



AURANGABAD ELECTRICALS LIMITED

Our Company was originally incorporated as a private limited company under the Companies Act, 1956, on September 23, 1985 with the name "Aurangabad Electricals Private Limited". Thereafter, pursuant to a second Certificate of Incorporation dated June 21, 1999, the name of our Company was changed to Aurangabad Electricals Limited with effect from July 01, 1997 under Section 43A(1A). Subsequently, in compliance with Section 43A (2A) of the Companies Act, 1956 the name of our Company was changed to Aurangabad Electricals Private Limited with effect from March 20, 2001. Further, in terms of special resolution passed by members in Extra Ordinary General Meeting held on February 25, 2006 our Company was converted into public limited company and pursuant to Certificate of Change of Name dated March 02, 2006, the name of our Company was changed to Aurangabad Electricals Limited. The Corporate Identification Number of our Company is U31909PN1985PLC037539. For further details in connection with change in name and registered office of our Company, see section titled "History and Certain Corporate Matters" on page 142 of the Draft Red Herring Prospectus.

Registered Office: Plot No. B-7, MIDC Chakan, Village Mahalunge, Taluka Khed, District Pune – 410501, Maharashtra, India **Telephone:** +91-2135-310527
Corporate Office: Gut No. 65, Village Chitegaon, Taluka Paithan, District Aurangabad – 431105, Maharashtra, India **Telephone:** +91-2431-329705/10; **Facsimile:** +91-2431-251488
Company Secretary and Compliance Officer : Prem Chand Agrawal **Telephone:** +91-2431-329705; **Facsimile:** +91-2431-251488
E-mail: compliance@aurangabadelectricals.co.in; **Website:** www.aurangabadelectricals.co.in

PROMOTERS OF OUR COMPANY: RISHI KUMAR BAGLA AND AURANGABAD MOTOR MANUFACTURERS LIMITED		
PUBLIC ISSUE OF 41,70,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH ("EQUITY SHARES") OF AURANGABAD ELECTRICALS LIMITED (OUR "COMPANY" OR "ISSUER") FOR CASH AT A PRICE OF ₹ [•] PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [•] PER EQUITY SHARE, AGGREGATING UP TO ₹ [•] LACS (THE "ISSUE") COMPRISING OF A FRESH ISSUE OF 16,50,000 EQUITY SHARES BY OUR COMPANY AGGREGATING UP TO ₹ [•] LACS (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF 25,20,000 EQUITY SHARES BY BLUE RIVER CAPITAL I LLC (THE "SELLING SHAREHOLDER") AGGREGATING UP TO ₹ [•] LACS (THE "OFFER FOR SALE"). THE ISSUE SHALL CONSTITUTE 31.95 % OF THE FULLY DILUTED POST-ISSUE PAID UP CAPITAL OF OUR COMPANY.		
THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10 EACH		
THE PRICE BAND AND THE MINIMUM BID LOT SIZE WILL BE DECIDED BY OUR COMPANY AND THE SELLING SHAREHOLDER, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS AND WILL BE ADVERTISED AT LEAST TWO WORKING DAYS PRIOR TO THE BID OPENING DATE		
In case of any revision in the Price Band, the Bidding Period shall be extended for at least three additional Working Days after such revision of the Price Band, subject to the total Bidding Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the Self Certified Syndicate Banks ("SCSBs"), the Bombay Stock Exchange Limited (the "BSE") and the National Stock Exchange of India Limited (the "NSE"), by issuing a press release and also by indicating the change on the website of the Book Running Lead Managers ("BRLMs") and on the terminals of the Syndicate.		
The Issue is being made through the Book Building Process in accordance with rule 19(2)(b) (i) of the Securities Contracts Regulation Rules, 1957, as amended ("SCRR") read with Regulation 26(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended (the "SEBI Regulations"), wherein not more than 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers ("QIBs"). Our Company and the Selling Shareholder, in consultation with the Book Running Lead Managers may allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds subject to valid bids being received at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only subject to valid bids being received at or above the Issue Price. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders, subject to valid Bids being received from them at or above the Issue Price. However, if the aggregate demand from Mutual Funds is less than [•] Equity Shares, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to QIB Bidders. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received from them at or above the Issue Price. All Investors other than Anchor Investors may participate in this Issue through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid Amounts will be blocked by the SCSBs. Specific attention is invited to section titled "Issue Procedure" on page 287 of the Draft Red Herring Prospectus.		
RISKS IN RELATION TO FIRST ISSUE		
This being the first public issue of the Issuer, there is no formal market for the Equity Shares. The face value of the Equity Shares is ₹ 10 each and the Floor Price is [•] times of the face value and the Cap Price is [•] times of the face value. The Issue Price (as determined and justified by our Company and the Selling Shareholder, in consultation with the Book Running Lead Managers), as stated in section titled "Basis for the Issue Price" on page 85 of the Draft Red Herring 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 entire 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 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 the Draft Red Herring Prospectus. Specific attention of the investors is invited to section titled "Risk Factors" on page 14 of the Draft Red Herring Prospectus.		
ISSUER'S AND SELLING SHAREHOLDER'S ABSOLUTE RESPONSIBILITY		
Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that the Draft Red Herring Prospectus contains all information with regard to our Company and this Issue, which is material in the context of this Issue, that the information contained in the Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes the Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading, in any material respect. The Selling Shareholder accepts responsibility that the Draft Red Herring Prospectus contains all information about them as a Selling Shareholder, which is material in the context of the Offer for Sale. The Selling Shareholder, having made all reasonable inquiries, accepts responsibility for and confirms that the information relating to the Selling Shareholder contained in the Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect.		
IPO GRADING		
This Issue has been graded by [•] and has been assigned the "IPO Grade [•]/5" indicating [•] in its letter dated [•]. The IPO grading is assigned on a five point scale from 1 to 5 with "IPO Grade 5/5" indicating strong fundamentals and "IPO Grade 1/5" indicating poor fundamentals. For more information on IPO grading, see sections titled "General Information", "Other Regulatory and Statutory Disclosures" and "Material Contracts and Documents for Inspection" on pages 54, 266 and 349 respectively.		
LISTING ARRANGEMENT		
The Equity Shares offered through the Draft Red Herring Prospectus are proposed to be listed on the BSE and the NSE. Our Company has received in-principle approvals from the BSE and the NSE for listing of the Equity Shares pursuant to their letters dated [•] and [•], respectively. For the purposes of this Issue, the BSE shall be the Designated Stock Exchange.		
BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE ISSUE
 ANAND RATHI ADVISORS LIMITED 11 th Floor, Times Tower, Kamala City, Senapati Bapat Marg, Lower Parcel, Mumbai - 400 013, Maharashtra, India Telephone: +91-22-4047 7000 Facsimile: +91-22-4047 7070 Email ID: ael.ipo@rathi.com Website: www.rathi.com Investor Grievance ID: grievance.ecm@rathi.com Contact Person: Jitendra Verma / Lokesh Bhandari SEBI Registration Number: MB/INM000010478		 LINK INTIME INDIA PVT LTD (Formerly INTIME SPECTRUM REGISTRY LTD.) LINK INTIME INDIA PRIVATE LIMITED C-13, Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West) Mumbai - 400 078, Maharashtra, India Telephone: +91-22-2596 0320 Facsimile: +91-22-2596 0329 Email ID: ael.ipo@linkintime.co.in Website: www.linkintime.co.in Investor Grievance ID: ael.ipo@linkintime.co.in Contact Person: Chetan Shinde SEBI Registration Number: INR000004058
 EQUIRUS CAPITAL PRIVATE LIMITED Fortune 2000 'A' Wing, 4 th Floor, Bandra Kurla Complex, Bandra (E), Mumbai - 400 051, Maharashtra, India Telephone: +91-22-2653 0600 Facsimile: +91-22-2653 0601 Email ID: ael.ipo@equirus.com Website: www.equirus.com Investor Grievance ID: investorsgrievance@equirus.com Contact Person: Munish Aggarwal SEBI Registration Number: MB/INM000011286		
BID/ISSUE PROGRAMME		
BID OPENING DATE: [•]*		BID CLOSING DATE: [•]**

