185.44 | 206.77 | 213.66 | 172.83 | 187.42 |
| Tax Rate (%) | 33.063 | 32.445 | 32.445 | 32.445 | 32.445 |
| Minimum Alternate Taxes (MAT) (%) | 20.3889 | 20.00775 | 20.00775 | 20.00775 | 20.00775 |
| Adjustments: | | | | | |
| Permanent Differences (B) | | | | | |
| Expenses disallowed under Income Tax Act, 1961 | | | | | |
| Disallowance u/s 14A | 0.01 | 0.01 | 0.01 | 0.01 | - |
| Interest on Income Tax/TDS | - | 4.30 | 2.31 | 0.01 | - |
| Penalty | - | 0.31 | - | - | - |
| Donation | - | 1.00 | - | 0.20 | 0.58 |
| Total Permanent Differences (B) | 0.01 | 5.61 | 2.31 | 0.22 | 0.58 |
| Income considered separately (C) | | | | | |
| Dividend | (0.06) | (0.01) | (0.14) | (0.08) | (0.16) |
| Total Income considered separately (C) | (0.06) | (0.01) | (0.14) | (0.08) | (0.16) |
| Timing Differences (D) | | | | | |
| Difference between tax depreciation and book depreciation | (35.02) | (25.11) | (43.46) | (35.67) | (3.59) |
| Profit on Sale of Fixed Assets | - | - | (30.04) | (1.73) | - |
| Provision for Gratuity (Net of Paid) | 3.64 | 0.28 | 0.43 | 0.99 | 2.30 |
| Total Timing Differences (D) | (31.38) | (24.83) | (73.07) | (36.41) | (1.29) |
| Net Adjustments E = (B+C+D) | (31.44) | (19.23) | (70.89) | (36.27) | (0.87) |
| Tax expense / (saving) thereon | (10.39) | (6.24) | (23.00) | (11.77) | (0.28) |
| Capital Gain | - | - | 25.18 | - | - |
| Income from Other Sources | | | | | |
| Dividend | 0.06 | 0.01 | 0.14 | 0.08 | 0.16 |
| Less: Exemption | (0.06) | (0.01) | (0.14) | (0.08) | (0.16) |
| Income from Other Sources (F) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Gross Total Income(A+E+F) | 154.01 | 187.54 | 167.94 | 136.56 | 186.55 |
| Less: Deduction Under Chapter VI A | - | 0.50 | - | - | 0.05 |
| Taxable Income/(Loss) | 154.01 | 187.04 | 167.94 | 136.56 | 186.50 |
| Taxable Income/(Loss) as per MAT | 37.81 | 41.37 | 42.75 | 34.58 | 37.50 |
| Income Tax as returned/computed | 50.92 | 60.69 | 51.77 | 44.31 | 60.51 |
| Tax paid as per normal or MAT | Normal | Normal | Normal | Normal | Normal |

Note: The above statement should be read with the significant accounting policies and notes to restated statement of profit and loss and restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED STATEMENT OF CONTINGENT LIABILITIES

Annexure – W
(Rs.in lakhs)

| Particulars | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 | As at March 31, 2012 |
|--|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Disputed Income Tax Demands under appeal | 229.16 | 219.86 | 14.34 | 16.05 | 16.05 |
| Bank Guarantee to Rashtriya Ispat Nigam Limited | - | - | - | - | 395.63 |
| Corporate guarantee for credit facilities to Hari Equipments Pvt. Ltd. | 3,200.00 | 3,200.00 | 3,200.00 | - | - |
| Disputed Sales Tax/ VAT under appeal for the year 2011 – 12 | - | 21.40 | - | - | - |
| Disputed Sales Tax/ VAT under appeal for the year 2012 – 13 | - | 0.69 | - | - | - |
| Disputed Sales Tax/ VAT under appeal for the year 2010-11 | 4.69 | - | - | - | - |
| Disputed Penalty on VAT under appeal for the period 04/2011 to 12/2012 | 21.47 | - | - | - | - |
| Total | 3,455.32 | 3,441.95 | 3,214.34 | 16.05 | 411.69 |

Note:

- The figures disclosed above are based on the restated summary statement of assets and liabilities of the company.
- Amount paid under protest Rs.4,69,000, Rs. 10,73,497/-, Rs.21,40,090/- and Rs. 68,965/- against VAT/CST demand for the year 2010-11, 04/2011 to 12/2012, 2011-12 and 2012-13 respectively.
- The above statement should be read with the significant accounting policies and notes to restated statement of profit and loss and restated statement of cash flow appearing in Annexure IV, II and III respectively.

RECONCILIATION OF RESTATED PROFIT

ANNEXURE X
(Rs. in lakhs)

| Adjustments for | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 |
|--|---------------|---------------|---------------|---------------|---------------|
| Net profit/(Loss) after Tax as per Audited Profit & Loss Account | 122.66 | 144.21 | 146.00 | 119.12 | 125.65 |
| Adjustments for: | | | | | |
| Prior period income adjusted | - | 3.21 | (3.21) | (3.56) | 3.56 |
| Provision for gratuity | - | - | - | - | (2.30) |
| Deferred Tax Liability / Asset Adjustment | - | (5.48) | 0.14 | 0.32 | 0.75 |
| Taxes & interest on IT adjusted in Current period | (0.69) | (4.36) | 5.00 | 0.83 | (1.16) |
| Issue expenses | 2.18 | - | - | - | - |
| Net Profit/ (Loss) After Tax | 124.15 | 137.59 | 147.93 | 116.71 | 126.49 |

| Adjustments for | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 |
|-----------------|---------|---------|---------|---------|---------|
| as Restated | | | | | |

Explanatory notes to the above restatements made in the audited financial statements of the Company for the respective years/ period.

Adjustments having impact on Profit

- Interest income of Rs 3.56 lakhs was recorded in other income in the financial year 2012-13 as prior period income whereas it was for the financial year 2011-12. While preparing the restated financials, this income has been restated and recorded in the respective year and the effect has also been given the current tax and provision for tax accounts.
- Provision for Gratuity which was not created as per actuarial valuation for financial year 2011-12 has now been restated in that year and the effect has also been given to gratuity expense in the profit and loss account and Deferred Tax Asset/ Liability account.
- Other Expenses of Rs 3.21 lakhs was recorded in other income in the financial year 2014-15 as prior period expense whereas it was for the financial year 2013-14. While preparing the restated financials, this expense has been restated and recorded in the respective year and the effect has also been given the current tax and provision for tax accounts.
- Issue expenses which were expensed out has been recorded as an asset as the same shall be written off against securities premium account on completion of IPO and accordingly provision for tax on the same has been adjusted.
- Income tax/ deferred tax expenses have been adjusted in the year to which it relates.

Adjustments having no impact on Profit

Material Regrouping

Appropriate adjustments have been made in the restated financial statements, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited financials of the Company for all the years and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations 2009.

For S. JAYKISHAN
CHARTERED ACCOUNTANTS
FRN 309005E

(CA Chirag Agarwal)
Partner
Membership No-300512
Place: Visakhapatnam.
Dated: The 21st day of May, 2016



AUDITOR'S REPORT ON RESTATED CONSOLIDATED FINANCIAL STATEMENTS

To,
The Board of Directors,
Narayani Steels Limited,
23A, N.S Road, Kolkata - 700001

Dear Sirs,

1. We have examined the attached restated consolidated summary financial information of Narayani Steels Limited ("the Company") ("formerly Narayani Steels Private Limited") and its associate (Hereinafter together with the Company referred to as the "Group" or "Company") as approved by the Board of Directors of the Company and prepared by the management of the Company. Since the provision of section 129(3) has become mandatorily applicable to the Company only from financial year 2015-16 onwards, for the purpose of restated consolidated financial statements, the management has considered audited consolidated financials for the year ended 31st March, 2016 and the audited standalone financial statements of the Company and its associate for the year ended for the year ended 31st March 2015, 31st March 2014, 31st March 2013 and 31st March 2012. The summarized statements of which annexed to this report have been prepared in accordance with the requirements of:
 - a) Section 26 read with the applicable provisions within Rule - 4 to 6 of Companies (Prospectus and Allotment of Securities) Rules, 2014 of Companies Act, 2013, As amended (hereinafter referred to as the "Act"); and
 - b) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ("the Regulation") ("SEBI ICDR Regulations") issued by the Securities and Exchange Board of India (SEBI) and amendments made thereto from time to time; and
 - c) The (Revised) Guidance Note on Reports in Company Prospectuses issued by the Institute of Chartered Accountants of India ("ICAI"); and
 - d) The terms of reference of our engagements with the Company, requesting us to examine financial statements referred to above and proposed to be included in the Prospectus being issued by the Company for its proposed Initial Public Offering of equity shares in SME Platform of BSE Limited ("IPO" or "SME IPO"); and
2. In terms of Schedule VIII of the SEBI (ICDR) Regulations, 2009 and other provisions relating to accounts, We, M/s S.Jaykishan, Chartered Accountants, have been subjected to the peer review process of the Institute of Chartered Accountants of India (ICAI) and hold a valid certificate issued by the "Peer Review Board" of the ICAI.
3. The provisions of section 129(3) became applicable to the Company during Financial Year 2015-16 only and hence the consolidated financial statements were prepared first time for financial year ended 31st March, 2016. These financial statements were audited by us. For financial year ended 31st March 2015, 31st March 2014, 31st March 2013 and 31st March 2012 we have relied

on the unaudited consolidated financial statements prepared by the management from the audited financial statements for the said respective years of the Company and its associates.

We further Report that we have examined:

- a) Annexure I containing the Restated Consolidated Statement of Assets and Liabilities as at 31st March 2016, 31st March 2015, 31st March 2014, 31st March 2013, 31st March 2012;
- b) Annexure II containing the Restated Consolidated Statement of Profits and Losses for Financial Years ended on 31st March 2016, 31st March 2015, 31st March 2014, 31st March 2013, 31st March 2012;
- c) Annexure III containing the Restated Consolidated Statement of Cash Flows of the Company for Financial Years ended on 31st March 2016, 31st March 2015, 31st March 2014, 31st March 2013, 31st March 2012;
- d) Annexure IV containing the Significant Accounting Policies and notes to the Restated Consolidated Financial Statements along with adjustments on account of audit qualifications / adjustments / regroupings;

Collectively hereinafter referred as “**Restated Consolidated Financial Statements**” or “**Restated Consolidated Summary Statements**”)

4. In accordance with the requirements of Act, ICDR Regulations, Guidance Note on the reports in Company Prospectus (Revised) issued by ICAI and the terms of our Engagement Letter, we further report that :

- (iv) The “**Restated Consolidated Statement of Assets and Liabilities**” as set out in **Annexure I** to this report, of the Company as at 31st March 2016, 31st March 2015, 31st March 2014, 31st March 2013, 31st March 2012 are prepared by the Company and approved by the Board of Directors. This Statement of Assets and Liabilities, as restated have been arrived at after making such adjustments, regroupings and notes related to the individual Financial Statements of the Company, as in our opinion were appropriate and further described in Significant Accounting Policies and Notes to the Restated Consolidated Summary Statements as set out in **Annexure IV** to this Report. As a result of these adjustments, the amounts reported in the above mentioned statements are not necessarily the same as those appearing in the audited consolidated financial statements of the Company or audited financial statements of the Company and its associate for the relevant financial year.
- (v) The “**Restated Consolidated Statement of Profit and Loss**” as set out in **Annexure II** to this report, of the Company for financial Years ended on 31st March 2016, 31st March 2015, 31st March 2014, 31st March 2013, 31st March 2012 are prepared by the Company and approved by the Board of Directors. This Statement of Profit and Loss, as restated have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and further described in Significant Accounting Policies and Notes to the Restated Consolidated Summary Statements as set out in **Annexure IV** to this Report. As a result of these adjustments, the amounts reported in the above mentioned statements are not necessarily the same as those appearing in the audited consolidated financial statements of the Company or audited financial statements of the Company and its associate for the relevant financial year.

(vi) The **“Restated Consolidated Statement of Cash Flow”** as set out in **Annexure III** to this report, of the Company for financial Years ended on March 31st March 2016, 31st March 2015, 31st March 2014, 31st March 2013, 31st March 2012 are prepared by the Company and approved by the Board of Directors. This Statement of Cash Flow, as restated, have been arrived at after making such adjustments and regroupings to the individual financial statements of the Company, as in our opinion were appropriate and further described in Significant Accounting Policies and Notes to Restated Consolidated Summary Statements as set out in **Annexure IV** to this Report. As a result of these adjustments, the amounts reported in the above mentioned statements are not necessarily the same as those appearing in the audited consolidated financial statements of the Company or audited financial statements of the Company and its associate for the relevant financial year.

5. Based on the above, we are of the opinion that **“Restated Consolidated Financial Statements”** or **“Restated Consolidated Summary Statements”** have been made after incorporating:

- a) Adjustments for any material amounts in the respective financial years have been made to which they relate; and
- b) There are no Extra-ordinary items that need to be disclosed separately in the Restated Consolidated Financial Statements; and
- c) Adjustments on account of the statutory audit qualifications, if any, have been adjusted and regrouped to the Restated Consolidated Financial Statements of the Company, as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to the Restated Consolidated Financial Statements as set out in Annexure IV to this Report.
- d) There was no change in accounting policies, which needed to be adjusted in the “Restated Consolidated Financial Statements” except for provision for Gratuity which was accounted on cash basis till financial year 2011-12 and then from financial year 2012-13 the accounting policy was changed by the management from cash basis to accrual basis and sought actuarial valuation of the same as per the provisions laid in AS -15. There are adjustments made in the Restated Financial Statements in relation to the above changes in accounting policies. The adjustments are made in Provision for Gratuity and Deferred Tax Asset/Liability as per the actuarial valuation.
- e) There are no revaluation reserves, which need to be disclosed separately in the **“Restated Consolidated Financial Statements”**.
- f) The Company has not paid dividend on its equity shares till March 31, 2016.

6. Other Financial Information:

1. We have also examined the following financial information as set out in annexure prepared by the Management and as approved by the Board of Directors of the Company for the Years ended on 31st March 2016, 31st March 2015, 31st March 2014, 31st March 2013, 31st March 2012.

| | |
|--|------------|
| Restated Consolidated Statement of Share Capital | Annexure-A |
| Restated Consolidated Statement of Reserves And Surplus | Annexure-B |
| Restated Consolidated Statement of Long Term Borrowings | Annexure-C |
| Restated Consolidated Statement of Deferred Tax (Assets) / Liabilities | Annexure-D |

| | |
|--|------------|
| Restated Consolidated Statement of Long Term Provisions | Annexure-E |
| Restated Consolidated Statement of Short Term Borrowings | Annexure-F |
| Restated Consolidated Statement of Trade Payables | Annexure-G |
| Restated Consolidated Statement of Other Current Liabilities | Annexure-H |
| Restated Consolidated Statement of Short Term Provisions | Annexure-I |
| Restated Consolidated Statement of Fixed Assets | Annexure-J |
| Restated Consolidated Statement of Non-Current Investments | Annexure-K |
| Restated Consolidated Statement of Long-Term Loans And Advances | Annexure-L |
| Restated Consolidated Statement of Inventory | Annexure-M |
| Restated Consolidated Statement of Trade Receivables | Annexure-N |
| Restated Consolidated Statement of Cash & Bank Balances | Annexure-O |
| Restated Consolidated Statement of Short-Term Loans And Advances | Annexure-P |
| Restated Consolidated Statement of Other Income | Annexure-Q |
| Restated Consolidated Statement of Turnover | Annexure-R |
| Restated Consolidated Statement of Significant Accounting Ratios | Annexure-S |
| Restated Consolidated Statement of Related party transaction | Annexure-T |
| Restated Consolidated Statement of Capitalization as at March 31, 2016 | Annexure-U |
| Restated Consolidated Statement of Tax shelter | Annexure-V |
| Restated Consolidated Statement of Contingent liabilities | Annexure-W |
| Reconciliation of Restated Consolidated Profit | Annexure-X |

2. The Restated Consolidated Financial Information contain all the disclosures required by the SEBI ICDR regulations and partial disclosures as required by Accounting Standards notified under the Companies Act, of India read with the General Circular 15/ 2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Act.
3. The preparation and presentation of the Consolidated Financial Statements referred to above are based on the Audited Consolidated Financial Statements of the Company, Audited Standalone Financial Statements of the Company and its associate in accordance with the provisions of the Act and the Financial Information referred to above is the responsibility of the management of the Company.
4. In our opinion, the above financial information contained in Annexure I to III and Annexure A to X of this report read along with the Restated Consolidated statement of Significant Accounting Policies and Notes as set out in Annexure IV are prepared after making adjustments and regrouping as considered appropriate and have been prepared in accordance with paragraph B, Section 26 of the Act, the SEBI Regulations, The Revised Guidance Note on Reports in Company Prospectus and Guidance Note on Audit Reports/Certificates on Financial Information in Offer Documents issued by the Institute of Chartered Accountants of India ("ICAI") to the extent applicable, as amended from time to time, and in terms of our engagement as agreed with you. We did not perform audit tests for the purpose of expressing an opinion on individual balances of account or summaries of selected transactions, and accordingly, we express no such opinion thereon.
5. Consequently the financial information has been prepared after making such regroupings and adjustments as were, in our opinion, considered appropriate to comply with the same. As result of these regroupings and adjustments, the amount reported in the financial information may not necessarily be same as those appearing in the respective audited financial statements for the relevant years.



6. The report should not in any way be construed as a re-issuance or re-dating of any of the previous audit report, nor should this constructed as a new opinion on any of the financial statements referred to herein.
7. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
8. Our report is intended solely for use of the management and for inclusion in the Offer Document in connection with the IPO-SME for Proposed Issue of Equity Shares of the Company. Our report should not be used, referred to or distributed for any other purpose without our written consent.
9. The Company, Narayani Steels Limited has given corporate guarantee for credit facilities taken by Hari Equipments Pvt Ltd, a Company in which directors of the Company are director/ members, in pursuance of the Bank stipulation and resolution passed in the meeting of the Board of Directors of the Company prior to the date on which Section 185 of the Companies Act, 2013 was notified.

The Company, Narayani Steels Limited in Financial year 2015-16 has also kept one of its property at Visakhapatnam as security with Syndicate Bank for credit facilities taken by Kedarnath Commotrade Pvt Ltd, a Company in which directors of the Company are director/ members, in pursuance of the Bank stipulation, which is not in accordance with the provisions of section 185 of the Companies Act.

For S. JAYKISHAN
CHARTERED ACCOUNTANTS
FRN 309005E

(CA Chirag Agarwal)
Partner
Membership No-300512
Place: Visakhapatnam.
Dated: The 21st day of May, 2016..

RESTATED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES
ANNEXURE -I
Amount (Rs. in Lakhs)

| Sr. No. | Particulars | As at March 31, | | | | |
|-----------|---------------------------------------|------------------|------------------|------------------|------------------|------------------|
| | | 2016 | 2015 | 2014 | 2013 | 2012 |
| | EQUITY AND LIABILITIES | | | | | |
| 1) | <u>Shareholders Funds</u> | | | | | |
| | a. Share Capital | 730.90 | 730.90 | 730.90 | 730.90 | 635.10 |
| | b. Reserves & Surplus | 1,889.30 | 1,750.68 | 1,595.98 | 1,437.32 | 1,178.19 |
| | | 2,620.20 | 2,481.58 | 2,326.88 | 2,168.22 | 1,813.29 |
| 2) | <u>Non Current Liabilities</u> | | | | | |
| | a. Long Term Borrowings | 1,404.34 | 1,410.26 | 1,610.00 | 992.33 | 1,071.93 |
| | b. Deferred Tax Liabilities (Net) | 34.49 | 24.12 | 15.90 | 1.94 | - |
| | c. Long Term Provisions | 20.73 | 17.11 | 16.80 | 16.37 | 15.42 |
| | | 1,459.56 | 1,451.48 | 1,642.70 | 1,010.64 | 1,087.35 |
| 3) | <u>Current Liabilities</u> | | | | | |
| | a. Short Term Borrowings | 7,103.26 | 6,711.12 | 6,849.74 | 7,966.33 | 4,682.52 |
| | b. Trade Payables | 5,270.11 | 5,924.05 | 6,529.97 | 2,675.84 | 3,100.97 |
| | c. Other Current Liabilities | 759.21 | 679.73 | 727.18 | 167.04 | 109.15 |
| | d. Short Term Provisions | 51.03 | 59.74 | 51.89 | 45.58 | 60.59 |
| | | 13,183.61 | 13,374.63 | 14,158.78 | 10,854.80 | 7,953.22 |
| | TOTAL (1+2+3) | 17,263.37 | 17,307.70 | 18,128.36 | 14,033.66 | 10,853.86 |
| | ASSETS | | | | | |
| 4) | <u>Non Current Assets</u> | | | | | |
| | a. Fixed Assets | | | | | |
| | i. Tangible Assets | 1,072.43 | 1,017.89 | 1,039.25 | 982.88 | 813.44 |
| | ii. Capital work-in-progress | 15.57 | 41.76 | - | - | - |
| | b. Non-current Investments | 279.25 | 264.78 | 88.07 | 77.34 | 77.60 |
| | c. Deferred Tax Assets(Net) | - | - | - | - | 9.88 |
| | d. Long Term Loans & Advances | 63.74 | 47.73 | 32.73 | 100.69 | 53.11 |
| | | 1,431.00 | 1,372.16 | 1,160.04 | 1,160.91 | 954.03 |
| 5) | <u>Current Assets</u> | | | | | |
| | a. Inventories | 3,780.06 | 5,092.26 | 4,387.82 | 4,605.70 | 2,904.44 |
| | b. Trade Receivables | 10,086.16 | 8,437.23 | 9,101.62 | 5,842.30 | 5,787.63 |
| | c. Cash and Bank Balance | 1,419.00 | 1,480.45 | 1,925.80 | 1,864.98 | 887.30 |
| | d. Short Term Loans & Advances | 547.16 | 925.60 | 1,553.07 | 559.77 | 320.45 |
| | | 15,832.38 | 15,935.54 | 16,968.31 | 12,872.74 | 9,899.83 |
| | TOTAL(4+5) | 17,263.37 | 17,307.70 | 18,128.36 | 14,033.66 | 10,853.86 |



Note: The above statement should be read with the consolidated significant accounting policies and notes to restated consolidated statement of profit and loss and consolidated restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

ANNEXURE – II

Amount (Rs. in Lakhs)

| Sr. No. | Particulars | For the year ended March 31, | | | | |
|----------|--|------------------------------|------------------|------------------|------------------|------------------|
| | | 2016 | 2015 | 2014 | 2013 | 2012 |
| A | INCOME | | | | | |
| | Revenue from Operations(Gross) | 51,211.70 | 60,648.95 | 58,484.08 | 47,806.39 | 38,437.46 |
| | Less: Excise Duty | 964.21 | 1,044.07 | 837.46 | 441.38 | 1,214.09 |
| | Revenue from Operations(Net) | 50,247.49 | 59,604.88 | 57,646.62 | 47,365.01 | 37,223.38 |
| | Other Income | 159.44 | 390.93 | 378.25 | 226.82 | 673.35 |
| | Total Revenue (A) | 50,406.93 | 59,995.81 | 58,024.87 | 47,591.83 | 37,896.73 |
| B | EXPENDITURE | | | | | |
| | Cost of Materials Consumed | 7,149.33 | 6,143.47 | 6,643.98 | 6,336.45 | 28,724.99 |
| | Purchase of Traded Goods | 39,026.45 | 52,220.39 | 48,597.80 | 43,874.95 | 7,684.47 |
| | Changes in Inventories of finished goods, WIP and stock in Trade | 1,255.43 | (688.07) | 155.98 | (4,312.50) | (42.90) |
| | Employee Benefits Expense | 228.40 | 164.50 | 296.14 | 131.25 | 80.06 |
| | Finance Costs | 1,164.29 | 1,139.16 | 1,222.41 | 863.52 | 693.20 |
| | Depreciation | 53.87 | 59.55 | 56.70 | 41.50 | 30.66 |
| | Other Expenses | 1,343.73 | 750.03 | 838.20 | 448.64 | 538.83 |
| | Total Expenses (B) | 50,221.49 | 59,789.04 | 57,811.22 | 47,383.81 | 37,709.30 |
| C | Profit before exceptional, extraordinary items and tax (C) = (A-B) | 185.44 | 206.77 | 213.66 | 208.02 | 187.42 |
| | Less - Exceptional Items | - | - | - | 35.19 | - |
| | Profit before extraordinary items and tax | 185.44 | 206.77 | 213.66 | 172.83 | 187.42 |
| | Extraordinary items | - | - | - | - | - |
| D | Profit before tax | 185.44 | 206.77 | 213.66 | 172.83 | 187.42 |
| | Tax expense | | | | | |
| | (i) Current tax | 50.92 | 60.69 | 51.77 | 44.31 | 60.51 |
| | (ii) Deferred tax Liability/(Asset) | 10.38 | 8.50 | 13.96 | 11.81 | 0.42 |
| E | Total Tax Expense | 61.30 | 69.19 | 65.73 | 56.12 | 60.93 |
| F | Restated profit after tax (Before Adjustment of Share of Profit/(Loss) of Associates) (D-E) | 124.15 | 137.59 | 147.93 | 116.71 | 126.49 |
| | Share of Profit / (Loss) In Associates | 14.47 | 17.71 | 10.73 | (0.26) | 0.74 |
| | Restated consolidated profit after tax | 138.62 | 155.30 | 158.66 | 116.45 | 127.24 |

Note: The above statement should be read with the consolidated significant accounting policies and notes to restated consolidated statement of profit and loss and consolidated restated statement of cash flow appearing in Annexure IV, II and III respectively.



RESTATED CONSOLIDATED STATEMENT OF CASH FLOW

ANNEXURE -III

Amount (Rs. in Lakhs)

| Particulars | For the year ended March 31, | | | | |
|---|------------------------------|-----------------|-----------------|-------------------|-----------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Cash flow from operating activities: | | | | | |
| Net Profit before tax as per Statement of Profit And Loss | 185.44 | 206.77 | 213.66 | 172.83 | 187.42 |
| Adjustments for: | | | | | |
| Depreciation | 53.87 | 59.55 | 56.70 | 41.50 | 30.66 |
| Finance Costs | 1,164.29 | 1,139.16 | 1,222.41 | 863.52 | 693.20 |
| Provision for Gratuity | 3.64 | 0.28 | 0.43 | 0.99 | 2.30 |
| Interest & Dividend Income | (104.97) | (120.60) | (151.71) | (74.79) | (28.48) |
| Sundry Balances Written Off | 3.24 | 1.00 | 2.07 | 1.48 | - |
| Rent Received | (0.72) | (0.84) | (0.62) | (0.62) | (0.68) |
| Profit on Sale of Fixed Assets | - | - | (30.04) | (1.73) | - |
| Liabilities no longer required written back | (1.13) | (8.03) | (0.74) | (1.26) | (3.48) |
| | | | | | |
| Operating Profit Before Working Capital Changes | 1,303.66 | 1,277.29 | 1,312.15 | 1,001.90 | 880.94 |
| Adjusted for | | | | | |
| (Increase)/Decrease in Inventories | 1,312.20 | (704.44) | 217.88 | (1,701.25) | (2,123.24) |
| (Increase)/Decrease in Trade Receivables | (1,648.93) | 664.39 | (3,259.32) | (54.67) | (1,998.23) |
| (Increase)/Decrease in Loans and Advances | 370.51 | 641.82 | (981.28) | (277.10) | 1,151.35 |
| Increase/(Decrease) in Trade Payables | (652.81) | (597.89) | 3,854.86 | (423.86) | 1,097.39 |
| Increase/(Decrease) in Other Liabilities | 37.77 | 8.21 | 551.39 | 35.35 | 78.01 |
| Cash Generated From/(used in) Operations Before Extra-Ordinary Items | 722.41 | 1,289.37 | 1,695.69 | (1,419.62) | (913.78) |
| Add:- Extra-Ordinary Items | - | - | - | - | - |
| Cash Generated From Operations | 722.41 | 1,289.37 | 1,695.69 | (1,419.62) | (913.78) |
| Direct Tax Paid | (73.41) | (67.50) | (28.56) | (37.11) | (73.50) |
| Net Cash Flow from/(used in) Operating Activities: (A) | 649.00 | 1,221.87 | 1,667.13 | (1,456.74) | (987.28) |
| | | | | | |
| Cash Flow From Investing Activities: | | | | | |
| Purchase of Fixed Assets | (81.90) | (94.37) | (105.76) | (244.10) | (501.20) |
| Purchase of Non Current Investment | - | (159.00) | - | - | - |
| Sale of Fixed Assets | - | - | 40.00 | 16.30 | - |

| Particulars | For the year ended March 31, | | | | |
|---|------------------------------|-------------------|-------------------|-----------------|-------------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Interest & Dividend Income | 104.97 | 120.60 | 151.71 | 74.79 | 28.48 |
| Rent Received | 0.72 | 0.84 | 0.62 | 0.62 | 0.68 |
| (Increase) / Decrease in Fixed Deposits with Banks | 150.58 | (101.39) | (28.78) | (497.15) | (631.29) |
| Net Cash Flow from/(used in) Investing Activities: (B) | 174.37 | (233.31) | 57.80 | (649.54) | (1,103.33) |
| Cash Flow from Financing Activities: | | | | | |
| Proceeds from Issue of Capital | - | - | - | 238.48 | 400.00 |
| Increase/ (Decrease) in Long Term Borrowings | (5.18) | (196.90) | 614.61 | (71.99) | 769.93 |
| Increase/ (Decrease) in Short Term Borrowings | 392.14 | (199.25) | (1,085.08) | 3,283.82 | 1,639.47 |
| Finance Costs | (1,121.21) | (1,139.16) | (1,222.41) | (863.52) | (693.20) |
| Net Cash Flow from/(used in) Financing Activities (C) | (734.24) | (1,535.31) | (1,692.88) | 2,586.79 | 2,116.20 |
| Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C) | 89.13 | (546.75) | 32.04 | 480.51 | 25.59 |
| Cash & Cash Equivalents As At Beginning of the Year | 31.34 | 578.08 | 546.04 | 65.53 | 39.94 |
| Cash & Cash Equivalents As At End of the Year | 120.47 | 31.34 | 578.08 | 546.04 | 65.53 |
| 1. Components of cash and cash equivalents: | | | | | |
| Particulars | | | | | |
| Cash on hand | 59.56 | 23.12 | 56.09 | 17.40 | 42.45 |
| Balances With Banks | | | | | |
| In current accounts | 60.91 | 8.22 | 521.99 | 528.64 | 23.08 |
| Total Cash and cash equivalents | 120.47 | 31.34 | 578.08 | 546.04 | 65.53 |

2. The Cash Flow Statement has been prepared under indirect method as set out in Accounting Standard -3 on Cash Flow Statement, specified under the Companies Act, 1956 (which are deemed to be applicable as Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of Companies (Accounts) Rules, 2014).

3. Figures in Brackets represents outflow.

4. The above statement should be read with the consolidated significant accounting policies and notes to consolidated restated statement of profit and loss and consolidated restated statement of cash flow appearing in Annexure IV, II and III respectively.



ANNEXURE – IV

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO THE RESTATED CONSOLIDATED SUMMARY STATEMENTS:

A. BACKGROUND

M/s. Narayani Steels Limited was incorporated as Narayani Steels Private Limited on February 10, 1995 under the provisions of Companies Act, 1956 with Registrar of Companies, Kolkata, West Bengal vide registration no. U27109WB1996PTC082021. Pursuant to Shareholders Resolution passed at the Annual General Meeting held on 17th August, 2015, the Company was converted into a Public Limited Company and the name of the Company was changed to “Narayani Steels Limited” vide a fresh Certificate of Incorporation issued by the Registrar of Companies, Kolkata, West Bengal.

The Company is engaged in manufacturing and trading of Iron & Steel products.

B. STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

13) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

The Restated Consolidated Summary Statement of Assets and Liabilities of the Company as on March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012, and the Restated Consolidated Summary Statement of Profit and Loss and Restated Consolidated Summary Statements of Cash Flows for the year ended on March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 and the annexure thereto (collectively, the “**Restated Consolidated Financial Statements**” or “**Restated Consolidated Summary Statements**”) have been extracted by the management from the Financial Statements of the Company for the year ended March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012.

The consolidated restated financial statements comprises of the financial statements of Narayani Steels Ltd. ("the Company"), and its associate, Hari Equipments Pvt. Ltd. and Kedarnath Commotrade Private Limited, (collectively referred to as "the Group"). The consolidated financial statements have been prepared on the following basis:

- (a) The consolidated financial statements include the interest in associates which has been accounted for as per "Equity Accounting" Method as per Accounting Standard 23 - "Accounting for investments in Associates in Consolidated Financial Statements".
- (b) The financial statements of the Associates used in the consolidation are drawn upto the same reporting date as that of the Company.
- (c) The financial statements are prepared to comply in all material respects with the accounting standards notified by the Companies (Accounting Standards) Rules (as amended) and the relevant provisions of the Companies Act, 2013 and Companies Act, 1956 where applicable.
- (d) The financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles ("GAAP") under the historical cost convention on accrual basis and on the principles of going concern. The accounting policies are consistently applied by the Company.
- (e) All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

- (f) The preparation of the financial statements requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Differences between the actual results and estimates are recognised in the period in which the results are known / materialized.

14) REVENUE RECOGNITION

- f) Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- g) Sales are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincide with the delivery of goods. Sales are inclusive of excise duty and net of trade discounts. However, excise duty relating to sales is reduced from gross turnover for disclosing net turnover.
- h) Purchases are net of Cenvat, Vat & Discount.
- i) Insurance Claims to the extent considered recoverable during the year are taken into account. However, claims whose recovery cannot be ascertained with reasonable certainty are accounted for on acceptance/ actual receipt basis.
- j) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.

15) FIXED ASSETS

- e) Fixed Assets are stated at cost, less accumulated depreciation and impairment losses, if any. Cost comprises the purchase price (net of CENVAT / duty credits availed or available thereon) and any attributable cost of bringing the asset to its working condition for the intended use.
- f) Depreciation is provided on the life and in the manner prescribed in Schedule II to the Companies Act, 2013 for financial year ended 31st March, 2016 and 31st March'2015 and Schedule XIV to the Companies Act, 1956 for financial year ended 31st March'2014, 2013, 2012, on straight line method on fixed assets in Unit II at Bhogapuram and on written down value method on other fixed assets.
- g) The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's net selling price and value in use, which is determined by the present value of the estimated future cash flows.
- h) Costs of the fixed assets not ready for their intended use at the Balance Sheet date together with all related expenses are shown as Capital Work-in-progress.

16) INVESTMENTS

Investments classified as long-term investments are stated at cost. Provision is made to recognize any diminution other than temporary in the value of such investments. Current investments are carried at lower of cost and fair value.

17) INVENTORIES

Inventories are valued at lower of cost and net realisable value. Cost of inventories comprises material cost on FIFO basis, labour and manufacturing overheads incurred in bringing the inventories to their present location and condition. Cost of finished goods includes excise duty.

18) FOREIGN CURRENCY TRANSACTIONS

E. INITIAL RECOGNITION

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

F. CONVERSION

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

G. EXCHANGE DIFFERENCES

Exchange differences arising on the settlement of monetary items are recognised as income or as expense in the year in which they arise.

H. FORWARD EXCHANGE CONTRACTS

Forward Exchange Contracts (other than those entered into to hedge foreign currency risk of future transactions in respect of which firm commitments are made or are highly probable forecast transactions) are translated at period end exchange rates and the resultant gains and losses as well as the gains and losses on cancellation of such contracts are recognised in the Statement of Profit and Loss.

19) RETIREMENT BENEFITS

DEFINED-CONTRIBUTION PLANS:

Contribution as per the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 towards provident fund is charged to the Statement of Profit and Loss of the year when the contributions to the respective fund is due. There is no other obligation other than the contribution payable to the respective funds.

DEFINED BENEFIT PLAN:

Liability with regard to long-term employee benefits is provided for on the basis of an actuarial valuation at the Balance Sheet date. Actuarial gain / loss is recognised immediately in the statement of profit and loss.

20) BORROWING COSTS

- c) Borrowing costs that are directly attributable to the acquisition of qualifying assets are capitalised for the period until the asset is ready for its intended use. A qualifying asset is an asset that necessarily takes substantial period of time to get ready for its intended use.
- d) Other Borrowing costs are recognised as expense in the period in which they are incurred.

21) TAXES ON INCOME

Tax expense comprises of current tax and deferred tax.

Current income tax is measured at the amount expected to be paid to the tax authorities, computed in accordance with the applicable tax rates and tax laws. In case of tax payable as per provisions of MAT under Section 115JB of the Income Tax Act, 1961, MAT credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period.

Deferred Tax arising on account of "timing differences" and which are capable of reversal in one or more subsequent periods is recognized, using the tax rates and tax laws that are

enacted or substantively enacted. Deferred tax asset is recognized only to the extent there is reasonable certainty with respect to reversal of the same in future years as a matter of prudence.

22) EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

23) PRIOR PERIOD ITEMS

Significant items of income and expenditure which relates to prior accounting period have been restated and recorded in the respective year to which it relates.

24) PROVISIONS / CONTINGENCIES

- c) A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made.
- d) Contingent Liabilities are not provided for in the accounts and are shown separately in the Notes on Account.

C. CHANGES IN ACCOUNTING POLICIES IN THE PERIOD/YEARS COVERED IN THE RESTATED CONSOLIDATED FINANCIAL STATEMENTS

There are no changes in significant accounting policies except for Provision for Gratuity which was accounted on cash basis till financial year 2011-12 and then from financial year 2012-13 the accounting policy was changed by the management from cash basis to accrual basis and sought actuarial valuation of the same as per provisions laid in AS -15.

D. NOTES ON RESTATED CONSOLIDATED FINANCIAL STATEMENTS

- 16) The financial statements including financial information have been prepared after making such regroupings and adjustments, considered appropriate to comply with the same. As result of these regroupings and adjustments, the amount reported in the financial statements/information may not necessarily be same as those appearing in the respective audited financial statements for the relevant years.
- 17) In compliance with Schedule II of the Companies Act, 2013, the management has reassessed the estimate useful lives of the fixed assets and made necessary changes with effect from 1 April 2014. As a consequence of this change, depreciation charge for the financial year 2014-15 is higher by Rs. 18,31,082/- . Further, based on transitional provision provided in note 7 (b) of Schedule II, depreciation amount of Rs.58,401/- (net of deferred tax Rs.27,974/-) has been adjusted against retained earnings in the financial year 2014-15.
- 18) Interest income of Rs 3.56 lakhs was recorded in other income in the financial year 2012-13 as prior period interest income. While preparing the restated consolidated financial statements, this income has been restated and recorded in the respective year and the effect has also been given the current tax and provision for tax.
- 19) Provision for Gratuity which was not created as per actuarial valuation for financial year 2010-11 and 2011-12 has now been restated in those years and the effect has also been given to gratuity expense in the restated consolidated statement of profit and loss and Deferred Tax Asset/ Liability account.



- 20) Other Expenses of Rs 3.21 lakhs was recorded in other income in the financial year 2014-15 as prior period expense. While preparing the restated consolidated financial statement, this expense has been restated and recorded in the respective year and the effect has also been given the current tax and provision for tax.
- 21) Issue expenses which were expensed out has been recorded as an asset as the same shall be written off against securities premium account on completion of IPO and accordingly provision for tax on the same has been adjusted.

22) Employee benefits:

The Company has adopted the Accounting Standard 15 (revised 2005) on Employee Benefits as per an actuarial valuation carried out by an independent actuary. The disclosures as envisaged under the standard are as under:-

Amount (Rs in lakhs)

| Particulars | Gratuity (UnFunded) 31/03/16 | Gratuity (UnFunded) 31/03/15 | Gratuity (UnFunded) 31/03/14 | Gratuity (UnFunded) 31/03/13 | Gratuity (UnFunded) 31/03/12 |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| (i)Reconciliation of Opening and Closing Balances of the present value of Defined Benefit Obligation: | | | | | |
| Defined Benefit obligation at beginning of the year | 17.20 | 16.92 | 16.49 | 15.50 | 13.20 |
| Interest Cost | 1.23 | 1.35 | 1.42 | 1.24 | 1.06 |
| Current Service Cost | 1.09 | 0.95 | 0.95 | 0.99 | 0.98 |
| Benefits Paid | (3.72) | - | (1.57) | - | - |
| Actuarial (Gain)/Loss | 5.04 | (2.02) | (0.35) | (1.24) | 0.26 |
| Defined Benefit obligation at the year end | 20.84 | 17.20 | 16.92 | 16.49 | 15.50 |
| (ii)Reconciliation of Opening and Closing Balances of fair value of plan assets: | | | | | |
| Not Applicable as scheme is unfunded | | | | | |
| (iii)Reconciliation of fair value of assets and obligation: | | | | | |
| Fair Value of Plan assets | - | - | - | - | - |
| Present Value of Obligation | 20.84 | 17.20 | 16.92 | 16.49 | 15.50 |
| Amount recognised as liability in Balance Sheet | 20.84 | 17.20 | 16.92 | 16.49 | 15.50 |
| (iv)Expenses recognized during the year in the Statement of Profit & Loss : | | | | | |
| Current Service Cost | 1.09 | 0.95 | 0.95 | 0.99 | 0.98 |
| Interest Cost | 1.23 | 1.35 | 1.41 | 1.24 | 1.06 |
| Expected return on plan assets | - | - | - | - | - |
| Actuarial (Gain)/Loss | 5.04 | (2.02) | (0.35) | (1.24) | 0.26 |
| Recognised in the Statement of Profit and Loss | 7.36 | 0.28 | 2.00 | 0.99 | 2.30 |
| | | | | | |



| | | | | | |
|--|--------------------------|--------------------------|--------------------------|--------------------|--------------------|
| (v) Actuarial assumptions: | | | | | |
| Mortality Table | IALM 2006/08 ULTIMATE | IALM 2006/08 ULTIMATE | IALM 2006/08 ULTIMATE | LICI 1994- 1996 | LICI 1994- 1996 |
| Superannuation age | 70 | 70 | 70 | 70 | 70 |
| Discount rate (per annum) | 8% | 8% | 9% | 8% | 8% |
| Rate of escalation in salary (per annum) after first 5 Years | 6% | 6% | 5% | 5% | 5% |

(vi) The above information is certified by the actuary.

23) Segment Reporting (AS 17)

Segment reporting as required by AS-17 issued by the ICAI notified by Ministry of Corporate Affairs.

- III. Business Segment: The Company is mainly engaged in a single business segment of Manufacturing and Trading of Iron & Steel Products, accordingly there is no separate reportable segment as per Accounting Standard 17 "Segment Reporting".
- IV. Geographical Segment: This segment has been considered for Secondary Segment Reporting. Since the Company does not have any transaction outside India as sales being in the domestic market only, the disclosure requirement of Accounting Standard- 17 "Segment Reporting", notified under the Companies Act, 2013 is not applicable.

24) Provisions, Contingent Liabilities and Contingent Assets (AS 29)

There are no contingent liabilities except as mentioned in Annexure –W.

25) Related Party Disclosure (AS 18)

Related party transactions are reported as per AS-18 of Companies (Accounting Standards) Rules, as amended, in the Annexure – T of the enclosed financial statements.

26) Accounting for Taxes on Income (AS 22)

Deferred Tax liability/Asset in view of Accounting Standard – 22: "Accounting for Taxes on Income" as at the end of the year/period is reported as under:

(Rs in lakhs)

| Particulars | As at | | | | |
|--|------------|------------|------------|------------|------------|
| | 31/03/2016 | 31/03/2015 | 31/03/2014 | 31/03/2013 | 31/03/2012 |
| Deferred Tax Liability | | | | | |
| Gross Block as per Books on 31st | 1,526.24 | 1,417.83 | 1,378.77 | 1,265.70 | 1,129.43 |
| Less: Accumulated Depreciation as per Companies Act | 452.94 | 399.07 | 339.52 | 282.82 | 315.99 |
| Less: Depreciation adjusted against retained earnings | 0.87 | 0.87 | - | - | - |
| Less: Gross Value of Fixed Assets Where no timing Difference arises due to same rate of Depreciation | - | - | - | - | - |
| Net WDV as Per Companies Act | 1,072.43 | 1,017.89 | 1,039.25 | 982.88 | 813.44 |
| Net Block as per Income Tax | 947.26 | 927.73 | 973.33 | 960.42 | 828.38 |
| Timing difference- Depreciation | 125.17 | 90.15 | 65.91 | 22.46 | (14.94) |
| Deferred Tax Liability (A) | 41.39 | 29.81 | 21.39 | 7.29 | (4.85) |
| Incremental Depreciation | 11.58 | 8.42 | 14.10 | 12.13 | 1.17 |

| | | | | | |
|---|-------|-------|-------|------|--------|
| Gratuity Expenses charged to Restated Consolidated Statement of Profit and Loss | 3.64 | 0.28 | 2.00 | 0.99 | 2.30 |
| DTA | 1.20 | 0.20 | 0.14 | 0.32 | 0.75 |
| Cumulative Deferred Tax Assets | 6.89 | 5.69 | 5.49 | 5.35 | 5.03 |
| Deferred Tax Assets (B) | 6.89 | 5.69 | 5.49 | 5.35 | 5.03 |
| Cumulative Balance of Deferred Tax Liability/(Assets) (A-B) | 34.49 | 24.12 | 15.90 | 1.94 | (9.88) |



27) Earnings Per Share (AS 20):

Earnings per Share have been calculated is already reported in the Annexure –S of the enclosed financial statements.

28) Realizations:

In the opinion of the Board and to the best of its knowledge and belief, the value on realization of current assets, loans and advances will, in the ordinary course of business, not be less than the amounts at which they are stated in the Balance sheet.

29) Contractual liabilities

All other contractual liabilities connected with business operations of the Company have been appropriately provided for.

30) Amounts in the Financial Statements

Amounts in the financial statements are rounded off to nearest lakhs. Figures in brackets indicate negative values.

**For S. JAYKISHAN
CHARTERED ACCOUNTANTS
FRN 309005E**

**(CA Chirag Agarwal)
Partner
Membership No-300512
Place: Visakhapatnam.
Dated: The 21st day of May, 2016**

RESTATED CONSOLIDATED STATEMENT OF SHARE CAPITAL
ANNEXURE – A

Amount(Rs. in Lakhs)

| Particulars | As at March 31, | | | | |
|--|-----------------|---------------|---------------|---------------|---------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Equity Share Capital | | | | | |
| Authorised Share capital | | | | | |
| Equity Share (F.Y. 2016- Rs. 10/-each, till F.Y. 2015- Rs. 100/- each) | 1,400.00 | 900.00 | 900.00 | 900.00 | 700.00 |
| | 1,400.00 | 900.00 | 900.00 | 900.00 | 700.00 |
| Issued, Subscribed & Fully Paid Up Share Capital | | | | | |
| Equity Share (F.Y. 2016- Rs. 10/-each, till F.Y. 2015- Rs. 100/- each) | 730.90 | 730.90 | 730.90 | 730.90 | 635.10 |
| | | | | | |
| TOTAL | 730.90 | 730.90 | 730.90 | 730.90 | 635.10 |

Reconciliation of Number of Equity Shares outstanding at the end of the respective year

| Particulars | As at March 31, | | | | |
|--|-----------------|----------|----------|----------|----------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| At the beginning of the year | 7,30,900 | 7,30,900 | 7,30,900 | 6,35,100 | 5,88,700 |
| Add: Shares Allotted during the year | - | - | - | 95,800 | 46,400 |
| Add: Increase in shares due to sub-division* | 65,78,100 | - | - | - | - |
| At the end of the reporting year | 73,09,000 | 7,30,900 | 7,30,900 | 7,30,900 | 6,35,100 |

Terms/Rights attached to equity shares

The Company has only one class of equity shares having a par value of Rs.10/- in F.Y. 2016 (Rs. 100/- till F.Y. 2015) per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the share holders.



Details of shareholders holding more than 5% of the aggregate shares in the company:

| Name of Shareholder | As at March 31, | | | | | | | | | |
|-------------------------------------|-----------------|--------|---------------|--------|---------------|--------|---------------|--------|---------------|--------|
| | 2016 | | 2015 | | 2014 | | 2013 | | 2012 | |
| | No. Of Shares | % | No. Of Shares | % | No. Of Shares | % | No. Of Shares | % | No. Of Shares | % |
| Kishanlal Choudhary | 10,03,500 | 13.73% | 1,00,350 | 13.73% | 1,00,350 | 13.73% | 1,00,350 | 13.73% | 1,00,350 | 15.80% |
| Sunil Choudhary(HUF) | 12,61,000 | 17.25% | 1,26,100 | 17.25% | 1,26,100 | 17.25% | 1,26,100 | 17.25% | 1,26,100 | 19.86% |
| Sunil Choudhary | 12,24,500 | 16.75% | 1,22,450 | 16.75% | 1,22,450 | 16.75% | 1,22,450 | 16.75% | 1,22,450 | 19.28% |
| Cooltex Merchandise Private Limited | 21,63,000 | 29.59% | 2,16,300 | 29.59% | 2,16,300 | 29.59% | 2,16,300 | 29.59% | 2,07,500 | 32.67% |

Notes:

- 1) *Shareholders, vide resolution dated 17.08.2015, approved the subdivision of 1 equity shares having a nominal value of Rs. 100/- into 10 equity shares having a nominal value of Rs. 10/- each.
- 2) Pursuant to Shareholder's Resolution passed at the Annual General Meeting held on 17.08.2015 approving the issue of Equity shares to the Public, the Company has filed a draft prospectus dated 24.09.2015 with SME platform of Bombay Stock Exchange for issue of 36,00,000 Equity shares of Rs. 10 each at a premium of Rs. 22 per share.
- 3) The above statement should be read with the consolidated significant accounting policies and notes to restated consolidated statement of profit and loss and restated consolidated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED CONSOLIDATED STATEMENT OF RESERVES & SURPLUS
ANNEXURE - B
(Rs. in Lakhs)

| Particulars | As at March 31 | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Securities Premium Account | | | | | |
| Balance as per last financial statements | 938.28 | 938.28 | 938.28 | 795.60 | 378.00 |
| Additions During the year | - | - | - | 143.70 | 417.60 |
| Share Issue Expenses | - | - | - | (1.02) | - |
| Closing Balance | 938.28 | 938.28 | 938.28 | 938.28 | 795.60 |
| | | | | | |
| Surplus [Balance in the consolidated statement of Profit & Loss] | | | | | |
| Balance as per last financial statements | 812.40 | 657.70 | 499.04 | 382.59 | 255.35 |
| Profit for the year | 138.62 | 155.30 | 158.66 | 116.45 | 127.24 |
| Less: Adjustment A/c Depreciation on Fixed Assets (Refer Note below) | - | (0.58) | - | - | - |
| | | | | | |
| Closing Balance | 951.02 | 812.40 | 657.70 | 499.04 | 382.59 |
| | | | | | |
| TOTAL | 1,889.30 | 1,750.68 | 1,595.98 | 1,437.32 | 1,178.19 |

Note:

- 3) In compliance with Schedule II of the Companies Act, 2013, the management has reassessed the estimate useful lives of the fixed assets and made necessary changes with effect from 1 April 2014. As a consequence of this change, depreciation charge for the year ending on 31-03-2015 is higher by Rs. 18,31,082/- . Further, based on transitional provision provided in note 7 (b) of Schedule II, depreciation amount of Rs.58,401/- (net of deferred tax Rs.28,846/-) has been adjusted against retained earnings of the year 31-03-2015.
- 4) The above statement should be read with the consolidated significant accounting policies and notes to restated consolidated statement of profit and loss and restated consolidated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED CONSOLIDATED STATEMENT OF LONG TERM BORROWINGS
ANNEXURE C
(Rs. in Lakhs)

| Particulars | As at March 31, | | | | |
|--|-----------------|-------|------|------|-------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| <u>Secured</u> | | | | | |
| Vehicle loan(including current maturity) | 7.71 | 14.10 | 3.55 | 8.93 | 15.13 |
| Less :Amount disclosed under the head - "Other Current Liabilities" (Current Maturity) | 7.13 | 6.39 | 3.55 | 6.60 | 6.20 |

| Particulars | As at March 31, | | | | |
|--|-----------------|-----------------|-----------------|---------------|-----------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| | 0.58 | 7.71 | - | 2.33 | 8.93 |
| Unsecured | | | | | |
| Loans from promoters/group companies/subsidiaries / material associate companies | - | - | - | - | - |
| Others | | | | | |
| Loan from Bodies Corporate | 1,403.76 | 1,402.55 | 1,610.00 | 990.00 | 1,063.00 |
| TOTAL | 1,404.34 | 1,410.26 | 1,610.00 | 992.33 | 1,071.93 |

Terms of Repayment

III. Unsecured loan

Unsecured Loans from Bodies Corporate, partly bearing interest for the financial year ended as on 31st March'2016 and 2015, interest free for the financial year ended as on 31st March 2014, 2013 and 2012. The said loans have been taken without any stipulation for repayment and are stated by the management to be in the nature of Long term borrowings.

IV. Loan against vehicles

Loans against Vehicles is secured by way of hypothecation of the underlying asset financed.

Loan taken during the year 2014-15 is repayable by 12 monthly installments of Rs. 63,582/- and 1 month installment of Rs. 58,044/- as on 31-03-2016, carrying average interest at 11.01% p.a.

Loan taken during the financial year 2012 was repayable by Equated Montly Installments over a period of 3 years from the date of loan, carrying average interest at 11.35% p.a.