*Our Company and the Selling Shareholder in consultation with the BRLMs may consider participation by Anchor Investors. The Anchor Investor Bidding Date shall be one Working Day prior to the Bid Opening Date.

**Our Company and the Selling Shareholder in consultation with the BRLMs may consider closing the Bidding Period for QIBs one Working Day prior to the Bid Closing Date.



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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Unless the context otherwise indicates, requires or implies, the following terms shall have the following meanings in the Draft Red Herring Prospectus. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

Company Related Terms

Term	Description
“Articles” or “Articles of Association” or “AoA”	The articles of association of our Company, as amended.
Auditor	The statutory auditors of our Company, being S. R. Batliboi & Co., Chartered Accountants.
“Board” or “Board of Directors” or “our Board”	The Board of Directors of our Company, as duly constituted from time to time including any committees thereof.
Corporate Office	The corporate office of our Company, presently located at Gut No. 65, Village Chitegaon, Taluka- Paithan, District Aurangabad, Maharashtra, India.
Director(s)	Unless the context requires otherwise, the director(s) on our Board.
Group Companies	The companies, firms, ventures, etc. promoted by our Promoters, as described in section titled “ <i>Our Promoters and Group Companies</i> ” on page 166 of the Draft Red Herring Prospectus, irrespective of whether such entities are covered under section 370 (1B) of the Companies Act, 1956 or not.
“Gravity Die Casting Division”, “GDC Division”	Located at Gut no. 65, Chitegaon, Taluka Paithan, District Aurangabad, Maharashtra
“Joint Venture” or “JV”	OMR Bagla Automotive Systems India Limited.
Key Managerial Personnel	The personnel listed as key managerial personnel in section titled “ <i>Our Management</i> ” on page 150 of the Draft Red Herring Prospectus.
Listing Agreement	Listing Agreement to be entered into by our Company with the Stock Exchanges.
“Memorandum” or “Memorandum of Association” or “MoA”	The Memorandum of Association of our Company, as amended.
“Our Company” or “the Company” or “the Issuer” or “AEL”	Aurangabad Electricals Limited, a public limited company incorporated under the Companies Act.
“Plant I ”	Erstwhile plant which formed one part of land located at Plot no. B-23 MIDC Waluj, Aurangabad, Maharashtra.
“Plant II ”	Erstwhile plant which formed other part of land located at Plot no. B-23 MIDC Waluj, Aurangabad, Maharashtra.
“Plant III ”	Located at Gut no. 120/122, Village Pangra Chittegaon, Taluka Paithan District Aurangabad, Maharashtra
“Plant N1”	Located at Plot no. 6 Sector 10, II E Pantnagar Udham Singh Nagar, Uttarakhand
“Plant IV”	Located at M/ 135, 136 MIDC Waluj, Aurangabad, Maharashtra
“Plant V”	Located at Gut. No.342/1/P of Village Pimpalgaon (Kawdya Dongar) Taluka Parner District Ahmednagar, Maharashtra
“Plant VI”	Located at Plot No B-7, MIDC Chakan, Village Mahalunge, Taluka Khed, District Pune, Maharashtra.
“Plant VII ”	Located at L-6/1 MIDC, Waluj, Aurangabad, Maharashtra
“Plant IX”	Located at Gut No. 104 Village Pharola, Taluka Paithan, District Aurangabad, Maharashtra.
“Plant X ”	Erstwhile plant located at Survey No. 120, Village Kundlapur, Taluka Kavthe-Mahankal, District Sangli, Maharashtra (windmill).
“Plant XI ”	Erstwhile plant located at 128/2 & 3, Sangvi Steel Compound, Mohan Nagar,



Term	Description
	Chinchwad, Pune, Maharashtra
Promoters	The promoters of our Company, Rishi Kumar Bagla and Aurangabad Motor Manufacturers Limited.
Promoter Group	The persons and entities constituting our promoter group as set out in section titled “ <i>Our Promoters and Group Companies</i> ” at page 166 of the Draft Red Herring Prospectus.
R.N. Bagla (HUF)	Raj Narayan Bagla – Hindu Undivided Family which has been partitioned pursuant to a partition deed dated March 7, 2010
R.K. Bagla (HUF)	Rishi Kumar Raj Narayan Bagla – Hindu Undivided Family of which Rishi Kumar Bagla is the Karta
Registered Office	The registered office of our Company, presently located at Plot No. B-7, MIDC Chakan, Village Mahalunge, Taluka Khed, Pune – 410501, Maharashtra, India.
Scheme of Arrangement	The scheme sanctioned by the High Court of Mumbai in connection with demerger of Gravity Die Casting Division of Aurangabad Motor Manufacturers Limited into our Company. For further information please see section “ <i>History and Certain Corporate Matters</i> ” at page 142 of the Draft Red Herring Prospectus.
Selling Shareholder	Blue River Capital I LLC, a Mauritius public limited life company with limited liability, having its registered office at C/o IFS, IFS Court, twenty eight, Cybercity, Ebene, Mauritius.
“We” or “us” or “our”	Aurangabad Electricals Limited unless as expressly stated otherwise or if the context requires otherwise.