Note: The above statement should be read with the consolidated significant accounting policies and notes to restated consolidated statement of profit and loss and restated consolidated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED CONSOLIDATED STATEMENT OF DEFERRED TAX ANNEXURE D (ASSETS)/LIABILITIES

(Rs. in Lakhs)

| Particulars | As at March 31, | | | | |
|--|-----------------|--------|--------|--------|---------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Opening Balance of Deferred Tax (Asset)/ Liability | 24.12 | 15.90 | 1.94 | (9.88) | (10.29) |
| Current year Provision | | | | | |
| (DTA)/DTL on Depreciation | 11.58 | 8.42 | 14.10 | 12.13 | 1.17 |
| (DTA)/DTL on Provision for Gratuity | (1.20) | (0.20) | (0.14) | (0.32) | (0.75) |
| Closing Balance of Deferred Tax (Asset)/ Liability | 34.49 | 24.12 | 15.90 | 1.94 | (9.88) |

Note: The above statement should be read with the consolidated significant accounting policies and notes to restated consolidated statement of profit and loss and restated consolidated statement of cash flow appearing in Annexure IV, II and III respectively..

**RESTATED CONSOLIDATED STATEMENT OF
LONG TERM PROVISIONS**

ANNEXURE E

(Rs. in lakhs)

| Particulars | As at March 31 | | | | |
|------------------------|----------------|--------------|--------------|--------------|--------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Provision for Gratuity | 20.73 | 17.11 | 16.80 | 16.37 | 15.42 |
| | | | | | |
| TOTAL | 20.73 | 17.11 | 16.80 | 16.37 | 15.42 |

Note: The above statement should be read with the consolidated significant accounting policies and notes to restated consolidated statement of profit and loss and restated consolidated statement of cash flow appearing in Annexure IV, II and III respectively.

**RESTATED CONSOLIDATED STATEMENT OF
SHORT TERM BORROWINGS**

ANNEXURE F

(Rs. in Lakhs)

| Particulars | As at March 31, | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Working Capital Loans From Union Bank of India (Secured) | | | | | |
| -Cash Credit | 4,834.67 | 4,981.25 | 5,172.13 | 4,434.26 | 4,412.52 |
| -Buyer's Credit | - | 743.12 | - | 2,595.08 | - |
| Loan against Fixed Deposit (Secured) | - | - | 197.00 | - | 270.00 |
| Channel Finance from Banks | 2,268.59 | 986.75 | 1,480.61 | 937.00 | - |
| TOTAL | 7,103.26 | 6,711.12 | 6,849.74 | 7,966.33 | 4,682.52 |

Details of security

- Cash Credit and Buyer's Credit from Union Bank of India are secured by way of hypothecation of Book Debts and Stocks.

The loan is also collaterally secured by way of a) charge on Plant & Machinery, office premises, flats and plots in the name of the Company, b) charge on certain immovable properties of the Company, Mr. Sunil Choudhary, Mrs. Savitri Devi Choudhary, Mr. Kishan Lal Choudhary and Narayani Ispat Pvt. Ltd. c) Term Deposits of Rs 152 lacs for F.Y. 2015-16 in the name of the Company. d) Personal guarantee of Mr. Sunil Choudhary, Mr. Kishan Lal Choudhary, Mr. Bivor Bagaria, Mrs. Bina Choudhary, Mrs. Savitri Devi Choudhary and e) Corporate Guarantee from Narayani Ispat Pvt. Ltd.

- Channel Finance from Andhra Bank of Rs. 10 crores and an adhoc limit of Rs. 5 crores for financial year 2015-16, Rs. 10 Crores for financial year 2014-2015, Rs. 15 crores for financial year 2013-2014 and Rs. 10 Crores for financial year 2012-2013 are collaterally secured by Fixed Deposit of Rs 3,75,00,000/-, Rs 2,50,00,000/-, Rs. 3,75,00,000/- and Rs. 2,50,00,000/- and guaranteed by the directors of the Company, Mr. Sunil Choudhary and Mr. Kishan Lal Choudhary.

Channel Financing from Yes Bank of Rs. 3 Crores in financial year 2015-16 is collaterally secured by Fixed Deposit of Rs 60,00,000/- and guaranteed by Mr. Sunil Choudhary, Mr. Kishan Lal Choudhary & Sunil Choudhary(HUF).

Channel Financing from Tata Capital Financial Services Limited of Rs. 5 Crores in financial year 2015-16 is guaranteed by Mr. Sunil Choudhary, Mr. Kishan Lal Choudhary, Mrs. Bina Choudhary & Mrs. Savitri Devi Choudhary.

6. The rate of interest on Cash Credit from Union Bank of India linked to the base rate are 12.9%, 14.25%, 14.25%, 12.25% and 12.25% for financial year ended on March'2016, March'2015, March'2014, March'2013 and March'2012 respectively. The rate of interest on Channel Financing from Andhra Bank is 10.25% p.a. (Base Rate + 0.50)% for F.Y. 2015-16 and 10.75% p.a. for F.Y. 2013-14 and 2014-15.

The rate of interest on Channel Financing from Yes Bank and Tata Capital Financial Services Limited for F.Y. 2015-16 is 11.25% (Base Rate + 0.75)% and 11.75% respectively.

Note: The above statement should be read with the consolidated significant accounting policies and notes to restated consolidated statement of profit and loss and restated consolidated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED CONSOLIDATED STATEMENT OF TRADE PAYABLES

Annexure G

(Rs. in Lakhs)

| Particulars | As at March 31, | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Due to Micro, Small & Medium Enterprises [Refer Note below] | - | - | - | - | - |
| Due to others | 1,357.53 | 1,318.01 | 2,659.75 | 703.15 | 522.82 |
| Liability under L/C | 3,795.64 | 4,526.25 | 3,806.01 | 1,904.19 | 2,514.74 |
| Liability for Expenses | 116.94 | 79.79 | 64.21 | 68.50 | 63.40 |
| TOTAL | 5,270.11 | 5,924.05 | 6,529.97 | 2,675.84 | 3,100.97 |

Note:

4. The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the company.
5. There are no Micro, Small and Medium Enterprises to whom the Company owes dues, which are outstanding for more than 45 days. This information as required to be disclosed under the Micro, Small and Medium Enterprises Development Act, 2006 has been determined to the extent such parties have been identified on the basis of information available with the Company.
6. The above statement should be read with the consolidated significant accounting policies and notes to restated consolidated statement of profit and loss and restated consolidated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED CONSOLIDATED STATEMENT OF OTHER CURRENT LIABILITIES
ANNEXURE H
(Rs. in Lakhs)

| Particulars | As at March 31, | | | | |
|--------------------------------------|-----------------|---------------|---------------|---------------|---------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Current maturities of long-term debt | 7.13 | 6.39 | 3.55 | 6.60 | 6.20 |
| Interest Accrued but Not Due | 61.50 | 18.42 | 79.05 | 47.54 | 40.33 |
| Advances received from Customers | 620.93 | 572.57 | 550.72 | 39.42 | 14.17 |
| Due for Capital Goods | - | 2.12 | - | 19.70 | 4.78 |
| Credit Balances of Related Parties | 8.13 | 11.89 | 17.72 | 7.22 | 31.22 |
| Share application money refundable | - | - | - | 9.00 | 9.00 |
| Statutory dues | 61.52 | 68.34 | 76.14 | 37.55 | 3.46 |
| TOTAL | 759.21 | 679.73 | 727.18 | 167.04 | 109.15 |

Note:

- The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the company.
- The above statement should be read with the consolidated significant accounting policies and notes to restated consolidated statement of profit and loss and restated consolidated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED CONSOLIDATED STATEMENT OF SHORT TERM PROVISIONS
ANNEXURE I
(Rs. in Lakhs)

| Particulars | As at March 31 | | | | |
|--------------------------|----------------|--------------|--------------|--------------|--------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Provision for Income Tax | 50.92 | 59.64 | 51.77 | 45.47 | 60.51 |
| Provision for Gratuity | 0.11 | 0.10 | 0.12 | 0.12 | 0.08 |
| | | | | | |
| TOTAL | 51.03 | 59.74 | 51.89 | 45.58 | 60.59 |

Note:

- The above statement should be read with the consolidated significant accounting policies and notes to restated consolidated statement of profit and loss and restated consolidated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED CONSOLIDATED STATEMENT OF FIXED ASSETS

ANNEXURE J

(Rs in lakhs)

Depreciation as per Schedule XIV of the Companies Act, 1956

| Particulars | Gross Block | | | | Accumulated Depreciation | | | | Net Block | |
|------------------------|---------------------|---------------------------|--------------------------|----------------------|--------------------------|----------------------------------|-------------------------------|----------------------|----------------------|----------------------|
| | As at April 1, 2011 | Additions during the Year | Deletion during the Year | As at March 31, 2012 | As at April 1, 2011 | Depreciation charge for the year | Depreciation Reversed on Sale | As at March 31, 2012 | As at March 31, 2012 | As at March 31, 2011 |
| Tangible Assets | | | | | | | | | | |
| Freehold Land | 190.41 | 258.45 | - | 448.86 | - | - | - | - | 448.86 | 190.41 |
| Building | 35.99 | 53.00 | - | 88.98 | 20.30 | 1.41 | - | 21.71 | 67.27 | 15.69 |
| Computer | 11.15 | 7.43 | - | 18.57 | 8.52 | 1.09 | - | 9.62 | 8.96 | 2.62 |
| Furniture | 4.26 | - | - | 4.26 | 3.44 | 0.15 | - | 3.59 | 0.67 | 0.81 |
| Plant & Machinery | 279.28 | 156.12 | - | 435.40 | 165.86 | 17.61 | - | 183.47 | 251.93 | 113.42 |
| Vehicle | 110.60 | 22.76 | - | 133.35 | 87.20 | 10.40 | - | 97.60 | 35.75 | 23.39 |
| Total | 631.67 | 497.75 | - | 1,129.43 | 285.33 | 30.66 | - | 315.99 | 813.44 | 346.35 |

Note:

- The original cost of vehicles & equipments includes Rs. 18,00,000/-(P.Y.Nil) acquired from loans taken from banks & financial institutions, of which Rs. 15,13,158/- (P.Y. Nil) were outstanding as at 31-03-2012.
- The Company has during the year 2011-12, acquired another unit for production of rolled products. The same has not been put to use by the Company up to 31st March, 2012 and therefore no depreciation has been provided on the assets relating to the said unit.

| Particulars | Gross Block | | | | Accumulated Depreciation | | | | Net Block | |
|-------------------------------|---------------------|---------------------------|--------------------------|----------------------|--------------------------|----------------------------------|-------------------------------|----------------------|----------------------|----------------------|
| | As at April 1, 2012 | Additions during the Year | Deletion during the Year | As at March 31, 2013 | As at April 1, 2012 | Depreciation charge for the year | Depreciation Reversed on Sale | As at March 31, 2013 | As at March 31, 2013 | As at March 31, 2012 |
| <u>Tangible Assets</u> | | | | | | | | | | |
| Freehold Land | 448.86 | 15.70 | - | 464.56 | - | - | - | - | 464.56 | 448.86 |
| Building | 88.98 | 90.52 | - | 179.51 | 21.71 | 2.86 | - | 24.57 | 154.93 | 67.27 |
| Computer | 18.57 | 1.52 | - | 20.10 | 9.62 | 2.31 | - | 11.92 | 8.18 | 8.96 |
| Furniture | 4.26 | 1.33 | - | 5.58 | 3.59 | 0.15 | - | 3.74 | 1.85 | 0.67 |
| Plant & Machinery | 435.40 | 115.30 | - | 550.69 | 183.47 | 29.81 | - | 213.27 | 337.42 | 251.93 |
| Vehicle | 133.35 | 1.14 | 89.23 | 45.26 | 97.60 | 6.38 | 74.66 | 29.31 | 15.95 | 35.75 |
| Total | 1,129.43 | 225.50 | 89.23 | 1,265.70 | 315.99 | 41.50 | 74.66 | 282.82 | 982.88 | 813.44 |

Note:

- The original cost of vehicles includes Rs. 18,00,000/- (P.Y. Rs 18,00,000) acquired from loans taken from banks, of which Rs.8,93,292/- (P.Y. Rs 15,13,158) were outstanding as at the year end.

4. Additions for the year 2012-2013 include following pre-operative expenses incurred during the period prior to commencement of Commercial production as on 01/12/2012 at Company's Unit - II at Bhogapuram in Andhra Pradesh and Capitalised by transfer to Plant & Equipments and Buildings in proportion to thier respective costs:

| Particulars | (Rs.) |
|-----------------------------|------------------|
| Salaries | 1,79,782 |
| Payment to Foreman | 4,00,000 |
| Rates and taxes | 56,750 |
| Power Connection Charges | 24,47,023 |
| Arrear Power Charges | 5,58,801 |
| Electricity Charges | 17,902 |
| Printing & Stationery | 5,000 |
| Telephone Expenses | 7,730 |
| Travelling & Conveyance | 30,451 |
| Legal and Professional Fees | 7,784 |
| Safety & Security | 2,70,597 |
| Diesel Expenses | 14,034 |
| General Expenses | 5,611 |
| Office Expenses | 3,900 |
| Total | 40,05,365 |

| Particulars | Gross Block | | | | Accumulated Depreciation | | | | Net Block | |
|-------------------------------|---------------------|---------------------------|--------------------------|----------------------|--------------------------|----------------------------------|-------------------------------|----------------------|----------------------|----------------------|
| | As at April 1, 2013 | Additions during the Year | Deletion during the Year | As at March 31, 2014 | As at April 1, 2013 | Depreciation charge for the year | Depreciation Reversed on Sale | As at March 31, 2014 | As at March 31, 2014 | As at March 31, 2013 |
| <u>Tangible Assets</u> | | | | | | | | | | |
| Freehold Land | 464.56 | - | 9.96 | 454.60 | - | - | - | - | 454.60 | 464.56 |
| Building | 179.51 | 17.75 | - | 197.26 | 24.57 | 6.24 | - | 30.82 | 166.44 | 154.93 |
| Computer | 20.10 | 1.18 | - | 21.28 | 11.92 | 2.12 | - | 14.04 | 7.24 | 8.18 |
| Furniture | 5.58 | 4.83 | - | 10.41 | 3.74 | 0.96 | - | 4.70 | 5.72 | 1.85 |
| Plant & Machinery | 550.69 | 98.67 | - | 649.37 | 213.27 | 42.60 | - | 255.87 | 393.50 | 337.42 |
| Vehicle | 45.26 | 0.59 | - | 45.85 | 29.31 | 4.79 | - | 34.10 | 11.75 | 15.95 |
| Total | 1,265.70 | 123.03 | 9.96 | 1,378.77 | 282.82 | 56.70 | - | 339.52 | 1,039.25 | 982.88 |

Depreciation as per Schedule II of the Companies Act, 2013

| Particulars | Gross Block | | | | Accumulated Depreciation | | | | Retained Earning | Net Block | |
|-------------------------------|---------------------|---------------------------|--------------------------|----------------------|--------------------------|----------------------------------|-------------------------------|----------------------|------------------|----------------------|----------------------|
| | As at April 1, 2014 | Additions during the year | Deletion during the year | As at March 31, 2015 | As at April 1, 2014 | Depreciation charge for the year | Depreciation Reversed on Sale | As at March 31, 2015 | | As at March 31, 2015 | As at March 31, 2014 |
| <u>Tangible Assets</u> | | | | | | | | | | | |
| Freehold Land | 454.60 | 2.92 | - | 457.52 | - | - | - | - | - | 457.52 | 454.60 |
| Building | 197.26 | - | - | 197.26 | 30.82 | 5.86 | - | 36.68 | - | 160.58 | 166.44 |
| Computer | 21.28 | - | - | 21.28 | 14.04 | 2.26 | - | 16.30 | 0.23 | 4.75 | 7.24 |
| Furniture | 10.41 | 3.68 | - | 14.09 | 4.70 | 0.98 | - | 5.68 | 0.23 | 8.17 | 5.72 |
| Plant & Machinery | 649.37 | 12.14 | - | 661.51 | 255.87 | 44.76 | - | 300.63 | 0.41 | 360.47 | 393.50 |
| Vehicle | 45.85 | 20.32 | - | 66.18 | 34.10 | 5.69 | - | 39.79 | - | 26.39 | 11.75 |
| Sub-Total | 1,378.77 | 39.06 | - | 1,417.83 | 339.52 | 59.55 | - | 399.07 | 0.87 | 1,017.89 | 1,039.25 |
| Capital WIP | - | 41.76 | - | 41.76 | - | - | - | - | - | 41.76 | - |
| Total | 1,378.77 | 80.82 | - | 1,459.59 | 339.52 | 59.55 | - | 399.07 | 0.87 | 1,059.65 | 1,039.25 |

NOTE:

2. The original cost of vehicles includes Rs. 20,32,474/- (P.Y. Rs. 22,75,696/-) acquired from loans taken from banks & financial institutions, of which Rs. 14,10,219/- (P.Y. Rs.3,54,528/-) were outstanding as at year end.

| Particulars | Gross Block | | | | Accumulated Depreciation | | | | Retained Earning | Net Block | |
|-------------------------------|---------------------|---------------------------|--------------------------|----------------------|--------------------------|----------------------------------|-------------------------------|----------------------|------------------|----------------------|----------------------|
| | As at April 1, 2015 | Additions during the year | Deletion during the year | As at March 31, 2016 | As at April 1, 2015 | Depreciation charge for the year | Depreciation Reversed on Sale | As at March 31, 2016 | | As at March 31, 2016 | As at March 31, 2015 |
| <u>Tangible Assets</u> | | | | | | | | | | | |
| Freehold Land | 457.52 | 0.87 | - | 458.39 | - | - | - | - | - | 458.39 | 457.52 |
| Building | 197.26 | 35.59 | - | 232.84 | 36.68 | 6.31 | - | 42.98 | - | 189.86 | 160.58 |
| Computer | 21.28 | 0.09 | - | 21.38 | 16.30 | 1.55 | - | 17.85 | 0.23 | 3.30 | 4.75 |
| Furniture | 14.09 | 0.35 | - | 14.44 | 5.68 | 0.91 | - | 6.58 | 0.23 | 7.62 | 8.17 |
| Plant & Machinery | 661.51 | 71.52 | - | 733.02 | 300.63 | 40.42 | - | 341.05 | 0.41 | 391.56 | 360.47 |
| Vehicle | 66.18 | - | - | 66.18 | 39.79 | 4.68 | - | 44.47 | - | 21.70 | 26.39 |
| Sub-Total | 1,417.83 | 108.41 | - | 1,526.24 | 399.07 | 53.87 | - | 452.94 | 0.87 | 1,072.43 | 1,017.89 |
| Capital WIP | 41.76 | - | 26.19 | 15.57 | - | - | - | - | - | 15.57 | 41.76 |
| Total | 1,459.59 | 108.41 | 26.19 | 1,541.82 | 399.07 | 53.87 | - | 452.94 | 0.87 | 1,088.00 | 1,059.65 |

NOTE:

2. The original cost of vehicles includes Rs. 20,32,474/- (P.Y. Rs. 20,32,474/-) acquired from loans taken from banks & financial institutions, of which Rs. 7,70,901/- (P.Y. Rs.14,10,219/-) were outstanding as at year end.

The above statement should be read with the consolidated significant accounting policies and notes to restated consolidated statement of profit and loss and consolidated restated statement of cash flow appearing in Annexure IV, II and III respectively.



RESTATED CONSOLIDATED STATEMENT OF NON CURRENT INVESMENTS

ANNEXURE – K

(Rs. in lakhs)

| Particulars | As at March 31, | | | | | | | | | |
|--|-----------------|---------------|---------------|---------------|---------------|--------------|---------------|--------------|---------------|--------------|
| | 2016 | | 2015 | | 2014 | | 2013 | | 2012 | |
| | No. of Shares | Amount | No. of Shares | Amount | No. of Shares | Amount | No. of Shares | Amount | No. of Shares | Amount |
| Investment in Property (at cost) | - | 159.00 | - | 159.00 | - | - | - | - | - | - |
| Trade Investments (at cost) | | | | | | | | | | |
| Equity Shares - Unquoted (Fully Paid Up) | | | | | | | | | | |
| Hari Equipment (P) Ltd | | | | | | | | | | |
| (i) Cost of Investment of Equity Shares (FV - Rs 10/- each) (Including Rs.30.22 lakhs of Goodwill arising on Consolidation) | 4,59,490 | 56.73 | 4,59,490 | 56.73 | 4,59,490 | 56.73 | 4,59,490 | 56.73 | 4,59,490 | 56.73 |
| (ii) Share of post acquisition Profits (net of losses) | | 37.91 | | 23.44 | | 5.73 | | (5.00) | | (4.74) |
| | 4,59,490 | 94.64 | 4,59,490 | 80.17 | 4,59,490 | 62.46 | 4,59,490 | 51.73 | 4,59,490 | 51.99 |
| Kedarnath Commotrade (P) Ltd | | | | | | | | | | |
| i) Cost of Investment of Equity Shares (FV - Rs 10/- each) (Including Rs.0.14 lakhs of Goodwill arising on Consolidation) | 2,45,000 | 24.50 | 2,45,000 | 24.50 | 2,45,000 | 24.50 | 2,45,000 | 24.50 | 2,45,000 | 24.50 |
| (ii) Share of post acquisition Profits (net of losses) | | - | | - | | - | | - | | - |
| | | 24.50 | | 24.50 | | 24.50 | | 24.50 | | 24.50 |
| | | 119.14 | | 104.67 | | 86.96 | | 76.23 | | 76.49 |
| Non - Trade Investments (at cost) | | | | | | | | | | |
| Equity Shares - Quoted (Fully Paid Up) | | | | | | | | | | |

| Particulars | As at March 31, | | | | | | | | | |
|--|-----------------|---------------|---------------|---------------|---------------|--------------|---------------|--------------|---------------|--------------|
| | 2016 | | 2015 | | 2014 | | 2013 | | 2012 | |
| | No. of Shares | Amount | No. of Shares | Amount | No. of Shares | Amount | No. of Shares | Amount | No. of Shares | Amount |
| Union Bank of India | 1,009 | 1.11 | 1,009 | 1.11 | 1,009 | 1.11 | 1,009 | 1.11 | 1,009 | 1.11 |
| | | 1.11 | | 1.11 | | 1.11 | | 1.11 | | 1.11 |
| Total Non Current Investments | | 279.25 | | 264.78 | | 88.07 | | 77.34 | | 77.60 |
| Aggregate amount of unquoted investments | | 119.14 | | 104.67 | | 86.96 | | 76.23 | | 76.49 |
| Aggregate amount of quoted investments | | 1.11 | | 1.11 | | 1.11 | | 1.11 | | 1.11 |
| Market Value of Quoted Investments | | 1.32 | | 1.58 | | 1.39 | | 2.20 | | 2.38 |

NOTE:

4. Till the financial year 2014-15, both Hari Equipments Private Limited and Kedarnath Commotrade Private Limited were Associates of the Company. However, in the financial year 2015-16, only Hari Equipments Private Limited is the Associate of the Company.
5. The post acquisition profits are NIL since Kedarnath Commotrade Private Limited had not started its activities in those respective years.
6. Investment in Property is given as collateral security against credit facilities availed by Kedarnath Commotrade Private Limited.
7. The above statement should be read with the consolidated significant accounting policies and notes to restated consolidated statement of profit and loss and consolidated restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED CONSOLIDATED STATEMENT OF LONG TERM LOANS & ADVANCES

ANNEXURE – L

(Rs. in lakhs)

| Particulars | As at March 31, | | | | |
|----------------------------------|-----------------|--------------|--------------|---------------|--------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Unsecured considered good | | | | | |
| Security and other Deposits | 63.74 | 47.73 | 32.73 | 63.72 | 49.67 |
| Capital Advances | - | - | - | 36.97 | 3.45 |
| | | | | | |
| TOTAL | 63.74 | 47.73 | 32.73 | 100.69 | 53.12 |

Note:

- 3) List of persons/entities classified as promoters and group companies has been determined by the management and relied upon by the Auditor. The Auditors have not performed any procedure to determine whether the list is accurate and complete.
- 4) The above statement should be read with the consolidated significant accounting policies and notes to restated consolidated statement of profit and loss and consolidated restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED CONSOLIDATED STATEMENT OF INVENTORIES

ANNEXURE – M

(Rs. in lakhs)

| Particulars | As at March 31, | | | | |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| (As taken, valued and certified by the management) | | | | | |
| Raw Materials | 67.49 | 105.59 | 117.58 | 194.65 | 2,806.91 |
| Traded Goods | 3,293.93 | 4,403.73 | 3,766.91 | 4,089.21 | - |
| Finished Goods | 368.00 | 495.49 | 452.51 | 304.19 | 84.05 |
| Scrap & Miss Rolls | 18.56 | 36.70 | 28.44 | 10.43 | 7.28 |
| Stores & Spares | 24.97 | 43.75 | 15.82 | 4.75 | 2.25 |
| Furnace oil, coal & Gas | 7.11 | 7.00 | 6.56 | 2.47 | 3.96 |
| | | | | | |
| TOTAL | 3,780.06 | 5,092.26 | 4,387.82 | 4,605.70 | 2,904.44 |

Note:

3. Inventory has been physically verified by the management of the Company at the end of respective year.
4. The above statement should be read with the consolidated significant accounting policies and notes to restated consolidated statement of profit and loss and consolidated restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED CONSOLIDATED STATEMENT OF TRADE RECEIVABLES
ANNEXURE – N
(Rs. in lakhs)

| Particulars | As at March 31, | | | | |
|--|------------------|-----------------|-----------------|-----------------|-----------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| <u>(Unsecured, Considered Good)</u> | | | | | |
| From Directors / Promoters / Promoter Group / Associates / Relatives of Directors / Group Companies | | | | | |
| -Less than six months | 7.32 | 1,470.45 | 2,720.50 | 446.11 | 5,411.61 |
| -More than six months | - | - | - | - | - |
| From Others | | | | | |
| -Less than six months | 9,585.95 | 6,833.03 | 5,923.14 | 5,369.76 | 235.92 |
| -More than six months | 492.89 | 133.75 | 457.98 | 26.43 | 140.10 |
| TOTAL | 10,086.16 | 8,437.23 | 9,101.62 | 5,842.30 | 5,787.63 |

Note:

- List of persons/entities classified as Promoters and Group Companies has been determined by the Management and relied upon by the Auditor. The Auditors have not performed any procedure to determine whether the list is accurate and complete.
- Other Debts includes Rs.7,31,886/-, Rs. 14,70,44,519/-, Rs 27,20,49,556/-, Rs 4,46,10,576/- and Rs 54,11,61,418/- for financial year ending March, 2016, March, 2015, March, 2014, March, 2013, and March, 2012 respectively due from Pvt. Companies in which Director is a Member/Director.
- The above statement should be read with the consolidated significant accounting policies and notes to restated consolidated statement of profit and loss and consolidated restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED CONSOLIDATED STATEMENT OF CASH AND BANK BALANCES
ANNEXURE – O
(Rs. in lakhs)

| Particulars | As at March 31, | | | | |
|---|-----------------|-----------------|-----------------|-----------------|---------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| <u>Cash & Cash Equivalents</u> | | | | | |
| Cash in hand (as certified) | 59.56 | 23.12 | 56.09 | 17.40 | 42.45 |
| Balances With Banks | | | | | |
| In current accounts | 60.91 | 8.22 | 521.99 | 528.64 | 23.08 |
| <u>Other Bank Balances</u> | | | | | |
| In Fixed Deposits with Maturity period more than 3 months | 1,230.67 | 1,297.28 | 1,160.87 | 1,265.26 | 797.80 |
| Interest accrued on Fixed Deposits | 67.86 | 151.83 | 186.85 | 53.68 | 23.99 |
| TOTAL | 1,419.00 | 1,480.45 | 1,925.80 | 1,864.98 | 887.31 |

Note:

- 3) Balances in Fixed Deposits are under lien with Banks against Channel facility and credit facility taken from the bank.
- 4) The above statement should be read with the consolidated significant accounting policies and notes to restated consolidated statement of profit and loss and consolidated restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED CONSOLIDATED STATEMENT OF SHORT TERM LOANS & ADVANCES

ANNEXURE- P

(Rs. in lakhs)

| Particulars | As at March 31, | | | | |
|---|-----------------|---------------|-----------------|---------------|---------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Advances recoverable in cash or in kind or for value to be received | | | | | |
| To Directors/Promoters/Promoter Group/Associates/Relatives of Directors/Group Companies | 31.61 | 1.80 | 1.80 | 12.11 | 21.53 |
| To Others | 254.38 | 628.26 | 1,344.04 | 203.27 | 61.99 |
| VAT & Cenvat Receivable | 153.08 | 212.02 | 137.22 | 248.28 | 148.25 |
| VAT Advance against Appeal | 15.42 | 22.09 | - | - | - |
| Income Tax Payments | 44.23 | 23.14 | 22.49 | 54.29 | 20.14 |
| Tax deducted/collected at Source | 28.72 | 36.05 | 22.01 | 7.11 | 63.50 |
| Prepaid Expenses | - | - | 23.25 | 32.46 | 2.78 |
| Share Application Money | 2.25 | 2.25 | 2.25 | 2.25 | 2.25 |
| Issue expenses | 17.46 | - | - | - | - |
| Total | 547.16 | 925.60 | 1,553.07 | 559.77 | 320.45 |

Note:

3. List of persons/entities classified as Promoters and Group Companies has been determined by the Management and relied upon by the Auditor. The Auditors have not performed any procedure to determine whether the list is accurate and complete.
4. The above statement should be read with the consolidated significant accounting policies and notes to restated consolidated statement of profit and loss and consolidated restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED CONSOLIDATED STATEMENT OF OTHER INCOME

ANNEXURE – Q

(Rs. in lakhs)

| Particulars | For the year ended March 31, | | | | |
|-----------------------------------|------------------------------|---------------|---------------|---------------|---------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Other income | 159.44 | 390.93 | 378.25 | 226.82 | 673.35 |
| | | | | | |
| Net Profit Before Tax as Restated | 185.44 | 206.77 | 213.66 | 172.83 | 187.42 |
| | | | | | |
| Percentage | 85.98 | 189.06 | 177.04 | 131.24 | 359.27 |

SOURCE OF INCOME

(Rs in lakhs)

| Particulars | For the year ended March 31, | | | | |
|--------------------------------------|------------------------------|---------------|---------------|---------------|---------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Related and Recurring | | | | | |
| Interest income on Sales | 52.56 | 194.33 | 195.12 | 122.80 | 607.94 |
| Related and Non Recurring | | | | | |
| Liability Written Back | 1.13 | 8.03 | 0.74 | 1.26 | 3.48 |
| Foreign Exchange Fluctuation | - | 7.96 | - | 29.14 | - |
| Commission Income | - | 58.74 | - | - | - |
| CSA Handling Charges | - | - | - | - | 0.28 |
| Non Related and Recurring | | | | | |
| Interest on Fixed Deposit | 100.65 | 116.69 | 147.96 | 68.38 | 26.69 |
| Interest on Other Deposits | 4.27 | 3.90 | 3.62 | 2.77 | 1.62 |
| Flat Rent | 0.72 | 0.84 | 0.62 | 0.62 | 0.68 |
| Dividend Received | 0.06 | 0.01 | 0.14 | 0.08 | 0.16 |
| Non Related and Non Recurring | | | | | |
| Miscellaneous Income | 0.06 | 0.42 | - | 0.03 | 0.09 |
| Profit on Sale of Fixed Assets | - | - | 30.04 | 1.73 | - |
| Lease Rent | - | - | - | - | 32.40 |
| | | | | | |
| Total Other income | 159.44 | 390.93 | 378.25 | 226.82 | 673.35 |

Note:

- The classification of other income as recurring/non recurring, related, non related to business activity is based on the current operation and business activity of the Company as determined by the management.
- The above statement should be read with the consolidated significant accounting policies and notes to restated consolidated statement of profit and loss and consolidated restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED CONSOLIDATED STATEMENT OF TURNOVER
ANNEXURE R
(Rs in lakhs)

| PARTICULARS | For the year ended March 31, | | | | |
|--|------------------------------|------------------|------------------|------------------|------------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Turnover of Products Manufactured by the issue Company | 7,879.36 | 7,504.62 | 6,790.22 | 2,761.09 | 2,875.25 |
| Turnover of Products Traded by the issue Company | 42,365.88 | 52,100.26 | 50,856.41 | 44,603.92 | 34,348.12 |
| Turnover in respect of sale of services by the issue Company | 2.25 | - | - | - | - |
| TOTAL | 50,247.49 | 59,604.88 | 57,646.62 | 47,365.01 | 37,223.38 |

RESTATED CONSOLIDATED STATEMENT OF SIGNIFICANT ACCOUNTING RATIOS
ANNEXURE – S
(Rs. in lakhs)

| Ratio | As at March 31, | | | | |
|--|-----------------|----------|----------|----------|----------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Net Worth | 2,620.20 | 2,481.58 | 2,326.88 | 2,168.22 | 1,813.29 |
| Restated Profit after Tax | 138.62 | 155.30 | 158.66 | 116.45 | 127.24 |
| Less : Prior Period Item | - | - | - | - | - |
| Adjusted Restated Profit after Tax | 138.62 | 155.30 | 158.66 | 116.45 | 127.24 |
| Earning Per Share (Restated) | | | | | |
| Number of shares outstanding as on the end of the year | 73,09,000 | 7,30,900 | 7,30,900 | 7,30,900 | 6,35,100 |
| Weighted Average Number of Equity Shares at the end of the Year | 73,09,000 | 7,30,900 | 7,30,900 | 6,35,625 | 5,88,827 |
| Add-Dilutive Effect of Potential Shares | - | - | - | - | - |
| Weighted Average Number of Equity Shares along with dilutive effect of potential shares at | 73,09,000 | 7,30,900 | 7,30,900 | 6,35,625 | 5,88,827 |

| Ratio | As at March 31, | | | | |
|--|-----------------|-----------|-----------|-----------|-----------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| the end of the Year | | | | | |
| Nominal Value per Equity share (Rs.) | 10.00 | 100.00 | 100.00 | 100.00 | 100.00 |
| | | | | | |
| Restated Basic Earning Per Share | 1.90 | 21.25 | 21.71 | 18.32 | 21.61 |
| Restated Diluted Earning Per Share | 1.90 | 21.25 | 21.71 | 18.32 | 21.61 |
| Earning Per Share (Restated) (After share split) | | | | | |
| Number of shares outstanding as on the end of the year | 73,09,000 | 73,09,000 | 73,09,000 | 73,09,000 | 63,51,000 |
| Weighted Average Number of Equity Shares at the end of the Year | 73,09,000 | 73,09,000 | 73,09,000 | 63,56,250 | 58,88,270 |
| Add-Dilutive Effect of Potential Shares | - | - | - | - | - |
| Weighted Average Number of Equity Shares along with dilutive effect of potential shares at the end of the Year | 73,09,000 | 73,09,000 | 73,09,000 | 63,56,250 | 58,88,270 |
| Nominal Value per Equity share (Rs.) | 10.00 | 10.00 | 10.00 | 10.00 | 10.00 |
| | | | | | |
| Restated Basic Earning Per Share | 1.90 | 2.12 | 2.17 | 1.83 | 2.16 |
| Restated Diluted Earning Per Share | 1.90 | 2.12 | 2.17 | 1.83 | 2.16 |
| | | | | | |
| Return on Net Worth (%) | 5.29% | 6.26% | 6.82% | 5.37% | 7.02% |
| Net Asset Value Per Share before split(Rs) | 35.85 | 339.52 | 318.36 | 296.65 | 285.51 |
| Net Asset Value Per Share after split(Rs) | 35.85 | 33.95 | 31.84 | 29.67 | 28.55 |

Notes to Accounting Ratios:

10. Earnings per share= Profit available to equity shareholders/ weighted average number of outstanding of equity shares during the year.

11. Diluted Earnings per share= Profit available to equity shareholders/ weighted average number of potential equity shares outstanding during the year.
12. Weighted Average number of outstanding equity shares has been calculated in terms of the requirement of Accounting standard as prescribed by the Companies (Accounting Standards) Rules.
13. Return on Net Worth (%) = Profit available for Equity Shareholders/Networth X 100
14. Net Profit before extra ordinary items as appearing in the restated statement of profits and losses and Net Worth as appearing in the restated statement of assets and liabilities has been considered for the purpose of computing the above ratios.
15. Net Asset value per share (Face value of Rs.10 each) has been computed considering the outstanding number of share as at the end of the year.
16. Net Worth for ratios mentioned represent equity share capital and reserves and surplus. Refer Annexure B for components of Reserve and Surplus.
17. The shares capital has been splitted into 1:10 ratio and the face value has been reduced from Rs.100/- per share to Rs.10/- per share.
18. The above statement should be read with the consolidated significant accounting policies and notes to restated consolidated statement of profit and loss and consolidated restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED CONSOLIDATED STATEMENT OF RELATED PARTY TRANSACTION

ANNEXURE – T

- III. Name of the related parties where control exists irrespective of whether transactions have occurred or not – None
- IV. Names of the other related parties with whom transactions have taken place during the year:

| | |
|---|--|
| (a) Key Managerial Personnel (Directors) | Kishan Lal Choudhary |
| | Sunil Choudhary |
| | Bina Choudhary (from FY 15-16) |
| (b) Relatives of Key Managerial Personnel | Bina Choudhary (till FY 14-15) |
| | Savitri Devi Choudhary |
| (c) Associates | Hari Equipments Private Limited |
| | Kedarnath Commotrade Private Limited (till FY 14-15) |
| (d) Enterprises owned or significantly influenced by the Key Managerial Personnel or their relatives | Narayani Ispat Private Limited |
| | Hemang Steel Traders, Jamshedpur |
| | Balajee Roadways |
| | Kedarnath Commotrade Private Limited (from FY 15-16) |

Details of transactions with Related Parties
(Rs. in lakhs)

| Name and Nature of Transaction | Amount of Transaction in 2015-16 | Amount of Transaction in 2014-15 | Amount of Transaction in 2013-14 | Amount of Transaction in 2012-13 | Amount of Transaction in 2011-12 |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| <u>Purchases (Exclusive of Taxes)</u> | | | | | |
| Narayani Ispat Private Limited | 5,379.95 | 6,634.51 | 10,448.33 | 13,281.40 | 5,975.98 |
| Hari Equipments Private Limited | 1,099.67 | 998.07 | 245.70 | 214.99 | - |
| Kedarnath Commotrade Private Limited | 2,012.91 | - | - | - | - |
| <u>Sales of Goods (Exclusive of Taxes)</u> | | | | | |
| Narayani Ispat Private Limited | 6,386.69 | 18,105.80 | 31,374.84 | 31,239.50 | 32,900.47 |
| Hari Equipments Private Limited | 968.22 | 2,497.92 | 4,541.64 | - | - |
| Kedarnath Commotrade Private Limited | 1,586.11 | - | - | - | - |
| | | | | | |
| <u>Lease Rent Paid</u> | | | | | |
| Sunil Choudhary | 1.44 | 1.44 | 0.72 | 0.72 | 0.72 |
| <u>Lease Rent Received</u> | | | | | |
| Balajee Roadways | - | - | - | - | 32.40 |
| | | | | | |
| <u>Freight Paid</u> | | | | | |
| Balajee Roadways | 295.03 | 96.20 | 98.72 | 35.64 | 101.36 |
| | | | | | |
| <u>Managerial Remuneration</u> | | | | | |
| Sunil Choudhary | 28.50 | 18.00 | 18.00 | 18.00 | 18.00 |
| Kishan Lal Choudhary | 7.50 | 18.00 | 18.00 | 18.00 | 18.00 |
| | | | | | |
| <u>Interest received on sales</u> | | | | | |
| Narayani Ispat Private Limited | - | - | - | - | 600.21 |
| | | | | | |

| Name and Nature of Transaction | Amount of Transaction in 2015-16 | Amount of Transaction in 2014-15 | Amount of Transaction in 2013-14 | Amount of Transaction in 2012-13 | Amount of Transaction in 2011-12 |
|---|----------------------------------|----------------------------------|----------------------------------|----------------------------------|----------------------------------|
| <u>Advances Given/(refunded)</u> | | | | | |
| Sunil Choudhary | - | - | - | (6.00) | - |
| Kedarnath Commotrade Private Limited | - | - | - | 1.80 | - |
| Hari Equipments Private Limited | - | - | - | 7.23 | - |
| | | | | | |
| <u>Advances received</u> | | | | | |
| Hemang Steel Traders , Jamshedpur | - | - | - | 1.22 | 6.00 |
| Sunil Choudhary | - | - | - | - | 6.00 |
| | | | | | |
| <u>Investment in Shares</u> | | | | | |
| Hari Equipments Private Ltd | - | - | - | - | 10.00 |
| | | | | | |
| <u>Sale of Fixed Assets</u> | | | | | |
| Balajee Roadways | - | - | - | 16.30 | - |
| | | | | | |
| <u>Purchases of fixed assets</u> | | | | | |
| Narayani Ispat Private Limited | - | - | - | 18.69 | - |

Outstanding Balances as on the end of respective years

(Rs. in lakhs)

| Name and Nature of Transaction | Amount Outstanding as on 31.03.16 (Payable)/Receivable | Amount Outstanding as on 31.03.15 (Payable)/Receivable | Amount Outstanding as on 31.03.14 (Payable)/Receivable | Amount Outstanding as on 31.03.13 (Payable)/Receivable | Amount Outstanding as on 31.03.12 (Payable)/Receivable |
|--------------------------------------|--|--|--|--|--|
| <u>Trade Receivables</u> | | | | | |
| Narayani Ispat Pvt Ltd | - | 1,470.45 | 255.85 | 446.11 | 5,381.69 |
| Hemang Steel Traders , Jamshedpur | - | - | - | - | 29.93 |
| Hari Equipments Private Limited | 7.32 | - | 2,464.65 | - | - |
| <u>Trade Payables</u> | | | | | |
| Hari Equipments Private Limited | - | 179.40 | - | - | - |
| Narayani Ispat Private Limited | 30.62 | - | - | - | - |
| Kedarnath Commotrade Private Limited | 164.59 | - | - | - | - |
| <u>Investment in Shares</u> | | | | | |
| Hari Equipment (P) Ltd | 56.73 | 56.73 | 56.73 | 56.73 | 56.73 |
| Kedarnath Commotrade Private Limited | 24.50 | 24.50 | 24.50 | 24.50 | 24.50 |
| <u>Advances Given</u> | | | | | |
| Hari Equipment (P) Ltd | - | - | - | 10.31 | 3.08 |
| Balajee Roadways | 31.61 | - | - | - | 18.45 |
| Kedarnath Commotrade Private Limited | - | 1.80 | 1.80 | 1.80 | - |
| <u>Advances received</u> | | | | | |
| Hemang Steel Traders , Jamshedpur | 7.22 | 7.22 | 7.22 | 7.22 | 6.00 |

| Name and Nature of Transaction | Amount Outstanding as on 31.03.16 (Payable)/Receivable | Amount Outstanding as on 31.03.15 (Payable)/Receivable | Amount Outstanding as on 31.03.14 (Payable)/Receivable | Amount Outstanding as on 31.03.13 (Payable)/Receivable | Amount Outstanding as on 31.03.12 (Payable)/Receivable |
|--|--|--|--|--|--|
| Sunil Choudhary | - | - | - | - | 6.00 |
| | | | | | |
| <u>Liabilities For Expenses</u> | | | | | |
| Balajee Roadways | - | - | 69.81 | 12.06 | - |
| Directors' Remuneration | 0.90 | 4.67 | 10.50 | - | - |
| | | | | | |

Notes:

- IV. The figures disclosed above are based on the restated consolidated summary of statement of assets and liabilities of the Company.
- V. List of persons/entities classified as Promoters and Group Companies has been determined by the Management and relied upon by the Auditor. The Auditors have not performed any procedure to determine whether the list is accurate and complete.
- VI. The above statement should be read with the consolidated significant accounting policies and notes to restated consolidated statement of profit and loss and consolidated restated statement of cash flow appearing in Annexure IV, II and III respectively.

**RESTATED CONSOLIDATED STATEMENT OF CAPITALIZATION AS
AT MARCH 31, 2016**

ANNEXURE – U

(Rs. in lakhs)

| Particulars | Pre Issue | Post Issue |
|--|-----------------|-----------------|
| Borrowings | | |
| Short term debt (A) | 7,103.26 | 7,103.26 |
| Long Term Debt (B) | 1,411.47 | 1,411.47 |
| Total debts (C) | 8,514.73 | 8,514.73 |
| | | |
| Shareholders' funds | | |
| Equity share capital | 730.90 | 1,090.90 |
| Reserve and surplus - as restated | 1,889.30 | 2,621.30 |
| | | |
| Total shareholders' funds | 2,620.20 | 3,712.20 |
| | | |
| Long term debt / shareholders funds (%) | 53.87 | 38.02 |
| Total debt / shareholders funds (%) | 324.97 | 229.37 |

Note:

- The figures disclosed above are based on the restated consolidated summary of statement of assets and liabilities of the Company.
- Short term debts represents which are expected to be paid/payable within 12 months and excludes installment of term loans repayable within 12 months
- Long term debt represents debts other than Short term debts as defined above but includes installment of term loans repayable within 12 months grouped under other current liabilities.
- For calculation of post issue capitalization Statement, the figures of Short term/Long term, debt as appearing on 31/03/2016 has only been considered. Further Equity share capital and security premium has been increased on account of issue of shares at price of Rs.32 per share i.e. face value is Rs. 10/- and securities premium is Rs.22/- per share on 36 lacs equity shares. Based on the information provided by the management Issue Related expense of Rs 60 lacs approx has been deducted from Securities Premium account as shown in post issue capital. No verification of accounts post 31/03/2016 has been done. The shares capital has been splitted into 1:10 ratio and the face value has been reduced from Rs.100/- per share to Rs.10/- per share.
- The above statement should be read with the consolidated significant accounting policies and notes to restated consolidated statement of profit and loss and consolidated restated statement of cash flow appearing in Annexure IV, II and III respectively.

| Particulars | As at March 31, | | | | |
|---|-----------------|----------------|----------------|----------------|---------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| | | | | | |
| Restated Profit before tax (A) | 185.44 | 206.77 | 213.66 | 172.83 | 187.42 |
| Tax Rate (%) | 33.063 | 32.445 | 32.445 | 32.445 | 32.445 |
| Minimum Alternate Taxes (MAT) (%) | 20.3889 | 20.00775 | 20.00775 | 20.00775 | 20.00775 |
| Adjustments: | | | | | |
| Permanent Differences (B) | | | | | |
| Expenses disallowed under Income Tax Act, 1961 | | | | | |
| Disallowance u/s 14A | 0.01 | 0.01 | 0.01 | 0.01 | - |
| Interest on Income Tax/TDS | - | 4.30 | 2.31 | 0.01 | - |
| Penalty | - | 0.31 | - | - | - |
| Donation | - | 1.00 | - | 0.20 | 0.58 |
| Total Permanent Differences (B) | 0.01 | 5.61 | 2.31 | 0.22 | 0.58 |
| Income considered separately (C) | | | | | |
| Dividend | (0.06) | (0.01) | (0.14) | (0.08) | (0.16) |
| Total Income considered separately (C) | (0.06) | (0.01) | (0.14) | (0.08) | (0.16) |
| Timing Differences (D) | | | | | |
| Difference between tax depreciation and book depreciation | (35.02) | (25.11) | (43.46) | (35.67) | (3.59) |
| Profit on Sale of Fixed Assets | - | - | (30.04) | (1.73) | - |
| Provision for Gratuity (Net of Paid) | 3.64 | 0.28 | 0.43 | 0.99 | 2.30 |
| Total Timing Differences (D) | (31.38) | (24.83) | (73.07) | (36.41) | (1.29) |
| Net Adjustments E = (B+C+D) | (31.44) | (19.23) | (70.89) | (36.27) | (0.87) |
| Tax expense / (saving) thereon | (10.39) | (6.24) | (23.00) | (11.77) | (0.28) |
| Capital Gain | - | - | 25.18 | - | - |
| Income from Other Sources | | | | | |
| Dividend | 0.06 | 0.01 | 0.14 | 0.08 | 0.16 |

| Particulars | As at March 31, | | | | |
|--------------------------------------|-----------------|---------------|---------------|---------------|---------------|
| | 2016 | 2015 | 2014 | 2013 | 2012 |
| Less: Exemption | (0.06) | (0.01) | (0.14) | (0.08) | (0.16) |
| Income from Other Sources (F) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Gross Total Income(A+E+F) | 154.01 | 187.54 | 167.94 | 136.56 | 186.55 |
| Less: Deduction Under Chapter VI A | - | 0.50 | - | - | 0.05 |
| Taxable Income/(Loss) | 154.01 | 187.04 | 167.94 | 136.56 | 186.50 |
| Taxable Income/(Loss) as per MAT | 37.81 | 41.37 | 42.75 | 34.58 | 37.50 |
| Income Tax as returned/computed | 50.92 | 60.69 | 51.77 | 44.31 | 60.51 |
| Tax paid as per normal or MAT | Normal | Normal | Normal | Normal | Normal |

Note: The above statement should be read with the consolidated significant accounting policies and notes to restated consolidated statement of profit and loss and consolidated restated statement of cash flow appearing in Annexure IV, II and III respectively.

RESTATED CONSOLIDATED STATEMENT OF CONTINGENT LIABILITIES

Annexure – W

(Rs.in lakhs)

| Particulars | As at March 31, 2016 | As at March 31, 2015 | As at March 31, 2014 | As at March 31, 2013 | As at March 31, 2012 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Disputed Income Tax Demands under appeal | 229.16 | 219.86 | 14.34 | 16.05 | 16.05 |
| Bank Guarantee to Rashtriya Ispat Nigam Limited | - | - | - | - | 395.63 |
| Corporate guarantee for credit facilities to Hari Equipments Pvt. Ltd. | 3,200.00 | 3,200.00 | 3,200.00 | - | - |
| Disputed Sales Tax/ VAT under appeal for the year 2011 – 12 | - | 21.40 | - | - | - |
| Disputed Sales Tax/ VAT under appeal for the year 2012 – 13 | - | 0.69 | - | - | - |
| Disputed Sales Tax/ VAT under appeal for the year 2010-11 | 4.69 | - | - | - | - |
| Disputed Penalty on VAT under appeal for the period 04/2011 to 12/2012 | 21.47 | - | - | - | - |
| Total | 3,455.32 | 3,441.95 | 3,214.34 | 16.05 | 411.69 |

Note:

- The figures disclosed above are based on the restated consolidated summary statement of assets and liabilities of the company.

5. Amount paid under protest Rs.4,69,000, Rs. 10,73,497/-, Rs.21,40,090/- and Rs. 68,965/- against VAT/CST demand for the year 2010-11, 04/2011 to 12/2012, 2011-12 and 2012-13 respectively.
6. The above statement should be read with the consolidated significant accounting policies and notes to restated consolidated statement of profit and loss and consolidated restated statement of cash flow appearing in Annexure IV, II and III respectively.

RECONCILIATION OF CONSOLIDATED RESTATED PROFIT

ANNEXURE X

(Rs. in lakhs)

| Adjustments for | 2015-16 | 2014-15 | 2013-14 | 2012-13 | 2011-12 |
|--|---------------|---------------|---------------|---------------|---------------|
| Net profit/(Loss) after Tax as per Audited Profit & Loss Account | 138.37 | 164.42 | 154.56 | 118.86 | 126.39 |
| Adjustments for: | | | | | |
| Prior period income adjusted | - | 3.21 | (3.21) | (3.56) | 3.56 |
| Provision for gratuity | - | - | - | - | (2.30) |
| Deferred Tax Liability / Asset Adjustment | - | (5.48) | 0.14 | 0.32 | 0.75 |
| Taxes & interest on IT adjusted in Current period | (0.69) | (4.36) | 5.00 | 0.83 | (1.16) |
| Issue expenses | 2.18 | - | - | - | - |
| Net Profit/ (Loss) After Tax as Restated | 138.62 | 155.30 | 158.66 | 116.45 | 127.24 |

Explanatory notes to the above restatements made in the audited consolidated financial statements of the Company for the respective years/ period.

Adjustments having impact on Profit

- Interest income of Rs 3.56 lakhs was recorded in other income in the financial year 2012-13 as prior period income whereas it was for the financial year 2011-12. While preparing the restated consolidated financial statements, this income has been restated and recorded in the respective year and the effect has also been given the current tax and provision for tax accounts.
- Provision for Gratuity which was not created as per actuarial valuation for financial year 2011-12 has now been restated in that year and the effect has also been given to gratuity expense in the profit and loss account and Deferred Tax Asset/ Liability account.
- Other Expenses of Rs 3.21 lakhs was recorded in other income in the financial year 2014-15 as prior period expense whereas it was for the financial year 2013-14. While preparing the restated consolidated financial statements, this expense has been restated and recorded in the respective year and the effect has also been given the current tax and provision for tax accounts.
- Issue expenses which were expensed out has been recorded as an asset as the same shall be written off against securities premium account on completion of IPO and accordingly provision for tax on the same has been adjusted.
- Income tax/ deferred tax expenses have been adjusted in the year to which it relates.

Adjustments having no impact on Profit

Material Regrouping

Appropriate adjustments have been made in the restated consolidated financial statements, wherever required, by reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the audited financials of the Company for all the years and the requirements of the Securities and Exchange Board of India (Issue of Capital & Disclosure Requirements) Regulations 2009.

For S. JAYKISHAN
CHARTERED ACCOUNTANTS
FRN 309005E

(CA Chirag Agarwal)
Partner
Membership No-300512
Place: Visakhapatnam.
Dated: The 21st day of May, 2016



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

The following discussion of our financial condition and results of operations should be read in conjunction with our restated consolidated financial statements for the years ended March 31, 2016, 2015, 2014, and 2013 prepared in accordance with the Companies Act and Indian GAAP and restated in accordance with the SEBI ICDR Regulations, including the schedules, annexure and notes thereto and the reports thereon, included in the section titled *"Financial Statements"* on page 205 of this Prospectus.

Indian GAAP differs in certain material aspects from U.S. GAAP and IFRS. We have not attempted to quantify the impact of IFRS or U.S. GAAP on the financial data included in this Prospectus, nor do we provide reconciliation of our financial statements to those under U.S. GAAP or IFRS. Accordingly, the degree to which the Indian GAAP financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with the Companies Act, Indian GAAP and SEBI ICDR Regulations.

This discussion contains forward-looking statements and reflects our current views with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth in *"Risk Factors"* and *"Forward-Looking Statements"* beginning respectively on pages 20 and 18, of this Prospectus.

Our Company was incorporated on February 10, 1995 and has completed more than twenty one years since incorporation. The Management's Discussion and Analysis of Financial Condition and Results of Operations, reflects the analysis and discussion of our financial condition and results of operations for years ended March 31, 2016 2015, 2014, and 2013.

OVERVIEW

Incorporated in 1995, our Company Narayani Steels Limited is engaged in trading and manufacturing of hot rolled long products of value added steel. We primarily trade in blooms, billets, TMT bars, pellets, etc and also manufacture TMT bars and other long products such as rounds, flats, angles, channels, etc.

Our Company, promoted by Shri Sunil Choudhary, started its operations with acquisition of a steel rolling plant in Vizianagaram. Our Company strengthened its roots in Vishakhapatnam steel industry by expanding its business operations on a wide scale over the years. This fact is evidenced by increase in our business turnover from over Rs. 200 crores in Financial Year 2011 to over Rs. 500 crores in Financial Year 2016.

Currently our Company operates from two manufacturing units, both of which are situated in Vizianagaram district; one being used for production of angles, flats, channels, rounds, etc while the second unit is used for production of TMT Bars.

Our Company procures billets and blooms from Rashtriya Ispat Nigam Limited ("RINL"). RINL is a Government of India undertaking which is renowned for its superior quality steel products. We provide TMT Bars as per approved industrial standards, and ensure that all our products have the appropriate content of various chemical compositions. Further, we have an in-house testing facility for testing chemical composition of our products. With a goal to maintain standards in terms of quality and customer satisfaction, we are committed to satisfy customer compliance by supporting Narayani TMT Rebars as per the quality control amendment order of Ministry of Steel, Government of India.

We have developed a wide network for the sales and distribution of our products across Andhra Pradesh, Telangana and other states in India.

We have been one of the largest customers of RINL since several years and have received several awards and certifications from RINL including "Best Performer – Semi Liftings" in 2014-15, Certificate of Appreciation for "Star Customer – All India" (for highest tonnage in any category) in 2011-12, "Star Customer" (Semis) in 2011-12 and "Star Regional Customer" (Andhra Region) in 2011-12.

We endeavour to satisfy customer by continuous improvement through process innovation and quality maintenance. We aim to grow our operations on PAN India basis and make our brand as a distinguished name in steel rolling industry.

SIGNIFICANT DEVELOPMENTS SUBSEQUENT TO THE LAST FINANCIAL YEAR

In the opinion of the Board of Directors of our Company, since the date of the last financial statements disclosed in this Prospectus, there have not arisen any circumstance 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 material liabilities within the next twelve months.

SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our business is subjected to various risks and uncertainties, including those discussed in the section titled "*Risk Factor*" beginning on page 20 of this Prospectus. Our results of operations and financial conditions are affected by numerous factors including the following:

- Cost of materials and labour
- Brand image
- Supply and availability of raw material
- Competition and price cutting from existing and new entrants
- Credit availability
- Technological changes
- Rate of interest policies
- Economic and Demographic conditions
- Purchasing Power and Capital requirements

DISCUSSION ON RESULT OF OPERATION

The following discussion on results of operations should be read in conjunction with the audited financial results of our Company for year ended on March 31, 2016, 2015, 2014 and 2013.

OVERVIEW OF REVENUE & EXPENDITURE

Revenues

Income from operations:

Our principal component of income is from trading and manufacturing of value added steel products which includes TMT Bars, Flats, Channels, Rounds, Angles, etc. Our Company follows bulk purchase price mechanism. We quote our price on basis of quantity and frequency in which a particular customers purchases our product. We generally allow a months credit period and offer discounts on advance payments. We also follow market condition, demand – supply, increase – decrease in labour cost and availability of raw material and fuel for deciding our price.

Other Income:

Our other income mainly includes interest income, rent income, dividend income, sundry balances written back and gain on foreign exchange transactions, etc.

| Particulars | For the year ended March 31, | | | |
|---|------------------------------|------------------|------------------|------------------|
| | 2016 | 2015 | 2014 | 2013 |
| Income | | | | |
| Revenue from Operations (after deducting excise duty) | 50,247.49 | 59,604.88 | 57,646.62 | 47,365.01 |
| As a % of Total Revenue | 99.68% | 99.35% | 99.35% | 99.52% |
| Other Income | 159.44 | 390.33 | 378.25 | 226.82 |
| As a % of Total Revenue | 0.32% | 0.65% | 0.65% | 0.48% |
| Total Revenue | 50,406.93 | 59,995.81 | 58,024.87 | 47,591.83 |

Expenditure

Our total expenditure primarily consists of cost of materials consumed, purchase of traded goods, changes in inventories of finished goods/traded goods, employee benefit expenses, finance cost, depreciation and other expenses.

Cost of materials consumed

Cost of materials consumed includes cost of raw materials used in our manufacturing process such as billets and blooms.

Purchase of traded goods

Purchase of traded goods includes cost of traded goods i.e. TMT Bars, Flats, Channels, Rounds, Angles, Wire-coils, Billets, Pellets, ingot, etc.

Employee benefit expenses

Our employee benefit expenses mainly includes salaries & wages expense, bonus, allowances, contribution to provident and other funds, gratuity expense, director's remuneration and staff welfare expenses,.

Finance Cost

Our finance costs mainly includes interest on long term borrowings, working capital loan, channel finance and vehicle loan, interest on delayed payment of taxes and other borrowing costs.

Depreciation

Depreciation includes depreciation on tangible assets.

Other Expenses

Other expenses include manufacturing expenses like furnace oil and gas consumed, rolling and bloom processing charges, coal consumed, electricity, moulding charges, repairs and maintenance, stores and spares etc. and administrative and other expenses such as freight and delivery charges, electricity expenses, security charges, etc.

Consolidated Statement of profit and loss

The following table sets forth, for the fiscal years indicated, certain items derived from our Company's audited restated consolidated financial statements, in each case stated in absolute terms and as a percentage of total revenue:

Amount (Rs. In Lakhs)

| Particulars | For the year ended March 31, | | | |
|--|------------------------------|------------------|------------------|------------------|
| | 2016 | 2015 | 2014 | 2013 |
| INCOME | | | | |
| Revenue from Operations (after deducting excise duty) | 50,247.49 | 59,604.88 | 57,646.62 | 47,365.01 |
| As a % of Total Revenue | 99.68% | 99.35% | 99.35% | 99.52% |
| Other Income | 159.44 | 390.93 | 378.25 | 226.82 |
| As a % of Total Revenue | 0.32% | 0.65% | 0.65% | 0.48% |
| Total Revenue (A) | 50,406.93 | 59,995.81 | 58,024.87 | 47,591.83 |
| Growth % | (15.98) | 3.40 | 21.92 | 25.58 |
| EXPENDITURE | | | | |
| Cost of materials consumed | 7,149.33 | 6,143.47 | 6,643.98 | 6,336.45 |
| As a % of Total Revenue | 14.18% | 10.24% | 11.45% | 13.31% |
| Purchase of traded goods | 39,026.45 | 52,220.39 | 48,597.80 | 43,874.95 |
| As a % of Total Revenue | 77.42% | 87.04% | 83.75% | 92.19% |
| Changes in inventories of finished goods, WIP and stock in trade | 1,255.43 | (688.07) | 155.98 | (4,312.50) |
| As a % of Total Revenue | 2.49% | (1.15)% | 0.27% | (9.06)% |
| Employee benefit expenses | 228.40 | 164.50 | 296.14 | 131.25 |
| As a % of Total Revenue | 0.45% | 0.27% | 0.51% | 0.28% |
| Finance costs | 1,164.29 | 1,139.16 | 1,222.41 | 863.52 |
| As a % of Total Revenue | 2.31% | 1.90% | 2.11% | 1.81% |
| Depreciation expense | 53.87 | 59.55 | 56.70 | 41.50 |
| As a % of Total Revenue | 0.11% | 0.10% | 0.10% | 0.09% |
| Other Expenses | 1,343.73 | 750.03 | 838.20 | 448.64 |
| As a % of Total Revenue | 2.67% | 1.25% | 1.44% | 0.94% |
| Total Expenses (B) | 50,221.49 | 59,789.04 | 57,811.22 | 47,383.81 |
| As a % of Total Revenue | 99.63% | 99.66% | 99.63% | 99.56% |
| Profit before tax (A-B) | 185.44 | 206.77 | 213.66 | 208.02 |
| As a % of Total Revenue | 0.37% | 0.34% | 0.37% | 0.44% |
| Profit before exceptional, extraordinary items and tax | 185.44 | 206.77 | 213.66 | 208.02 |
| As a % of Total Revenue | 0.37% | 0.34% | 0.37% | 0.44% |
| Exceptional items | - | - | - | 35.19 |
| Profit before extraordinary items and tax | 185.44 | 206.77 | 213.66 | 172.83 |
| As a % of Total Revenue | 0.37% | 0.34% | 0.37% | 0.36% |
| Extraordinary items | - | - | - | - |
| Profit before tax | 185.44 | 206.77 | 213.66 | 172.83 |
| PBT Margin | 0.37% | 0.34% | 0.37% | 0.36% |

| Particulars | For the year ended March 31, | | | |
|--|------------------------------|---------------|---------------|---------------|
| | 2016 | 2015 | 2014 | 2013 |
| Tax expense : | | | | |
| (i) Current tax | 50.92 | 60.69 | 51.77 | 44.31 |
| (ii) Deferred tax | 10.38 | 8.50 | 13.96 | 11.81 |
| Total Tax Expense | 61.30 | 69.19 | 65.73 | 56.12 |
| Profit for the year before accounting share of profit/(loss) from associates | 124.15 | 137.59 | 147.93 | 116.71 |
| As a % of Total Revenue | 0.25% | 0.23% | 0.25% | 0.25% |
| Share of Profit / (Loss) In Associates | 14.47 | 17.71 | 10.73 | (0.26) |
| Restated profit after tax | 138.62 | 155.30 | 158.66 | 116.45 |
| PAT Margin | 0.27% | 0.26% | 0.27% | 0.24% |

COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2016 WITH FINANCIAL YEAR ENDED MARCH 31, 2015

INCOME

Income from Operations

| Particulars | 2015-2016 | 2014-2015 | Variance |
|------------------|------------|------------|----------|
| | (Rs. Lacs) | (Rs. Lacs) | (%) |
| Operating Income | 50,247.49 | 59,604.88 | (15.70) |

The operating income of the Company for the year ending March 31, 2016 is Rs. 50,247.49 lakhs as compared to Rs. 59,604.88 lakhs for the year ending March 31, 2015, showing a decrease of 15.70%. The decrease was mainly due to decline in prices of steel.

Other Income

Our other income decreased by 59.21% from Rs. 390.93 lakhs to Rs. 159.44 lakhs. The decrease was mainly due to decrease in interest income on sales as debtors recovery improved.

Direct Expenditure

| Particulars | 2015-2016 | 2014-2015 | Variance |
|--|------------|------------|----------|
| | (Rs. Lacs) | (Rs. Lacs) | (%) |
| Cost of materials consumed | 7,149.33 | 6,143.47 | 16.37 |
| Purchase of traded goods | 39,026.45 | 52,220.39 | (25.27) |
| Changes in Inventories of finished goods, WIP and stock in trade | 1,255.43 | (688.07) | (282.46) |

The direct expenditure has decreased from Rs. 57,675.80 lakhs in financial year 2014-2015 to Rs. 47,431.21 lakhs in Financial Year 2015-2016 showing decrease of 17.76% over the previous year. The decrease was in line with decrease in our revenue from operations.

Administrative and Employee Costs

| Particulars | 2015-2016 | 2014-2015 | Variance |
|---------------------------|------------|------------|----------|
| | (Rs. Lacs) | (Rs. Lacs) | (%) |
| Employee Benefit Expenses | 228.40 | 164.50 | 38.85 |
| Other Expenses | 1,343.73 | 750.03 | 79.16 |

There is an increase in employee benefit expenses from Rs. 164.50 lakhs to Rs. 228.40 lakhs due to increase in our manufacturing operations. Apart from rise in production, slabs on the basis of which wages are paid have also been increased.

Other expenses which includes both manufacturing and administrative expenses increased by 79.16% in financial year 2015-16 mainly due to increase in manufacturing operations resulting in increased manufacturing costs, increase in freight & delivery charges and foreign exchange fluctuation expenses.

Finance Costs

The finance costs for the financial year 2015-2016 have marginally increased by 2.21% to Rs. 1,164.29 lakhs from Rs. 1,139.16 lakhs in financial year 2014-15.

Depreciation

Depreciation expenses for the financial year 2015-2016 have decreased to Rs. 53.87 lakhs as compared to Rs. 59.55 lakhs for the financial year 2014-2015.

Profit Before Tax

| Particulars | 2015-2016 | 2014-2015 | Variance |
|-------------------|------------|------------|----------|
| | (Rs. Lacs) | (Rs. Lacs) | (%) |
| Profit Before Tax | 185.44 | 206.77 | (10.32) |

Profit before tax decreased by 10.32% from Rs. 206.77 lakhs to Rs. 185.44 lakhs due to decline in revenue from operations.

Provision for Tax and Net Profit after tax and before accounting share of profit/(loss) from associates

| Particulars | 2015-2016 | 2014-2015 | Variance |
|---|------------|------------|----------|
| | (Rs. Lacs) | (Rs. Lacs) | (%) |
| Taxation Expenses | 61.30 | 69.19 | (11.41) |
| Profit after Tax and before accounting share of profit/(loss) from associates | 124.15 | 137.59 | (9.77) |

Taxation expense decreased from Rs 69.19 lakhs in financial year 2014-15 to Rs. 61.30 lakhs in financial year 2015-16 whereas the profit after tax and before accounting share of profit/(loss) from associates decreased by 9.77%. The decrease was due to decrease in revenue from operations.

Share of Profit/(Loss) from Associates

Share of profit from associates decreased by 18.30% from Rs. 17.71 lakhs in financial year 2014-15 to Rs. 14.47 lakhs in financial year 2015-16.

Profit After Tax

| Particulars | 2015-2016 | 2014-2015 | Variance |
|------------------|------------|------------|----------|
| | (Rs. Lacs) | (Rs. Lacs) | (%) |
| Profit After Tax | 138.62 | 155.30 | (10.74) |



COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2015 WITH FINANCIAL YEAR ENDED MARCH 31, 2014

INCOME

Income from Operations

| Particulars | 2014-2015 | 2013-2014 | Variance (%) |
|------------------|-----------|-----------|--------------|
| Operating Income | 59,604.88 | 57,646.62 | 3.40 |

The operating income of the Company for the year ending March 31, 2015 is Rs. 59,604.88 lakhs as compared to Rs. 57,646.62 lakhs for the year ending March 31, 2014, showing an increase of 3.40%. The revenue increased marginally as our operations were partially affected by Hudhud cyclone.

Other income

Our other income increased by 3.35% from Rs. 378.25 lakhs in financial year 2013-14 to Rs. 390.93 lakhs in financial year 2014-15.

Direct Expenditure

| Particulars | 2014-2015 | 2013-2014 | Variance |
|--|------------|------------|----------|
| | (Rs. Lacs) | (Rs. Lacs) | (%) |
| Cost of materials consumed | 6,143.47 | 6,643.98 | (7.53) |
| Purchase of traded goods | 52,220.39 | 48,597.80 | 7.45 |
| Changes in Inventories of finished goods, WIP and stock in trade | (688.07) | 155.98 | (541.14) |

The direct expenditure has increased from Rs. 55,397.75 lakhs in financial year 2013-2014 to Rs. 57,675.80 lakhs in financial year 2014-2015 showing an increase of 4.11% over the previous year. The increase was in line with our increase in business operations.

Administrative and Employee Costs

| Particulars | 2014-2015 | 2013-2014 | Variance |
|---------------------------|------------|------------|----------|
| | (Rs. Lacs) | (Rs. Lacs) | (%) |
| Employee Benefit Expenses | 164.50 | 296.14 | (44.45) |
| Other Expenses | 750.03 | 838.20 | (10.52) |

There is a decrease in employee benefit expenses from Rs. 296.14 lakhs to Rs. 164.50 lakhs due to automation of our TMT manufacturing unit. Also, we have changed our payment mechanism to our workers from hourly basis to output basis which has lead to decrease in idle time and more efficient use of productive time.

Our other expenses decreased by 10.52% from Rs. 838.20 lakhs in financial year 2013-2014 to Rs. 750.03 lakhs in Financial Year 2014-2015 due to automation of our TMT manufacturing unit leading to efficiency in production and thus reducing manufacturing expenses like rolling and bloom processing charges, coal consumed, moulding charges, repairs and expenses, stores and spares etc.

Finance Costs

The finance costs for the financial year 2014-2015 have decreased to Rs. 1,139.16 lakhs from Rs. 1,222.41 lakhs in Financial Year 2013-14 due to lower average borrowings.

Depreciation

Depreciation expenses for the financial year 2014-2015 have increased to Rs. 59.55 lakhs as compared to Rs.56.70 lakhs for the Financial Year 2013-2014 due to investment in capital assets.

Profit Before Tax

| Particulars | 2014-2015 | 2013-2014 | Variance |
|-------------------|------------|------------|----------|
| | (Rs. Lacs) | (Rs. Lacs) | (%) |
| Profit Before Tax | 206.77 | 213.66 | (3.22) |

Profit before tax decreased by 3.22% from Rs. 213.66 lakhs to Rs. 206.77 lakhs due to higher cost and increased working capital requirements due to cyclone Hudhud.

Provision for Tax and Net Profit after tax and before accounting share of profit/(loss) from associates

| Particulars | 2014-2015 | 2013-2014 | Variance |
|---|------------|------------|----------|
| | (Rs. Lacs) | (Rs. Lacs) | (%) |
| Taxation Expenses | 69.19 | 65.73 | 5.26 |
| Profit after Tax and before accounting share of profit/(loss) from associates | 137.59 | 147.93 | (6.99) |

Taxation expense increased to Rs 69.19 lakhs in financial year 2014-15 from Rs. 65.73 lakhs in financial year 2013-14. The profit after tax and before accounting share of profit/(loss) from associates decreased by 6.99%. The decrease was due to decrease in profits.

Share of Profit/(Loss) from Associates

Share of profit from associates increased by 65.09% to Rs. 17.71 lakhs in financial year 2014-15 from Rs. 10.73 lakhs in financial year 2013-14.

Profit After Tax

| Particulars | 2014-2015 | 2013-2014 | Variance |
|------------------|------------|------------|----------|
| | (Rs. Lacs) | (Rs. Lacs) | (%) |
| Profit After Tax | 155.30 | 158.66 | (2.12) |

COMPARISON OF FINANCIAL YEAR ENDED MARCH 31, 2014 WITH FINANCIAL YEAR ENDED MARCH 31, 2013

INCOME

Revenue from Operations

| Particulars | 2013-2014 | 2012-2013 | Variance |
|------------------|------------|------------|----------|
| | (Rs. Lacs) | (Rs. Lacs) | (%) |
| Operating Income | 57,646.62 | 47,365.01 | 21.71 |

The operating income of the Company for the financial year 2012-2013 was Rs. 47,365.01 lakhs as compared to Rs. 57,646.62 lakhs for the financial year 2013-2014, showing an increase 21.71%. This increase was due to increase in our business operations.

Other Income

Other Income of the Company for the financial year 2012-2013 was Rs. 226.82 lakhs which increased by 66.76% to Rs. 378.25 lakhs during the financial year 2013-14. Our increase in other income was due to profit on sale of fixed assets and increased interest income from deposits.

Direct Expenditure

| Particulars | 2013-2014 | 2012-2013 | Variance |
|--|------------|------------|----------|
| | (Rs. Lacs) | (Rs. Lacs) | (%) |
| Cost of materials consumed | 6,643.98 | 6,336.45 | 4.85 |
| Purchase of traded goods | 48,597.80 | 43,874.95 | 10.76 |
| Changes in Inventories of finished goods, WIP and stock in trade | 155.98 | (4,312.50) | (103.62) |

The direct expenditure increased from Rs. 45,898.90 lakhs in financial year 2012-13 to Rs. 55,397.75 lakhs in financial year 2013-14 showing a increase of 20.70% over the previous year. This increase was in line with increase in our business operations.

Administrative and Employee Costs

| Particulars | 2013-2014 | 2012-2013 | Variance |
|---------------------------|------------|------------|----------|
| | (Rs. Lacs) | (Rs. Lacs) | (%) |
| Employee Benefit Expenses | 296.14 | 131.25 | 125.63 |
| Other expenses | 838.20 | 448.64 | 86.83 |

Employee Benefit Expenses in financial year 2013-2014 have increased by 125.63% to Rs.296.14 lakhs as against Rs. 131.25 lakhs in financial year 2012-2013. The increase was due to increase in the number of workers as well increase in salaries, wages and allowances.

Other expenses increased from Rs. 448.64 lakhs in financial year 2012-13 to Rs. 838.20 lakhs in financial year 2013-14 showing an increase of 86.83% over the previous financial year. Increase in other expenses mainly includes manufacturing expenses like electricity expenses, repairs and maintenance, furnace oil and gas consumed etc and administrative and other expenses like freight and delivery charges, loss on foreign exchange fluctuation etc.

Finance Costs

The finance charges for the financial year 2013- 2014 increased to Rs. 1,222.41 lakhs from Rs. 863.52 lakhs during the financial year 2012-13 due to higher borrowings.

Depreciation

Depreciation for the year financial year 2013-14 has increased to Rs. 56.70 lakhs as compared to Rs. 41.50 lakhs for the period 2012-13 due to investment in fixed assets.

Profit Before Tax

| Particulars | 2013-2014 | 2012-2013 | Variance |
|-------------------|------------|------------|----------|
| | (Rs. Lacs) | (Rs. Lacs) | (%) |
| Profit Before Tax | 213.66 | 172.83 | 23.62 |

The Profit Before Tax has increased to Rs. 213.66 lakhs in Financial Year 2013-14 from Rs. 172.83 lakhs in Financial Year 2012-13 showing an increase of 23.62%. This increase was in line with our increase in operations.

Provision for Tax and Net Profit after tax and before accounting share of profit/(loss) from associates

| Particulars | 2013-2014 | 2012-2013 | Variance |
|---|------------|------------|----------|
| | (Rs. Lacs) | (Rs. Lacs) | (%) |
| Taxation Expenses | 65.73 | 56.12 | 17.12 |
| Profit after Tax and before accounting share of profit/(loss) from associates | 147.93 | 116.71 | 26.75 |

Taxation expense increased to Rs 65.73 lakhs in financial year 2013-14 from Rs. 56.12 lakhs in financial year 2012-13. The profit after tax and before accounting share of profit/(loss) from associates increased by 26.75%.

Share of Profit/(Loss) from Associates

Share of profit from associates increased to Rs. 10.73 lakhs in financial year 2013-14 from Rs. (0.26) lakhs in financial year 2012-13.

Profit After Tax

| Particulars | 2013-2014 | 2012-2013 | Variance |
|------------------|------------|------------|----------|
| | (Rs. Lacs) | (Rs. Lacs) | (%) |
| Profit After Tax | 158.66 | 116.45 | 36.24 |

OTHER MATTERS

1. Unusual or infrequent events or transactions

Our Company suffered losses in Financial Year 2014-15 due to cyclone Hudhud. Except this and as described in this Prospectus, during the periods under review there have been no transactions or events, which in our best judgment, would be considered unusual or infrequent.

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

Other than as described in the section titled “Risk Factors” beginning on page 20 of this Prospectus to our knowledge there are no significant economic changes that materially affected or are likely to affect income from continuing operations.

3. Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations

Other than as disclosed in the section titled “Risk Factors” beginning on page 20 of this Prospectus to our knowledge there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

4. Future relationship between Costs and Income

Our Company’s future costs and revenues will be determined by demand/supply situation, government policies and prices of steel.

5. The extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased prices

Increase in revenue is by and large linked to increases in volume of business activity by the Company.

6. Total turnover of each major industry segment in which the issuer company operates.

The Company is operating in steel Industry. Relevant industry data, as available, has been included in the chapter titled “Our Industry” beginning on page 123 of this Prospectus.

7. Status of any publicly announced new products/projects or business segments

Our Company has not announced any new projects or business segments, other than disclosed in the Prospectus.

8. The extent to which the business is seasonal

Our Company business is not seasonal in nature.

9. Any significant dependence on a single or few suppliers or customers



The % of Contribution of our Company's customer and supplier vis a vis the total income and purchases respectively as March 31, 2016 is as follows:

| Particulars | Customers | Suppliers |
|-------------|-----------|-----------|
| Top 5 (%) | 50.60% | 75.11% |
| Top 10 (%) | 65.16% | 91.48% |

10.Competitive Conditions

We face competition from existing and potential unorganized competitors which is common for any business. We have, over a period of time, developed certain competitive strengths which have been discussed in the chapter titled *"Our Business"* on page 151 of this Prospectus.

FINANCIAL INDEBTEDNESS

Our Company utilizes various credit facilities from banks and others for conducting its business.

Set forth is a brief summary of our Company's secured and unsecured borrowings together with a brief description of certain significant terms of such financing arrangements.

SECURED BORROWINGS

1. Loan of Rs. 12,000 Cr from Union Bank of India for Working Capital Requirements

| Name of the lender | Union Bank of India | | | |
|---|--|--|---|---|
| Nature of Banking Facility | Limit | Rate of Interest/ Commission | Security Stipulated | Amount Outstanding as on March 31, 2016 |
| Cash Credit (Hypothecation) | 5,000.00 lakhs | Base rate [10%] + 3.25% | Hypothecation of stock and book debts | Rs. 4834.67 Lakhs |
| Loan Guarantee | 1,000.00 lakhs | 50% applicable charges | Lien on margin deposits. Hypothecation of stock received on Loan Guarantee. | This is a non-fund based facility |
| Inland Letter of Credit – documents against acceptance/ payments of a tenure of 90 days Import Letter of Credit – documents against acceptance/ payments of a tenure of 180 days. (including Buyer's Credit) (Sub limit of Buyer's Credit, maximum 120 days) | 6,000.00 lakhs (3,000.00) lakhs | 50% of usual charges on Inland Letter of Credit and applicable charges on Import Letter of Credit Applicable charges on Financial Guarantee | Lien on margin deposits and hypothecation of stocks under Letter of Credit. | Rs. 4,834.67 Lakhs |

Collateral Security

- Commercial complex flat at 2nd floor, Vinayaka Complex, Dabagardens, Visakhapatnam in the name of Naryani Steels Private Limited
- Residential flat No. 403, Sambhav Towers, Opp. Super Bazar, Visakhapatnam in the name of Naryani Steels Private Limited
- Land and Building admeasuring 6084 square meters at S.No. 108, Plot No. A1 A2, Industrial Estate, Vizianagaram in the name of Mr. Sunil Choudhary
- Industrial Plot No. 164, 165 in Survey No. 167, 70 part, 66 P Part, Ramanayyapeta, Kakinada admeasuring 988.13 square yards standing in the name of Narayani Steels Private Limited
- Commercial property at D.No. 9-1-71/A, Resapuvnipalem Vizag admeasuring 55.55 sq yards with small RCC building in ground floor and shed in first floor standing in the name

| |
|---|
| <p>of Sunil Choudhary, Director of Narayani Steels Private Limited</p> <ol style="list-style-type: none"> Commercial property at D.No. 9-1-71/A, Resapuvnipalem Visakhapatnam admeasuring 50 sq yards with small RCC building in ground floor and shed in first floor standing in the name of Kishanlal Choudhary, Director of Narayani Steels Private Limited Land in the name of Narayani Ispat Private Limited as S.No. 24/1, part, Dakamari Village, Visakhapatnam Dist, totalling 1 acre 65 cents. Land owned by Kishanlal Choudhary, Director of Narayani Steels Private Limited at S.No. 66-6 part Jonnada Village, Denkada Mandal, Vizianagaram Dist totalling Ac1.55 cents DRIC/FDR of the bank and the present value is Rs. 1.52 crores, the interest will be accumulated to the deposits only 7105.12 sq yards of Industrial Land with AC sheds of 8132 sft and 200 sft at Plot No 240 D.No.1-4-75, Tunglam, Autonagar, Visakhapatnam owned by Narayani Ispat Private Limited Industrial Plot of 2870 sq yards, with existing building and shed situated at Plot No. 49, S.No. 105 part, Fakirtetya, Gajuwaka, Vizag owned by Narayani Ispat Private Limited Commercial Land and Building of 229.45 sq yards at D.No. 49-24-66, NGGOs layout, Sankaramatam Road, Madhura Nagar, Visakhapatnam owned by Mrs. Savitri Devi Choudhary. Apartment of 4100 sft at Plot No. 5, S.No. 61/3 & 61/3BP, DNo. 54-11-9, Maddilapalem, Visakhapatnam in the name of M/s. Narayani Ispat Private Limited AC 18.00 cents (87210 sq. yards) of land at S.No. 151-19, 152, 16-4, 15-3 part, Pishini & Derasam Villages, Ranastalam Mandal, Srikakulam owned by Naryani Ispat Private Limited Ac. 13.00 cents (62920 sq yards) of land at S.No. 6-20 part, Chilampeta Rajam Village, Ranastalam Mandal, Srikakulam owned by Kishanlal Choudhary Industrial building AC 2.32 cents at S.No. 202-31, 32, 33 Modhavalasa & 34 part, Denkada Mandal, Vizianagaram District, owned by Narayani Steels Private Limited. |
| <p><u>Personal Guarantee</u></p> <ol style="list-style-type: none"> Sunil Choudhary Kishanlal Choudhary Bivor Bagaria Bina Chowdhary Savitri Devi Choudhary <p><u>Corporate Gurantee</u></p> <ol style="list-style-type: none"> Narayani Ispat Private Limited Cooltex Merchandise Private Limited |

Tenure:

Without prejudice to the nature of advance(s), these credit facilities will remain in force for a period of one year and is/are subject to annual review. Next review will fall due on or before 30/04/2016.

Penalty:

Penal Interest @ 1% each charged on the following defaults:

- Non Compliance of term of sanction

In the following cases the penal interest will be 2%:

- Non submission/ delayed submission of QPR
- Non submission of audited balance sheet of previous financial year by 14th November
- Excess over limit/drawing power
- Non submission of stock and book debt statement before 15th of next month

Further upon the occurrence and continuance of an Event of default, the bank may impose penalty @1% p.a. on each default subject to maximum penalty of 2% over and above the stipulated interest rate on entire loan amount for the period of default.

Key restrictive covenants as per Sanction letter dated May 12, 2015:

- a) During the period of subsistence of the facilities, the company will not, without the Bank's prior written permission, make any alterations in the:
 - Constitution of the Company
 - Controlling ownership
 - Documents relating to its constitution
 - Any other material change in the management or in the nature of the business or operations.
- b) The bank reserves the right to discontinue any/all credit facilities granted, without any prior notice in case of non- compliance and/or breach of any of the terms & conditions based on which the facilities had been sanctioned to the Company and/or if any of the information particulars/documents furnished by the Company are incorrect.
- c) No diversion of funds will be allowed for non- business transactions or creation of fixed assets.
- d) No excess over limits will be allowed
- e) The Bank reserves the absolute right to recall the advance in case of:
 - Limits not being utilized by borrower, misutilised or,
 - Deterioration in the loan accounts in any manner whatsoever, and/or
 - Non- compliance of the terms and conditions of sanction
 - Continuous excess in the cash credit/ other working capital limits
 - Unsatisfactory operations in the account

2. Channel Finance Limit of Rs. 1,000.00 lakhs* availed from Andhra Bank Limited vide agreement dated March 25, 2013

| Name of the Lender | Andhra Bank Limited |
|--|--|
| Facility | DUBD (Channel Finance Limit) |
| Interest Rate | Basic Rate (10.25%) + 0.50% = 10.75% for first 45 days Basic Rate (10.25%) + 1.75% = 12.00% for above 45 days and upto 90 days Basic Rate(10.25%) + 2.75% = 13.00% for above 90 days and upto 180 days |
| Tenor/ Repayment schedule | 45days / 90days / 180 days |
| Security | DA bills drawn by the Corporate duly accepted by the dealers or accepted challans/invoices |
| Default | 2% over the contracted rate from the due date of advance i.e. purchase/discount |
| Collateral Security | 25% of the limit in the form of semi urban / urban property or liquid securities like cash margin Personal Guarantee 1. Sunil Choudhary 2. Kishanlal Choudhary |
| Outstanding Amount as on March 31, 2016 | Rs. 1,483.05 Lakhs |



***The Company has obtained an ad-hoc limit of channel finance of Rs 5. Cr for F.Y. 2015-16Key restrictive covenants as per Sanction Letter dated 07.03.2015:**

- a) This facility is to be utilized exclusively for lifting of material from RINL.
- b) During the currency of the credit facilities, the company will not, without the Banks permission in writing:
 - Effect any changes in the capital structure of the company,
 - Formulate any scheme of amalgamation,
 - Implement any scheme for expansion or acquire any fixed assets,
 - Make any investments/ advances or deposit amounts with any other concern,
 - Enter into borrowing arrangements with any Bank/FI/Company,
 - Undertake guarantee obligations on behalf of any other company,
 - Declare dividends for any year except out of profits relating to that year,
 - Change in composition of Company's Board of Directors.

3. Construction Equipment Loan of Rs. 9.48 lakhs sanctioned by ICICI Bank Limited vide Loan agreement no. LQVPM00028190695 dated May 29, 2014

| Name of the Lender | ICICI Bank Limited |
|---|---|
| Amount | |
| Facility | Construction Equipment Loan |
| Interest Rate | 11.01% per annum |
| Tenure | 35 months |
| Security | Hypothecation of the underlying asset financed i.e. Crane |
| Amount Outstanding as on March 31, 2016 | Rs. 3.85 lakhs |

4. Construction Equipment Loan of Rs. 9.48 lakhs sanctioned by ICICI Bank Limited vide Loan agreement no. LQVPM00028190697 dated May 29, 2014

| Name of the Lender | ICICI Bank Limited |
|---|---|
| | |
| Facility | Construction Equipment Loan |
| Interest Rate | 11.01% per annum |
| Tenure | 35 months |
| Security | Hypothecation of the underlying asset financed i.e. Crane |
| Amount Outstanding as on March 31, 2016 | Rs. 3.85 lakhs |

5. Channel Finance Limit of Rs. 300.00 lakhs availed from Yes Bank Limited vide sanction letter dated July 23, 2015

| Name of the Lender | Yes Bank Limited |
|--------------------|---|
| Facility | Short Term Revolving Loan |
| Interest Rate | 0.75% +Base Rate i.e. 10.50% +0.75% |
| Tenure | 12 months |
| Security | Unconditional and Irrevocable personal guarantee 1)Kishanlal Choudhary 2)Sunil Choudhary 3) Sunil Choudhary HUF Till the end of tenor of the facility |

| | |
|--|-----------------|
| Amount Outstanding as on March 31, 2016 | Rs.296.47 lakhs |
|--|-----------------|

6. Channel Finance Limit of Rs. 500.00 lakhs availed from Tata Bank Limited vide sanction letter dated January 22, 2016

| | |
|--|--|
| Name of the Lender | Yes Bank Limited |
| Facility | Channel Finance/ Inventory Funding Facility/Trade Advance |
| Interest Rate | 11.75% pa i.e. ROI equal to STLR less 5.25% |
| Tenure | 12 months |
| Security | Unconditional and Irrevocable personal gurantee 1)Kishanlal Choudhary 2)Sunil Choudhary 3) Bina Choudhary 4) Savitri Devi Choudhary Till the end of tenor of the facility |
| Amount Outstanding as on March 31, 2016 | Rs. 489.05 lakhs |

UNSECURED BORROWINGS

Unsecured term loan availed form from other Companies:

| | |
|--|---------------------------------------|
| Name of the Lender | Sri Gangadhara Steels Llimited |
| Interest Rate | It is an interest free loan |
| Tenor/ Repayment schedule | No Stipulation |
| Outstanding Amount as on March 31, 2016 | Rs. 52.00 Lakhs |

| | |
|--|----------------------------------|
| Name of the Lender | G.V.A. Industries Limited |
| Interest Rate | It is an interest free loan |
| Tenor/ Repayment schedule | No Stipulation |
| Outstanding Amount as on March 31, 2016 | Rs. 528.00 Lakhs |

| | |
|--|---------------------------|
| Name of the Lender | 3MProjects Limited |
| Interest Rate | 9.00% p.a. |
| Tenor/ Repayment schedule | No Stipulation |
| Outstanding Amount as on March 31, 2016 | Rs. 23.76 Lakhs |

| | |
|--|---------------------------------------|
| Name of the Lender | Vizag Profiles Private Limited |
| Interest Rate | It is an interest free loan |
| Tenor/ Repayment schedule | No Stipulation |
| Outstanding Amount as on March 31, 2016 | Rs. 800.00 Lakhs |



SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except, as stated below and mentioned elsewhere in this Prospectus there are no litigations including, but not limited to suits, criminal proceedings, civil proceedings, statutory or legal proceedings, including those for economic offences, tax liabilities, show cause notice or legal notices pending against our Company, Directors, Promoters, Subsidiaries and Group Companies or against any other company whose outcomes could have a material adverse effect on the business, operations or financial position of the Company and there are no proceedings initiated for economic, civil or any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (a) of Part I of Schedule V of the Companies Act, 2013) other than unclaimed liabilities of our Company, and no disciplinary action has been taken by SEBI or any stock exchange against the Company, Directors, Promoters or Group Companies.

Except as disclosed below there are no i) litigation or legal actions, pending or taken, by any Ministry or department of the Government or a statutory authority against our Promoters during the last five years; (ii) direction issued by such Ministry or Department or statutory authority upon conclusion of such litigation or legal action; (iii) pending proceedings initiated against our Company for economic offences; (iv) default and non-payment of statutory dues by our Company; (v) inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or any previous companies law in the last five years against our Company and Subsidiaries including fines imposed or compounding of offences done in those five years; or (vi) material frauds committed against our Company in the last five years.

Except as stated below there are no Outstanding Material Dues (as defined below) to creditors; or (ii) outstanding dues to small scale undertakings and other creditors.

Our Board, in its meeting held on August 1, determined that outstanding dues to creditors in excess of 5 lakh of our Company as per last restated financial statements shall be considered as material dues ("Material Dues").

Unless otherwise stated to contrary, the information provided is as of date of this Prospectus.

LITIGATION INVOLVING OUR COMPANY

1) ***By and Against our Company***

A. Criminal Litigation

Nil

B. Civil Proceedings

Nil

C. Cases relating to Taxation Laws

Income Tax

a) Appeal before the Commissioner of Income Tax (Appeal) ("CIT") against the order of the Deputy Commissioner of Income Tax, Circle 3, Kolkata ("DCIT") for the assessment year 2008-2009

The Company has filed an appeal against the order of DCIT dated 30 November, 2010 for the assessment year 2008-2009 under Section 143(3) of the Income Tax Act, 1961. As per the order The net taxable income of the Company has been increased from INR 90,28,690/- (Rupees Ninety Lakhs Twenty Eight Thousand Six Hundred and Ninety only) (as per the self-assessment return filed by the

Company on 30 September 2008) to INR 98,11,820/- (Rupees Ninety Eight Lakhs Eleven Thousand Eight Hundred and Twenty only) owing to the disallowances of carriage inward and labour charges. The appeal is filed before the CIT against the original demand for an amount of INR 2,76,137/- (Rupees Two Lakhs Seventy Six Thousand One Hundred and Thirty Seven only) to be paid by the Company.

b) *Appeal filed by the Company before the Commissioner of Income Tax ("CIT") against the order of the Deputy Commissioner of Income Tax, Circle 3, Kolkata ("DCIT") for the assessment year 2009-2010.*

The Company has filed an appeal against an order passed by the DCIT dated 21 December 2011 for the assessment year 2009-2010 under Section 143(3) of the Income Tax Act, 1961. As per the above mentioned order, the net taxable income of the Company was increased from INR 39,84,500/- (Rupees Thirty Nine Lakhs Eighty Four Thousand Five Hundred only) (as per the self-assessment return filed by the Company on 29 September 2009) to INR 46,32,580/- (Rupees Forty Six Lakhs Thirty Two Thousand Five Hundred and Eighty only), after making certain additions and disallowances as mentioned in the order. The appeal is filed before the CIT against the original demand notice for an amount of INR 2,39,730/- (Rupees Two Lakhs Thirty Nine Thousand Seven Hundred and Thirty only) to be paid by the Company as per the order under Section 143(3) of the Income Tax Act, 1961.

c) *Appeal before the Commissioner of Income Tax (Appeal) ("CIT") against the order of the Deputy Commissioner of Income Tax, Circle-3, Kolkata ("DCIT") for the assessment year 2010-2011.*

The Company has filed an appeal against the order of the DCIT dated 20 March 2013 for the assessment year 2010-2011 under Section 143(3) of the Income Tax Act, 1961. As per the order, the net taxable income of the Company has been increased from INR 82,69,130 (Eighty Two Lakhs Sixty Nine Thousand One Hundred and Thirty) (as per the self-assessment return filed by the Company on 22 September 2010) to INR 88,08,345 (Eighty Eight Lakhs Eight Thousand Three Hundred and Forty Five), by making additions and disallowance as per the books of accounts. The appeal is filed before the Commissioner of Income Tax (Appeals)-I, Kolkata against the original demand notice dated 20 March 2013 for the amount of INR 6,46,040/- (Six Lakhs Forty Six Thousand and Forty) to be paid by the Company.

d) *Appeal before the Commissioner of Income Tax (Appeal) ("CIT") against the order of the Joint Commissioner of Income Tax, Range 3, Kolkata ("JCIT") for the assessment year 2012-2013.*

The Company has filed an appeal against the order of the JCIT dated 26 March 2015 for the assessment year 2012-2013 under Section 143(3) of the Income Tax Act, 1961. As per the order, the net taxable income of the Company has been increased from INR 1,82,93,690/- (Rupees One Crore Eighty Two Lakhs Ninety Three Thousand Six Hundred and Ninety Only) (as per the self-assessment return filed by the Company on 28 September 2012) to INR 6,47,48,605/- (Rupees Six Crores Forty Seven Lakhs Forty Eight Thousand Six Hundred and Five), pursuant to addition of share capital and disallowance of certain investment. The appeal is filed before the CIT against the original demand notice dated 26 March 2015 for an amount of INR, 2,05,52,000/- (Rupees Two Crores Five Lakhs Fifty Thousand only), to be paid by the Company. Penalty proceedings under Section 271(1)(c) of the Income Tax, 1961 were directed to be initiated separately.

- e) ***Notice issued under section 142(1) of the Income Tax Act, 1961 from the office of the Deputy Commissioner of Income Tax, Circle 3(1), Kolkata, for the assessment year 2013-2014.***

The Company received a notice under section 142 (1) of the Income Tax Act, 1961 dated 28 May 2015 for the assessment year 2013-2014 from the office of the Deputy Commissioner of Income Tax, Circle 3(1), Kolkata. The notice mandated the Company to file the correct return of income for the said assessment year in the form specified under Rule 12 of the Income Tax Rules, 1962. The notice also mandated the Company to submit the duly filled and signed in form, along with all the information called therein, to their office situated in Kolkata.

- f) ***Appeal before the Commissioner of Income Tax (Appeal) ("CIT") (Appeals) against the order of the Deputy Commissioner of Income Tax, Range 3, Kolkata ("DCIT") for the assessment year 2013-2014.***

The Company has filed an appeal against an order passed by the DCIT dated 18 February 2016 for the assessment year 2013-2014 under section 143(3) of the Income Tax Act, 1961. The Company filed its return of income for the assessment year 2013-2014 on 29 November 2013 on a total disclosed income of INR 1,41,34,530/- (Rupees One Crore Forty One Lakhs Thirty One Thousand Five Hundred and Thirty only). Subsequently, the case was processed under and selected for scrutiny. Notices under section 143(2) and section 142(1) of the Income Tax Act, 1961 dated 02 September 2014 were duly served to the Company with details of requisitions to be sought for such an enquiry. As per the assessment order dated 18 February 2016, the total income of the Company was assessed as INR 1,53,49,117/- (Rupees One Crore Fifty Three Lakhs Forty Nine Thousand One Hundred and Seventeen only) and the Company was directed to pay an amount of INR 5, 97,640/- (Rupees Five Lakhs Ninety Seven Thousand Six Hundred and Forty only) vide notice of demand under section 156 of the Income Tax Act, 1961.

- g) ***Notice issued under section 143 (2) of the Income Tax Act, 1961 from the office of the Deputy Commissioner of Income Tax, Kolkata, for the assessment year 2014-2015.***

The Company received a notice under section 143(2) of the Income Tax Act, 1961 dated 28 August 2015 for the assessment year 2014-2015 from the office of the Deputy Commissioner of Income Tax, Kolkata. The notice sought clarification on the return of income filed by the Company on 28 November 2014 and therefore directed the representative of the Company to be present on 5 October 2015 at the office of the Deputy Commissioner of Income Tax, Kolkata, along with any documents, accounts or any other evidence in support of the return filed by the Company.

- h) ***Notice issued under section 142(1) of the Income Tax Act, 1961 from the office of the Deputy Commissioner of Income Tax, Kolkata, for the assessment year 2014-2015.***

The Company received a notice under section 142(1) of the Income Tax Act, 1961 dated 11 July 2016 for the assessment year 2014-2015 from the office of the Deputy Commissioner of Income Tax, Circle 3(1), Kolkata. The notice mandated the Company to produce various documents relating to filing of return. The notice also mandated the Company to submit the duly filled and

signed in form, along with all the information called therein, to their office situated in Kolkata.

i) Other outstanding Tax Demands against the Company as retrieved from the website of the Income Tax Department

| Assessment Year | Section Code of Income Tax Act, 1961 | Date on which demand was raised | Outstanding Demand Amount (INR) |
|-----------------|--------------------------------------|---------------------------------|---------------------------------|
| 2002-2003 | 143(1) | 15 December 2003 | 18,828/- |
| 2003-2004 | 143(1) | 23 February 2004 | 85,804/- |
| 2006-2007 | 143(1) | 11 January 2007 | 17,18,689/- |
| 2008-2009 | 143(1) | 30 November 2010 | 2,76,137/- |
| 2008-2009 | 115 WE (3) | 30 November 2010 | 84,371/- |
| 2008-2009 | 143(1) | 22 October 2009 | 32,42,436/- |

Value Added Tax

a) Proceedings under the Andhra Pradesh Value Added Tax Act, 2005 before Assistant Commissioner (CT) (Int & LTU), Vizianagaram Division.

The Company was audited under the provisions of the Andhra Pradesh VAT Act, 2005 on 22 November 2012, wherein certain discrepancies were noticed with respect to input tax and output tax. As per the proceedings before the Assistant Commissioner (CT), (Audit) Vizianagaram, the Company was directed to pay an amount of INR 8,05,82,316/- (Rupees Eight Crores Five Lakhs Eighty Two Thousand Three Hundred and Sixteen only) vide assessment order dated 27 December, 2013 as outstanding tax due to the Department along with a penalty of INR 8, 05, 61, 218/- (Rupees Eight Crores Five Lakhs Sixty One Thousand Two Hundred and Eighteen only) vide penalty order dated 7 January, 2014. Aggrieved by the orders of the Assistant Commissioner, the Company filed a writ petition before the Hon'ble High Court of Andhra Pradesh vide W.P.No 2127 of 2014. The said writ petition was disposed of by the court on 5 September 2014 directing the Company to treat the assessment order dated 27 December 2013 as a 'Show Cause Notice' and to submit their reply to the Assistant Commissioner for passing of a new assessment order. As per the new assessment order dated 2 March 2015, the Company was directed to pay a total tax of INR 22,09,055/- (Rupees Twenty Two Lakhs Nine Thousand and Fifty Five only) and the same has been paid under protest by the Company. The Company has filed an appeal to challenge the same. The said appeal has been settled through the payment of the tax and the said amount has been treated as expense under the head of rates and taxes in the audited financials of the Company.

b) Appeal before the Andhra Pradesh Value Added Tax ("APVAT"), Vishakhapatnam Bench against the order of the Assistant Commissioner (CT) LTU, Vizianagaram for the tax period 2010-2011.

The Company has filed an appeal against the order of the Assistant Commissioner (CT) LTU, Vizianagaram, dated 25 May 2015 for the tax period 2010-2011 under section 4(8) of the Andhra Pradesh Value Added Tax 2005 (VAT Act). As per the order, the Company was held liable to pay tax at the rate of 14.5% on the amount of INR 32,40,000/- (Rupees Thirty Two Lakhs Forty Thousand only) which is computed to INR 4,69,000/- (Rupees Four Lakhs Sixty Nine Thousand only) related to lease rentals on vehicles, received for

transporting goods. The appeal is before the APVAT, Vishakhapatnam Bench against the tax levied on the Company for an amount of INR 4,69,000/- (Rupees Four Lakhs Sixty Nine Thousand only). The Company vide Declaration Form APP 400 A under section 31 (1) of the VAT Act, dated 23 July 2015 declared that it has paid the tax amount of INR 1,17,250/- (Rupees One Lakh Seventeen Thousand Two Hundred and Fifty only) out of the total amount of INR 4,69,000/- (Rupees Four Lakhs Sixty Nine Thousand only) related to lease rentals on vehicles, received for transporting goods. The appeal with regard to penalty amount is still pending before the authorities.

c) *Appeal before the Andhra Pradesh Value Added Tax ("APVAT"), Vishakhapatnam Bench against the order of the Assistant Commissioner (CT) LTU, Vizianagram for the tax period 2011-2012.*

The Company has filed an appeal against the order of the Assistant Commissioner (CT) LTU, Vizianagram, dated 02 March 2016 for the tax period 2010-2011 under the Andhra Pradesh Value Added Tax 2005 (VAT Act). As per the order, The appeal is before the APVAT, Vishakhapatnam Bench against the penalty levied on the Company for an amount of INR 21,46,987/- (Rupees Twenty One Lakhs Forty Six Thousand Nine Hundred and Eighty Seven only). APVAT vide order dated 25 February 2016 dismissed the appeal. The Company received an urgent notice from the Assistant Commissioner (CT) (INT & LTU), Vizianagram dated 13 April 2016 whereby the Company was directed to pay the VAT penalty amount of INR 21,46,987/- (Rupees Twenty One Lakhs Forty Six Thousand Nine Hundred and Eighty Seven only). The Company vide Declaration Form APP 400 A under Section 31 (1) of the VAT Act dated 30 April 2016 declared that it had paid tax amount of INR 10,73,494/- (Rupees Ten Lakhs Seventy Three Thousand Four Hundred and Ninety Four only) out of the total penalty of INR 21,46,987/- (Rupees Twenty One Lakhs Forty Six Thousand Nine Hundred and Eighty Seven only). The appeal with regard to penalty amount is still pending before the authorities.

D. Proceedings Initiated Against Our Company For Economic Offences

There are no proceedings initiated against our Company for any economic offences.

E. Past Penalties Imposed On Our Company

There have been no penalties imposed on our Company in the past.