Issue Related Terms

Term	Description
“AI CAN” or “Anchor Investor Confirmation of Allocation Note”	The note or advice or intimation of allocation of the Equity Shares sent to the Anchor Investors who have been allocated Equity Shares after discovery of the Anchor Investor Allocation Price, including any revisions thereof.
“Allot” or “Allotment” or “Allotted”	The allotment of Equity Shares pursuant to the Fresh Issue and transfer of the Equity Shares offered by the Selling Shareholder pursuant to the Offer for Sale.
Allotment Advice	The advice or intimation of Allotment of the Equity Shares sent to the Bidders who are to be allotted the Equity Shares after discovery of the Issue Price in accordance with the Book Building Process.
Allottee	A successful Bidder to whom Allotment is made.
Anand Rathi	Anand Rathi Advisors Limited
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor Portion, who has Bid for an amount of at least ₹ 1,000 lacs.
Anchor Investor Allocation Price	The price at which Equity Shares will be allocated in terms of the Red Herring Prospectus and Prospectus to the Anchor Investors, which will be decided by our Company and the Selling Shareholder in consultation with the BRLMs prior to the Bid Opening Date.
Anchor Investor Bidding Date	The date one day prior to the Bid Opening Date prior to or after which the Syndicate Member will not accept any Bids or any revision of the previously submitted bids from Anchor Investors.
Anchor Investor Issue Price	The price at which Allotment will be made to Anchor Investors in terms of the Prospectus, which shall be higher than or equal to the Issue Price as well as Anchor Investor Allocation Price, but not higher than the Cap Price.
Anchor Investor Pay-in Date	In case of the Anchor Investor Issue Price being higher than the Anchor Investor Allocation Price, no later than two days after the Bid Closing Date.
Anchor Investor Portion	The portion of the Issue available for allocation to Anchor Investors on a discretionary basis at the Anchor Investor Allocation Price, in accordance with the SEBI Regulations, being up to 30% of the QIB Portion or up to 6,25,500 Equity Shares.



Term	Description
“ASBA” or “Application Supported by Blocked Amount”	The application (whether physical or electronic) used by the ASBA Bidders to make a Bid authorizing the SCSB to block the Bid Amount in the specified bank account maintained with such SCSB.
ASBA Account	Account maintained with an SCSB which will be blocked by such SCSB to the extent of the appropriate Bid Amount in relation to a Bid by an ASBA Bidder.
ASBA Bidders	Any Bidder, other than Anchor Investors in this Issue, who intend to Bid through ASBA.
ASBA Bid cum Application Form or ASBA BCAF	The form, whether physical or electronic, used by an ASBA Bidder to make a Bid authorising a SCSB to block the Bid Amount in the ASBA Account maintained with such SCSB, which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus.
ASBA Revision Form	The form used by the ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid cum Application Forms or any previous ASBA Revision Form(s).
BAN	Beneficiary Account Number
Bankers to the Issue	The banks which are clearing members and registered with SEBI, in this case being [●].
Basis of Allotment	The basis on which the Equity Shares will be allotted as described in “ <i>Issue Procedure - Basis of Allotment</i> ” on page 322 of the Draft Red Herring Prospectus.
Bid	An indication to make an offer during the Bidding Period by a Bidder (other than an Anchor Investor), or on the Anchor Investor Bidding Date by an Anchor Investor, to subscribe or purchase the Equity Shares of the Company at a price within the Price Band, including all revisions and modifications thereto.
Bidder	Any prospective investor in this Issue, and unless otherwise stated or implied, includes an ASBA Bidder.
Bidding	The process of making a Bid.
Bid Amount	In relation to each Bid shall mean the Bid Price multiplied by the number of Equity Shares Bid for by a Bidder and indicated in the Bid cum Application Form or the ASBA Bid cum Application Form and in the case of Retail Individual Bidders bidding at Cut-Off Price, the Cut-Off Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the ASBA Bid cum Application Form or the Bid cum Application Form. The highest value of the Optional Bids shall be payable by the Bidders upon submission of the Bid.
Bid cum Application Form	The form in terms of which a Bidder (other than an ASBA Bidder) makes a Bid and which will be considered as an application for Allotment in terms of the Red Herring Prospectus.
Bid Price	The prices indicated against each optional Bid in the Bid cum Application Form.
Bid Closing Date	Except in relation to Anchor Investors, the date after which the Syndicate and the SCSBs will not accept any Bids, and which shall be notified in an English national daily newspaper, a Hindi national daily newspaper and a Marathi daily newspaper, each with wide circulation and in case of any revision, the extended Bid Closing Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI Regulations. Further, our Company and the Selling Shareholder, in consultation with the BRLMs, may decide to close Bidding by QIBs one day prior to the Bid Closing Date.
Bid Opening Date	Except in relation to Anchor Investors, the date on which the Syndicate and the SCSBs shall start accepting Bids, and which shall be the date notified in an English national daily newspaper, a Hindi national daily newspaper and a Marathi daily newspaper, each with wide circulation and in case of any revision, the extended Bid Opening Date also to be notified on the website and terminals of the Syndicate and SCSBs, as required under the SEBI Regulations.
Bidding Centre	A centre for acceptance of the Bid cum Application Form.
Bidding Period	The period between the Bid Opening Date and the Bid Closing Date or the QIB