2) *By and Against our Group Companies*

A. Criminal Litigation

Nil

B. Civil Proceedings

Nil

C. *Cases relating to Taxation Laws*

Income Tax

a) *Proceedings under section 143 (3) of the Income Tax, 1961 for the assessment year 2009- 2010.*

Narayani Ispat filed its return of income for the assessment year 2009-2010 on 29 September 2009 on a total disclosed income of INR 96,03,840/- (Ninety Six Lakhs Three Thousand Eight Hundred and Forty only). Subsequently, the case was

processed under Section 143(1) of the Income Tax Act, 1961 and return was selected for scrutiny. Notices under section 142(1) and Section 143(2) of the Income Tax Act, 1961 dated 11 July 2011 and 16 September 2010 respectively, were duly served on Narayani Ispat with details of requisitions to be sought for such enquiry. As per the Assessment order dated 23 December 2011, the total income of Narayani Ispat was assessed as INR 1, 10, 26, 240/- (One Crore Ten Lakhs Twenty Six Thousand Two Hundred and Forty only) and Narayani Ispat was directed to pay an amount of INR 21, 34, 410/- (Twenty One Lakhs Thirty Four Thousand Four Hundred and Ten only) vide Notice of Demand under Section 156 of the Income Tax Act, 1961. Penalty proceedings under Section 271 (1) (c) of the Income Tax Act, 1961, were directed to be initiated separately.

b) *Proceedings under section 143(3) of the Income Tax, 1961 for the assessment year 2010- 2011.*

Narayani Ispat filed its return of income for the assessment year 2010-2011 on 22 September 2010 on a total disclosed income of INR 12, 48, 650/- (Rupees Twelve Lakhs Forty Eight Thousand Six Hundred and Fifty only). Subsequently, the case was processed under Section 143 (1) of the Income Tax Act, 1961 and return was selected for scrutiny. Notices under section 142 (1) and Section 143 (2) of the Income Tax Act, 1961, dated 29 August 2011 and 01 September 2011 were duly served on Narayani Ispat with details of requisitions to be sought for such enquiry. As per the Assessment order dated 11 January 2013, the total income of Narayani Ispat was assessed as INR 1, 85, 08, 864/- (One Crore Eighty Five Lakhs Eight Thousand Eight Hundred and Sixty Four Only) and Narayani Ispat was directed to pay an amount of INR 52, 27, 770/- (Rupees Fifty Two Lakhs Twenty Seven Thousand Seven Hundred and Seventy only) vide Notice of Demand under Section 156 of the Income Tax Act, 1961. Penalty proceedings under Section 271 (1) (c) of the Income Tax Act, 1961 were directed to be initiated separately.

c) *Proceedings under section 143 (3) of the Income Tax, 1961 for the assessment year 2011- 2012.*

Narayani Ispat filed its return of income for the assessment year 2011-2012 on 24 September 2011 on a total disclosed income of INR 1,78,23, 790/- (Rupees One Crore Seventy Eight Lakhs Twenty Three Thousand Seven Hundred and Ninety only). Subsequently, the case was processed under Section 143 (1) of the Income Tax Act, 1961 and return was selected for scrutiny. Notices under section 143 (2) of the Income Tax Act, 1961, dated 07 August 2012 were duly served on Narayani Ispat with details of requisitions to be sought for such enquiry and such information were supplied by Narayani Ispat. As per the Assessment order dated 26 March 2014, the total income of Narayani Ispat was assessed as INR 1, 88, 91, 758/- (Rupees One Crore Eighty Eight Lakhs Ninety One Thousand Seven Hundred and Fifty Eight only) and Narayani Ispat was directed to pay an amount of INR 4, 88, 850/-(Rupees Four Lakh Eighty Eight Thousand Eight Hundred and Fifty only) vide Notice of Demand under Section 156 of the Income Tax Act, 1961. Penalty proceedings under Section 271(1)(c) of the Income Tax were directed to be initiated separately. Penalty proceedings under Section 271(1)(c) of the Income Tax were directed to be initiated separately.

d) *Appeal before the Commissioner of Income Tax (Appeal) Kolkata (CIT), against the order of the Joint Commissioner of Income Tax, Range 3, Kolkata for the assessment year 2012- 2013*

Narayani Ispat filed its return of income for the assessment year 2012-2013 on 28 September 2012 on a total disclosed income of INR 2,48,43,610/- (Rupees Two Crore Forty Eight Lakhs Forty Three Thousand Six Hundred and Ten only). Subsequently, the case was processed under Section 143 (3) of the Income Tax Act, 1961 and return was selected for scrutiny. Notices under section 143 (2) and Section 142 (1) the Income Tax Act, 1961 dated 22 August 2013 were duly served on Narayani Ispat with details of requisitions to be sought for such enquiry and such information were supplied by Narayani Ispat. As per the Assessment order dated 27 March 2015, the total income of Narayani Ispat was assessed as INR 7, 25, 04, 510/- (Rupees Seven Crore Twenty Five Lakhs Four Thousand Five Hundred and Ten only) and Narayani Ispat was directed to pay an amount of INR 2,08,23, 960/- (Rupees Two Crore Eight Lakhs Twenty Three Thousand Nine Hundred and Sixty only) vide Notice of Demand under Section 156 of the Income Tax Act, 1961. Penalty proceedings under Section 271 (1) (c) of the Income Tax were directed to be initiated separately. Narayani Ispat has preferred an appeal before the CIT against the aforesaid order of the Joint Commissioner of Income Tax, Range 3, Kolkata.

e) *Appeal before the Commissioner of Income Tax (Appeal) Kolkata (CIT), against the order of the Deputy Commissioner of Income Tax, Circle-1 (2), Kolkata for the assessment year 2013- 2014.*

Narayani Ispat filed its return of income for the assessment year 2013-2014 on 29 November 2013 on a total disclosed income of INR 3,01,87,900/- (Rupees Three Crores One Lakh Eighty Seven Thousand Nine Hundred only). Subsequently, the case was processed under Section 143 (3) of the Income Tax Act, 1961 and return was selected for scrutiny. Notices under section 143 (2) and Section 142 (1) the Income Tax Act, 1961 dated 04 September 2014 and 28 May 2015 respectively, were duly served on Narayani Ispat with details of requisitions to be sought for such enquiry and such information were supplied by Narayani Ispat. As per the Assessment order dated 29 January 2016, the total income of Narayani Ispat was assessed as INR 3, 18, 75, 922/- (Rupees Three Crores Eighteen Lakhs Seventy Five Thousand Nine Hundred and Twenty Two only) and Narayani Ispat was directed to pay an amount of INR 6, 27,270/- (Rupees Six Lakhs Twenty Seven Thousand Two Hundred and Seventy only) vide Notice of Demand under Section 156 of the Income Tax Act, 1961. Narayani Ispat has preferred an appeal before the CIT (Appeals) against the aforesaid order of the Deputy Commissioner of Income Tax, Range 3, Kolkata.

f) *Notice issued under section 142(1) of the Income Tax Act, 1961 from the office of the Deputy Commissioner of Income Tax, Kolkata, for the assessment year 2014-2015.*

Narayani Ispat received a notice under section 142(1) of the Income Tax Act, 1961 dated 11 July 2016 for the assessment year 2014-2015 from the office of the Deputy Commissioner of Income Tax, Circle 3(1), Kolkata. The notice mandated Narayani Ispat to produce various documents relating to filing of return. The notice also mandated Narayani Ispat to submit the duly filed and signed in form, along with all the information called therein, to their office situated in Kolkata.

g) *Other Outstanding Tax Demands against our Group Company as retrieved from the website of the Income Tax Department.*

| Assessment Year | Section Code of Income Tax Act, 1961 | Date on which demand was raised | Outstanding Demand Amount (INR) |
|--|--------------------------------------|---------------------------------|---------------------------------|
| Narayani Ispat Private Limited | | | |
| 2004-2005 | 220(2) | 20 May 2015 | 31,115/- |
| 2005-2006 | 220(2) | 20 May 2015 | 4,998/- |
| 2006-2007 | 220(2) | 20 May 2015 | 24,794/- |
| 2007-2008 | 220(2) | 20 May 2015 | 1,28,282/- |
| 2008-2009 | 220(2) | 20 May 2015 | 1,13,792/- |
| 2008-2009 | 220(2) | 20 May 2015 | 4,640/- |
| 2009-2010 | 220(2) | 20 May 2015 | 1,54,485/- |
| Cooltex Merchandise Private Limited | | | |
| 2013-2014 | 220(2) | 05 April 2016 | 936/- |
| Hari Equipment Private Limited | | | |
| 2013-2014 | 143(3) | 18 March 2016 | 1,01,800/- |
| 2014-2015 | 143(1)(a) | 27 December 2014 | 10,460/- |

F. Proceedings Initiated Against Our Company For Economic Offences

There are no proceedings initiated against our Company for any economic offences.

G. Past Penalties Imposed On Our Company

There have been no penalties imposed on our Company in the past.

3) Litigation involving Directors of our Company

A. Criminal Litigation

Nil

B. Civil Proceedings

Nil

C. Cases relating to Taxation Laws

Save as provided, there are no tax proceedings have been initiated against our Directors as on the date of filing of the prospectus. The following are the outstanding tax demands against the Directors as retrieved from the website of the Income Tax Department.

Income Tax

a) Outstanding Tax Demands against our Directors as retrieved from the website of the Income Tax Department

| Assessment Year | Section Code of Income Tax Act, 1961 | Date on which demand was raised | Outstanding Demand Amount (INR) |
|----------------------------|--------------------------------------|---------------------------------|---------------------------------|
| Kishanlal Choudhary | | | |
| 2009-2010 | 143(1)(a) | 04 December 2010 | 1,79,218/- |
| Sunil Choudhary | | | |
| 2005-2006 | 220(2) | 18 May 2011 | 4,919/- |
| 2007-2008 | 143(1) | 14 August 2009 | 4,14,434/- |
| 2007-2008 | 271 F | 09 February 2010 | 3,757/- |
| 2008-2009 | 143(1) | 04 September 2009 | 4,05,128/- |
| 2009-2010 | 143(1)(a) | 06 December 2010 | 1,98,950/- |
| Bina Choudhary | | | |
| 2003-2004 | 220(2) | April 20, 2015 | 2,135 |
| 2007-2008 | 143(1) | March 23, 2010 | 4,63,737 |
| 2010-2011 | 143(1) | September 2, 2011 | 9,580 |

D. Past Penalties Imposed On Our Directors

There are no past penalties imposed on our Directors.

E. Proceedings initiated against our Directors for economic offences

There are no proceedings initiated against our Directors for any economic offences.

4) Litigation involving Promoters of our Company

There are no other outstanding litigation involving our Directors including criminal prosecutions or civil proceedings involving our Directors, and there are no material defaults, violation of statutory regulations or non-payment of statutory dues, over dues to banks or financial institutions or defaults against banks/financial institutions by our Directors (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under Schedule V of the Companies Act, 2013), except as disclosed below.

A. Criminal Litigation

Nil

B. Civil Proceedings

Nil

C. Cases relating to Taxation Laws

Save as provided, there is no tax proceedings have been initiated against our Promoters as on the date of filing of the prospectus. The following are the outstanding tax demands against the Promoters as retrieved from the website of the Income Tax Department.

Income Tax

b) Outstanding Tax Demands against our Promoters as retrieved from the website of the Income Tax Department

| Assessment Year | Section Code of Income Tax Act, 1961 | Date on which demand was raised | Outstanding Demand Amount (INR) |
|----------------------------|--------------------------------------|---------------------------------|---------------------------------|
| Sunil Choudhary HUF | | | |
| 2009-2010 | 143(1) | 30 July 2003 | 261/- |
| 2008-2009 | 143(1) | 11 June 2009 | 6,32,713/- |
| 2013-2014 | 143(1)(a) | 12 February 2015 | 56,520/- |
| Sunil Choudhary | | | |
| 2005-2006 | 220(2) | 18 May 2011 | 4,919/- |
| 2007-2008 | 143(1) | 14 August 2009 | 4,14,434/- |
| 2007-2008 | 271 F | 09 February 2010 | 3,757/- |
| 2008-2009 | 143(1) | 04 September 2009 | 4,05,128/- |
| 2009-2010 | 143(1)(a) | 06 December 2010 | 1,98,950/- |

D. Past Penalties Imposed on our Promoters

There are no past penalties imposed on our Promoters.

E. Proceedings initiated against our Promoters for economic offences

There are no proceedings initiated against our Directors for any economic offences.

MATERIAL DEVELOPMENTS SINCE THE LAST BALANCE SHEET DATE

Except as stated in this Prospectus, there are no material developments since the date of the last balance sheet of our Company.

Outstanding Litigation against other Companies whose outcome could have an adverse effect on our Company

OUTSTANDING DUES TO SMALL SCALE UNDERTAKING(S) OR ANY OTHER CREDITORS

There are no outstanding litigation against other companies whose outcome could have an adverse effect on our Company.

| Sr. No. | Creditors Name | Credit |
|---------|---|--------------|
| 1. | R I N L LTD | 5, 47,16,201 |
| 2. | Suptha Mahalaxmi Steels,vsp | 1,76,22,777 |
| 3. | Kedarnath Commotrade Pvt Ltd | 64,58,670 |
| 4. | Diamond Enterprises | 69,55,205 |
| 5. | Anasurya Steel Traders | 68,43,394 |
| 6. | Yukay Enterprises | 53,46,222 |
| 7. | Sri ganesh Steels-Vijayawada | 49,33,890 |
| 8. | Sri Panchamukhi Balaji Steel Enterprises | 47,97,659 |
| 9. | Ravitej Projects Pvt. Ltd. | 33,02,275 |
| 10. | Subhan Steel Syndicate | 32,56,248 |
| 11. | Narayani Ispat (P) Ltd. | 30,62,177 |
| 12. | Lloyds Metals and Energy Limited | 19,99,990 |
| 13. | Venkata Laxmi Iron & Steel Traders | 16,85,000 |
| 14. | Om Sairam Enterprises | 9,71,654 |
| 15. | M/s Vishal Ispat | 8,83,355 |
| 16. | Hemang Steel Traders | 7,22,216 |
| 17. | Maa Mahamaya Industries Limited | 6,55,205 |
| 18. | Shree Govind Alloys Pvt Ltd | 5,69,839 |
| 19. | Tanishq Steels Ltd | 5,63,542 |
| 20. | Sri Venkateswara Old Iron Trading Corporation | 5,19,156 |
| 21. | Sri Satya Sai Steels | 2,59,789 |
| 22. | Sri Sampath Vinayak Steels (P) Ltd., | 1,90,000 |
| 23. | Shine Steels-visakhapatnam | 61,460 |
| 24. | S.R. Iron Traders | 47,147 |
| 25. | Everest Ply & Veneers Pvt Ltd | 21,376 |

| Sr. No. | Creditors Name | Credit |
|---------|------------------------------|--------|
| 26. | Keerthana Building Solutions | 12,660 |
| 27. | Vijaya Durga Enterprises | 7,360 |
| 28. | Sushna Enterprises | 6,930 |
| 29. | P S Enterprises | 4,000 |

Adverse findings against our Company and any persons or entities connected with our Company/Promoter/ Group Company as regards non compliance with Securities Laws

There are no adverse findings involving our Company and any persons or entities connected with our Company as regards non-compliance with securities law.

Disciplinary action taken by SEBI or Stock Exchanges against our Company /Promoter/ Group Company

There is no disciplinary action taken by SEBI or stock exchanges against our Company.

Defaults Including Non-Payment Or Statutory Dues, Over-Dues To Banks Or Financial Institutions

Except as stated in the section “*Financial Statements as Restated*” beginning on page 205 of this Prospectus, there are no defaults including non-payment or statutory dues, over-dues to banks or financial institutions, defaults against banks or financial institutions or rollover or rescheduling of loans or any other liability, defaults in dues payable to holders of any debenture, bonds and fixed deposits or arrears on cumulative preference shares issued by our Company, Promoter and Group Companies and defaults in creation of full security as per the terms of issue or other liabilities.

Directors on the list of wilful defaulters of RBI

None of our Directors or any entity with which our Directors are or have been associated as director, promoter, partner and/or proprietor have been declared wilful defaulters by RBI either in the past or present.



GOVERNMENT AND OTHER STATUTORY APPROVALS

In view of the licenses / permissions / approvals / no-objections / certifications / registrations, (collectively 'Authorisations') listed below, our Company can undertake this Issue and our current business activities and to the best of our knowledge, no further approvals from any governmental or regulatory authority or any other entity are required to undertake this Issue or continue our business activities. Unless otherwise stated, these approvals are all valid as of the date of this Prospectus.

It must be distinctly understood that, in granting these approvals, the Government of India, the RBI or any other authority does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf. For further details in connection with the regulatory and legal framework within which we operate, please refer to the chapter titled "Key Industry Regulations" on page 163 of this Prospectus.

Approvals for the Issue

Corporate Approvals

Our Board has, pursuant to a resolution passed at its meeting held on July 16, 2015 authorized the Issue.

Our shareholders have pursuant to a resolution passed at their meeting dated August 17, 2015 under Section 62 of the Companies Act, 2013 authorized the Issue.

Approvals from the Stock Exchange

We have received in-principle approval from the Stock Exchange for the listing of our Equity Shares pursuant to letter bearing reference no. DCS/IPO/NP/IP/820/2015-16 dated December 9, 2015.

Incorporation Details

1. Certificate of Incorporation dated 10 February 1995, issued by Registrar of Companies, Andhra Pradesh at Hyderabad in the name of "**Narayani Steels Private Limited**".
2. Fresh Certificate of Incorporation Consequent upon Conversion from Private Company to Public Company issued on 24 August 2015 by the Registrar of Companies, Kolkata in the name of "**Narayani Steels Limited**".
3. The Corporate Identity Number (CIN) of the Company is U27109WB1996PLC082021.
4. The Company has entered into an agreement dated November 4, 2015 with the Central Depository Services (India) Limited ('**CDSL**') and the Registrar and Transfer Agent, who in this case is Bigshare Services Private Limited for the dematerialization of its shares.
5. Similarly, the Company has also entered into an agreement dated November 10, 2015 with the National Securities Depository Limited ('**NSDL**') and the Registrar and Transfer Agent, who in this case is Bigshare Services Private Limited for the dematerialization of its shares.
6. The ISIN Number of the Company is INE715T01015.

Taxation Related Approvals/ Licenses/ Registrations

The Company has obtained the following approvals from various tax authorities as set out below:

| S.No | Description | Authority | Registration Number | Date of Issue/Application | Date of Expiry/Status |
|------|---|--|---------------------|---------------------------|-----------------------|
| 1. | Professional Tax Payer Enrolment Certificate (PTEC) | Commercial Taxes Department , Hyderabad | 28515534439 | 19 January 2010 | Until Cancelled |
| 2. | Professional Tax Payer Registration Certificate (PTRC) | Commercial Taxes Department , Hyderabad | 28200470450 | 10 May 2010 | Until Cancelled |
| 3. | Permanent Account Number (PAN) | The Income Tax Department , Government of India. | AAACN8563G | 10 February 1995 | NA |
| 4. | Certificate of Registration under Section 18(1)(a) and Rule 10 (a) & 12 of the Andhra Pradesh Value Added Tax, 2005 | Commercial Tax Department Government of Andhra Pradesh | 28200190631 | 01 April 2005 | Until Cancelled |
| 5. | Certificate of Registration under Rule 5(1) of the Central Sales Tax Act (Registration & Turnover) Rules, 1957 | Assistant Commercial Tax Officer | VZM/02/2-1351 | 06 January 1996 | Until Cancelled |
| 6. | Tax Deduction and Collection Account Number (TAN) | The Income Tax Department , Government of India. | CALN01738C | NA | NA |
| 7. | Value Added Tax Registration | Commercial Taxes | TIN- 37200190631 | 28 October 2015 | NA |

| S.No | Description | Authority | Registration Number | Date of Issue/Application | Date of Expiry/Status |
|------|---|---|---------------------|---|---|
| | Certificate | Department | | | |
| 8. | Udyog Aadhar Number | Ministry of Micro, Small and Medium Enterprises | AP11B000014 | | |
| 9. | Certificate of Registration under Rule 9 of the Central Excise Rules, 2002 (Operating as an Importer of Excisable Goods) (Plot F/49, D Block, IDA, Autonagar, Vishakhapatnam, AP) | Central Board of Excise and Customs | AAACN8563GEI007 | 14 July 2014 | Till the activities are carried on or is surrendered or revoked or suspended. |
| 10 | Certificate of Registration under Rule 9 of the Central Excise Rules, 2002 (Operating as the dealers of Excisable Goods) (D Block, IDA, Autonagar, Vishakhapatnam) | Central Board of Excise and Customs | AAACN8563GED004 | 31 August 2010 Last amended 15 December 2015 | Till the activities are carried on or is surrendered or revoked or suspended |
| 11 | Certificate of Registration under Rule 9 of the Central Excise Rules, 2002 (Manufacturer as the dealers of Excisable Goods) (Plot No. A1 & A2, Industrial Estate, | Central Board of Excise and Customs | AAACN8563GXM001 | 1 October 2002 Last Amended 24 November 2015 | Till the activities are carried on or is surrendered or revoked or suspended |

| S.No | Description | Authority | Registration Number | Date of Issue/Application | Date of Expiry/Status |
|------|--|-------------------------------------|---------------------|--|--|
| | Vizianagram, AP) | | | | |
| 12 | Certificate of Registration for Service Tax under Section 69 of the Finance Act, 1994 (Plot No. A1 & A2, Industrial Estate, Vizianagram, AP) | Central Board of Excise and Customs | AAACN8563GST003 | 11 July 2007 Last Amended 20 October 2015 | Till the activities are carried on or is surrendered or revoked or suspended |
| 13 | Certificate of Registration for Service Tax under Section 69 of the Finance Act, 1994 (Plot No. A1 & A2, Industrial Estate, Vizianagram, AP) | Central Board of Excise and Customs | AAACN8563GST003 | 04 July 2007 Last Amended 30 October 2015 | Till the activities are carried on or is surrendered or revoked or suspended |
| 14 | Certificate of Registration for Service Tax under Section 69 of the Finance Act, 1994 (Plot F/49, D Block, IDA, Autonagar, Vishakhapatnam , AP) | Central Board of Excise and Customs | AAACN8563GST003 | 11 July 2007 | Until Cancelled |
| 15 | Certificate of Registration for Service Tax under Section 69 of the Finance Act, 1994(Survey No. 202/31-38, Modavalasa, Denkada Mandal, Vizianagram, A.P | Central Board of Excise and Customs | AAACN8563GSD006 | 30 August 2012 Last amended 30 October 2015 | Till the activities are carried on or is surrendered or revoked or suspended |
| 16 | Certificate of Registration under Rule 9 of | Central Board of Excise and | AAACN8563GEM005 | 03 September 2012 | Till the activities are carried on or |

| S.No | Description | Authority | Registration Number | Date of Issue/Application | Date of Expiry/Status |
|------|---|-------------------------------------|---------------------|-------------------------------|---|
| | the Central Excise Rules, 2002 (Operating as the dealers of Excisable Goods) (D Block, IDA, Autonagar, Vishakhapatnam) | Customs | | Last amended 08 December 2015 | is surrendered or revoked or suspended. |
| 17 | Certificate of Registration under Rule 9 of the Central Excise Rules, 2002 (Operating as the dealers of Excisable Goods) (D Block, IDA, Autonagar, Vishakhapatnam) | Central Board of Excise and Customs | AAACN8563GSD004 | 23 March 2011 | Till the activities are carried on or is surrendered or revoked or suspended. |

Labour Related Approvals/Licenses/Registrations

| S.No. | Description | Authority | Registration Number | Date of Issue/Application | Date of Expiry/Status |
|-------|--|---|--|---------------------------|-----------------------|
| 1. | License to Work in a Factory under section 4(4) of the Factories Act, 1948 | Inspector of Factories, Vizianagram | License No. 1207 Registration No 1236 | 03 February 2001 | Until Cancelled |
| 2. | Employee Provident Fund Organisation | Sub Regional Office, Employee Provident Fund Organisation, Vishakhapatnam | AP/SRO/VSP/CC-56/AP/20371/2006/206 | 01 October 2006 | NA |
| 3. | Certificate of Registration of Establishment under section 2(d) and 4(2) | Labour Department, Government of Andhra Pradesh | AP-03-027-031248 | 01 August 2016 | 31 March 2019 |

| S.No. | Description | Authority | Registration Number | Date of Issue/Application | Date of Expiry/Status |
|-------|---|-----------|---------------------|---------------------------|-----------------------|
| | of the Andhra Pradesh (Issuance of Integrated Registration and Furnishing of Combined Returns under various Labour laws by Certain Establishments) Act, 2015 | | | | |

Miscellaneous Approval/ License/Registrations

| S.No | Description | Authority | Registration Number | Date of Issue/ Application | Date of Expiry/ Status |
|------|---|--|---|----------------------------|------------------------|
| 1. | Entrepreneurs' Memorandum (EM) for setting up Micro, Small, Medium Enterprise-Acknowledgement for Part-II | District Industries Centre | Form No: 00055 Entrepreneurs' Memorandum Number (Part-II): 28-012-12-00055 | 5 September 2008 | NA |
| 2. | Consolidated Consent under section 25/26 of the Water Act, 1974, Section 21 of the Air Act, 1981 and Rules 5 of the Hazardous Waste Rules, 2008 | Andhra Pradesh Pollution Control Board | 9031-VZN/APPCB/ZOVSP/CFO/2016 | 26 February 2016 | 31 December 2016 |
| 3. | Consolidated Consent under section 25/26 of the Water Act, 1974, Section 21 of the Air Act, 1981 and Rule 5 of the Hazardous Waste Rules, 2008 | Andhra Pradesh Pollution Control Board | 9232-VZN/APPCB/ZOVSP/CFO/2016 | 26 February 2016 | 31 March 2017 |

| S.No | Description | Authority | Registration Number | Date of Issue/ Application | Date of Expiry/ Status |
|------|---|---|---------------------------|-------------------------------|---------------------------|
| 4. | Bureau of Indian Standards Certification Marks License as per IS 1786: 2008. (Unit II) | Bureau of Indian Standards | CM/L-4557978 | 29 February 2016 | 28 February 2017 |
| 5. | Importer-Exporter Code | Department of Commerce, Government of India | 0212001191 | 18 April 2012 | NA |
| 6. | Permission to temporary Storage of Billets and Blooms at Vishakhapatnam under Rule 8 of CENVAT Credit Rules, 2004 | Office of Deputy Commissioner of Central Excise | C.No. IV 16/04 2004- Tech | December 7, 2004 | NA |

Approvals/ Licenses applied for:

1. Application for grant of license to use standard marks as per IS 2062:2011. The application was registered by the Bureau of Indian Standards on 01 August 2016 under reference number VZBO/A-6601209.
2. Application for registering Trade Mark of "NARAYANI" vide Application No. 3326309 dated 02 August 2016 to the Trade Marks Registry of Chennai.

OTHER REGULATORY AND STATUTORY DISCLOSURES

AUTHORITY FOR THE ISSUE

The Issue has been authorized by a resolution passed by our Board of Directors at its meeting held on July 16, 2015 and by the shareholders of our Company by a Special Resolution, pursuant to Section 62(1)(c) of the Companies Act, 2013 passed at the AGM of our Company held on August 17, 2015 at Registered Office of the Company.

PROHIBITION BY SEBI, RBI OR OTHER GOVERNMENTAL AUTHORITIES

Neither our Company nor any of our Directors, Promoters, relatives of Promoters, our Promoter Group and our Group Companies have been declared as wilful defaulter(s) by the RBI or any other governmental authority. Further, there has been no violation of any securities law committed by any of them in the past and no such proceedings are currently pending against any of them.

We confirm that our Company, Promoters, Promoter Group, Directors or Group Companies have not been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI or any other government authority. Neither our Promoters, nor any of our Directors or persons in control of our Company were or is a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI or any other governmental authorities.

None of our Directors are associated with the securities market in any manner, including securities market related business.

ELIGIBILITY FOR THIS ISSUE

Our Company is eligible for the Issue in accordance with regulation 106M (2) and other provisions of chapter XB of the SEBI (ICDR) Regulations as the post issue face value capital exceeds Rs. 1,000 lakhs. Our Company also complies with the eligibility conditions laid by the SME Platform of BSE for listing of our Equity Shares.

We confirm that:

1. In accordance with regulation 106(P) of the SEBI (ICDR) Regulations, this Issue will be hundred percent underwritten and that the LM will underwrite at least 15% of the total issue size. For further details pertaining to underwriting please refer to chapter titled "*General Information*" beginning on page 71 of this Prospectus.
2. In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, we shall ensure that the total number of proposed allottees in the Issue is greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days from the date our company becomes liable to repay it, then our company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under section 40 of the Companies Act, 2013.
3. In accordance with Regulation 106(O) the SEBI (ICDR) Regulations, we have not filed any Offer Document with SEBI nor has SEBI issued any observations on our Offer Document. Also, we shall ensure that our Lead Manager submits the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.
4. In accordance with Regulation 106(V) of the SEBI ICDR Regulations, the LM will ensure compulsory market making for a minimum period of three years from the date of listing of Equity Shares offered in the Issue. For further details of the market making arrangement see chapter titled "*General Information*" beginning on page 71 of this Prospectus.



5. The Company has Net Tangible assets of at least Rs. 3 crore as per the latest audited financial results.
6. The Net worth (excluding revaluation reserves) of the Company is at least Rs. 3 crore as per the latest audited financial results.
7. The Company has track record of distributable profits in terms of section 123 of Companies Act for at least two years out of immediately preceding three financial years and each financial year has a period of at least 12 months.
8. The Distributable Profit, Net tangible Assets and Net worth of the Company as per the restated financial statements for the year ended March 31, 2016, March 31, 2015, March 31, 2014, March 31, 2013 and March 31, 2012 is as set forth below:

(Rs. In lakhs)

| Particulars | March 31, 2016 | | March 31, 2015 | | March 31, 2014 | | March 31, 2013 | | March 31, 2012 | |
|------------------------|----------------|------------------|----------------|------------------|----------------|------------------|----------------|------------------|----------------|------------------|
| | Standalon e | Consolidate d | Standalon e | Consolidate d | Standalon e | Consolidate d | Standalon e | Consolidate d | Standalon e | Consolidate d |
| Distributable Profits* | 124.15 | 138.62 | 137.59 | 155.30 | 147.93 | 158.66 | 116.71 | 116.45 | 126.49 | 127.24 |
| Net Tangible Assets** | 4041.86 | 4079.76 | 3,909.63 | 3933.07 | 3963.85 | 3969.58 | 3,183.87 | 3178.85 | 2,895.51 | 2890.76 |
| Net Worth*** | 2,582.30 | 2620.20 | 2458.15 | 2481.58 | 2321.15 | 2326.88 | 2,173.22 | 2168.22 | 1,818.03 | 1813.29 |

* "Distributable profits" have been computed in terms section 123 of the Companies Act, 2013.

** 'Net tangible assets' are defined as the sum of all net assets (i.e. non current assets, current assets less current liabilities) of our Company, excluding intangible assets as defined in Accounting Standard 26 (AS 26) issued by the Institute of Chartered Accountants of India

*** "Net Worth" has been defined as the aggregate of the paid up share capital, share application money (excluding the portion included in other current liabilities) and reserves and surplus excluding miscellaneous expenditure, if any

9. The Post-issue paid up capital of the Company shall be at least Rs. 3 crore The Post Issue paid up capital of the Company shall be Rs. 1,090.90 lakhs
10. The Company shall mandatorily facilitate trading in demat securities and has already entered into an agreement with both the depositories.
11. The Company has not been referred to Board for Industrial and Financial Reconstruction.
12. No petition for winding up is admitted by a court or a liquidator has not been appointed of competent jurisdiction against the Company.

13. No material regulatory or disciplinary action has been taken by any stock exchange or regulatory authority in the past three years against the Company.
14. There has been no change in the promoter(s) of the Company in the one year preceding the date of filing application to BSE for listing on SME segment.
15. The Company has a website www.narayanitmt.com

We further confirm that we shall be complying with all the other requirements as laid down for such an Issue under Chapter X-B of SEBI (ICDR) Regulations and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

As per Regulation 106(M)(3) of SEBI (ICDR) Regulations, 2009, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub-Regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to us in this Issue.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE OFFER DOCUMENT TO SECURITIES AND EXCHANGE OF INDIA SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED TO MEAN THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THIS ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE LEAD MANAGER, PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE OFFER DOCUMENT ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS PROSPECTUS, THE LEAD MANAGER, PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED, IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE LEAD MANAGER, PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED, HAS FURNISHED TO THE STOCK EXCHANGE AND SEBI, A DUE DILIGENCE CERTIFICATE:

“WE, THE UNDER NOTED LEAD MANAGER TO THE ABOVE MENTIONED FORTHCOMING ISSUE, STATE AND CONFIRM AS FOLLOWS:

1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE PROSPECTUS PERTAINING TO THE SAID ISSUE;
2. ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:

- A. THE PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
 - B. ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - C. THE DISCLOSURES MADE IN THE PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 2013, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
3. WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.
4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS.
5. WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE PROSPECTUS.
6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE PROSPECTUS.
7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE
8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION. – COMPLIED TO THE EXTENT APPLICABLE
9. WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 40 OF THE COMPANIES ACT, 2013 AND

- THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION – NOTED FOR COMPLIANCE
10. WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.- NOT APPLICABLE, AS IN TERMS OF THE PROVISIONS OF SECTION 29 OF THE COMPANIES ACT, 2013, THE SHARES ISSUED IN THE PUBLIC ISSUE SHALL BE IN DEMAT FORM ONLY.
 11. WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
 12. WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE PROSPECTUS:
 - A. AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND
 - B. AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.
 13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE. – NOTED FOR COMPLIANCE
 14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE THAT HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.
 15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.- NOTED FOR COMPLIANCE
 16. WE ENCLOSE STATEMENT ON ‘PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS’ AS PER FORMAT SPECIFIED BY THE BOARD (SEBI) THROUGH CIRCULAR – DETAILS ARE ENCLOSED IN “ANNEXURE A”
 17. WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISEN FROM LEGITIMATE BUSINESS TRANSACTIONS.” *COMPLIED WITH TO THE EXTENT OF THE RELATED PARTY TRANSACTIONS REPORTED IN ACCORDANCE WITH ACCOUNTING STANDARD 18 IN THE FINANCIAL STATEMENTS OF THE COMPANY INCLUDED IN THE PROSPECTUS*

ADDITIONAL CONFIRMATIONS/ CERTIFICATION TO BE GIVEN BY MERCHANT BANKER IN DUE DILIGENCE CERTIFICATE TO BE GIVEN ALONG WITH OFFER DOCUMENT REGARDING SME EXCHANGE

- (1) “WE CONFIRM THAT NONE OF THE INTERMEDIARIES NAMED IN THE PROSPECTUS HAVE BEEN DEBARRED FROM FUNCTIONING BY ANY REGULATORY AUTHORITY.
- (2) WE CONFIRM THAT ALL THE MATERIAL DISCLOSURES IN RESPECT OF THE ISSUER HAVE BEEN MADE IN PROSPECTUS AND CERTIFY THAT ANY MATERIAL DEVELOPMENT IN THE ISSUER OR RELATING TO THE ISSUE UP TO THE COMMENCEMENT OF LISTING AND TRADING OF THE



EQUITY SHARES OFFERED THROUGH THIS ISSUE SHALL BE INFORMED THROUGH PUBLIC NOTICES/ ADVERTISEMENTS IN ALL THOSE NEWSPAPERS IN WHICH PRE-ISSUE ADVERTISEMENT AND ADVERTISEMENT FOR OPENING OR CLOSURE OF THE ISSUE HAVE BEEN GIVEN.

- (3) WE CONFIRM THAT THE ABRIDGED PROSPECTUS CONTAINS ALL THE DISCLOSURES AS SPECIFIED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009. – NOTED FOR COMPLIANCE
- (4) WE CONFIRM THAT AGREEMENTS HAVE BEEN ENTERED INTO WITH THE DEPOSITORIES FOR DEMATERIALISATION OF THE EQUITY SHARES OF THE ISSUER.
- (5) WE CERTIFY THAT AS PER THE REQUIREMENTS OF FIRST PROVISIO TO SUB-REGULATION (4) OF REGULATION 32 OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CASH FLOW STATEMENT HAS BEEN PREPARED AND DISCLOSED IN THE PROSPECTUS. – NOT APPLICABLE
- (6) WE CONFIRM THAT UNDERWRITING AND MARKET MAKING ARRANGEMENTS AS PER REQUIREMENTS OF REGULATION 106P AND 106V OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE.

Note:

The filing of this Prospectus does not, however, absolve our Company from any liabilities under Section 34 and 36 of the Companies Act, 2013 or from the requirement of obtaining such statutory and 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 manager any irregularities or lapses in the Prospectus.

All legal requirements pertaining to the Issue will be complied with at the time of registration of the Prospectus with the Registrar of Companies, Kolkata, West Bengal, in terms of Section 26 and Section 30 of the Companies Act, 2013.

DISCLAIMER STATEMENT FROM OUR COMPANY AND THE LEAD MANAGER

Our Company, our Directors and the Lead Manager accept no responsibility for statements made otherwise than in this Prospectus or in the advertisements or any other material issued by or at instance of our Company and anyone placing reliance on any other source of information, including our website www.narayanitmt.com would be doing so at his or her own risk.

Caution

The Lead Manager accepts no responsibility, save to the limited extent as provided in the Agreement for Issue Management entered into among the Lead Manager and our Company dated September 7, 2015, the Underwriting Agreement dated September 7, 2015 entered into among the Underwriter and our Company and the Market Making Agreement dated August 4, 2016 entered into among the Market Maker, Lead Manager and our Company.

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

The Lead Manager and its associates and affiliates may engage in transactions with and perform services for, our Company and associates of our Company in the ordinary course of business and

may in future engage in the provision of services for which they may in future receive compensation. Pantomath Capital Advisors Private Limited is not an 'associate' of the Company and is eligible to Lead Manager this Issue, under the SEBI (Merchant Bankers) Regulations, 1992.

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

PRICE INFORMATION AND THE TRACK RECORD OF THE PAST ISSUES HANDLED BY THE LEAD MANAGER

For details regarding the price information and track record of the past issue handled by Pantomath Capital Advisors Private Limited, as specified in Circular reference CIR/CFD/DIL/7/2015 dated October 30, 2015 issued by SEBI, please refer "Annexure A" to this Prospectus and the website of the Lead Manager at www.pantomathgroup.com

DISCLAIMER IN RESPECT OF JURISDICTION

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorized under their constitution to hold and invest in shares, public financial institutions as specified in Section 2(72) of the Companies Act, 2013, VCFs, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with minimum corpus of Rs. 2,500 Lakhs, pension funds with minimum corpus of Rs. 2,500 Lakhs and the National Investment Fund, and permitted non-residents including FPIs, Eligible NRIs, multilateral and bilateral development financial institutions, FVCIs and eligible foreign investors, provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company. The Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in 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 Draft Prospectus had been filed with BSE for its observations and BSE gave its observations on the same. Accordingly, the Equity Shares represented hereby 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 our Company since the date hereof or that the information contained herein is correct as of any time subsequent to this date.



The Equity Shares have not been, and will not be, registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each applicant where required agrees that such applicant will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws, legislations and Prospectus in each jurisdiction, including India.

DISCLAIMER CLAUSE OF THE SME PLATFORM OF BSE

BSE Limited ("BSE") has given vide its letter dated December 9, 2015 permission to this Company to use its name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed on the SME Platform. BSE has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. BSE does not in any manner:-

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

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by BSE. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

FILING

The Draft Prospectus has not been filed with SEBI, nor SEBI has issued any observation on the Draft Offer Document in terms of Regulation 106(M)(3). However, a copy of the Prospectus shall be filed with SEBI at the SEBI at the Corporate Finance Department, Kolkata. A copy of the Prospectus, along with the documents required to be filed under Section 26 of the Companies Act, 2013 has been delivered to the ROC situated at Nizam Palace, 2nd MSO Building, 2nd Floor, 234/4 A.J.C.B Road, Kolkata-700020, West Bengal, India.

LISTING

In terms of Chapter XB of the SEBI (ICDR) Regulations, there is no requirement of obtaining in-principle approval from SME Platform of BSE. However application will be made to the SME Platform of BSE for obtaining permission to deal in and for an official quotation of our Equity Shares. BSE will be the Designated Stock Exchange, with which the Basis of Allotment will be finalized.

The SME Platform of BSE has given its in-principle approval for using its name in our Prospectus *vide* its letter dated December 9, 2015.

If the permissions to deal in and for an official quotation of our Equity Shares are not granted by the SME Platform of BSE, our Company will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Prospectus. If such money is not repaid within 8 days after our Company becomes liable to repay it (i.e. from the date of refusal or within 15 working days from the Issue Closing Date), then our Company and every Director of our Company who is an officer in default shall, on and from such expiry of 8 days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under section 40 of the Companies Act, 2013.

Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at the SME Platform of the BSE mentioned above are taken within six Working Days from the Issue Closing Date.

CONSENTS

Consents in writing of: (a) the Directors, the Promoters, the Company Secretary & Compliance Officer, Chief Executive Officer, Chief Financial Officer, the Statutory Auditor and the Peer Reviewed Auditor, and (b) Lead Manager, Underwriter, Market Maker, Registrar to the Issue, Public Issue Bank/Banker to the Issue and Refund Banker to the Issue, Legal Advisor to the Issue, Banker to the Company to act in their respective capacities have been obtained and will be filed along with a copy of the Prospectus with the RoC, as required under Section 26 of the Companies Act, 2013 and such consents shall not be withdrawn up to the time of delivery of this Prospectus for registration with the RoC. Our Peer Reviewed Auditors have given their written consent to the inclusion of their report in the form and context in which it appears in this Prospectus and such consent and report shall not be withdrawn up to the time of delivery of the Prospectus for filing with the RoC.

EXPERT TO THE ISSUE

Our Company has not obtained any expert opinions.

EXPENSES OF THE ISSUE

The expenses of this Issue include, among others, underwriting and management fees, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. For details of total expenses of the Issue, refer to chapter "*Objects of the Issue*" beginning on page 103 of this Prospectus.

DETAILS OF FEES PAYABLE

Fees Payable to the Lead Manager

The total fees payable to the Lead Manager will be as per the Mandate Letter issued by our Company to the Lead Manager, the copy of which is available for inspection at our Corporate Office.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue will be as per the Agreement signed by our Company and the Registrar to the Issue dated September 7, 2015 a copy of which is available for inspection at our Corporate Office. The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, stamp duty and communication expenses. Adequate funds will be provided by the Company to the Registrar to the Issue to enable them to send unblocking or allotment advice by registered post/ speed post/ under certificate of posting.



Fees Payable to Others

The total fees payable to the Legal Advisor, Auditor and Advertiser, etc. will be as per the terms of their respective engagement letters if any.

UNDERWRITING COMMISSION, BROKERAGE AND SELLING COMMISSION

The underwriting commission and selling commission for this Issue is as set out in the Underwriting Agreement entered into between our Company and the Lead Manager. Payment of underwriting commission, brokerage and selling commission would be in accordance with Section 40 of Companies Act, 2013 and the Companies (Prospectus and Allotment of Securities) Rules, 2014.

PREVIOUS RIGHTS AND PUBLIC ISSUES SINCE THE INCORPORATION

We have not made any previous rights and/or public issues since incorporation, and are an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations.

PREVIOUS ISSUES OF SHARES OTHERWISE THAN FOR CASH

Except as stated in the chapter titled “*Capital Structure*” beginning on page 79 of this Prospectus, our Company has not issued any Equity Shares for consideration otherwise than for cash.

COMMISSION AND BROKERAGE ON PREVIOUS ISSUES

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

PARTICULARS IN REGARD TO OUR COMPANY AND OTHER LISTED COMPANIES UNDER THE SAME MANAGEMENT WITHIN THE MEANING OF SECTION 370 (1B) OF THE COMPANIES ACT, 1956 WHICH MADE ANY CAPITAL ISSUE DURING THE LAST THREE YEARS

None of the equity shares of our Group Companies are listed on any recognized stock exchange. None of the above companies have raised any capital during the past 3 years.

PROMISE VERSUS PERFORMANCE FOR OUR COMPANY

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations, and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations. Therefore, data regarding promise versus performance is not applicable to us.

OUTSTANDING DEBENTURES, BONDS, REDEEMABLE PREFERENCE SHARES AND OTHER INSTRUMENTS ISSUED BY OUR COMPANY

As on the date of this Prospectus, our Company has no outstanding debentures, bonds or redeemable preference shares.

STOCK MARKET DATA FOR OUR EQUITY SHARES

Our Company is an “Unlisted Issuer” in terms of the SEBI (ICDR) Regulations, and this Issue is an “Initial Public Offering” in terms of the SEBI (ICDR) Regulations. Thus there is no stock market data available for the Equity Shares of our Company.

MECHANISM FOR REDRESSAL OF INVESTOR GRIEVANCES

The Agreement between the Registrar and our Company provides for retention of records with the Registrar for a period of at least three year from the last date of dispatch of the letters of allotment, demat credit and unblocking of funds to enable the investors to approach the Registrar to this Issue for redressal of their grievances. All grievances relating to this Issue may be addressed to the Registrar with a copy to the Compliance Officer, giving full details such as the name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Application Form was submitted by the ASBA applicants.

DISPOSAL OF INVESTOR GRIEVANCES BY OUR COMPANY

Our Company or the Registrar to the Issue or the SCSB in case of ASBA Applicant shall redress routine investor grievances within 15 working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

We have constituted the Stakeholders Relationship Committee of the Board *vide* resolution passed at the Board Meeting held on August 1, 2016. For further details, please refer to the chapter titled “Our Management” beginning on page 180 of this Prospectus.

Our Company has appointed Ms. Nisha Rathor as Company Secretary and Compliance Officer and she may be contacted at the following address:

Narayani Steels Limited

D. No., 30-15-138, 2nd Floor,
Binayaka Complex, Dabagardens,
Visakhapatnam – 530020

Tele: 0891 2501182

Fax: 0891 2501182

Email: info@narayanitmt.com

Website: www.narayanitmt.com

Corporate identification Number: U27109WB1996PLC082021

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

CHANGES IN AUDITORS DURING THE LAST THREE FINANCIAL YEARS

There are no changes in Auditors during the last three financial years

CAPITALISATION OF RESERVES OR PROFITS

Save and except as stated in the chapter titled “Capital Structure” beginning on page 79 of this Prospectus, our Company has not capitalized its reserves or profits during the last five years.



REVALUATION OF ASSETS

Our Company has not revalued its assets since incorporation.

PURCHASE OF PROPERTY

Other than as disclosed in this Prospectus, there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the present Issue or the purchase or acquisition of which has not been completed on the date of this Prospectus.

Except as stated elsewhere in this Prospectus, our Company has not purchased any property in which the Promoters and / or Directors have any direct or indirect interest in any payment made there under.

SERVICING BEHAVIOR

There has been no default in payment of statutory dues or of interest or principal in respect of our borrowings or deposits.

SECTION VII – ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued and transferred are subject to the provisions of the Companies Act, 1956 and Companies Act, 2013 as may be applicable, SEBI ICDR Regulations, our Memorandum and Articles of Association, the SEBI Listing Regulations, the terms of the Prospectus, , Application Form, ASBA Application Form, the Revision Form, the Confirmation of Allocation Note and other terms and conditions as may be incorporated in the allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchange, the RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Please note that, in terms of SEBI circular CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015. All investors applying in a public issue shall use only Application Supported by Blocked Amount (ASBA) facility for making payment.

Further vide the said circular Registrar to the Issue and Depository Participants have been also authorised to collect the Application forms. Investors may visit the official websites of the concerned stock exchanges for any information on operationalization of this facility of form collection by Registrar to the Issue and DPs as and when the same is made available

RANKING OF EQUITY SHARES

The Equity Shares being issued in the Issue shall be subject to the provisions of the Companies Act, 2013 and the Memorandum and Articles of Association and shall rank *pari-passu* with the existing Equity Shares of our Company including rights in respect of dividend. The Allottees in receipt of Allotment of Equity Shares under this Issue will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment in accordance with Companies Act, 1956 and Companies Act, 2013 and the Articles. For further details, please refer to the section titled —*Main Provisions of Articles of Association* beginning on page number 401 of this Prospectus.

MODE OF PAYMENT OF DIVIDEND

The declaration and payment of dividend will be as per the provisions of Companies Act, SEBI Listing Regulations and recommended by the Board of Directors at their discretion and approved by the shareholders and will depend on a number of factors, including but not limited to earnings, capital requirements and overall financial condition of our Company. Our Company shall pay dividend, if declared, to our Shareholders as per the provisions of the Companies Act, SEBI Listing Regulations and our Articles of Association. For further details, please refer to the chapter titled —*Dividend Policy* on page 204 of this Prospectus.

FACE VALUE AND ISSUE PRICE PER SHARE

The face value of the Equity Shares is Rs. 10 each and the Issue Price is Rs. 32 per Equity Share.

The Issue Price is determined by our Company in consultation with the Lead Manager and is justified under the section titled “*Basis for Issue Price*” beginning on page 110 of this Prospectus. At any given point of time there shall be only one denomination for the Equity Shares.

COMPLIANCE WITH SEBI ICDR REGULATIONS

Our Company shall comply with all requirements of the SEBI ICDR Regulations. Our Company shall comply with all disclosure and accounting norms as specified by SEBI from time to time.



RIGHTS OF THE EQUITY SHAREHOLDERS

Subject to applicable laws, rules, regulations and guidelines and the Articles of Association, the Equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to receive Annual Reports & notices to members;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offer for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation subject to any statutory and preferential claim being satisfied;
- Right of free transferability subject to applicable law, including any RBI rules and regulations; and
- Such other rights, as may be available to a shareholder of a listed public limited company under the Companies Act, 2013 Act, the terms of the SME Listing Regulations and the Memorandum and Articles of Association of our Company.

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien and/or consolidation/splitting, please refer to the section titled “*Main Provisions of Articles of Association*” beginning on page number 401 of this Prospectus.

MINIMUM APPLICATION VALUE, MARKET LOT AND TRADING LOT

In terms of Section 29 of the Companies Act, 2013, the Equity Shares shall be allotted only in dematerialised form. As per the existing SEBI ICDR Regulations, the trading of the Equity Shares shall only be in dematerialised form for all investors.

The trading of the Equity Shares will happen in the minimum contract size of 4,000 Equity Shares and the same may be modified by BSE from time to time by giving prior notice to investors at large. Allocation and allotment of Equity Shares through this Offer will be done in multiples of 4,000 Equity Share subject to a minimum allotment of 4,000 Equity Shares to the successful applicants in terms of the SEBI circular No. CIR/MRD/DSA/06/2012 dated February 21, 2012.

Allocation and allotment of Equity Shares through this Offer will be done in multiples of 4,000 Equity Share subject to a minimum allotment of 4,000 Equity Shares to the successful applicants

MINIMUM NUMBER OF ALLOTTEES

Further in accordance with the Regulation 106R of SEBI (ICDR) Regulations, the minimum number of allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and the monies blocked by the SCSBs shall be unblocked within 4 working days of closure of issue.

JURISDICTION

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

The Equity Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or

for the account or benefit of, “U.S. persons” (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold only outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

JOINT HOLDER

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint – tenants with benefits of survivorship.

NOMINATION FACILITY TO INVESTOR

In accordance with Section 72 of the Companies Act, 2013 the sole applicant, or the first applicant along with other joint applicant, may nominate any one person in whom, in the event of the death of sole applicant or in case of joint applicant, death of all the Applicant, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall 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 our Corporate Office or with the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

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

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

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized mode 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 investor wants to change the nomination, they are requested to inform their respective depository participant.

PERIOD OF OPERATION OF SUBSCRIPTION LIST OF PUBLIC ISSUE

| | |
|-----------------|---------------------|
| ISSUE OPENS ON | September 01 , 2016 |
| ISSUE CLOSES ON | September 06 , 2016 |



MINIMUM SUBSCRIPTION

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten.

As per Section 39 of the Companies Act, 2013, if the —stated minimum amount has not been subscribed and the sum payable on application is not received within a period of 30 days from the date of the Prospectus, the application money has to be returned within such period as may be prescribed. If our Company does not receive the 100% subscription of the offer through the Offer Document including devolvement of Underwriters, if any, within sixty (60) days from the date of closure of the issue, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after our Company becomes liable to pay the amount, our Company and every officer in default will, on and from the expiry of this period, be jointly and severally liable to repay the money, with interest or other penalty as prescribed under the SEBI Regulations, the Companies Act 2013 and applicable law.

The minimum number of allottees in this Issue shall be 50 shareholders. In case the minimum number of prospective allottees is less than 50, no allotment will be made pursuant to this Issue and the monies blocked by the SCSBs shall be unblocked within 4 working days of closure of issue.

Further, in accordance with Regulation 106(Q) of the SEBI (ICDR) Regulations, our Company shall ensure that the minimum application size in terms of number of specified securities shall not be less than Rs.1,00,000/- (Rupees One Lakh) per application.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and applications may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

MIGRATION TO MAIN BOARD

In accordance with the BSE Circular dated November 26, 2012, our Company will have to be mandatorily listed and traded on the SME Platform of the BSE for a minimum period of two years from the date of listing and only after that it can migrate to the Main Board of the BSE as per the guidelines specified by SEBI and as per the procedures laid down under Chapter XB of the SEBI (ICDR) Regulations. Our Company may migrate to the Main Board of BSE from the SME Stock Exchange on a later date subject to the following:

(a) If the Paid up Capital of our Company is likely to increase above Rs. 2,500 lakhs by virtue of any further issue of capital by way of rights issue, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principal approval from the Main Board), our Company shall apply to BSE for listing of its shares on its Main Board subject to the fulfilment of the eligibility criteria for listing of specified securities laid down by the Main Board

OR

(b) If the Paid up Capital of our company is more than Rs. 1,000 lakhs but below Rs. 2,500 lakhs, our Company may still apply for migration to the Main Board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoters in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal

MARKET MAKING

The shares offered through this Issue are proposed to be listed on the SME Platform of BSE (SME Exchange) with compulsory market making through the registered Market Maker of the SME Exchange for a minimum period of three years or such other time as may be prescribed by the Stock Exchange, from the date of listing of shares offered through the Prospectus. For further details of the market making arrangement please refer to chapter titled “General Information” beginning on page 71 of this Prospectus.

ARRANGEMENT FOR DISPOSAL OF ODD LOT

The trading of the equity shares will happen in the minimum contract size of 4,000 shares in terms of the SEBI circular no. CIR/MRD/DSA/06/2012 dated February 21, 2012. However, the market maker shall buy the entire shareholding of a shareholder in one lot, where value of such shareholding is less than the minimum contract size allowed for trading on the SME Platform of BSE.

AS PER THE EXISTANT POLICY OF THE GOVERNMENT OF INDIA, OCBs CANNOT PARTICIPATE IN THIS ISSUE.

The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, provides a general permission for the NRIs, FIIs and foreign venture capital investors registered with SEBI to invest in shares of Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and/or SEBI regulations as may be applicable to such investors. The Allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India/RBI while granting such approvals.

OPTION TO RECEIVE SECURITIES IN DEMATERIALIZED FORM

In accordance with the SEBI ICDR Regulations, Allotment of Equity Shares to successful applicants will only be in the dematerialized form. Applicants will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only on the dematerialized segment of the Stock Exchange. Allottees shall have the option to re-materialise the Equity Shares, if they so desire, as per the provisions of the Companies Act and the Depositories Act.

NEW FINANCIAL INSTRUMENTS

The Issuer Company is not issuing any new financial instruments through this Issue.