Term	Description
	Bid Closing Date, as the case may be (in either case inclusive of such date and the Bid Opening Date) during which Bidders, other than Anchor Investors, can submit their Bids, inclusive of any revision thereof. Provided however that the Bidding shall be kept open for a minimum of three Working Days for all categories of Bidders, other than Anchor Investors.
Book Building Process/Method	The book building route as provided under Schedule XI of the SEBI Regulations.
“Book Running Lead Managers” or “BRLMs”	Book running lead managers to this Issue, being Anand Rathi Advisors Limited and Equirus Capital Private Limited.
“CAN” or “Confirmation of Allotment Note”	Except in relation to the Anchor Investors, the note or advice or intimation of Allotment of the Equity Shares, sent to the each successful Bidder who have been Allotted Equity Shares after discovery of the Issue Price, including any revision thereof.
Cap Price	The higher end of the Price Band, in this case being ₹ [●], and any revisions thereof, above which the Issue Price will not be finalized and above which no Bids will be accepted.
Controlling Branches	Such branches of the SCSBs which co-ordinate Bids under this Issue by the ASBA Bidders with the Registrar to the Issue and the Stock Exchanges and a list of which is available at http://www.sebi.gov.in .
Cut-Off Price	Issue Price finalised by our Company and the Selling Shareholder in consultation with the BRLMs which can be any price within the Price Band. Only the Retail Individual Bidders are entitled to Bid, for Equity Shares of an amount not exceeding ₹ 200,000.
Depository	A depository registered with the SEBI under Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 as amended from time to time read with the Depositories Act, 1996.
Depositories Act	The Depositories Act, 1996, as amended from time to time.
“Depository Participant” or “DP”	A depository participant registered with the SEBI under the Depositories Act.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid cum Application Form and a list of which is available on http://www.sebi.gov.in/pmd/scsb.pdf .
Designated Date	The date on which the Escrow Collection Banks transfer and the SCSBs issue, or by when have issued, instructions for transfer, of the funds from the Escrow Accounts and the ASBA Accounts, respectively, to the Public Issue Account in terms of the Red Herring Prospectus.
Designated Stock Exchange	BSE
Draft Red Herring Prospectus or “DRHP”	The draft red herring prospectus dated September 30, 2011 filed with SEBI, prepared and issued by our Company in accordance with the SEBI Regulations and which does not contain complete particulars of the price at which the Equity Shares are offered and the size of the Issue
Eligible NRI	An NRI from such a jurisdiction outside India where it is not unlawful to make an offer or invitation under this Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to Bid on the basis of the terms thereof.
Equirus/Equirus Capital	Equirus Capital Private Limited
Equity Shares	The fully paid up equity shares of our Company of face value of ₹ 10 each
Escrow Accounts	Accounts opened for this Issue to which cheques or drafts are issued by Bidders (excluding ASBA Bidders).
Escrow Agreement	An agreement to be entered among our Company, the Selling Shareholder, the Registrar to the Issue, the Escrow Collection Banks, the BRLMs and the Syndicate Members for the collection of Bid Amounts and for remitting refunds, if any, to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof.
Escrow Collection Banks	The banks which are clearing members and registered with SEBI, in this case being [●].
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision



Term	Description
	Form or the ASBA Bid cum Application Form or ASBA Revision Form.
Floor Price	The lower end of the Price Band below which no Bids will be accepted, in this case being ₹ [●], and any revisions thereof.
Fresh Issue	The issue of 16,50,000 Equity Shares aggregating upto ₹ [●] lacs offered by our Company for subscription pursuant to the terms of the Red Herring Prospectus.
Gross Proceeds	The Issue Proceeds less the amount to be raised with respect to the Offer for Sale.
IPO Grading Agency	[●], the credit rating agency appointed by our Company and the Selling Shareholder for grading this Issue.
Issue	Public issue of 41,70,000 Equity Shares aggregating upto ₹ [●] lacs consisting of a Fresh Issue of by our Company and an Offer for Sale by the Selling Shareholder.
Issue Agreement	The agreement entered into on September 27, 2011 between our Company, the Selling Shareholder and the BRLMs, pursuant to which certain arrangements are agreed to in relation to the Issue.
Issue Expense	Expenses in connection with the Issue which, (other than listing fees) will be shared between the Selling Shareholder and the Company, in the proportion to the Equity Shares offered for sale or issued, as the case may be.
Issue Price	The price at which Allotment will be made, as determined by our Company and the Selling Shareholder in consultation with the BRLMs
Issue Proceeds	The proceeds of this Issue that is available to our Company and the Selling Shareholder.
Mutual Fund Portion	72,975 Equity Shares or 5% of the Net QIB Portion, available for allocation to Mutual Funds out of the Net QIB Portion subject to valid bids received at or above the Issue Price.
Net Proceeds	The Gross Proceeds less our Company's share of the Issue expenses.
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares Allotted to the Anchor Investors.
Non-Institutional Bidders	All Bidders (including ASBA Bidders and Sub-Accounts which are foreign corporates or foreign individuals) that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for an amount more than ₹ 200,000.
Non-Institutional Portion	The portion of the Issue being not less than 15% of the Issue consisting of 625,500 Equity Shares, available for allocation to Non-Institutional Bidders subject to valid bids received at or above the Issue Price.
Offer for Sale	The offer for sale of 25,20,000 Equity Shares by Blue River Capital I LLC at the Issue Price, pursuant to the terms of the Draft Red Herring Prospectus.
Preference Shares	The non-cumulative redeemable preference shares of our Company of face value of ₹ 1 each.
Price Band	The price band between the Floor Price and Cap Price, including any revisions thereof. The Price Band and the minimum Bid lot size for the Issue will be decided by the Company and the Selling Shareholder in consultation with the BRLMs and advertised in an English national newspaper, a Hindi national newspaper and a Marathi newspaper, each with wide circulation in the place where our Registered Office is situated, at least two Working Days prior to the Bid Opening Date.
Pricing Date	The date on which the Issue Price is finalised by our Company and the Selling Shareholder, in consultation with the BRLMs.
Prospectus	The prospectus of our Company to be filed with the RoC for this Issue after the Pricing Date, in accordance with Sections 56, 60 and 60B of the Companies Act and the SEBI Regulations.
Public Issue Accounts	The bank accounts opened with the Bankers to the Issue by our Company and the Selling Shareholder under Section 73 of the Companies Act to receive money from the Escrow Accounts on the Designated Date and where the funds shall be transferred by the SCSBs from the ASBA Accounts.
“QIBs” or “Qualified Institutional Buyers”	Public financial institutions as defined in Section 4A of the Companies Act, FIIs and Sub-Accounts (other than Sub-Accounts which are foreign corporates or foreign individuals), VCFs, FVCIs, Mutual Funds, multilateral and bilateral