APPLICATION BY ELIGIBLE NRIs, FPI'S REGISTERED WITH SEBI, VCF'S, AIF'S REGISTERED WITH SEBI AND QFI'S

It is to be understood that there is no reservation for Eligible NRIs or FPIs or QFIs or VCFs or AIFs registered with SEBI. Such Eligible NRIs, , FPIs, VCFs or AIFs registered with SEBI will be treated on the same basis with other categories for the purpose of Allocation..

RESTRICTIONS, IF ANY ON TRANSFER AND TRANSMISSION OF EQUITY SHARES

Except for lock-in of the pre-Issue Equity Shares and Promoters' minimum contribution in the Issue as detailed in the chapter “Capital Structure” beginning on page number 79 of this Prospectus, and except as provided in the Articles of Association, there are no restrictions on transfers of Equity Shares. There are no restrictions on transmission of shares and on their consolidation / splitting except as provided in the Articles of Association. For details please refer to the section titled “Main Provisions of the Articles of Association” beginning on page number 401 of this Prospectus.



The above information is given for the benefit of the Applicants. The Applicants are advised to make their own enquiries about the limits applicable to them. Our Company and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the Lead Manager are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Prospectus. Applicants are advised to make their independent investigations and ensure that the number of Equity Shares Applied for do not exceed the applicable limits under laws or regulations.

ISSUE STRUCTURE

This Issue is being made in terms of Regulation 106(M) (2) of Chapter XB of SEBI (ICDR) Regulations, 2009, as amended from time to time, whereby, an issuer, whose post issue face value capital exceeds ten crore rupees, shall issue specified securities to the public and propose to list the same on the Small and Medium Enterprise Exchange ("SME Exchange", in this case being the SME Platform of BSE). For further details regarding the salient features and terms of such an issue please refer chapters titled "Terms of the Issue" and "Issue Procedure" on page 347 and 355 of this Prospectus.

Following is the issue structure:

Public Issue of 36,00,000 Equity Shares of face value of Rs. 10 each fully paid (the 'Equity Shares') for cash at a price of Rs. 32 per Equity Share (including a premium of Rs. 22 per Equity Share) aggregating Rs. 1,152 Lakhs ('the Issue') by our Company.

The Issue comprises a Net Issue to Public of 34,12,000 Equity Shares ('the Net Issue'), and a reservation of 1,88,000 Equity Shares for subscription by the designated Market Maker ('the Market Maker Reservation Portion').

| Particulars | Net Issue to Public* | Market Maker Reservation Portion |
|--|---|--|
| Number of Equity Shares | 34,12,000 Equity Shares | 1,88,000 Equity Shares |
| Percentage of Issue Size available for allocation | 94.78% of the Issue Size | 5.22% of Issue Size |
| Basis of Allotment/ Allocation if respective category is oversubscribed | Proportionate subject to minimum allotment of 4,000 Equity Shares and Further allotment in multiples of 4,000 Equity Shares each. For further details please refer to the chapter titled "Issue Procedure-Basis of Allotment" on page 355 of the Prospectus. | Firm allotment |
| Mode of Application | All the applicants shall make the application (Online or Physical) through the ASBA Process through ASBA Process only | Through ASBA Process Only |
| Minimum Application | For QIB and NII: Such number of Equity Shares in multiples of 4,000 Equity Shares such that the Application Value exceeds Rs. 2,00,000 For Retail Individuals: 4,000 Equity Shares | 1,88,000 Equity Shares |
| Maximum Application Size | For Other than Retail Individual Investors: For all other investors the maximum application size is the Net Issue to public subject to | 1,88,000 Equity Shares of Face Value Rs. 10.00 |



| Particulars | Net Issue to Public* | Market Maker Reservation Portion |
|--------------------------|--|--|
| | limits the investor has to adhere under the relevant laws and regulations as applicable. For Retail Individuals: 4,000 Equity Shares | |
| Mode of Allotment | Compulsorily in dematerialized mode. | Compulsorily in dematerialized mode. |
| Trading Lot | 4,000 Equity Shares | 4,000 Equity Shares, however the Market Maker may accept odd lots if any in the market as required under the SEBI ICDR Regulations |
| Terms of payment | The Applicant shall have sufficient balance in the ASBA account at the time of submitting application and the amount will be blocked anytime within two day of the closure of the Issue. | |

**50 % of the shares offered in the Net Issue to Public portion are reserved for applications whose value is upto Rs. 2,00,000 and the balance 50 % of the shares are reserved for applications whose value is above Rs. 2,00,000.*

WITHDRAWAL OF THE ISSUE

In accordance with the SEBI ICDR Regulations, our Company, in consultation with Lead Manager, reserves the right not to proceed with this Issue at any time after the Issue Opening Date, but before our Board meeting for Allotment, without assigning reasons thereof. However, if our Company withdraws the Issue after the Issue Closing Date, we will give reason thereof within two days by way of a public notice which shall be published in the same newspapers where the pre-Issue advertisements were published.

Further, the Stock Exchange shall be informed promptly in this regard and the Lead Manager, through the Registrar to the Issue, shall notify the SCSBs to unblock the Bank Accounts of the Applicants within one Working Day from the date of receipt of such notification. In case our Company withdraws the Issue after the Issue Closing Date and subsequently decides to undertake a public offering of Equity Shares, our Company will file a fresh offer document with the stock exchange where the Equity Shares may be proposed to be listed. Notwithstanding the foregoing, the Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchange, which the Company shall apply for after Allotment. In terms of the SEBI Regulations, Non retail applicants shall not be allowed to withdraw their Application after the Issue Closing Date.

ISSUE PROGRAMME

| | |
|------------------------|---------------------------|
| ISSUE OPENS ON | September 01, 2016 |
| ISSUE CLOSES ON | September 06, 2016 |

Applications and any revisions to the same will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) during the Issue Period at the Application Centres mentioned in the Application Form, or in the case of ASBA Applicants, at the Designated Bank Branches except that on the Issue Closing Date applications will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time). Applications will be accepted only on Working Days, i.e., Monday to Friday (excluding any public holiday).

ISSUE PROCEDURE

*All Applicants should review the General Information Document for Investing in Public Issues prepared and issued in accordance with the circular (CIR/CFD/DIL/12/2013) dated October 23, 2013 notified by SEBI (the “General Information Document”) included below under section “**Part B – General Information Document**”, which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, 1956, the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the SEBI Regulations. The General Information Document has been updated to include reference to the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014, SEBI Listing Regulations and certain notified provisions of the Companies Act, 2013, to the extent applicable to a public issue. The General Information Document is also available on the websites of the Stock Exchange and the Lead Manager. Please refer to the relevant provisions of the General Information Document which are applicable to the Issue.*

Please note that the information stated/covered in this section may not be complete and/or accurate and as such would be subject to modification/change. Our Company and the Lead Manager do not accept any responsibility for the completeness and accuracy of the information stated in this section and the General Information Document. Our Company and the Lead Manager would not be liable for any amendment, modification or change in applicable law, which may occur after the date of this Prospectus. Applicants are advised to make their independent investigations and ensure that their Applications do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in this Prospectus.

This section applies to all the Applicants, please note that all the Applicants are required to make payment of the full Application Amount along with the Application Form.

FIXED PRICE ISSUE PROCEDURE

The Issue is being made under Regulation 106(M)(2) of Chapter XB of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 via Fixed Price Process.

Applicants are required to submit their Applications to the Application Collecting Intermediaries. In case of QIB Applicants, the Company in consultation with the Lead Manager may reject Applications at the time of acceptance of Application Form provided that the reasons for such rejection shall be provided to such Applicant in writing. In case of Non Institutional Applicants and Retail Individual Applicants, our Company would have a right to reject the Applications only on technical grounds.

Investors should note that the Equity Shares will be allotted to all successful Applicants only in dematerialized form. Applicants will not have the option of being Allotted Equity Shares in physical form.

Further the Equity shares on allotment shall be trade only in the dematerialized segment of the Stock Exchange, as mandated by SEBI.

APPLICATION FORM

Pursuant to SEBI Circular dated January 01, 2016 and bearing No. CIR/CFD/DIL/1/2016, the Application Form has been standardized. Also please note that pursuant to SEBI Circular CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015 investors in public issues can only invest through ASBA Mode. The prescribed colours of the Application Form for various investors applying in the Issue are as follows:



| Category | Colour of Application Form |
|--|----------------------------|
| Resident Indians and Eligible NRIs applying on a non-repatriation basis | White |
| Eligible NRIs, FVCIs, FIIs, their Sub-Accounts (other than Sub-Accounts which are foreign corporates or foreign individuals bidding under the QIB Portion), applying on a repatriation basis (ASBA) | Blue |

Applicants shall only use the specified Application Form for the purpose of making an application in terms of the Prospectus. The Application Form shall contain information about the Applicant and the price and the number of Equity Shares that the Applicants wish to apply for. Application Forms downloaded and printed from the websites of the Stock Exchange shall bear a system generated unique application number. ASBA Bidders are required to ensure that the ASBA Account has sufficient credit balance as an amount equivalent to the full Bid Amount can be blocked by the SCSB at the time of submitting the Bid.

Applicants are required to submit their applications only through any of the following Application Collecting Intermediaries

- i) an SCSB, with whom the bank account to be blocked, is maintained
- ii) a syndicate member (or sub-syndicate member)
- iii) a stock broker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) ('broker')
- iv) a depository participant ('DP') (whose name is mentioned on the website of the stock exchange as eligible for this activity)
- v) a registrar to an issue and share transfer agent ('RTA') (whose name is mentioned on the website of the stock exchange as eligible for this activity)

The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively.

The upload of the details in the electronic bidding system of stock exchange will be done by:

| | |
|---|---|
| For applications submitted by investors to SCSB: | After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system as specified by the stock exchange(s) and may begin blocking funds available in the bank account specified in the form, to the extent of the application money specified. |
| For applications submitted by investors to intermediaries other than SCSBs: | After accepting the application form, respective intermediary shall capture and upload the relevant details in the electronic bidding system of stock exchange(s). Post uploading, they shall forward a schedule as per prescribed format along with the application forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of Issue. |

Upon completion and submission of the Application Form to Application Collecting intermediaries, the Applicants are deemed to have authorised our Company to make the necessary changes in the Prospectus, without prior or subsequent notice of such changes to the Applicants.

a. Availability of Prospectus and Application Forms

The Application Forms and copies of the Prospectus may be obtained from the Corporate Office of our Company, Registered office of the Lead Manager to the Issue and Office of the Registrar to the Issue as mentioned in the Application Form. The application forms may also be downloaded from the website of BSE Limited i.e. www.bseindia.com.

WHO CAN APPLY?

In addition to the category of Applicants set forth under “**General Information Document for Investing in Public Issues – Category of Investors Eligible to participate in an Issue**”, the following persons are also eligible to invest in the Equity Shares under all applicable laws, regulations and guidelines, including:

- FPIs and sub-accounts registered with SEBI other than Category III foreign portfolio investor;
- Category III foreign portfolio investors, which are foreign corporates or foreign individuals only under the Non Institutional Investors (NIIs) category;
- Scientific and/or industrial research organisations authorised in India to invest in the Equity Shares.

OPTION TO SUBSCRIBE IN THE ISSUE

- a. As per Section 29(1) of the Companies Act, 2013 allotment of Equity Shares shall be in dematerialised form only.
- b. The Equity Shares, on allotment, shall be traded on the Stock Exchange in demat segment only.
- c. A single application from any investor shall not exceed the investment limit/minimum number of specified securities that can be held by him/her/it under the relevant regulations/statutory guidelines and applicable law.

PARTICIPATION BY ASSOCIATED/ AFFILIATES OF LEAD MANAGER AND SYNDICATE MEMBERS

The Lead Manager and the Syndicate Members, if any, shall not be allowed to purchase in this Issue in any manner, except towards fulfilling their underwriting obligations. However, the associates and affiliates of the Lead Manager and the Syndicate Members, if any, may purchase the Equity Shares in the Issue, either in the QIB Category or in the Non-Institutional Category as may be applicable to such Applicants, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients.

APPLICATION BY INDIAN PUBLIC INCLUDING ELIGIBLE NRI'S APPLYING ON NON REPATRIATION

Application must be made only in the names of individuals, limited companies or statutory corporations/institutions and not in the names of minors (other than minor having valid depository accounts as per demographic details provided by the depository), foreign nationals, non residents (except for those applying on non repatriation), trusts, (unless the trust is registered under the Societies Registration Act, 1860 or any other applicable trust laws and is authorized under its constitution to hold shares and debentures in a company), Hindu Undivided Families (HUF), partnership firms or their nominees. In case of HUFs, application shall be made by the Karta of the HUF. 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. Eligible NRIs applying on a non-repatriation basis may make payments by inward remittance in foreign exchange through normal banking channels or by debits to NRE/FCNR accounts as well as NRO accounts.

APPLICATIONS BY ELIGIBLE NRI'S/RFPI'S ON REPATRIATION BASIS

Application Forms have been made available for eligible NRIs at our Corporate Office and at the Office of the Lead manager. Eligible NRI Applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the reserved category. The eligible NRIs who intend to make payment through Non Resident Ordinary (NRO) accounts shall use the Forms meant for Resident Indians and should not use the forms meant for the reserved category. Under FEMA, general permission is granted to companies vide notification no. FEMA/20/2000 RB dated 03/05/2000 to issue securities to NRIs subject to the terms and conditions stipulated therein. 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 on repatriation basis. Allotment of equity shares to Non Resident Indians shall be subject to the prevailing Reserve Bank of India Guidelines. Sale proceeds of such investments in equity shares will be allowed to be repatriated along with the income thereon subject to permission of the RBI and subject to the Indian tax laws and regulations and any other applicable laws.

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

1. A foreign portfolio investor shall invest only in the following securities, namely- (a) Securities in the primary and secondary markets including shares, debentures and warrants of companies, listed or to be listed on a recognized stock exchange in India; (b) Units of schemes floated by domestic mutual funds, whether listed on a recognized stock exchange or not; (c) Units of schemes floated by a collective investment scheme; (d) Derivatives traded on a recognized stock exchange; (e) Treasury bills and dated government securities; (f) Commercial papers issued by an Indian company; (g) Rupee denominated credit enhanced bonds; (h) Security receipts issued by asset reconstruction companies; (i) Perpetual debt instruments and debt capital instruments, as specified by the Reserve Bank of India from time to time; (j) Listed and unlisted non-convertible debentures/bonds issued by an Indian company in the infrastructure sector, where 'infrastructure' is defined in terms of the extant External Commercial Borrowings (ECB) guidelines; (k) Non-convertible debentures or bonds issued by Non-Banking Financial Companies categorized as 'Infrastructure Finance Companies'(IFCs) by the Reserve Bank of India; (l) Rupee denominated bonds or units issued by infrastructure debt funds; (m) Indian depository receipts; and (n) Such other instruments specified by the Board from time to time.
2. Where a foreign institutional investor or a sub account, prior to commencement of these regulations, holds equity shares in a company whose shares are not listed on any recognized stock exchange, and continues to hold such shares after initial public offering and listing thereof, such shares shall be subject to lock-in for the same period, if any, as is applicable to shares held by a foreign direct investor placed in similar position, under the policy of the Government of India relating to foreign direct investment for the time being in force.
3. In respect of investments in the secondary market, the following additional conditions shall apply:
 - a) A foreign portfolio investor shall transact in the securities in India only on the basis of taking and giving delivery of securities purchased or sold;
 - b) Nothing contained in clause (a) shall apply to:
 - i. Any transactions in derivatives on a recognized stock exchange;
 - ii. Short selling transactions in accordance with the framework specified by the Board;

- iii. Any transaction in securities pursuant to an agreement entered into with the merchant banker in the process of market making or subscribing to unsubscribed portion of the issue in accordance with Chapter XB of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - iv. Any other transaction specified by the Board.
- c) No transaction on the stock exchange shall be carried forward;
- d) The transaction of business in securities by a foreign portfolio investor shall be only through stock brokers registered by the Board; provided nothing contained in this clause shall apply to:
- i. transactions in Government securities and such other securities falling under the purview of the Reserve Bank of India which shall be carried out in the manner specified by the Reserve Bank of India;
 - ii. sale of securities in response to a letter of offer sent by an acquirer in accordance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - iii. sale of securities in response to an offer made by any promoter or acquirer in accordance with the Securities and Exchange Board of India (Delisting of Equity shares) Regulations, 2009;
 - iv. Sale of securities, in accordance with the Securities and Exchange Board of India (Buy-back of securities) Regulations, 1998;
 - v. divestment of securities in response to an offer by Indian Companies in accordance with Operative Guidelines for Disinvestment of Shares by Indian Companies in the overseas market through issue of American Depository Receipts or Global Depository Receipts as notified by the Government of India and directions issued by Reserve Bank of India from time to time;
 - vi. Any bid for, or acquisition of, securities in response to an offer for disinvestment of shares made by the Central Government or any State Government;
 - vii. Any transaction in securities pursuant to an agreement entered into with merchant banker in the process of market making or subscribing to unsubscribed portion of the issue in accordance with Chapter XB of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
 - viii. Any other transaction specified by the Board.
- e) A foreign portfolio investor shall hold, deliver or cause to be delivered securities only in dematerialized form:
- Provided that any shares held in non-dematerialized form, before the commencement of these regulations, can be held in non-dematerialized form, if such shares cannot be dematerialized.
- Unless otherwise approved by the Board, securities shall be registered in the name of the foreign portfolio investor as a beneficial owner for the purposes of the Depositories Act, 1996.
4. The purchase of equity shares of each company by a single foreign portfolio investor or an investor group shall be below ten percent of the total issued capital of the company.
5. The investment by the foreign portfolio investor shall also be subject to such other conditions and restrictions as may be specified by the Government of India from time to time.

6. In cases where the Government of India enters into agreements or treaties with other sovereign Governments and where such agreements or treaties specifically recognize certain entities to be distinct and separate, the Board may, during the validity of such agreements or treaties, recognize them as such, subject to conditions as may be specified by it.
7. A foreign portfolio investor may lend or borrow securities in accordance with the framework specified by the Board in this regard.

No foreign portfolio investor may issue, subscribe to or otherwise deal in offshore derivative instruments, directly or indirectly, unless the following conditions are satisfied:

- (a) Such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority;
- (b) Such offshore derivative instruments are issued after compliance with 'know your client' norms:

Provided that those unregulated broad based funds, which are classified as Category II foreign portfolio investor by virtue of their investment manager being appropriately regulated shall not issue, subscribe or otherwise deal in offshore derivatives instruments directly or indirectly:

Provided further that no Category III foreign portfolio investor shall issue, subscribe to otherwise deal in offshore derivatives instruments directly or indirectly.

8. A foreign portfolio investor shall ensure that further issue or transfer of any offshore derivative instruments issued by or on behalf of it is made only to persons who are regulated by an appropriate foreign regulatory authority.
9. Foreign portfolio investors shall fully disclose to the Board any information concerning the terms of and parties to off-shore derivative instruments such as participatory notes, equity linked notes or any other such instruments, by whatever names they are called, entered into by it relating to any securities listed or proposed to be listed in any stock exchange in India, as and when and in such form as the Board may specify.
10. Any offshore derivative instruments issued under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 before commencement of SEBI (Foreign Portfolio Investors) Regulations, 2014 shall be deemed to have been issued under the corresponding provisions of SEBI (Foreign Portfolio Investors) Regulations, 2014.
11. The purchase of equity shares of each company by a single foreign portfolio investor or an investor group shall be below 10% of the total issued capital of the company.
12. An FII or its subaccount which holds a valid certificate of registration shall, subject to payment of conversion fees, be eligible to continue to buy, sell or otherwise deal in securities till the expiry of its registration as an foreign institutional investor or sub-account, or until he obtains a certificate of registration as foreign portfolio investor, whichever is earlier.
13. A qualified foreign investor may continue to buy, sell or otherwise deal in securities subject to the provisions of the SEBI (Foreign Portfolio Investors) Regulations, 2014, for a period of one year from the date of commencement of the aforesaid regulations, or until it obtains a certificate of registration as foreign portfolio investor, whichever is earlier.

APPLICATIONS BY MUTUAL FUNDS

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

With respect to Applications by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Application Form. Failing this, our Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of a mutual fund, a separate Application can be made in respect of each scheme of the mutual fund registered with SEBI and such Applications in respect of more than one scheme of the mutual fund will not be treated as multiple applications provided that the Applications clearly indicate the scheme concerned for which the Application has been made.

The Applications made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Applications are made.

APPLICATIONS BY LIMITED LIABILITY PARTNERSHIPS

In case of Applications made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Application Form. Failing this, our Company reserves the right to reject any Application without assigning any reason thereof. Limited liability partnerships can participate in the Issue only through the ASBA process.

APPLICATIONS BY INSURANCE COMPANIES

In case of Applications made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Application Form. Failing this, our Company reserves the right to reject any Application without assigning any reasons thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000 (the 'IRDA Investment Regulations'), are broadly set forth below:

1. Equity shares of a company: The least of 10% of the investee company's subscribed capital (face value) or 10% of the respective fund in case of life insurer or 10% of investment assets in case of general insurer or reinsurer;
2. The entire group of the investee company: not more than 15% of the respective funds in case of life insurer or 15% of investment assets in case of general insurer or re-insurer or 15% of the investment assets in all companies belonging to the group, whichever is lower; and
3. The industry sector in which the investee company operates: not more than 15% of the fund of a life insurer or a general insurer or a re-insurer or 15% of the investment asset, whichever is lower.

The maximum exposure limit, in case of investment in equity shares, cannot exceed the lower of an amount of 10% of the investment assets of a life insurer or a general insurer and the amount calculated under points (1), (2) and (3) above, as the case may be.



APPLICATIONS UNDER POWER OF ATTORNEY

In case of Applications made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, FPI's, Mutual Funds, insurance companies and provident funds with minimum corpus of Rs. 2500 Lakhs (subject to applicable law) and pension funds with a minimum corpus of Rs. 2500 Lakhs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the Memorandum of Association and Articles of Association and/ or bye laws must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

With respect to applications by VCFs, FVCIs, and FPIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may belong with a certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any application, in whole or in part, in either case without assigning any reasons thereof.

In case of Applications made pursuant to a power of attorney by Mutual Funds, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with the certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

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

In case of Applications made pursuant to a power of attorney by FIIs, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

In case of Applications made by provident funds with minimum corpus of Rs. 25 crore (subject to applicable law) and pension funds with minimum corpus of Rs. 25 crore, a certified copy of certificate from a Chartered Accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

APPLICATIONS BY PROVIDENT FUNDS/PENSION FUNDS

In case of Applications made by provident funds with minimum corpus of Rs. 25 Crore (subject to applicable law) and pension funds with minimum corpus of Rs. 25 Crore, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be lodged along with the Application Form. Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason thereof.

The above information is given for the benefit of the Applicants. Our Company and Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Applicants are advised to make their independent investigations and ensure that any single application from them does not exceed the applicable

investment limits or maximum number of the Equity Shares that can be held by them under applicable law or regulation or as specified in this Prospectus.

INFORMATION FOR THE APPLICANTS

1. Our Company and the Lead Managers shall declare the Issue Opening Date and Issue Closing Date in the Prospectus to be registered with the RoC and also publish the same in two national newspapers (one each in English and Hindi) and in one regional newspaper with wide circulation. This advertisement shall be in the prescribed format.
2. Our Company will file the Prospectus with the RoC at least three days before the Issue Opening Date.
3. Any Applicant who would like to obtain the Prospectus and/or the Application Form can obtain the same from our Corporate Office.
4. Applicants who are interested in subscribing to the Equity Shares should approach any of the Application Collecting Intermediaries or their authorised agent(s).
5. Applications should be submitted in the prescribed Application Form only. Application Forms submitted to the SCSBs should bear the stamp of the respective intermediary to whom the application form is submitted. Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs and/or the Designated Branch. Application Forms submitted by Applicants whose beneficiary account is inactive shall be rejected.
6. The Application Form can be submitted either in physical or electronic mode, to the Application Collecting Intermediaries. Further Application Collecting Intermediary may provide the electronic mode of collecting either through an internet enabled collecting and banking facility or such other secured, electronically enabled mechanism for applying and blocking funds in the ASBA Account.
7. Except for applications by or on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, the Applicants, or in the case of application in joint names, the first Applicant (the first name under which the beneficiary account is held), should mention his/her PAN allotted under the Income Tax Act. In accordance with the SEBI Regulations, the PAN would be the sole identification number for participants transacting in the securities market, irrespective of the amount of transaction. Any Application Form without PAN is liable to be rejected. The demat accounts of Applicants for whom PAN details have not been verified, excluding persons resident in the State of Sikkim or persons who may be exempted from specifying their PAN for transacting in the securities market, shall be “suspended for credit” and no credit of Equity Shares pursuant to the Issue will be made into the accounts of such Applicants.
8. The Applicants may note that in case the PAN, the DP ID and Client ID mentioned in the Application Form and entered into the electronic collecting system of the Stock Exchange by the Bankers to the Issue or the SCSBs do not match with PAN, the DP ID and Client ID available in the Depository database, the Application Form is liable to be rejected.

METHOD AND PROCESS OF APPLICATIONS

1. Applicants are required to submit their applications during the Issue Period only through the following Application Collecting intermediary
 - i) an SCSB, with whom the bank account to be blocked, is maintained
 - ii) a syndicate member (or sub-syndicate member), if any
 - iii) a stock broker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) (‘broker’)



- iv) a depository participant ('DP') (whose name is mentioned on the website of the stock exchange as eligible for this activity)
- v) a registrar to an issue and share transfer agent ('RTA') (whose name is mentioned on the website of the stock exchange as eligible for this activity)

The Issue Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. The Issue Period may be extended, if required, by an additional three Working Days, subject to the total Issue Period not exceeding 10 Working Days.

The Intermediaries shall accept applications from all Applicants and they shall have the right to vet the applications during the Issue Period in accordance with the terms of the Prospectus.

The Applicant cannot apply on another Application Form after one Application Form has been submitted to Application Collecting intermediaries. Submission of a second Application Form to either the same or to another Application Collecting Intermediary will be treated as multiple applications and is liable to be rejected either before entering the application into the electronic collecting system, or at any point of time prior to the allocation or Allotment of Equity Shares in this Issue.

2. The intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively.
3. The upload of the details in the electronic bidding system of stock exchange and post that blocking of funds will be done by as given below

| | |
|---|---|
| For applications submitted by investors to SCSB: | After accepting the form, SCSB shall capture and upload the relevant details in the electronic bidding system as specified by the stock exchange(s) and may begin blocking funds available in the bank account specified in the form, to the extent of the application money specified. |
| For applications submitted by investors to intermediaries other than SCSBs: | After accepting the application form, respective intermediary shall capture and upload the relevant details in the electronic bidding system of stock exchange(s). Post uploading, they shall forward a schedule as per prescribed format along with the application forms to designated branches of the respective SCSBs for blocking of funds within one day of closure of Issue. |

4. Upon receipt of the Application Form directly or through other intermediary, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form, and If sufficient funds are not available in the ASBA Account the application will be rejected.

5. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Application Amount mentioned in the Application Form and will enter each application option into the electronic collecting system as a separate application and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Applicant on request.
6. The Application Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment and consequent transfer of the Application Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Applicants to the Public Issue Account. In case of withdrawal / failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

TERMS OF PAYMENT

Terms of Payment

The entire Issue price of Rs. 32 per share is payable on application. In case of allotment of lesser number of Equity Shares than the number applied, The Registrar to the Issue shall instruct the SCSBs to unblock the excess amount blocked.

SCSBs will transfer the amount as per the instruction received by the Registrar to the Public Issue Bank Account post finalisation of Basis of Allotment. The balance amount after transfer to the Public Issue Account shall be unblocked by the SCSBs.

The Applicants should note that the arrangement with Bankers to the Issue or the Registrar is not prescribed by SEBI and has been established as an arrangement between our Company, the Bankers to the Issue and the Registrar to the Issue to facilitate collections from the Applicants.

Payment mechanism for Applicants

The Applicants shall specify the bank account number in the Application Form and the SCSBs shall block an amount equivalent to the Application Amount in the bank account specified in the Application Form. The SCSB shall keep the Application Amount in the relevant bank account blocked until withdrawal/rejection of the application or receipt of instructions from the Registrar to unblock the Application Amount. However, Non Retail Applicants shall neither withdraw nor lower the size of their applications at any stage. In the event of withdrawal or rejection of the Application Form or for unsuccessful Application Forms, the Registrar to the Issue shall give instructions to the SCSBs to unblock the application money in the relevant bank account within one day of receipt of such instruction. The Application Amount shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment in the Issue and consequent transfer of the Application Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the application by the ASBA Applicant, as the case may be.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, all Investors are applying in this Issue shall mandatorily make use of ASBA facility

ELECTRONIC REGISTRATION OF APPLICATIONS

1. The Application Collecting Intermediary will register the applications using the on-line facilities of the Stock Exchange.
2. The Application Collecting Intermediary will undertake modification of selected fields in the application details already uploaded before 1.00 p.m of the next Working day from the Issue Closing Date.
3. The Application collecting Intermediary shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the applications accepted by them, (ii) the applications uploaded by them, (iii) the applications accepted but not uploaded by them or (iv) In case the applications accepted and uploaded by any Application Collecting Intermediary other than SCSBs, the Application form along with relevant schedules shall be sent to the SCSBs or the Designated Branch of the relevant SCSBs for blocking of funds and they will be responsible for blocking the necessary amounts in the ASBA Accounts. In case of Application accepted and Uploaded by SCSBs, the SCSBs or the Designated Branch of the relevant SCSBs will be re will be responsible for blocking the necessary amounts in the ASBA Accounts (v) Application accepted and uploaded but not sent to SCSBs for blocking of funds.
4. Neither the Lead Managers nor our Company, shall be responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the applications accepted by any Application Collecting Intermediaries, (ii) the applications uploaded by any Application Collecting Intermediaries or (iii) the applications accepted but not uploaded by the Application Collecting Intermediaries.
5. The Stock Exchange will offer an electronic facility for registering applications for the Issue. This facility will be available at the terminals of the Application Collecting Intermediaries and their authorized agents during the Issue Period. The Designated Branches or the Agents of the Application Collecting Intermediaries can also set up facilities for off-line electronic registration of applications subject to the condition that they will subsequently upload the off-line data file into the online facilities on a regular basis. On the Issue Closing Date, the Application Collecting Intermediaries shall upload the applications till such time as may be permitted by the Stock Exchange. This information will be available with the Lead Manager on a regular basis.
6. With respect to applications by Applicants, at the time of registering such applications, the Application Collecting Intermediaries shall enter the following information pertaining to the Applicants into in the on-line system:
 - a) Name of the Applicant;
 - b) IPO Name;
 - c) Application Form number;
 - d) Investor Category;
 - e) PAN (of First Applicant, if more than one Applicant);
 - f) DP ID of the demat account of the Applicant;
 - g) Client Identification Number of the demat account of the Applicant;
 - h) Numbers of Equity Shares Applied for;
 - i) Bank account number.
7. In case of submission of the Application by an Applicant through the Electronic Mode, the Applicant shall complete the above-mentioned details and mention the bank account number, except the Electronic Application Form number which shall be system generated.
8. The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode,

respectively. The registration of the Application by the Application Collecting Intermediaries does not guarantee that the Equity Shares shall be allocated / allotted either by our Company.

9. Such acknowledgment will be non-negotiable and by itself will not create any obligation of any kind.
10. In case of Non Retail Applicants and Retail Individual Applicants, applications would not be rejected except on the technical grounds as mentioned in the Prospectus. The Application Collecting Intermediaries shall have no right to reject applications, except on technical grounds.
11. The permission given by the Stock Exchanges to use their network and software of the Online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the Lead Manager are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoter, our management or any scheme or project of our Company; 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 Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
 - b. The Application Collecting Intermediaries will be given time till 1.00 P.M on the next working day after the Issue Closing Date to verify the PAN No, DP ID and Client ID uploaded in the online IPO system during the Issue Period, after which the Registrar to the Issue will receive this data from the Stock Exchange and will validate the electronic application details with Depository's records. In case no corresponding record is available with Depositories, which matches the three parameters, namely DP ID, Client ID and PAN, then such applications are liable to be rejected.
12. The details uploaded in the online IPO system shall be considered as final and Allotment will be based on such details for ASBA applications.

ALLOCATION OF EQUITY SHARES

1. The Issue is being made through the Fixed Price Process wherein 1,88,000 Equity Shares shall be reserved for Market Maker. 17,08,000 Equity Shares will be allocated on a proportionate basis to Retail Individual Applicants, subject to valid applications being received from Retail Individual Applicants at the Issue Price. The balance of the Net Issue will be available for allocation on a proportionate basis to Non Retail Applicants.
2. Under-subscription, if any, in any category, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company in consultation with the Lead Managers and the Stock Exchange.
3. Allocation to Non-Residents, including Eligible NRIs, Eligible QFIs, FIIs and FVCIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.
4. In terms of the SEBI Regulations, Non Retail Applicants shall not be allowed to either withdraw or lower the size of their applications at any stage.
5. Allotment status details shall be available on the website of the Registrar to the Issue.

SIGNING OF UNDERWRITING AGREEMENT AND FILING OF PROSPECTUS WITH ROC

- a) Our Company has entered into an Underwriting agreement dated September 7, 2015.
- b) A copy of the Prospectus has been filed with the RoC in terms of Section 26 of the Companies Act, 2013



PRE- ISSUE ADVERTISEMENT

Subject to Section 30 of the Companies Act, 2013, our Company shall, after registering the Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI Regulations, in: (i) English National Newspaper; (ii) Hindi National Newspaper; and (iii) Regional Newspaper, each with wide circulation.

ISSUANCE OF ALLOTMENT ADVICE

1. Upon approval of the Basis of Allotment by the Designated Stock Exchange.
2. The Lead Managers or the Registrar to the Issue will dispatch an Allotment Advice to their Applicants who have been allocated Equity Shares in the Issue.

The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Allotment to such Applicant.

GENERAL INSTRUCTIONS

Do's:

- Check if you are eligible to apply;
- Read all the instructions carefully and complete the applicable Application Form;
- Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;
- Each of the Applicants should mention their Permanent Account Number (PAN) allotted under the Income Tax Act, 1961;
- Ensure that the demographic details are updated, true and correct in all respects;
- Ensure that the name(s) given in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant.
- Ensure that you have funds equal to the Application Amount in your bank account maintained with the SCSB before submitting the Application Form to the respective Designated Branch of the SCSB;
- Ensure that the Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the Application Form;
- Ensure that you have requested for and receive a acknowledgement;
- All applicants should submit their applications through the ASBA process only.

Don'ts:

- Do not apply for lower than the minimum Application size;
 - Do not apply at a Price Different from the Price mentioned herein or in the Application Form
 - Do not apply on another Application Form after you have submitted an Application to the Banker to of the Issue.
 - Do not pay the Application Price in cash, by money order or by postal order or by stock invest;
 - Do not send Application Forms by post; instead submit the same to the Application Collecting Intermediaries.
 - Do not fill in the Application Form such that the Equity Shares applied for exceeds the Issue Size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations;
- c. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected

on this ground.

- Do not submit incorrect details of the DP ID, beneficiary account number and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue
- Do not submit Applications on plain paper or incomplete or illegible Application Forms in a colour prescribed for another category of Applicant

Do not submit more than five Application Forms per ASBA Account

Do not make Applications if you are not competent to contract under the Indian Contract Act, 1872, as amended;

Instructions for Completing the Application Form

- a. The Applications should be submitted on the prescribed Application Form and in BLOCK LETTERS in ENGLISH only in accordance with the instructions contained herein and in the Application Form. Applications not so made are liable to be rejected. Application Forms should bear the stamp of the Application Collecting Intermediaries. Application Forms, which do not bear the stamp of the Application Collecting Intermediaries, will be rejected.
- b. SEBI, vide Circular No. CIR/CFD/14/2012 dated October 04, 2012 has introduced an additional mechanism for investors to submit Application forms in public issues using the stock broker ('broker') network of Stock Exchanges, who may not be syndicate members in an issue with effect from January 01, 2013. The list of Broker Centre is available on the websites of BSE i.e. www.bseindia.com and NSE i.e. www.nseindia.com. With a view to broadbase the reach of Investors by substantially enhancing the points for submission of applications, SEBI vide Circular No. CIR/CFD/POLICY CELL/11/2015 dated November 10, 2015 has permitted Registrar to the Issue and Share Transfer Agent and Depository Participants registered with SEBI to accept the Application forms in Public Issue with effect from January 01, 2016. The List of RTA and DPs centres for collecting the application shall be disclosed is available on the websites of BSE i.e. www.bseindia.com and NSE i.e. www.nseindia.com.

Applicant's Depository Account and Bank Details

Please note that, providing bank account details, PAN Nos, Client ID and DP ID in the space provided in the application form is mandatory and applications that do not contain such details are liable to be rejected.

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 as entered into the Stock Exchange online system, the Registrar to the Issue will obtain from the Depository the demographic details including address, Applicants bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These Demographic Details would be used for all correspondence with the Applicants including mailing of the Allotment Advice. The Demographic Details given by Applicants in the Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Application Form, the Applicant would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

SUBMISSION OF APPLICATION FORM



All Application Forms duly completed shall be submitted to the Application Collecting Intermediaries

The aforesaid intermediaries shall, at the time of receipt of application, give an acknowledgement to investor, by giving the counter foil or specifying the application number to the investor, as a proof of having accepted the application form, in physical or electronic mode, respectively.

COMMUNICATIONS

All future communications in connection with Applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Applicant, Application Form number, Applicants Depository Account Details, number of Equity Shares applied for, date of Application form, name and address of the Application Collecting Intermediary where the Application was submitted thereof and a copy of the acknowledgement slip.

Investors can contact the Compliance Officer or the Registrar to the Issue 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 accounts, etc.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

The Company shall ensure the dispatch of Allotment advice, and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchange within two working days of date of Allotment of Equity Shares.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at SME Platform of BSE where the Equity Shares are proposed to be listed are taken within 6 working days from Issue Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchange and the SEBI Regulations, the Company further undertakes that:

1. Allotment and Listing of Equity Shares shall be made within 4 (four) and 6 (Six) days, respectively of the Issue Closing Date;
2. The Company will provide adequate funds required for dispatch of Allotment Advice to the Registrar to the Issue.

IMPERSONATION

Attention of the Applicants is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who-

- (a) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or
- (b) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- (c) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,

shall be liable for action under Section 447.”

UNDERTAKINGS BY THE COMPANY

Our Company undertake as follows:

1. That the complaints received in respect of the Issue shall be attended expeditiously and

satisfactorily;

2. That all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed on sixth day from issue closure date. Working Days from the Issue Closing Date;
3. That the funds required for making refunds as per the modes disclosed or dispatch of allotment advice by registered post or speed post shall be made available to the Registrar to the Issue by us;
4. That our Promoter's contribution in full has already been brought in;
5. That no further issue of Equity Shares shall be made till the Equity Shares offered through the Prospectus are listed or until the Application monies are refunded on account of non-listing, under-subscription etc.; and
6. That adequate arrangement shall be made to collect all Applications Supported by Blocked Amount while finalizing the Basis of Allotment.

UTILIZATION OF THE ISSUE PROCEEDS

The Board of Directors of our Company certifies that:

1. all monies received out of the Issue shall be transferred to a separate Bank Account other than the bank account referred to in Sub-Section (3) of Section 40 of the Companies Act, 2013;
2. details of all monies utilized out of the Issue referred above shall be disclosed and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilized;
3. details of all unutilized monies out of the Issue, if any, 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; and
4. Our Company shall comply with the requirements of the SEBI Listing Regulations in relation to the disclosure and monitoring of the utilisation of the proceeds of the Issue.

Our Company shall not have recourse to the Issue Proceeds until the approval for listing and trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

The Lead manager undertakes that the complaints or comments received in respect of the Issue shall be attended by our Company expeditiously and satisfactory.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

- d. To enable all shareholders of the Company to have their shareholding in electronic form, the Company has signed the following tripartite agreements with the Depositories and the Registrar and Share Transfer Agent:
 - a) Agreement dated November 10, 2015 among NSDL, the Company and the Registrar to the Issue;
 - b) Agreement dated November 4, 2015 among CDSL, the Company and the Registrar to the Issue;
- C) The Company's shares bear ISIN No. INE715T01015.



PART B

GENERAL INFORMATION DOCUMENT FOR INVESTING IN PUBLIC ISSUES

This General Information Document highlights the key rules, processes and procedures applicable to public issues in accordance with the provisions of the Companies Act, 2013 (to the extent notified and in effect), the Companies Act, 1956 (without reference to the provisions thereof that have ceased to have effect upon the notification of the Companies Act, 2013), the Securities Contracts (Regulation) Act, 1956, the Securities Contracts (Regulation) Rules, 1957 and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009. Bidders/Applicants should not construe the contents of this General Information Document as legal advice and should consult their own legal counsel and other advisors in relation to the legal matters concerning the Issue. For taking an investment decision, the Bidders/Applicants should rely on their own examination of the Issuer and the Issue, and should carefully read the Draft Prospectus/Prospectus before investing in the Issue.

SECTION 1: PURPOSE OF THE GENERAL INFORMATION DOCUMENT (GID)

This document is applicable to the public issues undertaken *inter-alia* through Fixed Price Issues. The purpose of the “General Information Document for Investing in Public Issues” is to provide general guidance to potential Applicants in IPOs, on the processes and procedures governing IPOs, undertaken in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI ICDR Regulations, 2009”)

Applicants should note that investment in equity and equity related securities involves risk and Applicant should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. The specific terms relating to securities and/or for subscribing to securities in an Issue and the relevant information about the Issuer undertaking the Issue; are set out in the Prospectus filed by the Issuer with the Registrar of Companies (“RoC”). Applicants should carefully read the entire Prospectus and the Application Form and the Abridged Prospectus of the Issuer in which they are proposing to invest through the Issue. In case of any difference in interpretation or conflict and/or overlap between the disclosure included in this document and the Prospectus, the disclosures in the Prospectus shall prevail. The Prospectus of the Issuer is available on the websites of stock exchanges, on the website(s) of the LM(s) to the Issue and on the website of Securities and Exchange Board of India (“SEBI”) at www.sebi.gov.in.

For the definitions of capitalized terms and abbreviations used herein Applicants may refer to the section “Glossary and Abbreviations”.

SECTION 2: BRIEF INTRODUCTION TO IPOs ON SME EXCHANGE

2.1 INITIAL PUBLIC OFFER (IPO)

An IPO means an offer of specified securities by an unlisted Issuer to the public for subscription and may include an Offer for Sale of specified securities to the public by any existing holder of such securities in an unlisted Issuer.

For undertaking an IPO, an Issuer is *inter-alia* required to comply with the eligibility requirements of in terms of either Regulation 26(1) or Regulation 26(2) of the SEBI ICDR Regulations, 2009, if applicable. For details of compliance with the eligibility requirements by the Issuer, Applicants may refer to the Prospectus.

The Issuer may also undertake IPO under of chapter XB of the SEBI (ICDR) Regulations, wherein as per,

- Regulation 106M (1): An issuer whose post-issue face value capital does not exceed ten

crore rupees shall issue its specified securities in accordance with provisions of this Chapter.

- Regulation 106M (2): An issuer, whose post issue face value capital, is more than ten crore rupees and upto twenty five crore rupees, may also issue specified securities in accordance with provisions of this Chapter.

The present Issue being made under Regulation 106M (2) of Chapter XB of SEBI (ICDR) Regulation.

2.2 OTHER ELIGIBILITY REQUIREMENTS

In addition to the eligibility requirements specified in paragraphs 2.1, an Issuer proposing to undertake an IPO is required to comply with various other requirements as specified in the SEBI ICDR Regulations, 2009, the Companies Act, 1956 and the Companies Act, 2013 as may be applicable (the "Companies Act"), The Securities Contracts (Regulation) Rules, 1957 (the "SCRR"), industry-specific regulations, if any, and other applicable laws for the time being in force. Following are the eligibility requirements for making an SME IPO under Regulation 106M (2) of Chapter XB of SEBI (ICDR) Regulation:

- (a) In accordance with regulation 106(P) of the SEBI (ICDR) Regulations, Issue has to be 100% underwritten and the LM has to underwrite at least 15% of the total issue size.
- (b) In accordance with Regulation 106(R) of the SEBI (ICDR) Regulations, total number of proposed allottees in the Issue shall be greater than or equal to fifty, otherwise, the entire application money will be refunded forthwith. If such money is not repaid within eight days from the date the company becomes liable to repay it, than the Company and every officer in default shall, on and from expiry of eight days, be liable to repay such application money, with interest as prescribed under section 40 of the Companies Act, 2013
- (c) In accordance with Regulation 106(O) the SEBI (ICDR) Regulations, Company is not required to file any Offer Document with SEBI nor has SEBI issued any observations on the Offer Document. The Lead Manager shall submit the copy of Prospectus along with a Due Diligence Certificate including additional confirmations as required to SEBI at the time of filing the Prospectus with Stock Exchange and the Registrar of Companies.
- (d) In accordance with Regulation 106(V) of the SEBI ICDR Regulations, the LM has to ensure compulsory market making for a minimum period of three years from the date of listing of Equity Shares offered in the Issue.
- (e) The Issuer shall have Net Tangible assets of at least Rs. 3 crore as per the latest audited financial results.
- (f) The Net worth (excluding revaluation reserves) of the Issuer shall be at least Rs. 3 crore as per the latest audited financial results.
- (g) The Issuer should have a track record of distributable profits in terms of section 123 of Companies Act, 2013 for two out of immediately preceding three financial years or it should have net worth of at least Rs. 5 Crores.
- (h) The Post-issue paid up capital of the Issuer shall be at least Rs. 3 Crore. The post –issue paid up capital of our company will be Rs.1090.90 lakhs
- (i) The Issuer shall mandatorily facilitate trading in demat securities.
- (j) The Issuer should not been referred to Board for Industrial and Financial Reconstruction.
- (k) No petition for winding up is admitted by a court or a liquidator has not been appointed of competent jurisdiction against the Company



- (l) No material regulatory or disciplinary action should have been taken by any stock exchange or regulatory authority in the past three years against the Issuer.
- (m) The Company should have a website
- (n) There has been no change in the promoter(s) of the Company in the one year preceding the date of filing application to BSE for listing on SME segment.

Issuer shall also comply with all the other requirements as laid down for such an Issue under Chapter X-B of SEBI (ICDR) Regulations and subsequent circulars and guidelines issued by SEBI and the Stock Exchange.

As per Regulation 106(M)(3) of SEBI (ICDR) Regulations, 2009, the provisions of Regulations 6(1), 6(2), 6(3), Regulation 8, Regulation 9, Regulation 10, Regulation 25, Regulation 26, Regulation 27 and Sub regulation (1) of Regulation 49 of SEBI (ICDR) Regulations, 2009 shall not apply to this Issue.

Thus Company is eligible for the Issue in accordance with regulation 106M (2) and other provisions of chapter XB of the SEBI (ICDR) Regulations as the post issue face value capital exceeds Rs. 1,000 lakhs. Company also complies with the eligibility conditions laid by the SME Platform of BSE for listing of our Equity Shares.

2.3 TYPES OF PUBLIC ISSUES – FIXED PRICE ISSUES AND BOOK BUILT ISSUES

In accordance with the provisions of the SEBI ICDR Regulations, 2009, an Issuer can either determine the Issue Price through the Book Building Process ("**Book Built Issue**") or undertake a Fixed Price Issue ("**Fixed Price Issue**"). An Issuer may mention Floor Price or Price Band in the RHP (in case of a Book Built Issue) and a Price or Price Band in the Prospectus (in case of a fixed price Issue) and determine the price at a later date before registering the Prospectus with the Registrar of Companies.

The cap on the Price Band should be less than or equal to 120% of the Floor Price. The Issuer shall announce the Price or the Floor Price or the Price Band through advertisement in all newspapers in which the pre-issue advertisement was given at least five Working Days before the Issue Opening Date, in case of an IPO and at least one Working Day before the Issue Opening Date, in case of an FPO.

The Floor Price or the Issue price cannot be lesser than the face value of the securities. Applicants should refer to the Prospectus or Issue advertisements to check whether the Issue is a Book Built Issue or a Fixed Price Issue.

2.4 ISSUE PERIOD

The Issue shall be kept open for a minimum of three Working Days (for all category of Applicants) and not more than ten Working Days. Applicants are advised to refer to the Application Form and Abridged Prospectus or Prospectus for details of the Issue Period.

Details of Issue Period are also available on the website of Stock Exchange(s).

2.5 MIGRATION TO MAIN BOARD

In accordance with the BSE Circular dated November 26, 2012, our Company will have to be mandatorily listed and traded on the SME Platform of the BSE for a minimum period of two years from the date of listing and only after that it can migrate to the Main Board of the BSE as per the guidelines specified by SEBI and as per the procedures laid down under Chapter XB of the SEBI (ICDR) Regulations. Our Company may migrate to the Main board of BSE from the SME Exchange on a later date subject to the following

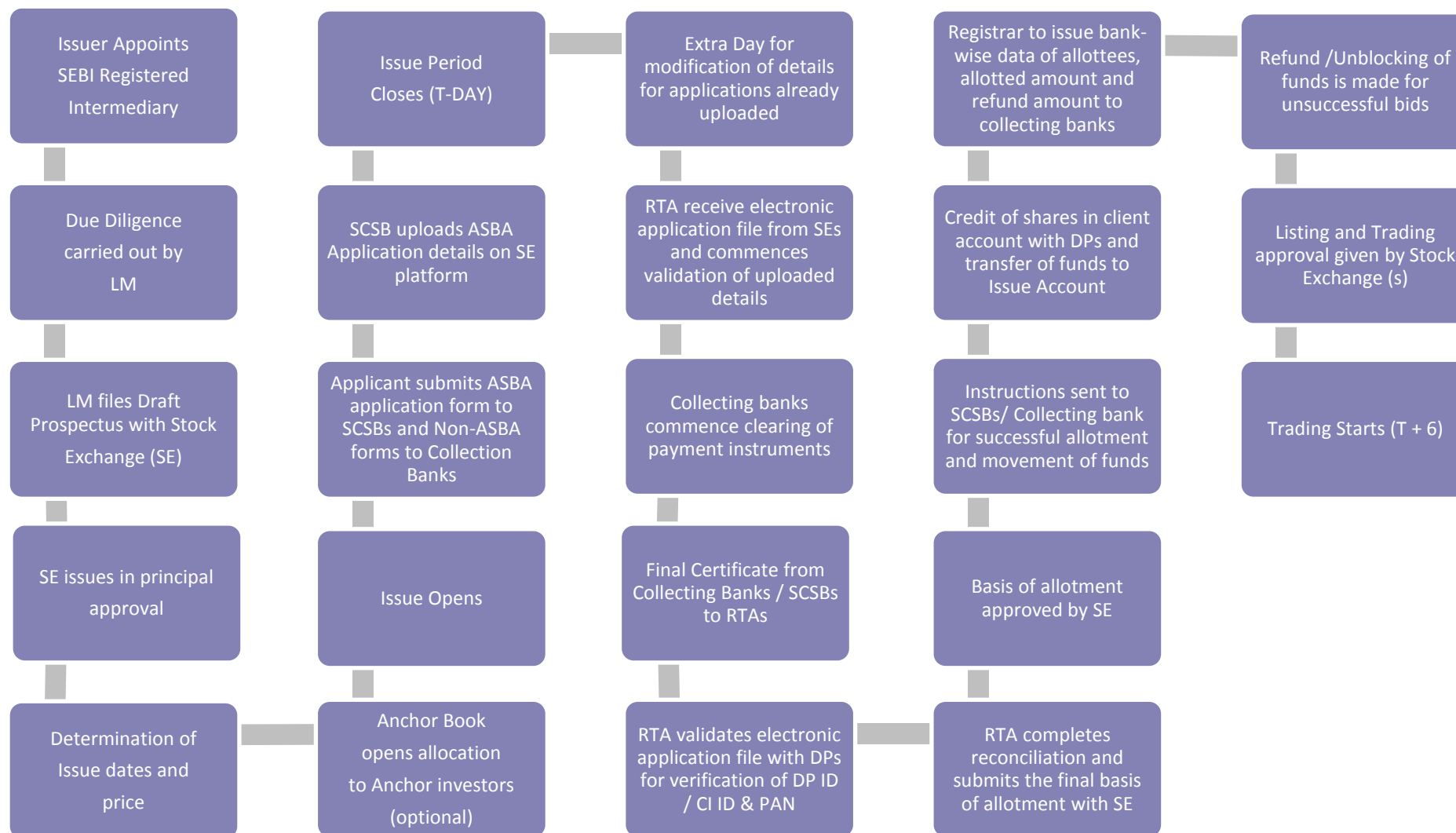
- (a) If the Paid up Capital of the Company is likely to increase above Rs. 25 crores by virtue of any further issue of capital by way of rights, preferential issue, bonus issue etc. (which has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal and for which the company has obtained in-principle approval from the main board), the Company shall apply to SE for listing of its shares on its Main Board subject to the fulfilment of the eligibility criteria for listing of specified securities laid down by the Main Board.

OR

- (b) If the Paid up Capital of the company is more than 10 crores but below Rs. 25 crores, the Company may still apply for migration to the main board if the same has been approved by a special resolution through postal ballot wherein the votes cast by the shareholders other than the Promoter in favour of the proposal amount to at least two times the number of votes cast by shareholders other than promoter shareholders against the proposal.

2.6 FLOWCHART OF TIMELINES

A flow chart of process flow in Fixed Price Issues is as follows



SECTION 3: CATEGORY OF INVESTORS ELIGIBLE TO PARTICIPATE IN AN ISSUE

Each Applicant should check whether it is eligible to apply under applicable law. Furthermore, certain categories of Applicants, such as NRIs, FPIs and FVCIs may not be allowed to apply in the Issue or to hold Equity Shares, in excess of certain limits specified under applicable law. Applicants are requested to refer to the Prospectus for more details.