Term	Description
	financial institutions, scheduled commercial banks, state industrial development corporations, insurance companies registered with the IRDA, provident funds and pension funds with a minimum corpus of ₹ 2500 lacs, the NIF and insurance funds set up and managed by army, navy or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India, eligible for Bidding.
QIB Bid Closing Date	In the event our Company and the Selling Shareholder, in consultation with the BRLMs, decides to close Bidding by QIBs one day prior to the Bid Closing Date, the date one day prior to the Bid Closing Date; otherwise it shall be the same as the Bid Closing Date.
QIB Portion	The portion of the Issue being not more than 20,85,000 Equity Shares available for allocation to QIBs (including the Anchor Investor Portion).
“Red Herring Prospectus” or “RHP”	The red herring prospectus to be issued by our Company in accordance with Sections 56, 60 and 60B of the Companies Act and the SEBI Regulations.
Refund Account(s)	The account(s) opened by our Company, from which refunds of the whole or part of the Bid Amount (excluding the ASBA Bidders), if any, shall be made.
Refunds through electronic transfer of funds	Refunds through NECS, NEFT, direct credit or RTGS, as applicable.
Refund Banker(s)	The Banker(s) to the Issue, with whom the Refund Account(s) will be opened, in this case being [●].
“Registrar” or “Registrar to the Issue”	Link Intime India Private Limited, C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West) , Mumbai 400 078 Maharashtra, India, Tel: +91 22 2596 0320, Fax: +91 22 2596 0329, Email: ael.ipo@linkintime.co.in, Contact Person: Chetan Shinde, Website: www.linkintime.co.in
Retail Individual Bidders	Individual Bidders (including HUFs applying through their karta, Eligible NRIs and Resident Retail Individual Bidders) who have not Bid for Equity Shares for an amount of more than ₹ 200,000 in any of the Bidding options in the Issue, subject to valid Bids being received at or above the Issue Price.
Retail Portion	The portion of the Issue being not less than 35% of the Issue, consisting of 14,59,500 Equity Shares, available for allocation to Retail Individual Bidders on a proportionate basis.
Revision Form	The form used by the Bidders other than ASBA Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s), as applicable.
Self Certified Syndicate Banks or SCSBs	The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account in accordance with the SEBI Regulations and a list of which is available on http://www.sebi.gov.in .
Stock Exchanges	The BSE and the NSE.
Syndicate Agreement	The agreement to be entered by our Company, the Selling Shareholder and members of the Syndicate, in relation to the collection of Bids (excluding Bids from the ASBA Bidders).
Syndicate ASBA Bidders	ASBA Bidders submitting their Bids through the members of the Syndicate or their respective sub-syndicate members at the Syndicate ASBA Centres.
Syndicate ASBA Centres	The bidding centres of the members of the Syndicate or their respective sub-syndicate members in Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bangalore, Hyderabad, Pune, Baroda and Surat as specified by way of the SEBI circular dated April 29, 2011, bearing no. CIR/CFD/DIL/1/2011.
Syndicate Members	Intermediaries registered with the SEBI who are permitted to carry out activities as an underwriter, in this case being [●].
Syndicate	The BRLMs and the Syndicate Members.
“Transaction Registration Slip” or “TRS”	The slip or document issued by any of the members of the Syndicate, or the SCSBs, as the case may be, to a Bidder upon demand as proof of registration of the



Term	Description
	Bid.
Underwriters	The BRLMs and the Syndicate Members.
Underwriting Agreement	The agreement to be entered into between the Underwriters, our Company and the Selling Shareholder on or immediately after the Pricing Date.
Working Days	All days on which banks in Mumbai are open for business except Sunday and any bank holiday, provided however during the Bidding Period a working day means all days on which banks in Mumbai are open for business and shall not include a Saturday, Sunday or a bank holiday.

Industry/ Project Related Terms, Definitions and Abbreviations

Term	Description
ACMA	Automotive Components Manufacturing Association of India
AS	Accounting Standards as notified under Companies (Accounting Standards) Rules, 2006
AY	Assessment Year
Bps	basis points
BSE	Bombay Stock Exchange Limited
BPLR	Benchmark Prime Lending Rates
CAGR	Compounded Annual Growth Rate
CDSL	Central Depository Services (India) Limited
CIA	Central Intelligence Agency, the United States of America
CIN	Corporate Identity Number
CNC	Computer Numerically Controlled
CRISIL	Credit Rating and Information Services of India Limited
CSO	Central Statistical Office
CVT	Continuous variable transmission
DEPB	Duty Entitlement Pass Book
DP ID	Depository Participant's Identity
DSIR	Department of Scientific and Industrial Research
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EGM	Extraordinary General Meeting
EPCG	Export Promotion Capital Goods
EPS	Earnings per share, which is the profit after tax for a fiscal year divided by the weighted average of outstanding number of equity shares at the end of the fiscal year
FDI	Foreign Direct Investment
FIPB	Foreign Investment Promotion Board
GDP	Gross Domestic Product
GoI/ Government	Government of India
HNI	High Net worth Individual
HCV	Heavy commercial vehicle
HMC	Horizontal machining centre
ICAI	The Institute of Chartered Accountants of India
Income Tax Act	Income Tax Act, 1961, as amended
IPO	Initial Public Offering
JV	Joint Venture
LCV	Light commercial vehicle
LIBOR	London Interbank Offered Rate
MoU	Memorandum of Understanding
MT	Metric Tonne
MUV	Multi Utility Vehicle
NAV	Net Asset Value