Subject to the above, an illustrative list of Applicants is as follows:

- Indian nationals resident in India who are not incompetent to contract in single or joint names (not more than three) or in the names of minors as natural/legal guardian;
- Hindu Undivided Families or HUFs, in the individual name of the Karta. The Applicant should specify that the application is being made in the name of the HUF in the Application Form as follows: Name of Sole or First applicant: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta. Applications by HUFs would be considered at par with those from individuals;
- Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in the Equity Shares under their respective constitutional and charter documents;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non-repatriation basis, subject to applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this Issue;
- Indian Financial Institutions, scheduled commercial banks, regional rural banks, co-operative banks (subject to RBI permission, and the SEBI Regulations and other laws, as applicable);
- FPIs other than Category III FPI; VCFs and FVCIs registered with SEBI
- Limited Liability Partnerships (LLPs) registered in India and authorized to invest in equity shares;
- State Industrial Development Corporations;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts and who are authorized under their constitution to hold and invest in equity shares;
- Scientific and/or Industrial Research Organizations authorized to invest in equity shares;
- Insurance Companies registered with IRDA;
- Provident Funds and Pension Funds with minimum corpus of Rs. 2,500 Lakhs and who are authorized under their constitution to hold and invest in equity shares;
- Multilateral and Bilateral Development Financial Institutions;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of Government of India published in the Gazette of India;
- Insurance funds set up and managed by army, navy or air force of the Union of India or by Department of Posts, India;
- Any other person eligible to apply in this Issue, under the laws, rules, regulations, guidelines and policies applicable to them and under Indian laws

As per the existing regulations, OCBs cannot participate in this Issue.

SECTION 4: APPLYING IN THE ISSUE

Fixed Price Issue: Applicants should only use the specified Application Form either bearing the stamp of Application Collecting Intermediaries as available or downloaded from the websites of the Stock



Exchanges. Application Forms are available Designated Branches of the SCSBs, at the registered office of the Issuer and at the corporate office of LM. For further details regarding availability of Application Forms, Applicants may refer to the Prospectus.

Applicants should ensure that they apply in the appropriate category. The prescribed colour of the Application Form for various categories of Applicants is as follows:

| Category | Colour of the Application |
|---|---------------------------|
| Resident Indian, Eligible NRIs applying on a non repatriation basis | White |
| NRIs, FVCIs, FPIs, their Sub-Accounts (other than Sub-Accounts which are foreign corporate(s) or foreign individuals applying under the QIB), on a repatriation basis | Blue |
| Anchor Investors (where applicable) & Applicants applying in the reserved category | Not Applicable |

Securities Issued in an IPO can only be in dematerialized form in compliance with Section 29 of the Companies Act, 2013. Applicants will not have the option of getting the allotment of specified securities in physical form. However, they may get the specified securities rematerialised subsequent to allotment.

4.1 INSTRUCTIONS FOR FILING THE APPLICATION FORM (FIXED PRICE ISSUE)

Applicants may note that forms not filled completely or correctly as per instructions provided in this GID, the Prospectus and the Application Form are liable to be rejected.

Instructions to fill each field of the Application Form can be found on the reverse side of the Application Form. Specific instructions for filling various fields of the Resident Application Form and Non-Resident Application Form and samples are provided below.

The samples of the Application Form for resident Applicants and the Application Form for non-resident Applicants are reproduced below:

R Application Form

TEAR HERE

| | | |
|-------------------------|--|---|
| COMMON APPLICATION FORM | NARAYANI STEELS LIMITED - PUBLIC ISSUE - R | FOR RESIDENT INDIANS & QIBs, ELIGIBLE NRIs APPLYING ON NON-REPATRIATION BASIS |
|-------------------------|--|---|

| | | |
|--|---|---|
|  <p>To, The Board of Directors NARAYANI STEELS LIMITED Registered Office: 23A, NS Road, 7th Floor, Room No. - 31, Kolkata 700 001, West Bengal, India. Tel. No. : 0891 2501182, Fax No. : 0891 2501182, CIN: U27109WB1996PLC082021.</p> | <p>FIXED PRICE SME ISSUE</p> <p>ISIN - INE715T01015</p> | <p>Date : _____</p> <p>Application Form No. _____</p> |
|--|---|---|

| | | |
|---|---|---|
| BROKER'S / SCSE / DP / RTA STAMP & CODE | SUB-BROKER'S / SUB-AGENT'S STAMP & CODE | 1. NAME & CONTACT DETAILS OF SOLE/FIRST APPLICANT |
| | | Mr. / Ms. _____ |
| | | Age _____ |
| | | Address _____ |
| | | Email _____ |
| | | Tel. No. (with STD code) / Mobile _____ |
| SCSE / BANK BRANCH STAMP & CODE | SCSE / BANK BRANCH SERIAL NO. | 2. PAN OF SOLE/FIRST APPLICANT |
| | | _____ |

| | | |
|--|---|---|
| 3. INVESTOR'S DEPOSITORY ACCOUNT DETAILS | <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL | 6. INVESTOR STATUS |
| _____ | _____ | <input type="checkbox"/> Individual(s) - IND <input type="checkbox"/> Non-Resident Indians (Non-Repatriation Basis) - NRI <input type="checkbox"/> Hindu Undivided Family* - HUF <input type="checkbox"/> Bodies Corporate - CO <input type="checkbox"/> Banks & Financial Institutions - FI <input type="checkbox"/> Mutual Funds - MF <input type="checkbox"/> National Investment Funds - NIF <input type="checkbox"/> Insurance Funds - IF <input type="checkbox"/> Insurance Companies - IC <input type="checkbox"/> Venture Capital Funds - VCF <input type="checkbox"/> Alternative Investment Funds - AIF <input type="checkbox"/> Others (Please Specify) - OTH |

For NSDL enter 8 Digit DP ID followed by 8 Digit Client ID / For CDSL enter 16 Digit Client ID.

| | |
|--|--|
| 4. APPLICATION DETAILS | 5. CATEGORY |
| No. of Equity Shares of ₹ 10/- each applied at the Issue Price i.e. at ₹ 32/- per share ^{1&2} | <input type="checkbox"/> Retail <input type="checkbox"/> Individual <input type="checkbox"/> Non-Institutional <input type="checkbox"/> QIB |
| (In Figures) _____ (In Words) _____ | |

¹ Please note that applications must be made in minimum of 4,000 shares and further multiples of 4,000 shares accordingly.
² Please note that the trading of equity shares will be only in dematerialised mode on the SME Platform of BSE.


*HUF should apply only through Karta (Application by HUF should be treated as per individual)

| | |
|--|-------------------------------|
| 7. PAYMENT DETAILS | PAYMENT OPTION : Full Payment |
| Amount Paid (₹ in Figure) _____ (₹ in words) _____ | |
| ASBA Bank A/c No. _____ | |
| Bank Name & Branch _____ | |

I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY), HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS APPLICATION FORM AND THE ATTACHED FORM 2A AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN THE PUBLIC ISSUE ("GDI") AND HEREBY AGREE AND CONFIRM THE "INVESTOR UNDERTAKING" AS GIVEN OVER LEAF I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE APPLICATION FORM GIVEN OVER LEAF.

| | | |
|--|---|---|
| 8 A. SIGNATURE OF SOLE / FIRST APPLICANT | 8 B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS) | BROKER / SCSE / DP / RTA STAMP (Acknowledging upload of Application in Stock Exchange System) |
| _____ | <p>I/We authorize the SCSE to do all acts as necessary to make the Application in the issue</p> <p>1) _____</p> <p>2) _____</p> <p>3) _____</p> | |
| Date: _____, 2016 | | |

TEAR HERE

| | | |
|--|--|-----------------------------------|
|  <p>NARAYANI STEELSLIMITED - PUBLIC ISSUE - R</p> | <p>Acknowledgement Slip for Broker / SCSE / DP / RTA</p> | <p>Application Form No. _____</p> |
|--|--|-----------------------------------|

| | | |
|--|---|--|
| <p>Received from Mr./Ms. _____</p> <p>Address _____</p> <p>Telephone/Mobile _____ E-mail _____</p> | <p>No. of Equity Shares applied for</p> <p>in Figures _____</p> <p>in words _____</p> <p>Amount Paid (₹ in figures) _____</p> <p>ASBA Bank A/c No. _____</p> <p>Name of Bank & Branch _____</p> | <p>SCSE Branch Stamp & Signature</p> |
|--|---|--|

TEAR HERE

| | |
|--|--|
| <p>NARAYANI STEELSLIMITED PUBLIC ISSUE - R</p> <p>No. of Equity Shares _____</p> <p>Amount Paid (₹) _____</p> <p>ASBA Bank A/c No. _____</p> <p>Bank & Branch: _____</p> | <p>Stamp & Signature of Broker / SCSE / DP / RTA</p> <p>Name of Sole / First Applicant _____</p> <p>Acknowledgement Slip for Applicant</p> <p>Application Form No. _____</p> |
|--|--|

TEAR HERE

www.sepprints.com



NR Application Form

| | | |
|---|---|---|
| NARAYANI | COMMON APPLICATION FORM NARAYANI STEELS LIMITED - PUBLIC ISSUE - NR | FOR NON-RESIDENT INCLUDING ELIGIBLE NRIs, FPIs or FVCIs ETC. APPLYING ON A REPATRIATION BASIS |
| <p>To, The Board of Directors NARAYANI STEELS LIMITED Registered Office: 23A, NS Road, 7th Floor, Room No. - 31, Kolkata 700 001, West Bengal, India Tel. No. : 0891 2501182, Fax No. : 0891 2501182, CIN: U27109WB1996PLC082021.</p> | FIXED PRICE SME ISSUE ISIN - INE715T01015 | Date: _____ Application Form No. _____ |
| <p>BROKER'S / SCSE / DP / RTA STAMP & CODE</p> <p>SUB-BROKER'S / SUB-AGENT'S STAMP & CODE</p> <p>SCSE / BANK BRANCH STAMP & CODE</p> <p>SCSE / BANK BRANCH SERIAL NO.</p> | <p>1. NAME & CONTACT DETAILS OF SOLE/FIRST APPLICANT</p> <p>Mr. / Ms. _____ Age _____</p> <p>Address _____</p> <p>Email _____</p> <p>Tel. No (with STD code) / Mobile _____</p> <p>2. PAN OF SOLE/FIRST APPLICANT</p> <p>_____</p> | |
| <p>3. INVESTOR'S DEPOSITORY ACCOUNT DETAILS <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL</p> <p>For NSDL enter 8 Digit DP ID followed by 8 Digit Client ID / For CDSL enter 16 Digit Client ID.</p> <p>4. APPLICATION DETAILS</p> <p>No. of Equity Shares of ₹ 10/- each applied at the Issue Price i.e. at ₹ 32/- per share^{1&2}</p> <p>(In Figures) _____ (In Words) _____</p> <p>¹ Please note that applications must be made in minimum of 4,000 shares and further multiples of 4,000 shares accordingly. ² Please note that the trading of equity shares will be only in dematerialised mode on the SME Platform of BSE.</p> | | <p>6. INVESTOR STATUS</p> <p><input type="checkbox"/> Non-Resident Indians (Registration basis) NRI</p> <p><input type="checkbox"/> FII or Sub Account not a Corporate / Foreign Individual FII</p> <p><input type="checkbox"/> FII Sub Account Corporate/ Individual FII SA</p> <p><input type="checkbox"/> Foreign Venture Capital Investor FVCI</p> <p><input type="checkbox"/> Foreign Portfolio Investors FPI</p> <p><input type="checkbox"/> Others (Please Specify) OTH</p> |
| <p>7. PAYMENT DETAILS PAYMENT OPTION : Full Payment</p> <p>Amount Paid (₹ in Figure) _____ (₹ in words) _____</p> <p>ASB A Bank A/c No. _____</p> <p>Bank Name & Branch _____</p> | | |
| <p>I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY), HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS APPLICATION FORM AND THE ATTACHED FORM 2A AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN THE PUBLIC ISSUE ("GID") AND HEREBY AGREE AND CONFIRM THE "INVESTOR UNDERTAKING" AS GIVEN OVER LEAF I/WE, ON BEHALF OF JOINT APPLICANTS, IF ANY, HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE APPLICATION FORM GIVEN OVER LEAF.</p> | | |
| <p>8 A. SIGNATURE OF SOLE / FIRST APPLICANT</p> <p>_____</p> <p>Date: _____, 2016</p> | <p>8 B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS)</p> <p>I/We authorize the SCSE to do all acts necessary to make the Application in the issue</p> <p>1) _____</p> <p>2) _____</p> <p>3) _____</p> <p>BROKER / SCSE / DP / RTA STAMP (Acknowledging upload of Application in Stock Exchange System)</p> <p>_____</p> | |
| <p>TEAR HERE</p> | | |
| <p>NARAYANI STEELS LIMITED - PUBLIC ISSUE - NR Acknowledgement Slip for Broker / SCSE / DP / RTA Application Form No.</p> <p>DMD / CLID _____ PAN _____</p> <p>Received from Mr./Ms. _____ No. of Equity Shares applied for _____ SCSE Branch Stamp & Signature</p> <p>Address _____ in Figures _____ in words _____</p> <p>Telephone/Mobile _____ E-mail _____ Amount Paid (₹ in figures) _____</p> <p>ASBA Bank A/c No. _____ Name of Bank & Branch _____</p> | | |
| <p>TEAR HERE</p> | | |
| <p>NARAYANI STEELS LIMITED PUBLIC ISSUE - NR</p> <p>No. of Equity Shares _____ In Figures _____ In Words _____</p> <p>Amount Paid (₹) _____</p> <p>ASBA Bank A/c No. _____</p> <p>Bank & Branch: _____</p> | <p>Stamp & Signature of Broker / SCSE / DP / RTA</p> <p>_____</p> <p>Name of Sole / First Applicant</p> <p>_____</p> <p>Acknowledgement Slip for Applicant</p> <p>_____</p> <p>Application Form No.</p> <p>_____</p> | |

4.1.1 FIELD NUMBER 1: NAME AND CONTACT DETAILS OF THE SOLE/ FIRST APPLICANT

Applicants should ensure that the name provided in this field is exactly the same as the name in which the Depository Account is held.

- (a) **Mandatory Fields:** Applicants should note that the name and address fields are compulsory and e-mail and/or telephone number/ mobile number fields are optional. Applicants should note that the contact details mentioned in the Application Form may be used to dispatch communications in case the communication sent to the address available with the Depositories are returned undelivered or are not available. The contact details provided in the Application Form may be used by the Issuer, the members of the Syndicate, the Registered Broker and the Registrar to the Issue only for correspondence(s) related to an Issue and for no other purposes.
- (b) **Joint Applications:** In the case of Joint Applications, the Applications should be made in the name of the Applicant whose name appears first in the Depository account. The name so entered should be the same as it appears in the Depository records. The signature of only such first Applicant would be required in the Application Form and such first Applicant would be deemed to have signed on behalf of the joint holders. All payments may be made out in favour of the Applicant whose name appears in the Application Form or the Revision Form and all communications may be addressed to such Applicant and may be dispatched to his or her address as per the Demographic Details received from the Depositories.
- (c) **Impersonation:** Attention of the Applicants is specifically drawn to the provisions of sub section (1) of Section 38 of the Companies Act, 2013 which is reproduced below:

Any person who:

- makes or abets making of an application in a fictitious name to a Company for acquiring, or subscribing for, its securities; or
- makes or abets making of multiple applications to a Company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or
- otherwise induces directly or indirectly a Company to allot, or register any transfer of securities to him, or to any other person in a fictitious name,

Shall be liable for action under section 447 of the said Act.

- (d) **Nomination Facility to Applicant:** Nomination facility is available in accordance with the provisions of Section 72 of the Companies Act, 2013. In case of allotment of the Equity Shares in dematerialized form, there is no need to make a separate nomination as the nomination registered with the Depository may prevail. For changing nominations, the Applicants should inform their respective DP.

4.1.2 FIELD NUMBER 2: PAN NUMBER OF SOLE /FIRST APPLICANT

- (a) PAN (of the sole/ first Applicant) provided in the Application Form should be exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held as per the Depositories' records.
- (b) PAN is the sole identification number for participants transacting in the securities market irrespective of the amount of transaction except for Applications on behalf of the Central or State Government, Applications by officials appointed by the courts and Applications by Applicants residing in Sikkim ("PAN Exempted Applicants"). Consequently, all Applicants, other than the PAN Exempted Applicants, are required to disclose their PAN in the Application Form, irrespective of the Application Amount. An Application Form

without PAN, except in case of Exempted Applicants, is liable to be rejected. Applications by the Applicants whose PAN is not available as per the Demographic Details available in their Depository records, are liable to be rejected.

- (c) The exemption for the PAN Exempted Applicants is subject to (a) the Demographic Details received from the respective Depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in “active status”; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same.
- (d) Application Forms which provide the General Index Register Number instead of PAN may be rejected.
- (e) Applications by Applicants whose demat accounts have been ‘suspended for credit’ are liable to be rejected pursuant to the circular issued by SEBI on July 29, 2010, bearing number CIR/MRD/ DP/22/2010. Such accounts are classified as “Inactive demat accounts” and demographic details are not provided by depositories.

4.1.3 FIELD NUMBER 3: APPLICANTS DEPOSITORY ACCOUNT DETAILS

- (a) Applicants should ensure that DP ID and the Client ID are correctly filled in the Application Form. The DP ID and Client ID provided in the Application Form should match with the DP ID and Client ID available in the Depository database, **otherwise, the Application Form is liable to be rejected.**
- (b) Applicants should ensure that the beneficiary account provided in the Application Form is active.
- (c) Applicants should note that on the basis of DP ID and Client ID as provided in the Application Form, the Applicant may be deemed to have authorized the Depositories to provide to the Registrar to the Issue, any requested Demographic Details of the Applicant as available on the records of the depositories. These Demographic Details may be used, among other things, for sending allocation advice and for other correspondence(s) related to an Issue.
- (d) Applicants are, advised to update any changes to their Demographic Details as available in the records of the Depository Participant to ensure accuracy of records. Any delay resulting from failure to update the Demographic Details would be at the Applicants’ sole risk.

4.1.4 FIELD NUMBER 4: APPLICATION DETAILS

- (a) The Issuer may mention Price in the Prospectus. However a prospectus registered with RoC contains one price.
- (b) Minimum And Maximum Application Size

i. For Retail Individual Applicants

The Application must be for a minimum of 4,000 Equity Shares. As the Application Price payable by the Retail Individual Applicants cannot exceed Rs. 2,00,000, they can make Application for only minimum Application size i.e. for 4,000 Equity Shares.

ii. For Other Applicants (Non Institutional Applicants and QIBs):

The Application must be for a minimum of such number of Equity Shares such that the Application Amount exceeds Rs. 200,000 and in multiples of 4,000 Equity Shares thereafter. An Application cannot be submitted for more than the Issue Size. However, the maximum Application by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI

Regulations, a QIB Applicant cannot withdraw its Application after the Issue Closing Date and is required to pay 100% QIB Margin upon submission of Application. In case of revision in Applications, the Non Institutional Applicants, who are individuals, have to ensure that the Application Amount is greater than Rs. 2,00,000 for being considered for allocation in the Non Institutional Portion. Applicants are advised to ensure that any single Application from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Prospectus.

- (c) **Multiple Applications:** An Applicant should submit only one Application Form. Submission of a second Application Form to either the same or to any other Application Collecting Intermediary and duplicate copies of Application Forms bearing the same application number shall be treated as multiple applications and are liable to be rejected.
- (d) Applicants are requested to note the following procedures may be followed by the Registrar to the Issue to detect multiple applications:
 - i. All applications may be checked for common PAN as per the records of the Depository. For Applicants other than Mutual Funds and FPI sub-accounts, Applications bearing the same PAN may be treated as multiple applications by an Applicant and may be rejected.
 - ii. For applications from Mutual Funds and FPI sub-accounts, submitted under the same PAN, as well as Applications on behalf of the PAN Exempted Applicants, the Application Forms may be checked for common DP ID and Client ID. In any such applications which have the same DP ID and Client ID, these may be treated as multiple applications and may be rejected.
- (e) The following applications may not be treated as multiple Applications:
 - i. Applications by Reserved Categories in their respective reservation portion as well as that made by them in the Net Issue portion in public category.
 - ii. Separate applications by Mutual Funds in respect of more than one scheme of the Mutual Fund provided that the Applications clearly indicate the scheme for which the Application has been made.
 - iii. Applications by Mutual Funds, and sub-accounts of FPIs (or FPIs and its sub-accounts) submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs.

4.1.5 FIELD NUMBER 5: CATEGORY OF APPLICANTS

- i. The categories of applicants identified as per the SEBI ICDR Regulations, 2009 for the purpose of Application, allocation and allotment in the Issue are RIIs, individual applicants other than RII's and other investors (including corporate bodies or institutions, irrespective of the number of specified securities applied for).
- ii. An Issuer can make reservation for certain categories of Applicants permitted under the SEBI ICDR Regulations, 2009. For details of any reservations made in the Issue, applicants may refer to the Prospectus.
- iii. The SEBI ICDR Regulations, 2009 specify the allocation or allotment that may be made to various categories of applicants in an Issue depending upon compliance with the eligibility conditions. For details pertaining to allocation and Issue specific details in relation to allocation, applicant may refer to the Prospectus.

4.1.6 FIELD NUMBER 6: INVESTOR STATUS

- (a) Each Applicant should check whether it is eligible to apply under applicable law and ensure that any prospective allotment to it in the Issue is in compliance with the investment restrictions under applicable law.
- (b) Certain categories of Applicants, such as NRIs, FPIs and FVCIs may not be allowed to apply in the Issue or hold Equity Shares exceeding certain limits specified under applicable law. Applicants are requested to refer to the Prospectus for more details.
- (c) Applicants should check whether they are eligible to apply on non-repatriation basis or repatriation basis and should accordingly provide the investor status. Details regarding investor status are different in the Resident Application Form and Non-Resident Application Form.
- (d) Applicants should ensure that their investor status is updated in the Depository records.

4.1.7 FIELD 7: PAYMENT DETAILS

- (a) Please note that, providing bank account details in the space provided in the Application Form is mandatory and Applications that do not contain such details are liable to be rejected.

4.1.7.1 Payment instructions for ASBA Applicants

- (a) Applicants may submit the Application Form in physical mode to the Application Collecting Intermediaries.
- (b) Applicants should specify the Bank Account number in the Application Form.
- (c) Applicants should ensure that the Application Form is also signed by the ASBA Account holder(s) if the Applicant is not the ASBA Account holder;
- (d) Applicants shall note that for the purpose of blocking funds under ASBA facility clearly demarcated funds shall be available in the account.
- (e) From one Bank Account, a maximum of five Application Forms can be submitted.
- (f) Applicants applying directly through the SCSBs should ensure that the Application Form is submitted to a Designated Branch of a SCSB where the ASBA Account is maintained. In case Applicant applying through Application Collecting Intermediary other than SCSB, after verification and upload, the Application Collecting Intermediary shall send to SCSB for blocking of fund.
- (g) Upon receipt of the Application Form, the Designated Branch of the SCSB may verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the Application Form.
- (h) If sufficient funds are available in the ASBA Account, the SCSB may block an amount equivalent to the Application Amount mentioned in the Application Form and may upload the details on the Stock Exchange Platform.
- (i) If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB may not upload such Applications on the Stock Exchange platform and such Applications are liable to be rejected.
- (j) Upon submission of a completed Application Form each ASBA Applicant may be deemed to have agreed to block the entire Application Amount and authorized the Designated Branch of the SCSB to block the Application Amount specified in the Application Form in the ASBA Account maintained with the SCSBs.

- (k) The Application Amount may remain blocked in the aforesaid ASBA Account until finalisation of the Basis of allotment and subsequent transfer of the Application Amount against the Allotted Equity Shares, if any, to the Public Issue Account, or until withdrawal or failure of the Issue, or until withdrawal or rejection of the Application, as the case may be.

SCSBs applying in the Issue must apply through an ASBA Account maintained with any other SCSB; else their Applications are liable to be rejected.

4.1.8 Unblocking of ASBA Account

- (a) Once the Basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue may provide the following details to the controlling branches of each SCSB, along with instructions to unblock the relevant bank accounts and for successful applications transfer the requisite money to the Public Issue Account designated for this purpose, within the specified timelines: (i) the number of Equity Shares to be Allotted against each Application, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each Application, (iii) the date by which funds referred to in (ii) above may be transferred to the Public Issue Account, and (iv) details of rejected / partial/ non allotment ASBA Applications, if any, along with reasons for rejection and details of withdrawn or unsuccessful Applications, if any, to enable the SCSBs to unblock the respective bank accounts.
- (b) On the basis of instructions from the Registrar to the Issue, the SCSBs may transfer the requisite amount against each successful ASBA Application to the Public Issue Account and may unblock the excess amount, if any, in the ASBA Account.
- (c) In the event of withdrawal or rejection of the Application Form and for unsuccessful Applications, the Registrar to the Issue may give instructions to the SCSB to unblock the Application Amount in the relevant ASBA Account within 6 Working Days of the Issue Closing Date.

4.1.8.1 Discount (if applicable)

- (a) The Discount is stated in absolute rupee terms.
- (b) RIIs, Employees and Retail Individual Shareholders are only eligible for discount. For Discounts offered in the Issue, applicants may refer to the Prospectus.
- (c) The Applicants entitled to the applicable Discount in the Issue may make payment for an amount i.e. the Application Amount less Discount (if applicable).

4.1.8.2 Additional Payment Instructions for NRIs

The Non-Resident Indians who intend to block funds in their Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (non-repatriation basis). In the case of applications by NRIs applying on a repatriation basis, payment shall not be accepted out of NRO Account.

4.1.9 FIELD NUMBER 8: SIGNATURES AND OTHER AUTHORISATIONS

- (a) Only the First Applicant is required to sign the Application Form. Applicants should ensure that signatures are in one of the languages specified in the Eighth Schedule to the Constitution of India.
- (b) If the ASBA Account is held by a person or persons other than the Applicant, then the Signature of the Account holder(s) is also required.
- (c) In relation to the Applications, signature has to be correctly affixed in the authorization/undertaking box in the Application Form, or an authorisation has to be provided

to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the application amount mentioned in the Application Form.

- (d) Applicants must note that Application Form without signature of Applicant and /or ASBA Account holder is liable to be rejected.

4.1.10 ACKNOWLEDGEMENT AND FUTURE COMMUNICATION

Applicants should ensure that they receive the acknowledgment duly signed and stamped by an Application Collecting Intermediaries, as applicable, for submission of the Application Form.

- (a) All communications in connection with Applications made in the Issue should be addressed as under:

- i. In case of queries related to Allotment, non-receipt of Allotment Advice, credit of allotted equity shares, unblocking of funds, the Applicants should contact the Registrar to the Issue.
- ii. In case of applications submitted to the Designated Branches of the SCSBs, the Applicants should contact the relevant Designated Branch of the SCSB.
- iii. Applicant may contact the Company Secretary and Compliance Officer or LM(s) in case of any other complaints in relation to the Issue.

- (b) The following details (as applicable) should be quoted while making any queries -

- i. full name of the sole or First Applicant, Application Form number, Applicants' DP ID, Client ID, PAN, number of Equity Shares applied for, amount blocked on application and ASBA Account Number and Name.
- ii. ASBA Account number in which the amount equivalent to the application amount was blocked.

For further details, Applicant may refer to the Prospectus and the Application Form.



4.2 INSTRUCTIONS FOR FILING THE REVISION FORM

- (a) During the Issue Period, any Applicant (other than QIBs and NIIs, who can only revise their application amount upwards) who has registered his or her interest in the Equity Shares for a particular number of shares is free to revise number of shares applied using revision forms available separately.
- (b) RII may revise/withdraw their applications till closure of the Issue period.
- (c) Revisions can be made only in the desired number of Equity Shares by using the Revision Form.
- (d) The Applicant can make this revision any number of times during the Issue Period. However, for any revision(s) in the Application, the Applicants will have to use the services of the SCSB through which such Applicant had placed the original Application.

A sample Revision form is reproduced below:

Other than instructions already highlighted at paragraph 4.1 above, point wise instructions regarding filling up various fields of the Revision Form are provided below:

Revision Form – R

| COMMON APPLICATION FORM | NARAYANI STEELS LIMITED - PUBLIC ISSUE - REVISION - R | FOR RESIDENT INDIANS & QIBs, ELIGIBLE NRIs APPLYING ON NON-REPATRIATION BASIS | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|---|--|--|------------------|----------|----------|----------------------|---|---|--|-------------|--|--|--|----------------------------|--|---|-------------|--|--|------------------|--|--|-----------|--|--|---|---|---|---|---|---|---|---|---|--|--|--|--|--|--|--|--|--|
|  <p>To, The Board of Directors NARAYANI STEELS LIMITED Registered Office: 23A, NS Road, 7th Floor, Room No. - 31, Kolkata 700 001, West Bengal, India Tel. No. : 0891 2501182, Fax No. : 0891 2501182, CIN: U27109WB1996PLC082021.</p> | FIXED PRICE SME ISSUE ISIN – INE71ST01015 | Date: _____ Application Form No. _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| BROKER'S / SCSEB / DP / RTA STAMP & CODE | SUB-BROKER'S / SUB-AGENT'S STAMP & CODE | 1. NAME & CONTACT DETAILS OF SOLE/FIRST APPLICANT Mr. / Ms. _____ _____ Age _____ Tel. No (with STD code) / Mobile _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| SCSEB / BANK BRANCH STAMP & CODE | SCSEB / BANK BRANCH SERIAL NO. | 2. PAN OF SOLE/FIRST APPLICANT _____ 3. INVESTOR'S DEPOSITORY ACCOUNT DETAILS <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL _____ For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PLEASE CHANGE MY APPLICATION <input type="checkbox"/> PHYSICAL | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4. FROM (as per last Application or Revision) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Options Option 1 (OR) Option 2 (OR) Option 3 | No. of Equity Shares applied (Application must be in multiples of 4,000 equity shares) (In Figures) <table border="1" style="width: 100%; text-align: center;"> <tr> <td>7</td><td>6</td><td>5</td><td>4</td><td>3</td><td>2</td><td>1</td> </tr> <tr> <td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td> </tr> </table> | 7 | 6 | 5 | 4 | 3 | 2 | 1 | | | | | | | | Price per Equity Share (₹) 32/- (In Figures) <table border="1" style="width: 100%; text-align: center;"> <tr> <th colspan="3">Issue Price</th> <th colspan="3">Discount, if any</th> <th colspan="3">Net Price</th> </tr> <tr> <td>4</td><td>3</td><td>2</td> <td>1</td><td>4</td><td>3</td> <td>2</td><td>1</td><td>4</td> </tr> <tr> <td> </td><td> </td><td> </td> <td> </td><td> </td><td> </td> <td> </td><td> </td><td> </td> </tr> </table> | Issue Price | | | Discount, if any | | | Net Price | | | 4 | 3 | 2 | 1 | 4 | 3 | 2 | 1 | 4 | | | | | | | | | |
| 7 | 6 | 5 | 4 | 3 | 2 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Issue Price | | | Discount, if any | | | Net Price | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4 | 3 | 2 | 1 | 4 | 3 | 2 | 1 | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 5. TO (Revised Application) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Options Option 1 (OR) Option 2 (OR) Option 3 | No. of Equity Shares applied (Application must be in multiples of 4,000 equity shares) (In Figures) <table border="1" style="width: 100%; text-align: center;"> <tr> <td>7</td><td>6</td><td>5</td><td>4</td><td>3</td><td>2</td><td>1</td> </tr> <tr> <td> </td><td> </td><td> </td><td> </td><td> </td><td> </td><td> </td> </tr> </table> | 7 | 6 | 5 | 4 | 3 | 2 | 1 | | | | | | | | Price per Equity Share (₹) 32/- (In Figures) <table border="1" style="width: 100%; text-align: center;"> <tr> <th colspan="3">Issue Price</th> <th colspan="3">Discount, if any</th> <th colspan="3">Net Price</th> </tr> <tr> <td>4</td><td>3</td><td>2</td> <td>1</td><td>4</td><td>3</td> <td>2</td><td>1</td><td>4</td> </tr> <tr> <td> </td><td> </td><td> </td> <td> </td><td> </td><td> </td> <td> </td><td> </td><td> </td> </tr> </table> | Issue Price | | | Discount, if any | | | Net Price | | | 4 | 3 | 2 | 1 | 4 | 3 | 2 | 1 | 4 | | | | | | | | | |
| 7 | 6 | 5 | 4 | 3 | 2 | 1 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Issue Price | | | Discount, if any | | | Net Price | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 4 | 3 | 2 | 1 | 4 | 3 | 2 | 1 | 4 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 7. PAYMENT DETAILS | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| PAYMENT OPTION : Full Payment Amount Paid (₹ in Figure) _____ (₹ in words) _____ ASBA Bank A/c No. _____ Bank Name & Branch _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS APPLICATION FORM AND THE ATTACHED FORM 2A AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN THE PUBLIC ISSUE ("GID") AND HEREBY AGREE AND CONFIRM THE "INVESTOR UNDERTAKING" AS GIVEN OVERLEAF I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE APPLICATION FORM GIVEN OVERLEAF. | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| 8 A. SIGNATURE OF SOLE / FIRST APPLICANT Date: _____, 2016 | 8 B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(s) (AS PER BANK RECORDS) I/We authorize the SCSEB to do all acts as necessary to make the Application in the issue 1) _____ 2) _____ 3) _____ | BROKER / SCSEB / DP / RTA STAMP (Acknowledging upload of Application in Stock Exchange System) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TEAR HERE | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
|  NARAYANI STEELS LIMITED - PUBLIC ISSUE - REVISION - R | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Acknowledgement Slip for Broker/SCSEB/DP/RTA | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Application Form No. _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| DPID / CLID _____ | PAN _____ | _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Additional Amount Paid (₹ in figures) _____ | Bank & Branch _____ | SCSEB Branch Stamp & Signature _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ASBA Bank A/c No. _____ | Received from Mr./Ms. _____ | _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Telephone / Mobile _____ | Email _____ | _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| TEAR HERE | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| NARAYANI STEELS LIMITED PUBLIC ISSUE REVISION - R | <table border="1" style="width: 100%; text-align: center;"> <tr> <th></th> <th>Option 1</th> <th>Option 2</th> <th>Option 3</th> </tr> <tr> <td>No. of Equity Shares</td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td>Issue Price</td> <td> </td> <td> </td> <td> </td> </tr> <tr> <td>Additional Amount Paid (₹)</td> <td> </td> <td> </td> <td> </td> </tr> </table> | | Option 1 | Option 2 | Option 3 | No. of Equity Shares | | | | Issue Price | | | | Additional Amount Paid (₹) | | | | Stamp & Signature of Broker / SCSEB / DP / RTA _____ Name of Sole / First Applicant _____ Acknowledgment Slip for Applicant | | | | | | | | | | | | | | | | | | | | | | | | | |
| | Option 1 | Option 2 | Option 3 | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| No. of Equity Shares | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Issue Price | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Additional Amount Paid (₹) | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| ASBA Bank A/c No.: _____ Bank & Branch: _____ | Application Form No. _____ | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |



Revision Form - NR

| COMMON APPLICATION FORM | | NARAYANI STEELS LIMITED - PUBLIC ISSUE - REVISION - NR | | FOR NRIs, FIIs, FVCI ETC. APPLYING ON A REPATRIATION BASIS | |
|--|--|--|--|--|--|
| To, The Board of Directors NARAYANI STEELS LIMITED Registered Office: 23A, NS Road, 7th Floor, Room No. - 31, Kolkata 700 001, West Bengal, India Tel. No. : 0891 2501182, Fax No. : 0891 2501182, CIN: U27109WB1996PLC082021 | | FIXED PRICE SME ISSUE ISIN - INE715T01015 | | Date : _____ Application Form No. _____ | |
| BROKER'S / SCSB / DP / RTA STAMP & CODE | | SUB-BROKER'S / SUB-AGENT'S STAMP & CODE | | 1. NAME & CONTACT DETAILS OF SOLE/FIRST APPLICANT Mr. / Ms. _____ _____ _____ Age _____ Tel. No (with STD code) / Mobile _____ | |
| SCSB / BANK BRANCH STAMP & CODE | | SCSB / BANK BRANCH SERIAL NO. | | 2. PAN OF SOLE/FIRST APPLICANT _____ 3. INVESTOR'S DEPOSITORY ACCOUNT DETAILS <input type="checkbox"/> NSDL <input type="checkbox"/> CDSL _____ For NSDL enter 8 digit DP ID followed by 8 digit Client ID / For CDSL enter 16 digit Client ID | |
| PLEASE CHANGE MY APPLICATION <input type="checkbox"/> PHYSICAL | | | | | |
| 4. FROM (as per last Application or Revision) | | | | | |
| Options | | No. of Equity Shares applied (Application must be in multiples of 4,000 equity shares) (In Figures) | | Price per Equity Share (₹) 32/- (In Figures) | |
| | | 7 6 5 4 3 2 1 | | Issue Price Discount, if any Net Price | |
| Option 1 | | | | | |
| (OR) Option 2 | | NOT APPLICABLE | | NOT APPLICABLE | |
| (OR) Option 3 | | NOT APPLICABLE | | NOT APPLICABLE | |
| 5. TO (Revised Application) | | | | | |
| Options | | No. of Equity Shares applied (Application must be in multiples of 4,000 equity shares) (In Figures) | | Price per Equity Share (₹) 32/- (In Figures) | |
| | | 7 6 5 4 3 2 1 | | Issue Price Discount, if any Net Price | |
| Option 1 | | | | | |
| (OR) Option 2 | | NOT APPLICABLE | | NOT APPLICABLE | |
| (OR) Option 3 | | NOT APPLICABLE | | NOT APPLICABLE | |
| 7. PAYMENT DETAILS | | | | | |
| PAYMENT OPTION : Full Payment | | | | | |
| Amount Paid (₹ in Figures) _____ (₹ in words) _____ | | | | | |
| ASBA Bank A/c No. _____ Bank Name & Branch _____ _____ | | | | | |
| I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY), HEREBY CONFIRM THAT I/WE HAVE READ AND UNDERSTOOD THE TERMS AND CONDITIONS OF THIS APPLICATION FORM AND THE ATTACHED FORM 2A AND THE GENERAL INFORMATION DOCUMENT FOR INVESTING IN THE PUBLIC ISSUE ("GID") AND HEREBY AGREE AND CONFIRM THE "INVESTOR UNDERTAKING" AS GIVEN OVER LEAF I/WE (ON BEHALF OF JOINT APPLICANTS, IF ANY) HEREBY CONFIRM THAT I/WE HAVE READ THE INSTRUCTIONS FOR FILLING UP THE APPLICATION FORM GIVEN OVER LEAF. | | | | | |
| 8 A. SIGNATURE OF SOLE / FIRST APPLICANT Date : _____, 2016 | | 8 B. SIGNATURE OF ASBA BANK ACCOUNT HOLDER(S) (AS PER BANK RECORDS) I/We authorize the SCSB to do all acts as are necessary to make the Application in the issue 1) _____ 2) _____ 3) _____ | | BROKER / SCSB / DP / RTA STAMP (Acknowledging upload of Application in Stock Exchange System) | |
| TEAR HERE | | | | | |
| NARAYANI STEELS LIMITED - PUBLIC ISSUE - REVISION - NR | | Acknowledgement Slip for Broker/SCSB/DP/RTA | | Application Form No. | |
| DPID / CLID | | PAN | | Additional Amount Paid (₹ in figures) | |
| Bank & Branch | | ASBA Bank A/c No. | | SCSB Branch Stamp & Signature | |
| Received from Mr./Ms. | | Telephone / Mobile | | Email | |
| TEAR HERE | | | | | |
| NARAYANI STEELS LIMITED PUBLIC ISSUE REVISION - NR | | Stamp & Signature of Broker / SCSB / DP / RTA | | Name of Sole / First Applicant | |
| No. of Equity Shares | | Option 1 | | Option 2 | |
| Issue Price | | Option 3 | | NOT APPLICABLE | |
| Additional Amount Paid (₹) | | ASBA Bank A/c No.: | | Bank & Branch: | |
| Application Form No. | | Acknowledgment Slip for Applicant | | | |

4.2.1 FIELDS 1, 2 AND 3: NAME AND CONTACT DETAILS OF SOLE/FIRST APPLICANT, PAN OF SOLE/FIRST APPLICANT & DEPOSITORY ACCOUNT DETAILS OF THE APPLICANT

Applicants should refer to instructions contained in paragraphs 4.1.1, 4.1.2 and 4.1.3.

4.2.2 FIELD 4 & 5: APPLICATION REVISION 'FROM' AND 'TO'

- (a) Apart from mentioning the revised number of shares in the Revision Form, the Applicant must also mention the details of shares applied for given in his or her Application Form or earlier Revision Form.
- (b) In case of revision of applications by RIIs, Employees and Retail Individual Shareholders, such Applicants should ensure that the application amount should exceed Rs. 2,00,000 due to revision and the application may be considered, subject to eligibility, for allocation under the Non-Institutional Category.

4.2.3 FIELD 6: PAYMENT DETAILS

- (a) All Applicants are required to make payment of the full application amount along with the Revision Form.
- (b) Applicant may Issue instructions to block the revised amount in the ASBA Account, to Designated Branch through whom such Applicant had placed the original application to enable the relevant SCSB to block the additional application amount, if any.

4.2.4 FIELDS 7: SIGNATURES AND ACKNOWLEDGEMENTS

Applicants may refer to instructions contained at paragraphs 4.1.8 and 4.1.9 for this purpose.

4.3 SUBMISSION OF REVISION FORM/ APPLICATION FORM

4.3.1 Applicants may submit completed application form / Revision Form in the following manner:-

| Mode of Application | Submission of Application Form |
|---------------------------|---|
| All Investors Application | To the Application Collecting Intermediaries as mentioned in the Prospectus/ Application Form |

SECTION 5: ISSUE PROCEDURE IN FIXED PRICE ISSUE

a. APPLICANTS MAY NOTE THAT THERE IS NO BID CUM APPLICATION FORM IN A FIXED PRICE ISSUE

As the Issue Price is mentioned in the Fixed Price Issue therefore on filing of the Prospectus with the RoC, the Application so submitted is considered as the application form.

Applicants may only use the specified Application Form for the purpose of making an Application in terms of the Prospectus which may be submitted through Application Collecting Intermediaries and apply only through ASBA facility.

ASBA Applicants may submit an Application Form either in physical/electronic form to the Application Collecting Intermediaries authorising blocking of funds that are available in the bank account specified in the Application Form only ("ASBA Account"). The Application Form is also made available on the websites of the Stock Exchanges at least one day prior to the Issue Opening Date.

In a fixed price Issue, allocation in the net offer to the public category is made as follows: minimum fifty per cent to Retail Individual Investors; and remaining to (i) individual investors other than Retail Individual Investors; and (ii) other Applicants including corporate bodies or institutions, irrespective of the number of specified securities applied for. The unsubscribed portion in either of the categories specified above may be allocated to the Applicants in the other category.

b. GROUND OF REJECTIONS

Applicants are advised to note that Applications are liable to be rejected inter alia on the following technical grounds:

- Amount blocked does not tally with the amount payable for the Equity Shares applied for;
- In case of partnership firms, Equity Shares may be registered in the names of the individual partners and no firm as such shall be entitled to apply;
- Application by persons not competent to contract under the Indian Contract Act, 1872 including minors, insane persons;
- PAN not mentioned in the Application Form;
- GIR number furnished instead of PAN;
- Applications for lower number of Equity Shares than specified for that category of investors;
- Applications at a price other than the Fixed Price of the Issue;
- Applications for number of Equity Shares which are not in multiples of 4,000;
- Category not ticked;
- Multiple Applications as defined in this Prospectus;
- In case of Application under power of attorney or by limited companies, corporate, trust etc., where relevant documents are not submitted;
- Applications accompanied by Stock invest/ money order/ postal order/ cash / cheque/ demand draft/ pay order;
- Signature of sole Applicant is missing;
- Application Forms are not delivered by the Applicant within the time prescribed as per the Application Forms, Issue Opening Date advertisement and the Prospectus and as per the instructions in the Prospectus and the Application Forms;
- 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 account number;
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations;
- Applications by OCBs;
- Applications by US persons other than in reliance on Regulation S or "qualified institutional buyers" as defined in Rule 144A under the Securities Act;
- Applications not duly signed by the sole/first Applicant;
- Applications by any persons outside India if not in compliance with applicable foreign and Indian laws;
- Applications that do not comply with the securities laws of their respective jurisdictions are liable to be rejected;
- Applications by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
- Applications by persons who are not eligible to acquire Equity Shares of the Company in terms of all applicable laws, rules, regulations, guidelines, and approvals;
- Applications or revisions thereof by QIB Applicants, Non Institutional Applicants where the Application Amount is in excess of Rs. 2,00,000, received after 3.00 pm on the Issue Closing Date , unless the extended time is permitted by BSE
- Details of ASBA Account not provided in the Application form.

For details of instructions in relation to the Application Form, Applicants may refer to the relevant section the GID.

APPLICANTS SHOULD NOTE THAT IN CASE THE PAN, THE DP ID AND CLIENT ID MENTIONED IN THE APPLICATION FORM AND ENTERED INTO THE ELECTRONIC APPLICATION SYSTEM OF THE STOCK EXCHANGES BY THE APPLICATION COLLECTING INTERMEDIARIES DO NOT MATCH WITH PAN, THE

DP ID AND CLIENT ID AVAILABLE IN THE DEPOSITORY DATABASE, THE APPLICATION FORM IS LIABLE TO BE REJECTED.

SECTION 6: ISSUE PROCEDURE IN BOOK BUILT ISSUE

This being Fixed Price Issue, this section is not applicable for this Issue.

SECTION 7: ALLOTMENT PROCEDURE AND BASIS OF ALLOTMENT

7.1 BASIS OF ALLOTMENT

Allotment will be made in consultation with the SME Platform of BSE (The Designated Stock Exchange). In the event of oversubscription, the allotment will be made on a proportionate basis in marketable lots as set forth hereunder:

- (a) 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).
- (b) The number of Shares to be allocated to the successful Applicants will be arrived at on a proportionate basis in marketable lots (i.e. Total number of Shares applied for into the inverse of the over subscription ratio).
- (c) For applications where the proportionate allotment works out to less than 4,000 equity shares the allotment will be made as follows:
 - i. Each successful Applicant shall be allotted 4,000 equity 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 (2) above.
- (d) If the proportionate allotment to an Applicant works out to a number that is not a multiple of 4,000 equity shares, the Applicant would be allotted Shares by rounding off to the nearest multiple of 4,000 equity shares subject to a minimum allotment of 4,000 equity shares.
- (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 or 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 Applicants applying for the minimum number of Shares. If as a result of the process of rounding off to the nearest multiple of 4,000 Equity Shares, 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, up to 110% of the size of the offer specified under the Capital Structure mentioned in this Prospectus.
- (f) The above proportionate allotment of Shares in an Issue that is oversubscribed shall be subject to the reservation for Retail individual Applicants as described below:
 - i. As per Regulation 43 (4) of SEBI (ICDR), as the retail individual investor category is entitled to more than fifty per cent on proportionate basis, the retail individual investors shall be allocated that higher percentage.
 - ii. The balance net offer of shares to the public shall be made available for allotment to
 - individual applicants other than retails individual investors and
 - 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 a) or b) shall/may be made available for allocation to applicants in the other category, if so required.

Retail Individual Investor' means an investor who applies for shares of value of not more than Rs. 2,00,000. Investors may note that in case of over subscription allotment shall be on proportionate basis and will be finalized in consultation with BSE.

The Executive Director / Managing Director of BSE - the Designated Stock Exchange in addition to Lead Manager 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 (ICDR) Regulations.

7.2 DESIGNATED DATE AND ALLOTMENT OF EQUITY SHARES

- (a) **Designated Date:** On the Designated Date, the SCSBs shall transfer the funds represented by allocation of Equity Shares into the Public Issue Account with the Bankers to the Issue.
- (b) **Issuance of Allotment Advice:** Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar shall upload the same on its website. On the basis of the approved Basis of Allotment, the Issuer shall pass necessary corporate action to facilitate the Allotment and credit of Equity Shares. Applicants **are advised to instruct their Depository Participant to accept the Equity Shares that may be allotted to them pursuant to the Issue.**

Pursuant to confirmation of such corporate actions, the Registrar will dispatch Allotment Advice to the Applicants who have been Allotted Equity Shares in the Issue.

- (c) The dispatch of Allotment Advice shall be deemed a valid, binding and irrevocable contract.
- (d) Issuer will ensure that: (i) the Allotment of Equity Shares; and (ii) initiate corporate action for credit of shares to the successful Applicants Depository Account will be completed within 4 Working Days of the Issue Closing Date. The Issuer also ensures the credit of shares to the successful Applicant's depository account is completed within one Working Days from the date of Allotment, after the funds are transferred to the Public Issue Account on the Designated Date.

SECTION 8: INTEREST AND REFUNDS

8.1 COMPLETION OF FORMALITIES FOR LISTING & COMMENCEMENT OF TRADING

The Issuer may ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges are taken within 6 Working Days of the Issue Closing Date. The Registrar to the Issue may give instructions for credit to Equity Shares the beneficiary account with DPs, and dispatch the Allotment Advice within 6 Working Days of the Issue Closing Date.

8.2 GROUNDS FOR REFUND

8.2.1 NON RECEIPT OF LISTING PERMISSION

An Issuer makes an application to the Stock Exchange(s) for permission to deal in/list and for an official quotation of the Equity Shares. All the Stock Exchanges from where such permission is sought are disclosed in Prospectus. The Designated Stock Exchange may be as disclosed in the Prospectus with which the Basis of Allotment may be finalised.

If the permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchange(s), the Issuer may forthwith repay, without interest, all moneys received from the Applicants in pursuance of the Prospectus.

If such money is not repaid within eight days after the Issuer becomes liable to repay it, then the Issuer and every director of the Issuer who is an officer in default may, on and from such

expiry of eight days, be liable to repay the money, with interest at such rate, as prescribed under Section 73 of the Companies Act, and as disclosed in the Prospectus.

8.2.2 MINIMUM SUBSCRIPTION

This Issue is not restricted to any minimum subscription level. This Issue is 100% underwritten. As per Section 39 of the Companies Act, 2013, if the “stated minimum amount” has not been subscribed and the sum payable on application is not received within a period of 30 days from the date of the Prospectus, the application money has to be returned within such period as may be prescribed. If the Issuer does not receive the subscription of 100% of the Issue through this offer document including devolvement of Underwriters within sixty days from the date of closure of the Issue, the Issuer shall forthwith refund the entire subscription amount received. If there is a delay beyond eight days after the Issuer becomes liable to pay the amount, the Issuer shall pay interest at a rate prescribed under section 73 of the Companies Act, 1956 (or the Company shall follow any other substitution or additional provisions as has been or may be notified under the Companies Act, 2013).

8.2.3 MINIMUM NUMBER OF ALLOTTEES

The Issuer may ensure that the number of prospective Allottees to whom Equity Shares may be allotted may not be less than 50 failing which the entire application monies may be refunded forthwith.

8.3 MODE OF REFUND

Within 6 Working Days of the Issue Closing Date, the Registrar to the Issue may give instructions to SCSBs for unblocking the amount in ASBA Account on unsuccessful Application and also for any excess amount blocked on Application.

i. Mode of making refunds

The Registrar to the Issue may instruct the controlling branch of the SCSB to unblock the funds in the relevant ASBA Account for any withdrawn, rejected or unsuccessful ASBA applications or in the event of withdrawal or failure of the Issue.

8.4 INTEREST IN CASE OF DELAY IN ALLOTMENT OR REFUND

The Issuer may pay interest at the rate of 15% per annum /or demat credits are not made to Applicants or instructions for unblocking of funds in the ASBA Account are not done within the 4 Working days of the Issue Closing Date.

The Issuer may pay interest at 15% per annum for any delay beyond 6 days from the Issue Closing Date, if Allotment is not made.