Term	Description
NECS	National Electronic Clearing Service
NEFT	National Electronic Fund Transfer
NOC	No objection certificate
NR	Non Resident
NRE	Non Resident External Account
NRO	Non Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OEM	Original equipment manufacturer
P/E Ratio	Price/Earnings Ratio
PAN	Permanent Account Number
PAT	Profit After Tax
PBT	Profit Before Tax
PIO	Persons of Indian Origin
QCDDM	Quality, Cost, Delivery, Development and Management
₹/Re.	One Indian Rupee
RoNW	Return on Net Worth
₹/Rs./ Rupees	Indian Rupees
RTGS	Real Time Gross Settlement
SEBI	Securities and Exchange Board of India constituted under the SEBI Act
SIAM	Society of Indian Automobile Manufacturers
SPV	Special Purpose Vehicle
TPM	Total Productive Maintenance
VMC	Vertical machining centre

Conventional/General Terms, Abbreviations and Reference to Other Business Entities

Abbreviation	Full Form
AGM	Annual General Meeting.
Air Act	The Air (Prevention and Control of Pollution) Act, 1981, as amended.
BIFR	Board for Industrial and Financial Reconstruction.
BSE	The Bombay Stock Exchange Limited.
CAGR	Compounded Annual Growth Rate.
CDSL	Central Depository Services (India) Limited.
Companies Act	Companies Act, 1956, as amended.
CST	Central Sales Tax Act, 1956, as amended.
CRISIL	Credit Rating and Information Services of India Limited
DIN	Directors Identification Number.
DP ID	Depository Participant's Identity.
FCNR Account	Foreign Currency Non-Resident Account.
FEMA	Foreign Exchange Management Act, 1999, together with rules and regulations framed there under.
FEMA Regulations	Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000, as amended.
FII	Foreign Institutional Investors, as defined under the FII Regulations and registered with SEBI under applicable laws in India.
FII Regulations	Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended.
“Fiscal” or “Financial Year” or “FY”	Period of twelve months ended March 31 of that particular year, unless otherwise stated.
FVCI	Foreign Venture Capital Investor registered under the FVCI Regulations.
FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended.



Abbreviation	Full Form
“GBP” or “£”	Pound Sterling.
GIR Number	General Index Register Number.
GMP	Good Manufacturing Practices.
“GoI” or “Government of India” or “Central Government”	The Government of India.
HUF	Hindu Undivided Family.
IFRS	International Financial Reporting Standards.
Indian GAAP	Generally accepted accounting principles in India.
IPO	Initial Public Offer.
IRDA	Insurance Regulatory and Development Authority.
IT	Information Technology
IT Act	Income Tax Act, 1961, as amended.
IT Department	Income Tax Department, GoI.
“Limited Liability Partnership” or “LLP”	Limited Liability Partnership registered under the Limited Liability Partnership Act, 2008.
Ltd.	Limited.
Mutual Funds	Mutual funds registered with the SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
N.A.	Not Applicable.
NAV	Net Asset Value.
NECS	National Electronic Clearing System.
NEFT	National Electronic Funds Transfer.
NIF	National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India.
No.	Number.
NRE Account	Non-Resident External Account.
NRI	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin, such term as defined under the Foreign Exchange Management (Deposit) Regulations, 2000.
NRO Account	Non-Resident Ordinary Account.
“NR” or “Non Resident”	A person resident outside India, as defined under FEMA, including an Eligible NRI and an FII.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
OCBs	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 was eligible to undertake transactions pursuant to the general permission granted to OCBs under FEMA.
Ops	Operations.
p.a.	Per annum.
PAN	Permanent Account Number allotted under the Income Tax Act, 1961.
PCB	Pollution Control Board.
P/E Ratio	Price/Earnings Ratio.
PLR	Prime Lending Rate.
P.O.	Post Office.
Pvt.	Private.
RBI	Reserve Bank of India.
R&D	Research and Development.
“RoC” or “Registrar of Companies”	Registrar of Companies, Pune Maharashtra.
“₹” Or “Rupees”	Indian Rupees.



Abbreviation	Full Form
SCRA	Securities Contracts (Regulation) Act, 1956, as amended.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended.
SEBI Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended.
Securities Act	U.S. Securities Act of 1933.
SEZ	Special Economic Zone.
SICA	Sick Industrial Companies (Special Provisions) Act, 1985, as amended.
Sq. ft.	Square foot.
Sq. mt.	Square meter.
State government	The government of a state of Republic of India.
Sub-Account	Sub-accounts registered with SEBI under the Securities and Exchange Board of India (Foreign Institutional Investor) Regulations, 1995, other than sub-accounts which are foreign corporates or foreign individuals.
Takeover Code	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended.
TAN	Tax Deduction Account Number allotted the Income Tax Act, 1961, as amended.
“U.K.” or “UK” or “United Kingdom”	The United Kingdom of Great Britain and Northern Ireland, together with its territories and possessions.
“U.S.” or “US” or “U.S.A” or “United States”	The United States of America, together with its territories and possessions.
U.S. GAAP	Generally accepted accounting principles in the United States of America.
VCFs	Venture Capital Funds as defined and registered with SEBI under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996.
Water Act	The Water (Prevention and Control of Pollution) Act, 1974, as amended.

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the Companies Act, the SCRA, the Depositories Act and the rules and regulations made there under.

Notwithstanding the foregoing, terms in sections titled “*Main Provisions of the Articles of Association*”, “*Statement of Tax Benefits*” and “*Financial Statements*” on pages 328, 88 and 182, respectively, have the meanings given to such terms in these respective sections.



CERTAIN CONVENTIONS, USE OF FINANCIAL INFORMATION AND MARKET DATA

Certain Conventions

All references to “India” contained in the Draft Red Herring Prospectus are to the Republic of India. In the Draft Red Herring Prospectus, our Company has presented numerical information in “Lacs” units. One lacs represents 1,00,000.

Financial Data

Unless stated otherwise the financial data in the Draft Red Herring Prospectus is derived from our restated financial statements as at and for the financial years ended March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010, and March 31, 2011 prepared in accordance with the SEBI Regulations, which are included in the Draft Red Herring Prospectus, and as set out in the section titled “*Financial Information*” on page 182 of the Draft Red Herring Prospectus. Our Financial Year commences on April 1 and ends on March 31 of the next year. So all references to a particular Financial Year are to the 12-month period ended on March 31 of that year.

All the numbers in this document have been presented in lacs or in whole numbers where the numbers have been too small to present in lacs.

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

CURRENCY OF PRESENTATION

All references to “Rupees” or “₹” are to Indian Rupees, the official currency of the Republic of India. All references to “US\$” or “U.S. Dollars” are to United States Dollars, the official currency of the United States of America. All references to “Euro” or “€” are to Euro, the official currency of the Euro Area. All references to “JPY” are to the official currency of Japan.

Unless otherwise stated, our Company has, in the Draft Red Herring Prospectus, used the following conversion rates as on August 30, 2011:

1 US\$ = ₹46.0190, 1 Euro = ₹66.6958 and 1 JPY = ₹0.59
(Source: www.rbi.org.in)

Definitions

For definitions, see the section “*Definitions and Abbreviations*” on page 1 of the Draft Red Herring Prospectus. In the section “*Main Provisions of the Articles of Association*” beginning on page 328 of the Draft Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association.

Market and Industry Data

Market and industry data used in the Draft Red Herring Prospectus has generally been obtained or derived from industry publications and sources. These publications typically state that the information contained therein has been obtained from sources believed to be reliable but their accuracy and completeness are not guaranteed and their reliability cannot be assured. Accordingly, no investment decisions should be made based on such information. Although we believe that industry data used in the Draft Red Herring Prospectus is reliable, it has not been verified. Similarly, we believe that the internal company reports are reliable however, they have not been verified by any independent sources.



The extent to which the market and industry data used in the Draft Red Herring 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.

CRISIL Research, a Division of CRISIL Limited has taken due care and caution in preparing the report titled "Customised Industry Report" dated April 27, 2011. Information has been obtained by CRISIL from sources which it considers reliable. However, CRISIL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CRISIL is not liable for investment decisions which may be based on the views expressed in this Report. CRISIL especially states that it has no financial liability whatsoever to the subscribers/ users/ transmitters/ distributors of this Report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division, which may, in its regular operations, obtain information of a confidential nature which is not available to CRISIL Research. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval.



FORWARD-LOOKING STATEMENTS

This DRHP contains certain “forward looking statements”. These forward looking statements can generally be identified by words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions. Similarly, statements that describe our objectives, strategies, plans or goals are also forward looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause our actual results to differ materially from those contemplated by the relevant forward looking statement.

Important factors that could cause actual results to differ materially from our expectations include, among others:

- Our ability to maintain our profitability in the event of increases in the price or availability of raw materials, labour or other inputs.
- Our dependence on the success of particular models of vehicles
- Our ability to manage our working capital requirements
- Our ability to anticipate and manage changes or shortages in the supply of skilled or unskilled labour or technology and continue to operate our business
- Our ability to successfully implement our strategy
- Changes in the value of the Rupee and other currency changes
- Changes in political conditions in India
- Our dependence on certain principal customers
- Our ability to comply with terms of financing and other agreements and to procure waivers for noncompliance or defaults

For a further discussion of factors that could cause our actual results to differ, see the sections titled “*Risk Factors*”, “*Our Business*” and “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” on pages 14, 113, and 183, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

Forward looking statements speak only as of the date of the DRHP and are not a guarantee of future performance. None of our Company, the Selling Shareholder, our Directors, our officers, any Underwriter, or any of their respective affiliates or associates has any obligation to update or otherwise revise any statement 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. Our Company, the Selling Shareholder and the BRLMs will ensure that investors in India are informed of material developments until the commencement of listing and trading.



SECTION II – RISK FACTORS

An investment in our Equity Shares involves a high degree of risk. You should carefully consider all the information in the Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. If any, or some combination, of the following risks actually occur, our business, prospects, results of operations and financial condition could suffer, the trading price of our Equity Shares could decline and you may lose all or part of your investment. Any potential investor in, and/or a purchaser of, the Equity Shares should pay particular attention to the fact that we are governed, in India, by a statutory and regulatory environment which may be significantly different from that which prevails in the U.S. and other countries in some material respects.

We have described the risks and uncertainties that our management believes are material, but these risks and uncertainties may not be the only ones we face. Additional risks and uncertainties, including those we are not aware of or deem immaterial, may also result in decreased revenues, increased expenses or other events that could result in a decline in the value of the Equity Shares. In making an investment decision, prospective investors must rely on their own examination of us and the Issue, including the merits and risks involved. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section. Investors are advised to read the risk factors carefully before taking an investment decision in this Issue.

The Draft Red Herring Prospectus also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in the Draft Red Herring Prospectus.

Unless otherwise stated, the financial information of our Company used in this section is derived from our restated financial statements as at and for the financial years ended March 31, 2011, 2010, 2009, 2008 and 2007.

RISKS RELATING TO OUR COMPANY

Internal Risk Factors

- 1. Our Company, Directors, our Promoters, Joint Venture Company and Group Companies, are involved in certain legal and other proceedings. An adverse outcome in such proceedings may have a material adverse effect on our business, results of operations and financial condition.***

Our Company, certain of our Directors and our Promoters, Joint Venture Company and Group Companies are currently involved in a number of legal proceedings in India. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. We can give no assurance that these legal proceedings will be decided in our favour and we may incur significant expenses and management time in such proceedings and may have to make provisions in our financial statements, which could increase our expenses and liabilities. If any new developments arise, for example, a change in Indian law or rulings against us by the appellate courts or tribunals, we may face losses and may have to make provisions in our financial statements, which could increase our expenses and our liabilities. If such claims are determined against us, our Directors, our employees, our Promoters, our Joint Ventures or Group Companies, there could be a material adverse effect on our reputation, business, financial condition and results of operations, which could adversely affect the trading price of our Equity Shares

Details of the total number of proceedings pending against the Company are mentioned below.