SECTION 9: GLOSSARY AND ABBREVIATIONS

Unless the context otherwise indicates or implies, certain definitions and abbreviations used in this document may have the meaning as provided below. References to any legislation, act or regulation may be to such legislation, act or regulation as amended from time to time.

| Term | Description |
|---|--|
| Allotment/ Allot/ Allotted | The allotment of Equity Shares pursuant to the Issue to successful Applicants |
| Allottee | An Applicant to whom the Equity Shares are Allotted |
| Allotment Advice | Note or advice or intimation of Allotment sent to the Applicants who have been allotted Equity Shares after the Basis of Allotment has been approved by the designated Stock Exchanges |
| Anchor Investor | A Qualified Institutional Buyer, applying under the Anchor Investor Portion in accordance with the requirements specified in SEBI ICDR Regulations, 2009. |
| Anchor Investor Portion | Up to 30% of the QIB Category which may be allocated by the Issuer in consultation with the Lead Manager, to Anchor Investors on a discretionary basis. One-third of the Anchor Investor Portion is reserved for domestic Mutual Funds, subject to valid bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors |
| Application | An indication to make an offer during the Issue Period by a prospective pursuant to submission of Application Form or during the Anchor Investor Issue Period by the Anchor Investors, to subscribe for or purchase the Equity Shares of the Issuer at a price including all revisions and modifications thereto. |
| Application Form | The form in terms of which the Applicant should make an application for Allotment in case of issues other than Book Built Issues, includes Fixed Price Issue |
| Application Collecting Intermediaries | <ul style="list-style-type: none"> i) an SCSB, with whom the bank account to be blocked, is maintained ii) a syndicate member (or sub-syndicate member) iii) a stock broker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity) ('broker') iv) a depository participant ('DP') (whose name is mentioned on the website of the stock exchange as eligible for this activity) v) a registrar to an issue and share transfer agent ('RTA') (whose name is mentioned on the website of the stock exchange as eligible for this activity) |
| Application Supported by Blocked Amount/ (ASBA)/ ASBA | An application, whether physical or electronic, used by Bidders/Applicants to make a Bid authorising an SCSB to block the Bid Amount in the specified bank account maintained with such SCSB |
| ASBA Account | Account maintained with an SCSB which may be blocked by such SCSB to the extent of the Bid Amount of the ASBA Applicant |
| ASBA Application | An Application made by an ASBA Applicant |
| Application Amount | The value indicated in Application Form and payable by the Applicant upon submission of the Application, less discounts (if applicable). |
| Banker to the Issue/ Public Issue Bank | The banks which are clearing members and registered with SEBI as Banker to the Issue/ Public Issue Bank with whom the Public Issue Account(s) and Refund Account may be opened, and as disclosed in the |

| Term | Description |
|---|---|
| | Prospectus and Bid cum Application Form of the Issuer |
| Basis of Allotment | The basis on which the Equity Shares may be Allotted to successful Applicants under the Issue |
| Issue Closing Date | The date after which the SCSBs may not accept any Application for the Issue, which may be notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation Applicants may refer to the Prospectus for the Issue Closing Date |
| Issue Opening Date | The date on which the SCSBs may start accepting application for the Issue, which may be the date notified in an English national daily, a Hindi national daily and a regional language newspaper at the place where the registered office of the Issuer is situated, each with wide circulation. Applicants/ bidders may refer to the Prospectus for the Issue Opening Date |
| Issue Period | The period between the Issue Opening Date and the Issue Closing Date inclusive of both days and during which prospective Applicants (can submit their application inclusive of any revisions thereof. The Issuer may consider closing the Issue Period for QIBs one working day prior to the Issue Closing Date in accordance with the SEBI ICDR Regulations, 2009. Applicants may refer to the Prospectus for the Issue Period |
| Book Building Process/ Book Building Method | The book building process as provided under SEBI ICDR Regulations, 2009 |
| Lead Manager(s)/Lead Manager/ LM | The Lead Manager to the Issue as disclosed in the Draft Prospectus/ Prospectus and the Bid Application Form of the Issuer. |
| Business Day | Monday to Friday (except public holidays) |
| CAN/Confirmation of Allotment Note | The note or advice or intimation sent to each successful Applicant indicating the Equity Shares which may be Allotted, after approval of Basis of Allotment by the Designated Stock Exchange |
| Client ID | Client Identification Number maintained with one of the Depositories in relation to demat account |
| Companies Act | The Companies Act, 1956 and The Companies Act, 2013 (to the extant notified) |
| DP | Depository Participant |
| DP ID | Depository Participant's Identification Number |
| Depositories | National Securities Depository Limited and Central Depository Services (India) Limited |
| Demographic Details | Details of the Bidders/Applicants including the Bidder/Applicant's address, name of the Applicant's father/husband, investor status, occupation and bank account details |
| Designated Branches | Such branches of the SCSBs which may collect the Bid cum Application Forms used by the ASBA Bidders/Applicants applying through the ASBA and a list of which is available on- http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries |
| Designated Date | The date on which the amounts blocked by the SCSBs are transferred from the ASBA Accounts, as the case may be, to the Public Issue Account, as appropriate, after the Prospectus is filed with the RoC, following which the board of directors may Allot Equity Shares to successful Applicants in the Issue may give delivery instructions for the transfer of the Equity Shares constituting the Offer for Sale |

| Term | Description |
|---|---|
| Designated Stock Exchange | The designated stock exchange as disclosed in the Draft Prospectus/Prospectus of the Issuer |
| Discount | Discount to the Issue Price that may be provided to Bidders/Applicants in accordance with the SEBI ICDR Regulations, 2009. |
| Draft Prospectus | The Draft Prospectus filed with the Designated stock exchange on September 24, 2015 |
| Employees | Employees of an Issuer as defined under SEBI ICDR Regulations, 2009 and including, in case of a new company, persons in the permanent and full time employment of the promoting companies excluding the promoters and immediate relatives of the promoter. For further details /Applicant may refer to the Prospectus |
| Equity Shares | Equity shares of the Issuer |
| FCNR Account | Foreign Currency Non-Resident Account |
| Applicant | The Applicant whose name appears first in the Application Form or Revision Form |
| FPI(s) | Foreign Portfolio Investor |
| Fixed Price Issue/ Fixed Price Process/Fixed Price Method | The Fixed Price process as provided under SEBI ICDR Regulations, 2009, in terms of which the Issue is being made |
| FPO | Further public offering |
| Foreign Venture Capital Investors or FVCIs | Foreign Venture Capital Investors as defined and registered with SEBI under the SEBI (Foreign Venture Capital Investors) Regulations, 2000 |
| IPO | Initial public offering |
| Issue | Public Issue of Equity Shares of the Issuer including the Offer for Sale if applicable |
| Issuer/ Company | The Issuer proposing the initial public offering/further public offering as applicable |
| Issue Price | The final price, less discount (if applicable) at which the Equity Shares may be Allotted in terms of the Prospectus. The Issue Price may be decided by the Issuer in consultation with the Lead Manager(s) |
| Maximum RII Allottees | The maximum number of RIIs who can be allotted the minimum Application Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIIs by the minimum Application Lot. |
| MICR | Magnetic Ink Character Recognition - nine-digit code as appearing on a cheque leaf |
| Mutual Fund | A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996 |
| NECS | National Electronic Clearing Service |
| NEFT | National Electronic Fund Transfer |
| NRE Account | Non-Resident External Account |
| NRI | NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the RHP/Prospectus constitutes an invitation to subscribe to or purchase the Equity Shares |
| NRO Account | Non-Resident Ordinary Account |
| Net Issue | The Issue less Market Maker Reservation Portion |
| Non-Institutional Investors or NIIs | All Applicants, including sub accounts of FPIs registered with SEBI which are foreign corporate or foreign individuals, that are not QIBs or RIBs and who have Bid for Equity Shares for an amount of more than Rs. 2,00,000 |

| Term | Description |
|---|--|
| | (but not including NRIs other than Eligible NRIs) |
| Non-Institutional Category | The portion of the Issue being such number of Equity Shares available for allocation to NIIs on a proportionate basis and as disclosed in the Prospectus and the Application Form |
| Non-Resident | A person resident outside India, as defined under FEMA and includes Eligible NRIs, FPIs registered with SEBI and FVCIs registered with SEBI |
| OCB/Overseas Corporate Body | A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under FEMA |
| Offer for Sale | Public offer of such number of Equity Shares as disclosed in the RHP/Prospectus through an offer for sale by the Selling Shareholder |
| Other Investors | Investors other than Retail Individual Investors in a Fixed Price Issue. These include individual applicants other than retail individual investors and other investors including corporate bodies or institutions irrespective of the number of specified securities applied for. |
| PAN | Permanent Account Number allotted under the Income Tax Act, 1961 |
| Prospectus | The prospectus to be filed with the RoC in accordance with Section 60 of the Companies Act 1956 read with section 26 of Companies Act 2013, containing the Issue Price, the size of the Issue and certain other information |
| Public Issue Account | An account opened with the Banker to the Issue to receive monies from the ASBA Accounts on the Designated Date |
| QIB Category Qualified Institutional Buyers or QIBs | The portion of the Issue being such number of Equity Shares to be Allotted to QIBs on a proportionate basis As defined under SEBI ICDR Regulations, 2009 |
| RTGS | Real Time Gross Settlement |
| Refunds through electronic transfer of funds | Refunds through ASBA |
| Registrar to the Issue/RTI | The Registrar to the Issue as disclosed in the Draft Prospectus / Prospectus and Bid cum Application Form |
| Reserved Category/ Categories | Categories of persons eligible for making application under reservation portion |
| Reservation Portion | The portion of the Issue reserved for category of eligible Applicants as provided under the SEBI ICDR Regulations, 2009 |
| Retail Individual Investors / RIIs | Investors who applies or for a value of not more than Rs. 200,000. |
| Retail Individual Shareholders | Shareholders of a listed Issuer who applies for a value of not more than Rs. 200,000. |
| Retail Category | The portion of the Issue being such number of Equity Shares available for allocation to RIIs which shall not be less than the minimum bid lot, subject to availability in RII category and the remaining shares to be allotted on proportionate basis. |
| Revision Form | The form used by the Applicant in an issue to modify the quantity of Equity Shares in an Application Forms or any previous Revision Form(s) |
| RoC | The Registrar of Companies |
| SEBI | The Securities and Exchange Board of India constituted under the |

| Term | Description |
|---|---|
| | Securities and Exchange Board of India Act, 1992 |
| SEBI ICDR Regulations, 2009 | The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 |
| Self Certified Syndicate Bank(s) or SCSB(s) | A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html |
| SME IPO | Initial public offering as chapter XB of SEBI (ICDR) Regulation |
| SME Issuer | The Company making the Issue under chapter XB of SEBI (ICDR) Regulation |
| Stock Exchanges/SE | The stock exchanges as disclosed in the Draft Prospectus/ Prospectus of the Issuer where the Equity Shares Allotted pursuant to the Issue are proposed to be listed |
| Self Certified Syndicate Bank(s) or SCSB(s) | A bank registered with SEBI, which offers the facility of ASBA and a list of which is available on http://www.sebi.gov.in/cms/sebi_data/attachdocs/1316087201341.html |
| Specified Locations | Refer to definition of Broker Centers |
| Underwriters | The Lead Manager(s) |
| Underwriting Agreement | The agreement dated entered into between the Underwriter and our Company |
| Working Day | (i) Till Application / Issue closing date: All days other than a Saturday, Sunday or a public holiday; (ii) Post Application / Issue closing date and till the Listing of Equity Shares: All trading days of stock exchanges excluding Sundays and bank holidays in accordance with the SEBI circular no. SEBI/HO/CFD/DIL/CIR/P/2016/26 dated January 21, 2016 |

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and Foreign Exchange Management Act, 1999 ("**FEMA**"). While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment.

The Government of India, from time to time, has made policy pronouncements on Foreign Direct Investment ("**FDI**") through press notes and press releases. The Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India ("**DIPP**"), has issued consolidated FDI Policy Circular of 2016 ("**FDI Policy 2016**"), which with effect from June 7, 2016, consolidates and supersedes all previous press notes, press releases and clarifications on FDI Policy issued by the DIPP that were in force. Further, DIPP has issued Press note 5, dated June 24, 2016 which introduces few changes in FDI Policy 2016. The Government proposes to update the consolidated circular on FDI policy once every year and therefore, FDI Policy 2016 will be valid until the DIPP issues an updated circular.

The Reserve Bank of India ("**RBI**") also issues Master Circular on Foreign Investment in India every year. Presently, FDI in India is being governed by Master circular on Foreign Investment dated July 01, 2015 as updated from time to time by RBI. In terms of the Master Circular, an Indian company may issue fresh shares to people resident outside India (who is eligible to make investments in India, for which eligibility criteria are as prescribed). Such fresh issue of shares shall be subject to inter-alia, the pricing guidelines prescribed under the Master Circular. The Indian company making such fresh issue of shares would be subject to the reporting requirements, inter-alia with respect to consideration for issue of shares and also subject to making certain filings including filing of Form FC-GPR.

Under the current FDI Policy of 2016, foreign direct investment in micro and small enterprises is subject to sectoral caps, entry routes and other sectoral regulations. At present 100 % foreign direct investment through automatic route is permitted in the sector in which our Company operates. Therefore applicable foreign investment up to 100% is permitted in our company under automatic route.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, subject to fulfilment of certain conditions as specified by DIPP/RBI, from time to time. Such conditions include (i) the activities of the investee company are under the automatic route under the FDI Policy and transfer does not attract the provisions of the Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the FDI Policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/ RBI. As per the existing policy of the Government of India, OCBs cannot participate in this Issue and in accordance with the extant FDI guidelines on sectoral caps, pricing guidelines etc. as amended by Reserve bank of India, from time to time. Investors are advised to confirm their eligibility under the relevant laws before investing and / or subsequent purchase or sale transaction in the Equity Shares of Our Company

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended ("US Securities Act") or any other state securities laws in the United States of America and may not be sold or offered within the United States of America, or to, or for the account or benefit of "US Persons" as defined in Regulation S of the U.S. Securities Act), except pursuant to exemption from, or in a transaction not subject to, the registration requirements of US Securities Act and applicable state securities laws.



Accordingly, the equity shares are being offered and sold only outside the United States of America in an offshore transaction in reliance upon Regulation S under the US Securities Act and the applicable laws of the jurisdiction where those offers and sale occur. Further, no offer to the public (as defined under Directive 2003/71/EC, together with any amendments) and implementing measures thereto, (the "Prospectus Directive") has been or will be made in respect of the Prospectus or otherwise in respect of the Bonds, in any member State of the European Economic Area which has implemented the Prospectus Directive except for any such offer made under exemptions available under the Prospectus Directive, provided that no such offer shall result in a requirement to publish or supplement a prospectus pursuant to the Prospectus Directive, in respect of the Prospectus or otherwise in respect of the Bonds. Any forwarding, distribution or reproduction of this document in whole or in part is unauthorised. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions. Any investment decision should be made on the basis of the final terms and conditions of the Bonds and the information contained in this Prospectus.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Application may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

The above information is given for the benefit of the Applicants. Our Company and the Lead Manager are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus. Applicants are advised to make their independent investigations and ensure that the Applications are not in violation of laws or regulations applicable to them and do not exceed the applicable limits under the laws and regulations.

SECTION VIII – MAIN PROVISIONS OF ARTICLES OF ASSOCIATION

Pursuant to Schedule II to the Companies Act and the SEBI Regulations, the main provisions of our Articles relating, inter alia, to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that each provision herein below is numbered as per the corresponding article number in our Articles and capitalized/defined terms herein have the same meaning given to them in our Articles.

ARTICLES OF ASSOCIATION OF NARAYANI STEELS LIMITED

| | |
|------------------------------|--|
| 1. | No Regulations contained in Table “F” in the First Schedule to Companies Act, 2013 shall 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 be as set out in the relevant provisions of the Companies Act, 2013 and subject to any exercise of the Statutory powers of the Company with reference to the repeal or alteration of or addition to its Regulations by Special Resolution as prescribed by the said Companies Act, 2013 be such as are contained in these Articles unless the same are repugnant or contrary to the provisions of the Companies Act, 2013 or any amendment thereto. |
| INTERPRETATION CLAUSE | |
| 2. | In the interpretation of these Articles the following expressions shall have the following meanings unless repugnant to the subject or context: |
| | (a) "The Act" means the Companies Act, 2013 and includes any Statutory modification or re-enactment thereof for the time being in force. |
| | (b) "These Articles" means Articles of Association for the time being in force or as may be altered from time to time vide Special Resolution. |
| | (c) "Auditors" means and includes those persons appointed as such for the time being of the Company. |
| | (d) "Capital" means the Share Capital for the time being raised or authorized to be raised for the purpose of the Company. |
| | (e) "The Company" shall mean "NARAYANI STEELS LIMITED". |
| | (f) "Executor" or "Administrator" means a person who has obtained a probate or letter of administration, as the case may be from a Court of competent jurisdiction and shall include a holder of a Succession Certificate authorizing the holder thereof to negotiate or transfer the Share or Shares of the deceased Member and shall also include the holder of a Certificate granted by the Administrator General under Section 31 of the Administrator General Act, 1963. |
| | (g) "Legal Representative" means a person who in law represents the estate of a deceased Member. |
| | (h) Words importing the masculine gender also include the feminine gender. |
| | (i) "In Writing" and "Written" includes printing lithography and other modes of representing or reproducing words in a visible form. |
| | (j) "Meeting" or "General Meeting" means a meeting of Members. |
| | (k) "Month" means a calendar month. |
| | (l) "Annual General Meeting" means a General Meeting of the Members held in accordance with the provision of Section 96 of the Act. |
| | (m) "Extra-Ordinary General Meeting" means an Extra-Ordinary General Meeting of the Members duly called and constituted and any adjourned holding thereof. |
| | (n) "National Holiday" means and includes a day declared as National Holiday by the Central Government. |

| | |
|-----------|--|
| | (o) "Non-retiring Directors" means a Director not subject to retirement by rotation. |
| | (p) "Office" means the Registered Office for the time being of the Company. |
| | (q) "Ordinary Resolution" and "Special Resolution" shall have the meanings assigned thereto by Section 114 of the Act. |
| | (r) "Person" shall be deemed to include Corporations and Firms as well as Individuals. |
| | (s) "Proxy" means an instrument whereby any person is authorized to vote for a Member at General Meeting or Poll and includes attorney duly constituted under the power of attorney. |
| | (t) "The Register of Members" means the Register of Members to be kept pursuant to Section 88(1) (a) of the Act. |
| | (u) "Seal" means the Common Seal for the time being of the Company. |
| | (v) "Special Resolution" shall have the meanings assigned to it by Section 114 of the Act. |
| | (w) Words importing the Singular number include where the context admits or requires the plural number and vice versa. |
| | (x) "The Statutes" means the Companies Act, 2013 and every other Act for the time being in force affecting the Company. |
| | (y) "These presents" means the Memorandum of Association and the Articles of Association as originally framed or as altered from time to time. |
| | (z) "Variation" shall include abrogation; and "vary" shall include abrogate. |
| | (aa) "Year" means the calendar year and "Financial Year" shall have the meaning assigned thereto by Section 2(41) of the Act. |
| | (bb) "Beneficial Owner" means the beneficial owner as defined in Clause (a) of Sub-section (1) of Section 2 of the Depositories Act, 1996. |
| | (cc) "Depositories Act" means the Depositories Act, 1996 and shall include any Statutory modification or re-enactment thereof for the time being in force. |
| | (dd) "Depository" means the Depository as defined under Clause (e) of Sub-section (1) of Section 2 of the Depositories Act, 1996. |
| | (ee) "SEBI" means the Securities and Exchange Board of India. |
| | (ff) "Security" means such security as may be specified by SEBI from time to time. |
| | Save as aforesaid any words and expressions contained in these Articles shall bear the same meanings as in the Act or any Statutory modifications thereof for the time being in force. |
| | CAPITAL |
| | Authorized Capital |
| 3. | (a) The Authorized Share Capital of the Company shall be such amount as may be mentioned in Clause V of Memorandum of Association of the Company from time to time. |
| | (b) The minimum Paid-up Share capital of the Company shall be Rs. 5,00,000/- or such other higher sum as may be prescribed in the Act from time to time. |
| | Increase of Capital by the Company |
| 4. | The Company may in General Meeting from time to time by Ordinary Resolution increase its Capital by creation of new Shares which may be unclassified and may be classified at the time of issue in one or more classes and of such amount or amounts as may be deemed expedient. The new Shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the Resolution shall prescribe and in particular, such Shares may be issued with a preferential or qualified right to dividends and in the distribution of assets of the Company and with a right of voting at General Meeting of the Company in conformity with Section 47 of the Act. Whenever the Capital of the Company has been increased under the provisions of this Article the Directors shall comply with the provisions of Section 64 of the Act. |
| | New Capital same as existing Capital |

| | |
|-----|--|
| 5. | 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 as part of the existing Capital, and shall be subject to the provisions herein contained, with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise. |
| | Non-Voting Shares |
| 6. | The Board shall have the power to issue a part of Authorized Capital by way of non-voting Shares at price(s) premia, dividends, eligibility, volume, quantum, proportion and other terms and conditions as they deem fit, subject however to provisions of Law, Rules, Regulations, Notifications and enforceable guidelines for the time being in force. |
| | Redeemable Preference Shares |
| 7. | Subject to the provisions of the Act and these Articles, the Board of Directors may issue Redeemable Preference Shares to such persons, on such terms and conditions and at such times as Directors think fit either at premium or at par, and with full power to give any person the option to call for or be allotted Shares of the Company either at premium or at par, such option being exercisable at such times and for such consideration as the Board thinks fit. |
| | Voting rights of Preference Shares |
| 8. | The holder of Preference Shares shall have a right to vote only on Resolutions, which directly affect the rights attached to his Preference Shares. |
| | Provisions to apply on issue of Redeemable Preference Shares |
| 9. | <p>On the issue of Redeemable Preference Shares under the provisions of Article 7 hereof, the following provisions-shall take effect:</p> <p>(a) No such Shares shall be redeemed except out of profits of which would otherwise be available for dividend or out of proceeds of a fresh issue of Shares made for the purpose of the redemption;</p> <p>(b) No such Shares shall be redeemed unless they are fully paid;</p> <p>(c) Subject to Section 55(2)(d)(i) the premium, if any payable on redemption shall have been provided for out of the profits of the Company or out of the Company's Security Premium Account, before the Shares are redeemed;</p> <p>(d) Where any such Shares are redeemed otherwise then out of the proceeds of a fresh issue, there shall out of profits which would otherwise have been available for dividend, be transferred to a Reserve Fund, to be called "the Capital Redemption Reserve Account", a sum equal to the nominal amount of the Shares redeemed, and the provisions of the Act relating to the reduction of the Share Capital of the Company shall, except as provided in Section 55 of the Act apply as if the Capital Redemption Reserve Account were paid-up Share Capital of the Company; and</p> <p>(e) Subject to the provisions of Section 55 of the Act, the redemption of Preference Shares hereunder may be affected in accordance with the terms and conditions of their issue and in the absence of any specific terms and conditions in that behalf, in such manner as the Directors may think fit. The reduction of Preference Shares under the provisions by the Company shall not be taken as reducing the amount of its Authorized Share Capital.</p> |
| | Reduction of Capital |
| 10. | <p>The Company may (subject to the provisions of Sections 52, 55, 56, both inclusive, and other applicable provisions, if any, of the Act) from time to time by Special Resolution reduce</p> <p>(a) the Share Capital;</p> <p>(b) any Capital Redemption Reserve Account; or</p> <p>(c) any Security Premium Account</p> <p>In any manner for the time being, authorized by law and in particular Capital may be paid</p> |

| | |
|------------|---|
| | off on the footing that it may be called up again or otherwise. This Article is not to derogate from any power the Company would have, if it were omitted. |
| | Debentures |
| 11. | Any Debentures, Debenture-stock or other Securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into Shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of Shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise. Debentures with the right to conversion into or allotment of Shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution. |
| | Issue of Sweat Equity Shares |
| 12. | The Company may exercise the powers of issuing Sweat Equity Shares conferred by Section 54 of the Act of a class of Shares already issued subject to such conditions as may be specified in that Sections and Rules framed there under. |
| | ESOP |
| 13. | The Company may issue Shares to Employees including its Directors other than Independent Directors and such other persons as the Rules may allow, under Employee Stock Option Scheme (ESOP) or any other scheme, if authorized by a Special Resolution of the Company in General Meeting subject to the provisions of the Act, the Rules and applicable guidelines made there under, by whatever name called. |
| | Buy Back of Shares |
| 14. | Notwithstanding anything contained in these Articles but subject to the provisions of Sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the Company may purchase its own Shares or other Specified Securities. |
| | Consolidation, Sub-Division and Cancellation |
| 15. | Subject to the provisions of Section 61 of the Act, the Company in General Meeting may, from time to time, sub-divide or consolidate all or any of the Share Capital into Shares of larger amount than its existing Share or sub-divide its Shares, or any of them into Shares of smaller amount than is fixed by the Memorandum; subject nevertheless, to the provisions of Clause (d) of Sub-section (1) of Section 61; Subject as aforesaid the Company in General Meeting may also cancel Shares which have not been taken or agreed to be taken by any person and diminish the amount of its Share Capital by the amount of the Shares so cancelled. |
| | Issue of Depository Receipts |
| 16. | Subject to compliance with applicable provision of the Act and Rules framed there under the Company shall have power to issue Depository Receipts in any Foreign Country. |
| | Issue of Securities |
| 17. | Subject to compliance with applicable provision of the Act and Rules framed there under the Company shall have power to issue any kind of Securities as permitted to be issued under the Act and Rules framed there under. |
| | MODIFICATION OF CLASS RIGHTS |
| | Modification of rights |

| | |
|-----|--|
| 18. | <p>(a) If at any time the Share Capital, by reason of the issue of Preference Shares or otherwise is divided into different classes of Shares, all or any of the rights privileges attached to any class (unless otherwise provided by the terms of issue of the Shares of the class) may, subject to the provisions of Section 48 of the Act and whether or not the Company is being wound-up, be varied, modified or dealt, with the consent in writing of the holders of not less than three-fourths of the issued Shares of that class or with the sanction of a Special Resolution passed at a separate General Meeting of the holders of the Shares of that class. The provisions of these Articles relating to General Meetings shall mutatis mutandis apply to every such separate class of Meeting.</p> <p>Provided that if variation by one class of Shareholders affects the rights of any other class of Shareholders, the consent of three-fourths of such other class of Shareholders shall also be obtained and the provisions of this Section shall apply to such variation.</p> |
| | New Issue of Shares not to affect rights attached to existing Shares of that class. |
| | <p>(b) The rights conferred upon the holders of the Shares including Preference Shares, (if any) of any class issued with preferred or other rights or privileges shall, unless otherwise expressly provided by the terms of the issue of Shares of that class, be deemed not to be modified, commuted, affected, abrogated, dealt with or varied by the creation or issue of further Shares ranking pari passu therewith.</p> |
| | Shares at the disposal of the Directors. |
| 19. | <p>Subject to the provisions of Section 62 of the Act and these Articles, the Shares in the Capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit and with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any Shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot Shares in the Capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any Shares which may so be allotted may be issued as fully paid up Shares and if so issued, shall be deemed to be fully paid Shares.</p> |
| | Power to issue Shares on preferential basis |
| 20. | <p>The Company may issue Shares or other Securities in any manner whatsoever including by way of a preferential offer, to any persons whether or not those persons include the persons referred to in Clause (a) or Clause (b) of Sub-section (1) of Section 62 subject to compliance with Section 42 and 62 of the Act and Rules framed there under.</p> |
| | Shares should be Numbered progressively and no Share to be subdivided. |
| 21. | <p>The Shares in the Capital shall be numbered progressively according to their several denominations, and except in the manner hereinbefore mentioned no Share shall be subdivided. Every forfeited or surrendered Share shall continue to bear the number by which the same was originally distinguished.</p> |
| | Acceptance of Shares |
| 22. | <p>An application signed by or on behalf of an applicant for Shares in the Company, followed by an allotment of any Shares 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 purposes of these Articles, be a Member.</p> |
| | Directors may allot Shares as full Paid-up |

| | |
|------------|--|
| 23. | Subject to the provisions of the Act and these Articles, the Directors may allot and issue Shares in the Capital of the Company as payment or part payment for any property (including goodwill of any business) sold or transferred, goods or machinery supplied or for services rendered to the Company either in or about the formation or promotion of the Company or the conduct of its business and any Shares which may be so allotted may be issued as fully paid-up or partly paid-up otherwise than in cash, and if so issued, shall be deemed to be fully paid-up or partly paid-up Shares as aforesaid. |
| | Deposit and call etc. to be a debt payable immediately |
| 24. | The money (if any) which the Board 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 become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him, accordingly. |
| | Liability of Members |
| 25. | Every Member, or his heirs, executors, administrators, or legal representatives, shall pay to the Company the portion 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 shall, from time to time in accordance with the Company's regulations, require on date fixed for the payment thereof. |
| | Registration of Shares |
| 26. | Shares may be registered in the name of any Limited Company or other Corporate Body but not in the name of a Firm, an insolvent person or a person of unsound mind. |
| | RETURN ON ALLOTMENTS TO BE MADE OR RESTRICTIONS ON ALLOTMENT |
| 27. | The Board shall observe the restrictions as regards allotment of Shares to the public, and as regards return on allotment contained in Section 39 of the Act. |
| | CERTIFICATES |
| | Share Certificates. |
| 28. | (a) Every Member shall be entitled, without payment, to one or more Certificates in marketable lots, for all the Shares of each class or denomination registered in his name, or if the Directors so approve (upon paying such fee as provided in the relevant laws) to several Certificates, each for one or more of such Shares and the Company shall complete and have ready for delivery such Certificates within two months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application for registration of transfer, transmission, sub-division, consolidation or renewal of any of its Shares as the case may be. Every Certificate of Shares shall be under the Seal of the Company and shall specify the number and distinctive numbers of Shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the Directors may prescribe or approve, provided that in respect of a Share or Shares held jointly by several persons, the Company shall not be bound to issue more than one Certificate and delivery of a Certificate of Shares to one of several joint holders shall be sufficient delivery to all such holder. Such Certificate shall be issued only in pursuance of a Resolution passed by the Board and on surrender to the Company of its letter of allotment or its fractional coupons of requisite value, save in cases of issues against letter of acceptance or of renunciation or in cases of issue of Bonus Shares. Every such Certificate shall be issued under the Seal of the Company, which shall be affixed in the presence of two Directors or persons acting on behalf of the Directors under a duly registered Power of Attorney and the Secretary or some other person appointed by the Board for the purpose and 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 of it, at least one of the aforesaid two Directors shall be a person other than a Managing or Whole-time Director. Particulars of every Share Certificate issued |

| | |
|------------|--|
| | <p>shall be entered in the Register of Members against the name of the person, to whom it has been issued, indicating the date of issue.</p> <p>(b) Any two or more joint allottees of Shares shall, for the purpose of this Article, be treated as a Single Member, and the Certificate of any Shares which may be the subject of joint ownership, may be delivered to anyone of such joint owners on behalf of all of them. For any further Certificate the Board shall be entitled, but shall not be bound, to prescribe a charge not exceeding Rupees Fifty. The Company shall comply with the provisions of Section 39 of the Act.</p> <p>(c) 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 safe custody of such machine, equipment or other material used for the purpose.</p> |
| | Issue of new Certificates in place of those defaced, lost or destroyed. |
| 29. | <p>If any Certificate be worn out, defaced, mutilated or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new Certificate may be issued in lieu thereof, and if any Certificate lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed Certificate. Every Certificate under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.50/- for each Certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new Certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.</p> <p>Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the Rules made under Securities Contracts (Regulation) Act, 1956, or any other Act, or Rules applicable in this behalf.</p> <p>The provisions of this Article shall mutatis mutandis apply to Debentures of the Company.</p> |
| | The first named joint holder deemed Sole holder |
| 30. | <p>(a) If any Share stands in the names of two or more persons, the person first named in the Register shall as regard receipts of dividends or bonus or service of notices and all or any other matter connected with the Company except voting at Meetings, and the transfer of the Shares, be deemed sole holder thereof but the joint-holders of a Share shall be severally as well as jointly liable for the payment of all calls and other payments due in respect of such Share and for all incidentals thereof according to the Company's regulations.</p> |
| | Maximum number of joint holders |
| | <p>(b) The Company shall not be bound to register more than three persons as the joint holders of any Share.</p> |
| | Company not bound to recognize any interest in Share other than that of Registered holders. |
| 31. | <p>Except as ordered by a Court of competent jurisdiction or as by law required, the Company shall not be bound to recognize any equitable, contingent, future or partial interest in any Share, or (except only as is by these Articles otherwise expressly provided) any right in respect of a Share other than an absolute right thereto, in accordance with these Articles, in the person from time to time registered as the holder thereof but the Board shall be at liberty at its sole discretion to register any Share in the joint names of any two or more persons or the survivor or survivors of them.</p> |
| | Installment on Shares to be duly paid |

| | |
|---------------------------------------|---|
| 32. | If by the conditions of allotment of any Share the whole or part of the amount or issue price thereof shall be payable by installment, every such installment shall when due be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the Share or his legal representative. |
| UNDERWRITING AND BROKERAGE | |
| Commission | |
| 33. | Subject to the provisions of Section 40 (6) of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing, to subscribe (whether absolutely or conditionally) for any Shares or Debentures in the Company, or procuring, or agreeing to procure subscriptions (whether absolutely or conditionally) for any Shares or Debentures in the Company but so that the commission shall not exceed the maximum rates laid down by the Act and the Rules made in that regard. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid Shares or partly in one way and partly in the other. |
| Brokerage | |
| 34. | The Company may pay on any issue of Shares and Debentures such brokerage as may be reasonable and lawful. |
| CALLS | |
| Directors may make calls | |
| 35. | (a) The Board may, from time to time, subject to the terms on which any Shares may have been issued and subject to the conditions of allotment, by a Resolution passed at a Meeting of the Board and not by a Circular Resolution, make such calls as it thinks fit, upon the Members in respect of all the monies unpaid on the Shares held by them respectively and each Member shall pay the amount of every call so made on him to the persons and at the time and places appointed by the Board. (b) A call may be revoked or postponed at the discretion of the Board. (c) A call may be made payable by installments. |
| Notice of Calls | |
| 36. | Fifteen days' notice in writing of any call shall be given by the Company specifying the time and place of payment, and the person or persons to whom such call shall be paid. |
| Calls to date from Resolution. | |
| 37. | A call shall be deemed to have been made at the time when the Resolution of the Board of Directors authorizing such call was passed and may be made payable by the Members whose names appear on the Register of Members on such date or at the discretion of the Directors on such subsequent date as may be fixed by Directors. |
| Calls on uniform basis | |
| 38. | Whenever any calls for further Share Capital are made on Shares, such calls shall be made on uniform basis on all Shares falling under the same class. For the purposes of this Article Shares of the same nominal value of which different amounts have been paid up shall not be deemed to fall under the same class. |
| Directors may extend time | |
| 39. | The Board may, from time to time, at its discretion, extend the time fixed for the payment of any call and may extend such time as to all or any of the Members who on account of the residence at a distance or other cause, which the Board may deem fairly entitled to such extension, but no Member shall be entitled to such extension save as a matter of grace and favour. |
| Calls to carry interest | |

| | |
|---|---|
| 40. | If any Member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid, he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board not exceeding 21% per annum but nothing in this Article shall render it obligatory for the Board to demand or recover any interest from any such Member. |
| Sums deemed to be calls | |
| 41. | If by the terms of issue of any Share or otherwise any amount is made payable at any fixed time or by installments at fixed time (whether on account of the amount of the Share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall apply to such amount or installment accordingly. |
| Proof on trial of suit for money due on Shares | |
| 42. | On the trial or hearing of any action or suit brought by the Company against any Member or his representatives for the recovery of any 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 in respect of whose Shares the money is sought to be recovered, appears entered on the Register of Members as the holder, at or subsequent to the date at which the money is sought to be recovered is alleged to have become due on the Share in respect of which such money is sought to be recovered in the Minute Books and that notice of such call was duly given to the Member or his representatives used in pursuance of these Articles and that it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made was duly convened or constituted nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt. |
| Judgment, decree, partial payment motto proceed for forfeiture | |
| 43. | Neither a judgment nor a decree in favour of the Company for calls or other monies due in respect of any Shares nor any part payment or satisfaction there under nor the receipt by the Company of a portion of any money which shall from time to time be due from any Member of 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 forfeiture of such Shares as hereinafter provided. |
| Payments in Anticipation of calls may carry interest | |
| 44. | <p>(a) The Board may, if it thinks fit, receive from any Member willing to advance the same, all or any part of the amounts of his respective Shares beyond the sums, actually called up and upon the monies so paid in advance, or upon so much thereof, from time to time, and at any time thereafter as exceeds the amount of the calls then made upon and due in respect of the Shares on account of which such advances are made the Board may pay or allow interest, at such rate as the Member paying the sum in advance and the Board agree upon. The Board may agree to repay at any time any amount so advanced or may at any time repay the same upon giving to the Member three months' notice in writing: provided that monies paid in advance of calls on Shares may carry interest but shall not confer a right to dividend or to participate in profits.</p> <p>(b) No Member paying any such sum in advance shall be entitled to voting rights in respect of the monies so paid by him until the same would but for such payment become presently payable. The provisions of this Article shall mutatis mutandis apply to calls on Debentures issued by the Company.</p> |
| LIEN | |

| Company to have Lien on Shares | |
|--|---|
| 45. | The Company shall have a first and paramount lien upon all the Shares/Debentures (other than fully paid-up Shares/Debentures) registered in the name of each Member (whether solely or jointly with others) and upon the proceeds of sale thereof for all monies (whether presently payable or not) called or payable at a fixed time in respect of such Shares/Debentures and no equitable interest in any Share shall be created except upon the footing and condition that this Article will have full effect. And such lien shall extend to all dividends and Bonuses from time to time declared in respect of such Shares/Debentures. Unless otherwise agreed the registration of a transfer of Shares/Debentures shall operate as a waiver of the Company's lien if any, on such Shares/Debentures. The Directors may at any time declare any Shares/Debentures wholly or in part to be exempt from the provisions of this Clause. |
| As to enforcing lien by sale | |
| 46. | For the purpose of enforcing such lien the Directors may sell the Shares subject thereto in such manner as they shall think fit, but no sale shall be made until such period as aforesaid shall have arrived and until notice in writing of the intention to sell shall have been served on such Member or the person (if any) entitled by transmission to the Shares and default shall have been made by him in payment, fulfillment of discharge of such debts, liabilities or engagements for seven days after such notice. To give effect to any such sale the Board may authorize some person to transfer the Shares sold to the purchaser thereof and purchaser shall be registered as the holder of the Shares comprised in any such transfer. Upon any such sale as the Certificates in respect of the Shares sold shall stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new Certificate or Certificates in lieu thereof to the purchaser or purchasers concerned. |
| Application of proceeds of sale | |
| 47. | The net proceeds of any such 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 (subject to lien for sums not presently payable as existed upon the Shares before the sale) be paid to the person entitled to the Shares at the date of the sale. |
| FORFEITURE AND SURRENDER OF SHARES | |
| If call or installment not paid, notice maybe given | |
| 48. | If any Member fails to pay the whole or any part of any call or installment or any monies due in respect of any Shares either by way of principal or interest on or before the day appointed for the payment of the same, the Directors may, at any time thereafter, during such time as the call or installment or any part thereof or other monies as aforesaid remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such Member or on the person (if any) entitled to the Shares by transmission, requiring him to pay such call or installment of such part thereof or other monies as remain unpaid together with any interest that may have accrued and all reasonable expenses (legal or otherwise) that may have been accrued by the Company by reason of such non-payment. Provided that no such Shares shall be forfeited if any monies shall remain unpaid in respect of any call or installment or any part thereof as aforesaid by reason of the delay occasioned in payment due to the necessity of complying with the provisions contained in the relevant exchange control laws or other applicable laws of India, for the time being in force. |
| Terms of notice | |

| | |
|-----|--|
| 49. | <p>The notice shall name a day (not being less than fourteen days from the date of notice) and a place or places on and at which such call or installment and such interest thereon as the Directors shall determine from the day on which such call or installment ought to have been paid and expenses as aforesaid are to be paid.</p> <p>The notice shall also state that, in the event of the non-payment at or before the time and at the place or places appointed, the Shares in respect of which the call was made or installment is payable will be liable to be forfeited.</p> |
| | On default of payment, Shares to be forfeited |
| 50. | <p>If the requirements of any such notice as aforesaid shall not be complied with, every or any Share in respect of which such notice has been given, may at any time thereafter but before payment of all calls or installments, interest and expenses, due in respect thereof, be forfeited by Resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other monies payable in respect of the forfeited Share and not actually paid before the forfeiture.</p> |
| | Notice of forfeiture to a Member |
| 51. | <p>When any Shares have been 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 thereof shall forthwith be made in the Register of Members.</p> |
| 52. | <p>Any Shares so forfeited, shall be deemed to be the property of the Company and may be sold, re-allotted, or otherwise disposed of, either to the original holder thereof or to any other person, upon such terms and in such manner as the Board in their absolute discretion shall think fit.</p> |
| | Members still liable to pay money owing at time of forfeiture and interest |
| 53. | <p>Any Member whose Shares have been forfeited shall notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, on demand all calls, installments, interest and expenses owing upon or in respect of such Shares at the time of the forfeiture, together with interest thereon from the time of the forfeiture until payment, at such rate as the Board may determine and the Board may enforce the payment of the whole or a portion thereof as if it were a new call made at the date of the forfeiture, but shall not be under any obligation to do so.</p> |
| | Effect of forfeiture |
| 54. | <p>The forfeiture Shares shall involve extinction at the time of the forfeiture, of all interest in all claims and demand 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.</p> |
| | Evidence of Forfeiture |
| 55. | <p>A declaration in writing that the Declarant is a Director or Secretary of the Company and that Shares in the Company have been duly forfeited in accordance with these Articles 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.</p> |
| | Title of purchaser and allottee of Forfeited Shares |
| 56. | <p>The Company may receive the consideration, if any, given for the Share on any sale, re-allotment or other disposition thereof and the person to whom such Share is sold, re-allotted or disposed of may be registered as the holder of the Share and he shall not be bound to see to the application of the consideration: 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, re-allotment or other disposal of the Shares.</p> |
| | Cancellation of Share Certificate in respect of forfeited Shares |

| | |
|---|--|
| 57. | Upon any sale, re-allotment or other disposal under the provisions of the preceding Article, the Certificate or Certificates originally issued in respect of the relative Shares shall (unless the same shall on demand by the Company have been previously surrendered to it by the defaulting Member) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a duplicate Certificate or Certificates in respect of the said Shares to the person or persons entitled thereto. |
| Forfeiture may be remitted | |
| 58. | In the meantime and until any Share so forfeited shall be sold, re-allotted, or otherwise dealt with as aforesaid, the forfeiture thereof may, at the discretion and by a resolution of the Directors, be remitted as a matter of grace and favour, and not as was owing thereon to the Company at the time of forfeiture being declared with interest for the same unto the time of the actual payment thereof if the Directors shall think fit to receive the same, or on any other terms which the Director may deem reasonable. |
| Validity of sale | |
| 59. | Upon any sale after forfeiture or for enforcing a lien in purported exercise of the powers hereinbefore given, the Board may appoint some person to execute an instrument of transfer of the Shares sold and cause the purchaser's name to be entered in the Register of Members in respect of the Shares sold, and the purchasers shall not be bound to see to the regularity of the proceedings or to the application of the purchase money, and after his name has been entered in the Register of Members in respect of such Shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively. |
| Surrender of Shares | |
| 60. | The Directors may, subject to the provisions of the Act, accept a surrender of any Share from or by any Member desirous of surrendering on such terms the Directors may think fit. |
| TRANSFER AND TRANSMISSION OF SHARES | |
| Execution of the instrument of Shares | |
| 61. | (a) The instrument of transfer of any Share in or Debenture of the Company shall be executed by or on behalf of both the transferor and transferee. (b) The transferor shall be deemed to remain a holder of the Share or Debenture until the name of the transferee is entered in the Register of Members or Register of Debenture holders in respect thereof. |
| Transfer Form | |
| 62. | The instrument of transfer of any Share or Debenture shall be in writing and all the provisions of Section 56 and Statutory modification thereof including other applicable provisions of the Act shall be duly complied with in respect of all transfers of Shares or Debenture and registration thereof. The instrument of transfer shall be in a common form approved by the Exchange; |
| Transfer not to be registered except on production of instrument of transfer | |
| 63. | The Company shall not register a transfer in the Company other than the transfer between persons both of whose names are entered as holders of beneficial interest in the records of a depository, 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 if no such Share Certificate is in existence along with the letter of allotment of the Shares: 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, provided further that nothing in this Article shall prejudice any power |

| | |
|-----|--|
| | of the Company to register as Shareholder any person to whom the right to any Shares in the Company has been transmitted by operation of law. |
| | Directors may refuse to register transfer |
| 64. | Subject to the provisions of Section 58 of the Act and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, decline to register— (a) any transfer of Shares on which the Company has a lien. That registration of transfer shall however 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; |
| | Notice of refusal to be given to transferor and transferee |
| 65. | If the Company refuses to register the transfer of any Share or transmission of any right therein, the Company shall within one month from the date on which the instrument of transfer or intimation of transmission was lodged with the Company, send notice of refusal to the transferee and transferor or to the person giving intimation of the transmission, as the case may be, and there upon the provisions of Section 56 of the Act or any Statutory modification thereof for the time being in force shall apply. |
| | No fee on transfer |
| 66. | No fee shall be charged for registration of transfer, transmission, Probate, Succession Certificate and letter of administration, Certificate of Death or Marriage, Power of Attorney or similar other document with the Company. |
| | Closure of Register of Members or Debenture holder or other security holders |
| 67. | The Board of Directors shall have power on giving not less than seven days previous notice in accordance with Section 91 and rules made there under close the Register of Members and/or the Register of Debentures holders and/or other security holders at such time or times and for such period or periods, not exceeding thirty days at a time, and not exceeding in the aggregate forty five days at a time, and not exceeding in the aggregate forty five days in each year as it may seem expedient to the Board. |
| | Custody of transfer Deeds. |
| 68. | The instrument of transfer shall after registration be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall on demand be returned to the persons depositing the same. The Directors may cause to be destroyed all the transfer deeds with the Company after such period as they may determine. |
| | Application for transfer of partly paid Shares |
| 69. | Where an application of transfer relates to partly paid Shares, the transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice. |
| | Notice to transferee |
| 70. | For this purpose the notice to the transferee shall be deemed to have been duly given if it is dispatched by prepaid registered post/speed post/ courier to the transferee at the address given in the instrument of transfer and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post. |
| | Recognition of legal representative |

| | |
|-----|--|
| 71. | <p>(a) On the death of a Member, the survivor or survivors, where the Member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only person recognized by the Company as having any title to his interest in the Shares.</p> <p>(b) Before recognizing any executor or administrator or legal representative, the Board may require him to obtain a Grant of Probate or Letters Administration or other legal representation as the case may be, from some competent court in India. Provided nevertheless that in any case where the Board in its absolute discretion thinks fit, it shall be lawful for the Board to dispense with the production of Probate or letter of Administration or such other legal representation upon such terms as to indemnity or otherwise, as the Board in its absolute discretion, may consider adequate</p> <p>(c) Nothing in Clause (a) above shall release the estate of the deceased joint holder from any liability in respect of any Share which had been jointly held by him with other persons.</p> |
| | Titles of Shares of deceased Member |
| 72. | <p>The Executors or Administrators of a deceased Member or holders of a Succession Certificate or the Legal Representatives in respect of the Shares of a deceased Member (not being one of two or more joint holders) shall be the only persons recognized by the Company as having any title to the Shares registered in the name of such Members, and the Company shall not be bound to recognize such Executors or Administrators or holders of Succession Certificate or the Legal Representative unless such Executors or Administrators or Legal Representative shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be from a duly constituted Court in the Union of India provided that in any case where the Board of Directors in its absolute discretion thinks fit, the Board upon such terms as to indemnity or otherwise as the Directors may deem proper dispense with production of Probate or Letters of Administration or Succession Certificate and register Shares standing in the name of a deceased Member, as a Member. However, provisions of this Article are subject to Sections 72 of the Companies Act.</p> |
| | Notice of application when to be given |
| 73. | <p>Where, in case of partly paid Shares, an application for registration is made by the transferor, the Company shall give notice of the application to the transferee in accordance with the provisions of Section 56 of the Act.</p> |
| | Registration of persons entitled to Share otherwise than by transfer (transmission Clause) |
| 74. | <p>Subject to the provisions of the Act and these Articles, any person becoming entitled to any Share in consequence of the death, lunacy, bankruptcy, insolvency of any Member or by any lawful means other than by a transfer in accordance with these presents, may, with the consent of the Directors (which they shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he proposes to act under this Article or of this title as the Director shall require either be registered as Member in respect of such Shares or elect to have some person nominated by him and approved by the Directors registered as Member in respect of such Shares; provided nevertheless that if such person shall elect to have his nominee registered he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance so he shall not be freed from any liability in respect of such Shares. This Clause is hereinafter referred to as the 'Transmission Clause'.</p> |
| | Refusal to register nominee |
| 75. | <p>Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse or suspend register a person entitled by the transmission to any Shares or his nominee as if he were the transferee named in an ordinary transfer presented for registration.</p> |

| | |
|------------|--|
| | Board may require evidence of transmission |
| 76. | Every transmission of a Share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity. |
| | Company not liable for disregard of a notice prohibiting registration of transfer |
| 77. | The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of Shares made, or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register or 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 require to regard or attend or give effect to any notice which may be given to them 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 Outside India |
| 78. | In the case of any Share registered in any register maintained outside India the instrument of transfer shall be in a form recognized by the law of the place where the register is maintained but subject thereto shall be as near to the form prescribed in Form no. SH-4 hereof as circumstances permit. |
| | No transfer to insolvent etc. |
| 79. | No transfer shall be made to any minor, insolvent or person of unsound mind. |
| | NOMINATION |
| | Nomination |
| 80. | <p>(a) Notwithstanding anything contained in the articles, every holder of Securities of the Company may, at any time, nominate a person in whom his/her Securities shall vest in the event of his/her death and the provisions of Section 72 of the Companies Act, 2013 shall apply in respect of such nomination.</p> <p>(b) No person shall be recognized by the Company as a nominee unless an intimation of the appointment of the said person as nominee has been given to the Company during the lifetime of the holder(s) of the Securities of the Company in the manner specified under Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014</p> <p>(c) The Company shall not be in any way responsible for transferring the Securities consequent upon such nomination.</p> <p>(d) If the holder(s) of the Securities survive(s) nominee, then the nomination made by the holder(s) shall be of no effect and shall automatically stand revoked.</p> |
| | Transmission of Securities by nominee |
| 81. | <p>A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either-</p> <p>(i) to be registered himself as holder of the security, as the case may be; or</p> <p>(ii) to make such transfer of the security, as the case may be, as the deceased security holder, could have made;</p> <p>(iii) if the nominee elects to be registered as holder of the security, himself, as the case may be, he shall deliver or send to the Company, a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death Certificate of the deceased security holder as the case may be;</p> |

| | |
|------------|---|
| | <p>(iv) 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 security except that he shall not, before being registered as a Member in respect of his security, be entitled in respect of it to exercise any right conferred by Membership in relation to meetings of the Company.</p> <p>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 or Debenture, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable or rights accruing in respect of the Share or Debenture, until the requirements of the notice have been complied with.</p> |
| | DEMATERIALIZATION OF SECURITIES |
| 82. | Subject to the provisions of the Act and Rules made there under the Company may offer its Members facility to hold Securities issued by it in dematerialized form. |
| | JOINT HOLDER |
| | Joint Holders |
| 83. | Where two or more persons are registered as the holders of any Share they shall be deemed to hold the same as joint Shareholders with benefits of survivorship subject to the following and other provisions contained in these Articles. |
| | Joint and several liabilities for all payments in respect of Shares |
| 84. | (a) The Joint holders of any Share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such Share. |
| | Title of survivors |
| | (b) on the death of any such joint holders the survivor or survivors shall be the only person recognized by the Company as having any title to the Share but the Board may require such evidence of death as it may deem fit and nothing herein contained shall be taken to release the estate of a deceased joint holder from any liability of Shares held by them jointly with any other person; |
| | Receipts of one sufficient |
| | (c) Any one of two or more joint holders of a Share may give effectual receipts of any dividends or other monies payable in respect of Share; and |
| | Delivery of Certificate and giving of notices to first named holders |
| | (d) only the person whose name stands first in the Register of Members as one of the joint holders of any Share shall be entitled to delivery of the Certificate relating to such Share or to receive documents from the Company and any such document served on or sent to such person shall deemed to be service on all the holders. |
| | SHARE WARRANTS |
| | Power to issue Share warrants |
| 85. | The Company may issue warrants subject to and in accordance with provisions of the Act and accordingly the Board may in its discretion with respect to any Share which is fully paid upon application in writing signed by the persons registered as holder of the Share, and authenticated by such evidence(if any) as the Board may, from time to time, require as to the identity of the persons signing the application and on receiving the Certificate (if any) of the Share, and the amount of the stamp duty on the warrant and such fee as the Board may, from time to time, require, issue a Share warrant. |
| | Deposit of Share warrants |
| 86. | (a) The bearer of a Share warrant may at any time deposit the warrant at the Office of the Company, and so long as the warrant remains so deposited, the depositor shall have the same right of signing a requisition for call in a meeting of the Company, and of |

| | |
|------------|--|
| | <p>attending and voting and exercising the other privileges of a Member at any meeting held after the expiry of two clear days from the time of deposit, as if his name were inserted in the Register of Members as the holder of the Share included in the deposit warrant.</p> <p>(b) Not more than one person shall be recognized as depositor of the Share warrant.</p> <p>(c) The Company shall, on two day's written notice, return the deposited Share warrant to the depositor.</p> |
| | Privileges and disabilities of the holders of Share warrant |
| 87. | <p>(a) Subject as herein otherwise expressly provided, no person, being a bearer of a Share warrant, shall sign a requisition for calling a meeting of the Company or attend or vote or exercise any other privileges of a Member at a meeting of the Company, or be entitled to receive any notice from the Company.</p> <p>(b) The bearer of a Share warrant shall be entitled in all other respects to the same privileges and advantages as if he were named in the Register of Members as the holder of the Share included in the warrant, and he shall be a Member of the Company.</p> |
| | Issue of new Share warrant coupons |
| 88. | The Board may, from time to time, make bye-laws as to terms on which (if it shall think fit), a new Share warrant or coupon may be issued by way of renewal in case of defacement, loss or destruction. |
| | CONVERSION OF SHARES INTO STOCK |
| | Conversion of Shares into stock or reconversion |
| 89. | <p>The Company may, by Ordinary Resolution in General Meeting.</p> <p>(a) convert any fully paid-up Shares into stock; and</p> <p>(b) re-convert any stock into fully paid-up Shares of any denomination.</p> |
| | Transfer of stock |
| 90. | The holders of stock may transfer the same or any part thereof in the same manner as and subject to the same regulation under which the Shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit, provided that, the Board may, from time to time, fix the minimum amount of stock transferable so however that such minimum shall not exceed the nominal amount of the Shares from which the stock arose. |
| | Rights of stock holders |
| 91. | The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, participation in profits, voting at meetings of the Company, and other matters, as if they hold the Shares for which the stock arose but no such privilege or advantage shall be conferred by an amount of stock which would not, if existing in Shares, have conferred that privilege or advantage. |
| | Regulations |
| 92. | Such of the regulations of the Company (other than those relating to Share warrants), as are applicable to paid up Share shall apply to stock and the words "Share" and "Shareholders" in those regulations shall include "stock" and "stockholders" respectively. |
| | BORROWING POWERS |
| | Power to borrow |

| | |
|-----|--|
| 93. | <p>Subject to the provisions of the Act and these Articles, the Board may, from time to time at its discretion, by a resolution passed at a meeting of the Board generally raise or borrow money by way of deposits, loans, overdrafts, cash credit or by issue of Bonds, Debentures or Debenture-stock (perpetual or otherwise) or in any other manner, or from any person, firm, Company, co-operative society, any body corporate, bank, institution, whether incorporated in India or abroad, Government or any authority or any other body for the purpose of the Company and may secure the payment of any sums of money so received, raised or borrowed; provided that the total amount borrowed by the Company (apart from temporary loans obtained from the Company's Bankers in the ordinary course of business) shall not without the consent of the Company in General Meeting exceed the aggregate of the paid up capital of the Company and its free reserves that is to say reserves not set apart for any specified purpose.</p> |
| | Issue of Instruments at discount etc. or with special privileges |
| 94. | <p>Subject to the provisions of the Act and these Articles, any Bonds, Debentures, Debenture-stock or any other Securities may be issued at a discount, premium or otherwise and with any special privileges and conditions as to redemption, surrender, allotment of Shares, appointment of Directors or otherwise; provided that Debentures with the right to allotment of or conversion into Shares shall not be issued except with the sanction of the Company in General Meeting.</p> |
| | Securing payment or repayment of Monies borrowed |
| 95. | <p>The payment and/or repayment of monies borrowed or raised as aforesaid or any monies owing otherwise or debts due from the Company may be secured in such manner and upon such terms and conditions in all respects as the Board may think fit, and in particular by mortgage, charter, lien or any other security upon all or any of the assets or property (both present and future) or the undertaking of the Company including its uncalled capital for the time being, or by a guarantee by any Director, Government or third party, and the Bonds, Debentures and Debenture stocks and other Securities may be made assignable, free from equities between the Company and the person to whom the same may be issued and also by a similar mortgage, charge or lien to secure and guarantee, the performance by the Company or any other person or Company of any obligation undertaken by the Company or any person or Company as the case may be.</p> |
| | Bonds, Debentures etc. to be under the control of the Directors |
| 96. | <p>Any Bonds, Debentures, Debenture-stock or their Securities issued or to be issued by the Company shall be under the control of the Board who may issue them upon such terms and conditions, and in such manner and for such consideration as they shall consider to be for the benefit of the Company.</p> |
| | Mortgage of uncalled Capital |
| 97. | <p>If any uncalled capital of the Company is included in or charged by any mortgage or other security the Directors shall subject to the provisions of the Act and these Articles make calls on the Members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.</p> |
| | Indemnity may be given |
| 98. | <p>Subject to the provisions of the Act and these Articles if the Directors or any of them or any other person shall incur or be about to incur any liability whether as principal or surety 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 person so becoming liable as aforesaid from any loss in respect of such liability.</p> |
| | MEETINGS OF MEMBERS |
| | Distinction between AGM & EGM |

| | |
|------|---|
| 99. | All the General Meetings of the Company other than Annual General Meetings shall be called Extra-ordinary General Meetings. |
| | Extra-Ordinary General Meeting by Board and by requisition |
| 100. | (a) The Directors may, whenever they think fit, convene an Extra-Ordinary General Meeting and they shall on requisition of requisition of Members made in compliance with Section 100 of the Act, forthwith proceed to convene Extra-Ordinary General Meeting of the Members |
| | When a Director or any two Members may call an Extra Ordinary General Meeting |
| | (b) If at any time there are not within India sufficient Directors capable of acting to form a quorum, or if the number of Directors be reduced in number to less than the minimum number of Directors prescribed by these Articles and the continuing Directors fail or neglect to increase the number of Directors to that number or to convene a General Meeting, any Director or any two or more Members of the Company holding not less than one-tenth of the total paid up Share capital of the Company may call for an Extra-Ordinary General Meeting in the same manner as nearly as possible as that in which meeting may be called by the Directors. |
| | Meeting not to transact business not mentioned in notice |
| 101. | No General Meeting, Annual or Extraordinary shall be competent to enter upon, discuss or transfer any business which has not been mentioned in the notice or notices upon which it was convened. |
| | Chairman of General Meeting |
| 102. | The Chairman (if any) of the Board of Directors shall be entitled to take the chair at every General Meeting, whether Annual or Extraordinary. If there is no such Chairman of the Board of Directors, or if at any meeting he is not present within fifteen minutes of the time appointed for holding such meeting or if he is unable or unwilling to take the chair, then the Members present shall elect 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 elect one of the Members to be the Chairman of the meeting. |
| | Business confined to election of Chairman whilst chair is vacant |
| 103. | No business, except the election of a Chairman, shall be discussed at any General Meeting whilst the Chair is vacant. |
| | Chairman with consent may adjourn meeting |
| 104. | <p>a) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.</p> <p>b) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.</p> <p>c) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.</p> <p>d) Save as aforesaid, and as provided in Section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.</p> |
| | Chairman's casting vote |
| 105. | In the case of an equality of votes the Chairman shall both on a show of hands, on a poll (if any) and e-voting, have casting vote in addition to the vote or votes to which he may be entitled as a Member. |
| | In what case poll taken without adjournment |
| 106. | Any poll duly demanded on the election of Chairman of the meeting or any question of adjournment shall be taken at the meeting forthwith. |
| | Demand for poll not to prevent transaction of other business |

| | |
|--|---|
| 107. | The demand for a poll except on the question of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded. |
| VOTES OF MEMBERS | |
| Members in arrears not to vote | |
| 108. | No Member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of Shareholders either upon a show of hands, upon a poll or electronically, or be reckoned in a quorum in respect of any Shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has exercised, any right or lien. |
| Number of votes each Member entitled | |
| 109. | Subject to the provision of these Articles and without prejudice to any special privileges, or restrictions as to voting for the time being attached to any class of Shares for the time being forming part of the capital of the Company, every Member, not disqualified by the last preceding Article shall be entitled to be present, and to speak and to vote at such meeting, and on a show of hands every Member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his Share of the paid-up equity Share capital of the Company, Provided, however, if any preference Shareholder is present at any meeting of the Company, save as provided in Sub-section (2) of Section 47 of the Act, he shall have a right to vote only on resolution placed before the meeting which directly affect the rights attached to his Preference Shares. |
| Casting of votes by a Member entitled to more than one vote | |
| 110. | On a poll taken at a 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. |
| Vote of Member of unsound mind and of minor | |
| 111. | A Member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, or a minor may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy. |
| Postal Ballot | |
| 112. | Notwithstanding anything contained in the provisions of the Companies Act, 2013, and the Rules made there under, the Company may, and in the case of resolutions relating to such business as may be prescribed by such authorities from time to time, declare to be conducted only by postal ballot, shall, get any such business/ resolutions passed by means of postal ballot, instead of transacting the business in the General Meeting of the Company. |
| E-Voting | |
| 113. | A Member may exercise his vote at a meeting by electronic means in accordance with Section 108 and shall vote only once. |
| Votes of joint Members | |
| 114. | <p>a) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders. If more than one of the said persons remain present than the senior shall alone be entitled to speak and to vote in respect of such Shares, but the other or others of the joint holders shall be entitled to be present at the meeting. Several executors or administrators of a deceased Member in whose name Share stands shall for the purpose of these Articles be deemed joints holders thereof.</p> <p>b) For this purpose, seniority shall be determined by the order in which the names stand in the register of Members.</p> |
| Votes may be given by proxy or by representative | |

| | |
|-------------|--|
| 115. | Votes may be given either personally or by attorney or by proxy or in case of a Company, by a representative duly Authorized as mentioned in Articles. |
| | Representation of a body corporate |
| 116. | A body corporate (whether a Company within the meaning of the Act or not) may, if it is Member or creditor of the Company (including being a holder of Debentures) authorize such person by resolution of its Board of Directors, as it thinks fit, in accordance with the provisions of Section 113 of the Act to act as its representative at any Meeting of the Members or creditors of the Company or Debentures holders of the Company. A person authorized by 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 as if it were an individual Member, creditor or holder of Debentures of the Company. |
| | Members paying money in advance |
| 117. | (a) A Member paying the whole or a part of the amount remaining unpaid on any Share held by him although no part of that amount has been called up, shall not be entitled to any voting rights in respect of the monies paid until the same would, but for this payment, become presently payable. |
| | Members not prohibited if Share not held for any specified period |
| | (b) A Member is not prohibited from exercising his voting rights on the ground that he has not held his Shares or interest in the Company for any specified period preceeding the date on which the vote was taken. |
| | Votes in respect of Shares of deceased or insolvent Members. |
| 118. | Any person entitled under Article 73 (transmission Clause) to transfer any Share 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 at least forty-eight hours 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 and give such indemnify (if any) as the Directors may require or the Directors shall have previously admitted his right to vote at such meeting in respect thereof. |
| | No votes by proxy on show of hands |
| 119. | No Member shall be entitled to vote on a show of hands unless such Member is present personally or by attorney or is a body Corporate present by a representative duly Authorized under the provisions of the Act in which case such Members, attorney or representative may vote on a show of hands as if he were a Member of the Company. In the case of a Body Corporate the production at the meeting of a copy of such resolution duly signed by a Director or Secretary of such Body Corporate and certified by him as being a true copy of the resolution shall be accepted by the Company as sufficient evidence of the authority of the appointment. |
| | Appointment of a Proxy |
| 120. | The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a not arised copy of that power or authority, shall be deposited at the Registered Office of the Company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid. |
| | Form of proxy |
| 121. | An instrument appointing a proxy shall be in the form as prescribed in the rules made under Section 105. |
| | Validity of votes given by proxy notwithstanding each of a Member. |

| | |
|-------------|---|
| 122. | A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the Member, or revocation of the proxy or of any power of attorney which such proxy signed, or the transfer of the Share in respect of which the vote is given, provided that no intimation in writing of the death or insanity, revocation or transfer shall have been received at the office before the meeting or adjourned meeting at which the proxy is used. |
| | Time for objections to votes |
| 123. | No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. |
| | Chairperson of the Meeting to be the judge of validity of any vote |
| 124. | Any such objection raised to the qualification of any voter in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive. |
| | DIRECTORS |
| | Number of Directors |
| 125. | Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 149 of the Act, the number of Directors (including Debenture and Alternate Directors) shall not be less than three and not more than fifteen. Provided that a Company may appoint more than fifteen Directors after passing a Special Resolution |
| | Qualification Shares |
| 126. | A Director of the Company shall not be bound to hold any Qualification Shares in the Company. |
| | Nominee Directors |
| 127. | <p>(a) Subject to the provisions of the Companies Act, 2013 and notwithstanding anything to the contrary contained in these Articles, the Board may appoint any person as a Director nominated by any institution in pursuance of the provisions of any law for the time being in force or of any agreement</p> <p>(b) The Nominee Director/s so appointed shall not be required to hold any qualification Shares in the Company nor shall be liable to retire by rotation. The Board of Directors of the Company shall have no power to remove from office the Nominee Director/s so appointed. The said Nominee Director/s shall be entitled to the same rights and privileges including receiving of notices, copies of the minutes, sitting fees, etc. as any other Director of the Company is entitled.</p> <p>(c) If the Nominee Director/s is an officer of any of the financial institution the sitting fees in relation to such nominee Directors shall accrue to such financial institution and the same accordingly be paid by the Company to them. The Financial Institution shall be entitled to depute observer to attend the meetings of the Board or any other Committee constituted by the Board.</p> <p>(d) The Nominee Director/s shall, notwithstanding anything to the Contrary contained in these Articles, be at liberty to disclose any information obtained by him/them to the Financial Institution appointing him/them as such Director/s.</p> |
| | Appointment of alternate Director |
| 128. | The Board may appoint an Alternate Director to act for a Director (hereinafter called "The Original Director") during his absence for a period of not less than three months from India. An Alternate Director appointed under this Article shall not hold office for period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to India. If the term of Office of the Original Director is determined before he so returns to India, any provision in the Act or in these Articles for the automatic re-appointment of retiring Director in default of another appointment shall apply to the Original Director and not to the Alternate Director. |
| | Additional Director |

| | |
|--|---|
| 129. | Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint any other person to be an Additional Director. Any such Additional Director shall hold office only upto the date of the next Annual General Meeting. |
| Directors power to fill casual vacancies | |
| 130. | Subject to the provisions of the Act, the Board shall have power at any time and from time to time to appoint a Director, if the office of any Director appointed by the Company in General Meeting is vacated before his term of office expires in the normal course, who shall hold office only upto the date upto which the Director in whose place he is appointed would have held office if it had not been vacated by him. |
| Sitting Fees | |
| 131. | Until otherwise determined by the Company in General Meeting, each Director other than the Managing/Whole-time Director (unless otherwise specifically provided for) shall be entitled to sitting fees not exceeding a sum prescribed in the Act (as may be amended from time to time) for attending meetings of the Board or Committees thereof. |
| Travelling expenses Incurred by Director on Company's business | |
| 132. | The Board of Directors may subject to the limitations provided in the Act allow and pay to any Director who attends a meeting at a place other than his usual place of residence for the purpose of attending a meeting, such sum as the Board may consider fair, compensation for travelling, hotel and other incidental expenses properly incurred by him, in addition to his fee for attending such meeting as above specified. |
| PROCEEDING OF THE BOARD OF DIRECTORS | |
| Meetings of Directors | |
| 133. | (a) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings as it thinks fit. (b) A Director may, and the manager or secretary on the requisition of a Director shall, at any time, summon a meeting of the Board. |
| Chairperson | |
| 134. | a) The Directors may from time to time elect from among their Members a Chairperson of the Board and determine the period for which he is to hold office. If at any meeting of the Board, the Chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of the Directors then present to preside at the meeting. b) Subject to Section 203 of the Act and rules made there under, one person can act as the Chairman as well as the Managing Director or Chief Executive Officer at the same time. |
| Questions at Board meeting how decided | |
| 135. | Questions arising at any meeting of the Board of Directors shall be decided by a majority of votes and in the case of an equality of votes, the Chairman will have a second or casting vote. |
| Continuing Directors may act notwithstanding any vacancy in the Board | |
| 136. | The continuing Directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing Directors or Director may act for the purpose of increasing the number of Directors to that fixed for the quorum, or of summoning a General Meeting of the Company, but for no other purpose. |
| Directors may appoint committee | |

| | |
|-------------|---|
| 137. | Subject to the provisions of the Act, the Board may delegate any of their powers to a Committee consisting of such Member or Members of its body as it thinks fit, and it may from time to time revoke and discharge any such committee either wholly or in part and either as to person, or purposes, but every 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 Board. All acts done by any such Committee in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board. |
| | Committee Meetings how to be governed |
| 138. | The Meetings and proceedings of any such Committee of the Board 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 the last preceding Article. |
| | Chairperson of Committee Meetings |
| 139. | a) A committee may elect a Chairperson of its meetings. b) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the Members present may choose one of their Members to be Chairperson of the meeting. |
| | Meetings of the Committee |
| 140. | a) A committee may meet and adjourn as it thinks fit. b) Questions arising at any meeting of a committee shall be determined by a majority of votes of the Members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote. |
| | Acts of Board or Committee shall be valid notwithstanding effect in appointment |
| 141. | Subject to the provisions of the Act, all acts done by any meeting of the Board or by a Committee of the Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid, or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed, and was qualified to be a Director. |
| | RETIREMENT AND ROTATION OF DIRECTORS |
| | Power to fill casual vacancy |
| 142. | Subject to the provisions of Section 161 of the Act, if the office of any Director appointed by the Company in General Meeting vacated before his term of office will expire in the normal course, the resulting casual vacancy may in default of and subject to any regulation in the Articles of the Company be filled by the Board of Directors at the meeting of the Board and the Director so appointed shall hold office only up to the date up to which the Director in whose place he is appointed would have held office if had not been vacated as aforesaid. |
| | POWERS OF THE BOARD |
| | Powers of the Board |
| 143. | The business of the Company shall be managed by the Board who may exercise all such powers of the Company and do all such acts and things as may be necessary, unless otherwise restricted by the Act, or by any other law or by the Memorandum or by the Articles required to be exercised by the Company in General Meeting. However 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. |
| | Certain powers of the Board |

| | |
|-------------|--|
| 144. | Without prejudice to the general powers conferred by the Articles and so as not in any way to limit or restrict these powers, and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in the Articles, it is hereby, declared that the Directors shall have the following powers, that is to say |
| | To acquire any property, rights etc. |
| | (1) Subject to the provisions of the Act, to purchase or otherwise acquire any lands, buildings, machinery, premises, property, effects, assets, rights, creditors, royalties, business and goodwill of any person firm or Company carrying on the business which this Company is authorized to carry on, in any part of India. |
| | To take on Lease |
| | (2) Subject to the provisions of the Act to purchase, take on lease for any term or terms of years, or otherwise acquire any land or lands, with or without buildings and out-houses thereon, situate in any part of India, at such conditions as the Directors may think fit, and in any such purchase, lease or acquisition to accept such title as the Directors may believe, or may be advised to be reasonably satisfy. |
| | To erect & construct |
| | (3) To erect and construct, on the said land or lands, buildings, houses, warehouses and sheds and to alter, extend and improve the same, to let or lease the property of the Company, in part or in whole for such rent and subject to such conditions, as may be thought advisable; to sell such portions of the land or buildings of the Company as may not be required for the Company; to mortgage the whole or any portion of the property of the Company for the purposes of the Company; to sell all or any portion of the machinery or stores belonging to the Company. |
| | To pay for property |
| | (4) At their discretion and subject to the provisions of the Act, the Directors may pay property rights or privileges acquired by, or services rendered to the Company, either wholly or partially in cash or in Shares, Bonds, Debentures or other Securities of the Company, and any such Share may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such Bonds, Debentures or other Securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged. |
| | To insure properties of the Company |
| | (5) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other moveable property of the Company either separately or co-jointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power. |
| | To open Bank accounts |
| | (6) To open accounts with any Bank or Bankers and to pay money into and draw money from any such account from time to time as the Directors may think fit. |
| | To secure contracts by way of mortgage |
| | (7) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge on all or any of the property of the Company including its whole or part of its undertaking as a going concern and its uncalled capital for the time being or in such manner as they think fit. |
| | To accept surrender of Shares |
| | (8) To accept from any Member, so far as may be permissible by law, a surrender of the Shares or any part thereof, on such terms and conditions as shall be agreed upon. |

| | |
|--|--|
| | To appoint trustees for the Company |
| | (9) To appoint any person to accept and hold in trust, for the Company property belonging to the Company, or in which it is interested or for any other purposes and to execute and to do all such deeds and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees. |
| | To conduct legal proceedings |
| | (10) To institute, conduct, defend, compound or abandon any legal proceeding by or against the Company or its Officer, or otherwise concerning the affairs and also to compound and allow time for payment or satisfaction of any debts, due, and of any claims or demands by or against the Company and to refer any difference to arbitration, either according to Indian or Foreign law and either in India or abroad and observe and perform or challenge any award thereon. |
| | Bankruptcy & Insolvency |
| | (11) To act on behalf of the Company in all matters relating to bankruptcy insolvency. |
| | To issue receipts & give discharge |
| | (12) To make and give receipts, release and give discharge for monies payable to the Company and for the claims and demands of the Company. |
| | To invest and deal with money of the Company |
| | (13) Subject to the provisions of the Act, and these Articles to invest and deal with any monies of the Company not immediately required for the purpose thereof, upon such authority (not being the Shares of this Company) or without security and in such manner as they may think fit and from time to time to vary or realizes such investments. Save as provided in Section 187 of the Act, all investments shall be made and held in the Company's own name. |
| | To give Security by way of indemnity |
| | (14) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or as surety, for the benefit of the Company, such mortgage of the Company's property (present or future) as they think fit, and any such mortgage may contain a power of sale and other powers, provisions, covenants and agreements as shall be agreed upon; |
| | To determine signing powers |
| | (15) To determine from time to time persons who shall be entitled to sign on Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose, whether by way of a resolution of the Board or by way of a power of attorney or otherwise. |
| | Commission or Share in profits |
| | (16) To give to any Director, Officer, or other persons employed by the Company, a commission on the profits of any particular business or transaction, or a Share in the general profits of the Company; and such commission or Share of profits shall be treated as part of the working expenses of the Company. |
| | Bonus etc. to employees |
| | (17) To give, award or allow any bonus, pension, gratuity or compensation to any employee of the Company, or his widow, children, dependents, that may appear just or proper, whether such employee, his widow, children or dependents have or have not a legal claim on the Company. |
| | Transfer to Reserve Funds. |

| | |
|--|--|
| | <p>(18) To set aside out of the profits of the Company such sums as they may think proper for depreciation or the depreciation funds or to insurance fund or to an export fund, or to a Reserve Fund, or Sinking Fund or any special fund to meet contingencies or repay Debentures or Debenture-stock or for equalizing dividends or for repairing, improving, extending and maintaining any of the properties of the Company and for such other purposes (including the purpose referred to in the preceding Clause) as the Board may, in the absolute discretion think conducive to the interests of the Company, and subject to Section 179 of the Act, to invest the several sums so set aside or so much thereof as may be required to be invested, upon such investments (other than Shares of this Company) as they may think fit and from time to time deal with and vary such investments and dispose of and apply and extend all or any part thereof for the benefit of the Company notwithstanding the matters to which the Board apply or upon which the capital monies of the Company might rightly be applied or expended and divide the reserve fund into such special funds as the Board may think fit; with full powers to transfer the whole or any portion of a reserve fund or division of a reserve fund to another fund and with the full power to employ the assets constituting all or any of the above funds, including the depredation fund, in the business of the Company or in the purchase or repayment of Debentures or Debenture-stocks and without being bound to keep the same separate from the other assets and without being bound to pay interest on the same with the power to the Board at their discretion to pay or allow to the credit of such funds, interest at such rate as the Board may think proper.</p> |
| | <p style="text-align: center;">To appoint and remove officers and other employees</p> |
| | <p>(19) To appoint, and at their discretion remove or suspend such general manager, managers, secretaries, assistants, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisers, research workers, labourers, clerks, agents and servants, for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties and to fix their salaries or emoluments or remuneration and to require security in such instances and for such amounts they may think fit and also from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit and the provisions contained in the next following Clauses shall be without prejudice to the general powers conferred by this Clause.</p> |
| | <p style="text-align: center;">To appoint Attorneys.</p> |
| | <p>(20) At any time and from time to time by power of attorney under the Seal of the Company, to appoint any person or persons to be the Attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorized by the Board the power to make loans and borrow monies) and for such period and subject to such conditions as the Board may from time to time think fit, and such appointments may (if the Board think fit) be made in favour of the Members or any of the Members of any local Board established as aforesaid or in favour of any Company, or the Shareholders, Directors, nominees or manager of any Company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such powers of attorney may contain such powers for the protection or convenience for dealing with such Attorneys as the Board may think fit, and may contain powers enabling any such delegated Attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretion for the time being vested in them.</p> |

| | |
|--|--|
| | To enter into contracts. |
| | (21) Subject to Sections 188 of the Act, for or in relation to any of the matters aforesaid or otherwise for the purpose of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts, and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient. |
| | To make rules |
| | (22) From time to time to make, vary and repeal rules for the regulations of the business of the Company its Officers and employees. |
| | To effect contracts etc |
| | (23) To effect, make and enter into on behalf of the Company all transactions, agreements and other contracts within the scope of the business of the Company. |
| | To apply & obtain concessions licenses etc |
| | (24) To apply for, promote and obtain any act, charter, privilege, concession, license, authorization, if any, Government, State or municipality, provisional order or license of any authority for enabling the Company to carry any of this objects into effect, or for extending and any of the powers of the Company or for effecting any modification of the Company's constitution, or for any other purpose, which may seem expedient and to oppose any proceedings or applications which may seem calculated, directly or indirectly to prejudice the Company's interests. |
| | To pay commissions or interest. |
| | (25) To pay and charge to the capital account of the Company any commission or interest lawfully payable there out under the provisions of Sections 40 of the Act and of the provisions contained in these presents. |
| | To redeem Preference Shares |
| | (26) To redeem Preference Shares. |
| | To assist charitable or benevolent institutions |
| | (27) To subscribe, incur expenditure or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or any other institutions or subjects which shall have any moral or other claim to support or aid by the Company, either by reason of locality or operation or of public and general utility or otherwise. |
| | (28) To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company. |
| | (29) To pay and charge to the capital account of the Company any commission or interest lawfully payable thereon under the provisions of Sections 40 of the Act. |
| | (30) To provide for the welfare of Directors or ex-Directors or employees or ex-employees of the Company and their wives, widows and families or the dependents or connections of such persons, by building or contributing to the building of houses, dwelling or chawls, or by grants of monies, pension, gratuities, allowances, bonus or other payments, or by creating and from time to time subscribing or contributing, to provide other associations, institutions, funds or trusts and by providing or subscribing or contributing towards place of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Board shall think fit and subject to the provision of Section 181 of the Act, to subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or other institutions or object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation, or of the public and general utility or otherwise. |

| | |
|-------------|--|
| | (31) To purchase or otherwise acquire or obtain license for the use of and to sell, exchange or grant license for the use of any trade mark, patent, invention or technical know-how. |
| | (32) To sell from time to time any Articles, materials, machinery, plants, stores and other Articles and thing belonging to the Company as the Board may think proper and to manufacture, prepare and sell waste and by-products. |
| | (33) From time to time to extend the business and undertaking of the Company by adding, altering or enlarging all or any of the buildings, factories, workshops, premises, plant and machinery, for the time being the property of or in the possession of the Company, or by erecting new or additional buildings, and to expend such sum of money for the purpose aforesaid or any of them as they be thought necessary or expedient. |
| | (34) To undertake on behalf of the Company any payment of rents and the performance of the covenants, conditions and agreements contained in or reserved by any lease that may be granted or assigned to or otherwise acquired by the Company and to purchase the reversion or reversions, and otherwise to acquire on free hold sample of all or any of the lands of the Company for the time being held under To improve, manage, develop, exchange, lease, sell, resell and re-purchase, dispose off, deal or otherwise turn to account, any property (movable or immovable) or any rights or privileges belonging to or at the disposal of the Company or in which the Company is interested. |
| | (35) To let, sell or otherwise dispose of subject to the provisions of Section 180 of the Act and of the other |
| | (36) Articles any property of the Company, either absolutely or conditionally and in such manner and upon such terms and conditions in all respects as it thinks fit and to accept payment in satisfaction for the same in cash or otherwise as it thinks fit. |
| | (37) Generally subject to the provisions of the Act and these Articles, to delegate the powers/authorities and discretions vested in the Directors to any person(s), firm, Company or fluctuating body of persons as aforesaid. |
| | (38) To comply with the requirements of any local law which in their opinion it shall in the interest of the Company be necessary or expedient to comply with. |
| | MANAGING AND WHOLE-TIME DIRECTORS |
| 145. | <p>a) Subject to the provisions of the Act and of these Articles, the Directors may from time to time in Board Meetings appoint one or more of their body to be a Managing Director or Managing Directors or whole-time Director or whole-time Directors of the Company for such term not exceeding five years at a time as they may think fit to manage the affairs and business of the Company, and may from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.</p> <p>b) The Managing Director or Managing Directors or whole-time Director or whole-time Directors so appointed shall be liable to retire by rotation. A Managing Director or Whole-time Director who is appointed as Director immediately on the retirement by rotation shall continue to hold his office as Managing Director or Whole-time Director and such re-appointment as such Director shall not be deemed to constitute a break in his appointment as Managing Director or Whole-time Director.</p> |
| | Remuneration of Managing or Whole time Director |
| 146. | The remuneration of a Managing Director or a Whole-time Director (subject to the provisions of the Act and of these Articles and of any contract between him and the Company) shall from time to time be fixed by the Directors, and may be, by way of fixed salary, or commission on profits of the Company, or by participation in any such profits, or by any, or all of these modes. |

| | |
|-------------|--|
| | Powers and duties of Managing Director or Whole-time Director |
| 147. | <p>(a) Subject to control, direction and supervision of the Board of Directors, the day-to-day management of the Company will be in the hands of the Managing Director or Whole-time Director appointed in accordance with regulations of these Articles of Association with powers to the Directors to distribute such day-to-day management functions among such Directors and in any manner as may be directed by the Board.</p> <p>(b) The Directors may from time to time entrust to and confer upon the Managing Director or Whole-time Director for the time being save as prohibited in the Act, such of the powers exercisable under these presents by the Directors as they may think fit, and may confer such objects and purposes, and upon such terms and conditions, and with such restrictions as they think expedient; and they may subject to the provisions of the Act and these Articles confer such powers, either collaterally with or to the exclusion of, and in substitution for, all or any of the powers of the Directors in that behalf, and may from time to time revoke, withdraw, alter or vary all or any such powers.</p> <p>(c) The Company's General Meeting may also from time to time appoint any Managing Director or Managing Directors or Whole-time Director or Whole-time Directors of the Company and may exercise all the powers referred to in these Articles.</p> <p>(d) The Managing Director shall be entitled to sub-delegate (with the sanction of the Directors where necessary) all or any of the powers, authorities and discretions for the time being vested in him in particular from time to time by the appointment of any attorney or attorneys for the management and transaction of the affairs of the Company in any specified locality in such manner as they may think fit.</p> <p>(e) Notwithstanding anything contained in these Articles, the Managing Director is expressly allowed generally to work for and contract with the Company and especially to do the work of Managing Director and also to do any work for the Company upon such terms and conditions and for such remuneration (subject to the provisions of the Act) as may from time to time be agreed between him and the Directors of the Company.</p> |
| | Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer |
| | Board to appoint Chief Executive Officer/ Manager/ Company Secretary/ Chief Financial Officer |
| 148. | <p>a) Subject to the provisions of the Act,—</p> <ol style="list-style-type: none"> A chief executive officer, manager, Company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may think fit; and any chief executive officer, manager, Company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board; A Director may be appointed as chief executive officer, manager, Company secretary or chief financial officer. <p>b) A provision of the Act or these regulations requiring or authorizing a thing to be done by or to a Director and chief executive officer, manager, Company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, chief executive officer, manager, Company secretary or chief financial officer.</p> |
| | THE SEAL |
| | The Seal, its custody and use |

| | |
|------|--|
| 149. | <p>(a) The Board shall provide a Common Seal for the purposes of the Company, and shall have power from time to time to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for the safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the Board or a Committee of the Board previously given.</p> <p>(b) The Company shall also be at liberty to have an Official Seal in accordance with of the Act, for use in any territory, district or place outside India.</p> |
| | Deeds how executed |
| 150. | The Seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorized by it in that behalf, and except in the presence of at least two Directors and of the secretary or such other person as the Board may appoint for the purpose; and those two Directors and the secretary or other person aforesaid shall sign every instrument to which the Seal of the Company is so affixed in their presence. |
| | Dividend and Reserves Division of profits |
| 151. | <p>(a) Subject to the rights of persons, if any, entitled to Shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the Shares in the Company, dividends may be declared and paid according to the amounts of the Shares.</p> <p>(b) No amount paid or credited as paid on a Share in advance of calls shall be treated for the purposes of this regulation as paid on the Share.</p> <p>(c) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid; but if any Share is issued on terms providing that it shall rank for dividend as from a particular date such Share shall rank for dividend accordingly.</p> |
| | The Company in General Meeting may declare Dividends |
| 152. | The Company in General Meeting may declare dividends, to be paid to Members according to their respective rights and interests in the profits and may fix the time for payment and the Company shall comply with the provisions of Section 127 of the Act, but no dividends shall exceed the amount recommended by the Board of Directors, but the Company may declare a smaller dividend in General Meeting. |
| | Transfer to reserves repeated or not |
| 153. | <p>a) The Board may, before recommending any dividend, set aside out of the profits of the Company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied, including provision for meeting contingencies or for equalizing dividends; and pending such application, may, at the like discretion, either be employed in the business of the Company or be invested in such investments (other than Shares of the Company) as the Board may, from time to time, thinks fit.</p> <p>b) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.</p> |
| | Interim Dividend |
| 154. | Subject to the provisions of Section 123, the Board may from time to time pay to the Members such interim dividends as appear to it to be justified by the profits of the Company. |
| | Debts may be deducted |

| | |
|------|---|
| 155. | The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards the satisfaction of the debts, liabilities or engagements in respect of which the lien exists. |
| | Capital paid up in advance not to earn dividend |
| 156. | No amount paid or credited as paid on a Share in advance of calls shall be treated for the purposes of this articles as paid on the Share. |
| | Dividends in proportion to amount paid-up |
| 157. | All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid but if any Share is issued on terms providing that it shall rank for dividends as from a particular date such Share shall rank for dividend accordingly. |
| | Retention of dividends until completion of transfer under Articles |
| 158. | The Board of Directors may retain the dividend payable upon Shares in respect of which any person under Articles has become entitled to be a Member, or any person under that Article is entitled to transfer, until such person becomes a Member, in respect of such Shares or shall duly transfer the same. |
| | No Member to receive dividend whilst indebted to the Company and the Company's right of reimbursement thereof. |
| 159. | No Member shall be entitled to receive payment of any interest or dividend or bonus in respect of his Share or Shares, whilst any money may be due or owing from him to the Company in respect of such Share or Shares (or otherwise however, either alone or jointly with any other person or persons) and the Board of Directors may deduct from the interest or dividend payable to any Member all such sums of money so due from him to the Company. |
| | Effect of transfer of Shares |
| 160. | A transfer of Shares does not pass the right to any dividend declared thereon before the registration of the transfer. |
| | Dividend to joint holders |
| 161. | Any one of several persons who are registered as joint holders of any Share may give effectual receipts for all dividends or bonus and payments on account of dividends in respect of such Share. |
| | Dividends how remitted |
| 162. | <p>a) Any dividend, interest or other monies payable in cash in respect of Shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of Members, or to such person and to such address as the holder or joint holders may in writing direct.</p> <p>b) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.</p> |
| | Notice of dividend |
| 163. | Notice of any dividend that may have been declared shall be given to the persons entitled to Share therein in the manner mentioned in the Act. |
| | No interest on Dividends |
| 164. | No unclaimed dividend shall be forfeited before the claim becomes barred by law and no unpaid dividend shall bear interest as against the Company. |
| | CAPITALIZATION |

| | |
|--|---|
| 165. | <p>(a) The Company in General Meeting may, upon the recommendation of the Board, resolve:</p> <ol style="list-style-type: none"> that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the Company's reserve accounts, or to the credit of the Profit and Loss account, or otherwise available for distribution; and that such sum be accordingly set free for distribution in the manner specified in Clause (b) amongst the Members who would have been entitled thereto, if distributed by way of dividend and in the same proportions. <p>(b) The sums aforesaid shall not be paid in cash but shall be applied subject to the provisions contained in Clause (c) either in or towards:</p> <ol style="list-style-type: none"> paying up any amounts for the time being unpaid on any Shares held by such Members respectively; paying up in full, unissued Shares of the Company to be allotted and distributed, credited as fully paid up, to and amongst such Members in the proportions aforesaid; or partly in the way specified in Sub-clause (i) and partly in that specified in Sub-clause. <p>(c) A Securities Premium Account and Capital Redemption Reserve Account may, for the purposes of this regulation, only be applied in the paying up of unissued Shares to be issued to Members of the Company and fully paid bonus Shares.</p> <p>(d) The Board shall give effect to the resolution passed by the Company in pursuance of this regulation.</p> |
| Fractional Certificates | |
| 166. | <p>(a) Whenever such a resolution as aforesaid shall have been passed, the Board shall —</p> <ol style="list-style-type: none"> make all appropriations and applications of the undivided profits resolved to be capitalized thereby and all allotments and issues of fully paid Shares, if any, and generally to do all acts and things required to give effect thereto. <p>(b) The Board shall have full power -</p> <ol style="list-style-type: none"> To make such provision, by the issue of fractional Certificates or by payment in cash or otherwise as it thinks fit, in case of Shares becoming distributable in fractions; and also To authorize any person to enter, on behalf of all the Members entitled thereto, into an agreement with the Company providing for the allotment to them respectively, credited as fully paid up, of any further Shares to which they may be entitled upon such capitalization, or (as the case may require) for the payment by the Company on their behalf, by the application thereto of their respective proportions, of the profits resolved to be capitalized, of the amounts or any part of the amounts remaining unpaid on their existing Shares. <p>(c) Any agreement made under such authority shall be effective and binding on all such Members.</p> <p>(d) That for the purpose of giving effect to any resolution, under the preceding paragraph of this Article, the Directors may give such directions as may be necessary and settle any questions or difficulties that may arise in regard to any issue including distribution of new equity Shares and fractional Certificates as they think fit.</p> |
| Inspection of Minutes Books of General Meetings | |
| 167. | <p>(1) The books containing the minutes of the proceedings of any General Meetings of the Company shall be open to inspection of Members without charge on such days and during such business hours as may consistently with the provisions of Section 119 of the Act be determined by the Company in General Meeting and the Members will also be entitled to be furnished with copies thereof on payment of regulated charges.</p> <p>(2) Any Member of the Company shall be entitled to be furnished within seven days after</p> |

| | |
|-------------|--|
| | he has made a request in that behalf to the Company with a copy of any minutes referred to in Sub-clause (a) hereof on payment of Rs. 10 per page or any part thereof. |
| | Inspection of Accounts |
| 168. | <p>a) The Board 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 Members not being Directors.</p> <p>b) No Member (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by law or authorized by the Board or by the Company in General Meeting.</p> |
| | FOREIGN REGISTER |
| 169. | The Company may exercise the powers conferred on it by the provisions of the Act with regard to the keeping of Foreign Register of its Members or Debenture holders, and the Board may, subject to the provisions of the Act, make and vary such regulations as it may think fit in regard to the keeping of any such Registers. |
| | DOCUMENTS AND SERVICE OF NOTICES |
| | Signing of documents & notices to be served or given |
| 170. | Any document or notice to be served or given by the Company be signed by a Director or such person duly authorized by the Board for such purpose and the signature may be written or printed or lithographed. |
| | Authentication of documents and proceedings |
| 171. | Save as otherwise expressly provided in the Act, a document or proceeding requiring authentication by the Company may be signed by a Director, the Manager, or Secretary or other Authorised Officer of the Company and need not be under the Common Seal of the Company. |
| | WINDING UP |
| 172. | <p>Subject to the provisions of Chapter XX of the Act and rules made there under—</p> <p>(a) If the Company shall be wound up, the liquidator may, with the sanction of a Special Resolution of the Company and any other sanction required by the Act, divide amongst the Members, in specie or kind, the whole or any part of the assets of the Company, whether they shall consist of property of the same kind or not.</p> <p>(b) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the Members or different classes of Members.</p> <p>(c) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no Member shall be compelled to accept any Shares or other Securities whereon there is any liability.</p> |
| | INDEMNITY |
| | Directors' and others right to indemnity. |

| | |
|------|---|
| 173. | Subject to provisions of the Act, every Director, or Officer or Servant of the Company or any person (whether an Officer of the Company or not) employed by the Company as Auditor, shall be indemnified by the Company against and it shall be the duty of the Directors to pay, out of the funds of the Company, all costs, charges, losses and damages which any such person may incur or become liable to, by reason of any contract entered into or act or thing done, concurred in or omitted to be done by him in any way in or about the execution or discharge of his duties or supposed duties (except such if any as he shall incur or sustain through or by his own wrongful act neglect or default) 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, Officer or Auditor or other officer of the Company in defending any proceedings whether civil or criminal in which judgment is given in his favor, or in which he is acquitted or in connection with any application under Section 463 of the Act on which relief is granted to him by the Court. |
| | Not responsible for acts of others |
| 174. | Subject to the provisions of the Act, no Director, Managing Director or other officer of the Company shall be liable for the acts, receipts, neglects or defaults of any other Directors 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 monies of the Company shall be invested, or for any lesser damage arising from the bankruptcy, insolvency or tortuous act of any person, Company or corporation, with whom any monies, Securities or effects shall be entrusted or deposited, or for any loss occasioned by any error of judgment or oversight on his part, or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty. |
| | SECRECY |
| 175. | (a) Every Director, Manager, Auditor, Treasurer, Trustee, Member of a Committee, Officer, Servant, Agent, Accountant or other person employed in the business of the Company shall, if so required by the Directors, before entering upon his duties, sign a declaration pleading himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matter which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by any meeting or by a Court of Law and except so far as may be necessary in order to comply with any of the provisions in these presents contained. |
| | Access to property information etc |
| | (b) No Member or other person (other than a Director) shall be entitled to enter the property of the Company or to inspect or examine the Company's premises or properties or the books of accounts of the Company without the permission of the Board of Directors of the Company for the time being or to require discovery of or any information in respect of any detail of the Company's trading or any matter which is or may be in the nature of trade secret, mystery of trade or secret process or of any matter whatsoever which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to disclose or to communicate. |
| | DEADLOCK |

| | |
|------|---|
| 176. | Upon receiving the Resolution Notice the Directors of the Members shall meet and attempt to resolve the Deadlock in good faith. If the Deadlock is not resolved within a period of 30 (thirty) Business Days of the same being referred to the Nominee Directors, the Sponsors and the chief executive officer of the Investor shall meet and attempt to resolve the Deadlock in good faith. |
| | DISPUTE RESOLUTION |
| 177. | In the event of any dispute or difference between the Parties in respect of or concerning or connected with the interpretation or implementation or arising out of the Agreement or any Article or provision hereof, or relating to the termination hereof (a "Dispute"), then such Dispute shall in the first instance be resolved amicably by representatives of the Parties. In the event that a resolution of the Dispute is not achieved within 30 (thirty) days from the date such Dispute arises, as notified in writing by any Party to the other Parties, then such Dispute shall be referred to mediation by the senior management of the Investor and the Sponsors, whose joint decision shall be final and binding on the Parties. In the event that the senior management is unable to arrive at a joint decision on any Dispute within a period of 60 (sixty) days from the date of reference to them, then such Dispute shall be referred to and finally resolved by arbitration in accordance with this Article. |
| 178. | The arbitration shall be conducted in accordance with the United Nations Commission on International Trade Law Arbitration Rules in force as on the date hereof (the "Rules") (provided that, in the event of any conflict between the Rules and the provisions of this Article, the latter shall prevail). The seat, or legal place of arbitration, shall be Singapore. The arbitration shall be administered by the Singapore International Arbitration Centre ("SIAC"). The arbitral tribunal shall consist of 3 (three) arbitrator(s) to be appointed by the chairman of the SIAC. The Investor shall nominate 1 (one) arbitrator and the Company and the Sponsors shall, jointly, nominate 1 (one) arbitrator. The 2 (two) arbitrators so selected shall, jointly, nominate the third arbitrator within 15 (fifteen) days of the receipt by the second-appointed arbitrator of confirmation of his/her appointment. The third arbitrator shall act as the presiding arbitrator. If any arbitrator is not nominated as afore stated, that arbitrator shall be selected and appointed by the chairman/deputy chairman of the SIAC. |
| 179. | The language used in the arbitral proceedings shall be English. All documents submitted in connection with the proceedings shall be in the English language, or, if in another language, accompanied by an English translation. The decision of the arbitral tribunal shall be final and binding on all the Parties. The tribunal shall use its best efforts to produce a final and binding award within 6 (six) months of the service of the notice of arbitration. The Parties shall use their best efforts to assist the tribunal in achieving this objective, and the Parties agree that this 6 (six) month period shall only be extended in exceptional circumstances, which are to be determined by the tribunal in its absolute discretion. Service of any notices pursuant to this Article shall be by registered post at the address given for the sending of notices under the Agreement. |

SECTION IX – OTHER INFORMATION

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 (2) years before the date of filing of this Prospectus) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Prospectus will be delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at the Corporate Office of our Company located at D. No. 30-15-138/20, 2nd Floor, Binayaka Complex, Dabagardens, Visakhapatnam – 530 020, India from date of filing this Prospectus with RoC to Issue Closing Date on working days from 10.00 a.m. to 5.00 p.m.

Material Contracts

1. Issue Agreement and addedendum agreement dated September 7, 2015 and August 6, 2016 respectively between our Company and the Lead Manager.
2. Agreement dated and addedendum agreement September 7, 2015 and August 6, 2016 respectively between our Company and Bigshare Services Private Limited, Registrar to the Issue.
3. Underwriting Agreement and addedendum agreement dated September 7, 2015 and August 6, 2016 between our Company and Underwriter viz. Lead Manager.
4. Market Making Agreement dated August 4, 2016 between our Company, Market Maker and the Lead Manager.
5. Agreement dated August 6, 2016 amongst our Company, the Lead Manager, escrow Collection Public Issue Banker and Refund Banker and the Registrar to the Issue.
6. Tripartite agreement among the NSDL, our Company and Registrar to the Issue dated November 10, 2016.
7. Tripartite agreement among the CDSL, our Company and Registrar to the Issue dated November 4, 2016.

Material Documents

1. Certified true copy of the Memorandum and Articles of Association of our Company including certificates of incorporation.
2. Resolution of the Board dated July 16, 2015 authorizing the Issue
3. Special Resolution of the shareholders passed at the AGM dated August 17, 2015 authorizing the Issue.
4. Statement of Tax Benefits dated May 21, 2016 issued by our Peer Review Auditor, S. Jaykishan, Chartered Accountants.
5. Report of the Peer Review Auditor, S. Jaykishan, Chartered Accountants dated May 21, 2016 on the Standalone and Consolidated Restated Financial Statements for the Financial Year ended as on March 31, 2016, 2015, 2014, 2013 & 2012 of our Company.
6. Consents of Promoters, Directors, Company Secretary and Compliance Officer, Chief Financial Officer, Chief Executive Officer, Statutory Auditors and Peer Review Auditors, Legal Advisor to the Issue, the Lead Manager, Registrar to the Issue, Underwriter, Market Maker, Bankers to the Issue/Escrow Collection Banks, Refund Banker to the Issue, to act in their respective capacities.
7. Copy of approval from BSE Limited *vide* letter dated December 9, 2015, to use the name of BSE in this offer document for listing of Equity Shares on SME Platform of BSE Limited.
8. Due Diligence Certificate dated September 24, 2016 from Lead Manager to BSE Limited.



9. Copy of the agreement dated September 4, 2015 for appointing Sunil Choudhary as Managing Director of our Company.

None of the contracts or documents mentioned in this Prospectus may be amended or modified at any time without reference to the shareholders, subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

We, the under signed, hereby certify and declare that, all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India or the regulations / guidelines issued by SEBI, as the case may be, have been complied with and no statement made in the Prospectus is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or rules made there under or regulations / guidelines issued, as the case may be. We further certify that all the disclosures and statements made in the Prospectus are true and correct.

Signed by all the Directors, Promoters, Chief Executive Officer, Chief Financial Officer and Company Secretary of our Company

| Name and designation | Signature |
|---|-----------|
| Kishanlal Choudhary <i>Promoter, Chairman and Non Executive Director</i> | |
| Sunil Choudhary <i>Promoter, Managing Director and Chief Executive Officer</i> | |
| Sunil Choudhary HUF <i>Promoter (Karta Sunil Choudhary)</i> | |
| Bivor Bagaria <i>Director and Chief Financial Officer</i> | |
| Bina Chowdhary <i>Director</i> | |
| Krishnamacharyolu Eunny <i>Independent Director</i> | |
| Bhaskararao Puvval <i>Independent Director</i> | |
| Ramesh Prathapa <i>Independent Director</i> | |
| Atul Kumar Saxena <i>Independent Director</i> | |

Signed by Chief Financial Officer and Company Secretary and Compliance Officer of the Company

Bivor Bagaria
Chief Financial Officer

Nisha Rathor
Company Secretary & Compliance Officer

Place: Visakhapatnam
Date: August 23, 2016

Annexure A

DISCLOSURE OF PRICE INFORMATION OF PAST ISSUES HANDLED BY PANTOMATH CAPITAL ADVISORS PRIVATE LIMITED

| Sr. No | Issue Name | Issue Size (Cr) | Issue Price (Rs.) | Listing date | Opening price on listing date | +/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing | +/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing |
|--------|---|-----------------|-------------------|-------------------|-------------------------------|---|---|--|
| 1. | Mangalam Seeds Limited | 5.70 | 50.00 | August 12, 2015 | 55.00 | 15.20% (-6.87%) | 71.25% (42.50%) | 44.50% (-11.72%) |
| 2. | Sri Krishna Constructions (India) Limited | 11.34 | 45.00 | October 01, 2015 | 39.90 | -2.22% (1.66%) | -0.89% (-1.00%) | -26.00% (-5.04%) |
| 3. | Patdiam Jewellery Limited | 5.00 | 38.00 | October 16, 2015 | 43.00 | 61.84% (-5.34%) | 63.03% (-8.97%) | 163.16%(-5.83%) |
| 4. | Vidli Restaurants Limited | 1.31 | 10.00 | February 15, 2016 | 12.00 | 149.50 % (4.23%) | 174.50% (8.91%) | 400.00% (19.52%) |
| 5. | Ruby Cables Limited | 10.50 | 50.00 | April 13, 2016 | 50.90 | 0.00% (-0.54%) | -18.40% (8.51%) | Not Applicable |
| 6. | Sysco Industries Limited | 2.17 | 10.00 | April 13, 2016 | 12.00 | 117.50%(-0.54%) | 92.00% (8.51%) | Not Applicable |
| 7. | Lancer Container Lines Limited | 1.848 | 12.00 | April 13, 2016 | 12.60 | 32.08%(-0.54%) | 31.25% (8.51%) | Not Applicable |
| 8. | Yash Chemex Limited | 2.51 | 23.00 | June 20, 2016 | 23.85 | 18.26% (3.90%) | Not Applicable | Not Applicable |
| 9. | Titaanium Ten Enterprise Limited | 2.74 | 15.00 | July 14, 2016 | 16.00 | 15.33% (0.75%) | Not Applicable | Not Applicable |
| 10. | Commercial Syn Bags Limited | 7.66 | 24.00 | July 14, 2016 | 28.80 | 49.58% (0.75%) | Not Applicable | Not Applicable |

Note- Shiva Granito Export Limited has filled Prospectus with Registrar of Companies

Sources: All share price data is from www.bseindia.com and www.nseindia.com

Note:-

1. The BSE Sensex and CNX Nifty are considered as the Benchmark Index
2. Prices on BSE/NSE are considered for all of the above calculations
3. In case 30th/90th/180th day is not a trading day, closing price on BSE/NSE of the next trading day has been considered
4. In case 30th/90th/180th days, scrips are not traded then last trading price has been considered.
5. As per SEBI Circular No. CIR/CFD/DIL/7/2015 dated October 30, 2015, the above table should reflect maximum 10 issues (Initial Public Offers) managed by the lead manager. Hence, disclosures pertaining to recent 10 issues handled by the lead manager are provided.

SUMMARY STATEMENT OF DISCLOSURE

| Financial year | Total no. of IPO | Total funds raised (Rs. Cr) | Nos of IPOs trading at discount on 30 th Calendar day from listing date | | | Nos of IPOs trading at premium on 30 th Calendar day from listing date | | | Nos of IPOs trading at discount on 180 th Calendar day from listing date | | | Nos of IPOs trading at premium on 180 th Calendar day from listing date | | |
|----------------|------------------|-----------------------------|--|----------------|---------------|---|----------------|---------------|---|----------------|---------------|--|----------------|---------------|
| | | | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% | Over 50% | Between 25-50% | Less than 25% |
| 13-14 | *1 | 6.855 | - | - | - | - | 1 | - | - | - | - | - | 1 | - |
| 14-15 | **5 | 56.844 | - | - | - | - | - | 5 | - | - | - | - | 2 | 3 |
| 15-16 | ***9# | 54.01 | - | - | 1 | 2 | 2 | 4 | - | - | 2 | 4 | 3 | - |
| 16-17 | ****6## | 27.41 | - | - | - | 1 | 2 | 3 | - | - | - | - | - | - |

*The scripts of Si. Vi. Shipping Corporation Limited was listed on March 6, 2014.

**The scripts of Women's Next Loungeries Limited, Ultracab (India) Limited, Momai Apparels Limited, Jet Infraventure Limited and Supreme(India) Impex Limited were listed on April 21, 2014, October 10, 2014, October 16, 2014, November 25, 2014, and March 31, 2015 respectively.

***The scripts of Filtra Consultants and Engineers Limited, Ambition Mica Limited, Jiya Eco Products Limited, M.D. Inducto Cast Limited, Majestic Research Services and Solutions Limited, Mangalam Seeds Limited, Sri Krishna Constructions (India) Limited, Patdiam Jewellery Limited and Vidli Restaurants Limited were listed on April 15, 2015, July 14, 2015, July 16, 2015, July 16, 2015, July 16, 2015, August 12, 2015, October 01, 2015, October 16, 2015 and February 15, 2016 respectively.

****The scripts Ruby Cables Limited, Sysco Industries Limited, Lancer Containers Lines Limited, Yash Chemex Limited, Titaanium Ten Enterprise Limited and Commercial Syn Bags Limited were listed on April 13, 2016, April 13, 2016, April 13, 2016, June 20, 2016, July 14, 2016 and July 14, 2016 respectively.

##The Scripts of Ruby Cables Limited, Sysco Industries Limited, Lancer Containers Lines Limited, Yash Chemex Limited, Titaanium Ten Enterprise Limited and Commercial Syn Bags Limited have not completed 180 Days from the date of listing.