Litigation filed against:

Nature of cases/claims	Number of cases outstanding	Amount involved (₹ in Lacs)*
Company		
Tax	9	77.84
Civil	2	41.64
Labour	8	14.88
Group Companies		
Civil	1	Not Quantifiable
Labour	18	Not Quantifiable
Directors		
Civil	3	Not Quantifiable
Total	39	134.36

** To the extent quantifiable.*

Litigation filed by:

Nature of cases/claims	Number of cases outstanding	Amount involved (₹ in Lacs)*
Company		
Tax	12	425.71
Civil	6	125.12
Group Companies		
Tax	1	Not Quantifiable
Civil	2	104.22
Labour	57	Not Quantifiable
Directors		
Civil	1	Not Quantifiable
Total	78	655.06

** To the extent quantifiable.*

For further details of these legal proceedings, see the section titled “*Outstanding Litigation and Material Developments*” on page 221 of the Draft Red Herring Prospectus.

2. ***The discontinuation of, the loss of business with respect to, or lack of commercial success of, a particular vehicle model for which we are a significant supplier could affect our business, results of operations and financial condition.***

Our supply contracts and/or purchase orders do not provide for the purchase of a minimum quantity of products rather are dependent on the requirements of the customer’s requirements and may vary from one month to one year and are renewable for similar period of time . Additionally, our purchase orders and purchase agreements with OEMs do not provide for any compensation if there is any shortfall in demand for the relevant vehicle model being manufactured leading to a consequent reduction in the demand for our products. Demand for a particular vehicle model may from time-to-time fluctuate sharply, which could have an adverse effect on our business. The discontinuation of or loss of business with respect to, or lack of commercial success of a particular vehicle model for which we are a significant supplier could reduce our sales and affect our estimates of anticipated sales, which could have an adverse effect on our business, financial condition and results of operations.

3. ***While our Company and Group Companies have compounded certain offences under the Companies Act in the past, which may have a material adverse effect on our business, financial condition or results of operations.***



Our Company and belowmentioned Group Companies had filed three petitions under Section 621A of the Companies Act with the Company Law Board in connection with compounding of certain irregularities/defaults under the Companies Act.

The brief particulars of the orders passed are as follows:

Sr. No	Name of the company	Date	Section of Company Act for violation of which the application was made	Present Status
1.	Aurangabad Motor Manufacturers Limited	April 28, 2010	U/s. 383 A of the Companies Act, 1956	Company had filled Form-61 with Registrar Of Companies
2.	BG LI-IN Electricals Limited	November 19, 2009	U/s 297 & U/s. 383 A of the Companies Act, 1956	Application pending with Regional Director after filling of Form-61 with Registrar of Companies
3.	Aurangabad Electricals Limited	April 28, 2010	U/s 297 of the Companies Act, 1956	The Regional Director has rejected our application by an email dated March 10, 2011.

For further details, please refer to the section titled “*Outstanding Litigation and Material Developments*” on page 221 of the Draft Red Herring Prospectus.

While our Company has sought to address these non-compliances of the Companies Act by filing the aforesaid compounding applications, the Company Law Board and the Regional Director may not have compounded each instance of non-compliance. Any subsisting non-compliances by the Company may individually, or in the aggregate, have a material adverse effect on our business, financial condition or results of operations.

4. *Our business is dependent on certain principal customers, especially Bajaj Auto Limited, and the loss of such customers or a significant reduction in purchases by such customers could adversely affect our business, results of operations and financial condition.*

We are dependent on certain principal customers, especially Bajaj Auto Limited. Sales to our top five customers represented approximately 90% to 95% of our gross sales for Fiscal 2011 and Fiscal 2010. Bajaj Auto Limited one of our largest and longest standing customers represented approximately 78% to 82% of our gross sales for Fiscal 2011 and Fiscal 2010. However, we have no long-term purchase agreement with Bajaj Auto Limited and/or our other significant customers, and instead rely on short-term purchase orders. Consequently, the loss of any significant customer, especially Bajaj Auto Limited, could have an adverse effect on our business. In addition, as a consequence of our reliance on Bajaj Auto Limited and our other select significant customers; any adverse change in the financial condition of such customers may also have an adverse effect on our business. It is common for large OEMs to source their parts from relatively small numbers of vendors, and as a result, our customers often undertake vendor rationalisation to reduce costs



related to procurement from multiple vendors. There can be no assurance that our business relationships with our key customers would continue in similar manner.

5. *Our Auditors have reported remarks in their Companies Audit Report Order (CARO) report on our audited financial statements for the fiscal years ended 2011, 2010, 2009, 2008 and 2007.*

The audit report issued on our audited financial statements for Fiscals ended 2011, 2010, 2009, 2008 and 2007 reported remarks in their CARO report. However, these remarks did not require any adjustments to be made to our Restated Financial Statements. For further details please see the section titled “*Financial Statements*” on page 182 of the Draft Red Herring Prospectus.

6. *We have deferred the repayment schedule for three of our loans in the past.*

We had applied to IDBI Bank Limited, State Bank of India & Saraswat Co-operative Bank Ltd. for deferment of corporate and term loan instalments. IDBI Bank Limited vide their letter dated July 07 2009 and State Bank of India, vide their letter dated April 06, 2009 and Saraswat Co-operative Bank Ltd. Vide their letter dated March 30, 2008 have deferred the various existing term loans. Please see the section titled “*Financial Indebtedness*” at page 210 of the Draft Red Herring Prospectus.

7. *Any delays and/or defaults in customer payments could result in increase of working capital investment and/or reduction of our Company's profits, thereby affecting our operation and financial condition*

The nature of our Company's contracts is such that we have to sometimes commit resources to various orders prior to receiving advances, progress or other payments from the customer in amounts sufficient to cover expenditures on orders as they are incurred by our Company. Delays in customer payments may require our Company to make a working capital investment. We cannot assure you that all or any customer payments will be received in a timely manner or to that extent will be received at all. If a customer defaults in making its payments on an order on which our Company has devoted significant resources, or if an order in which our Company has invested significant resources is delayed, cancelled or does not proceed to completion, it could have a material adverse effect on our Company's results of operations and financial condition.

8. *We may be unable to effectively implement our growth strategies or manage our growth. Our growth strategy involves risks and difficulties, many of which are beyond our control and, accordingly, there can be no assurance that we will be able to complete our plans on schedule or at all, which could have a material and adverse effect on our business and prospects.*

As a part of our growth strategy, we propose to make investments designed to increase sales of our products. Our growth strategy involves risks and difficulties, many of which are beyond our control and, accordingly, there can be no assurance that we will be able to complete our plans on schedule or at all, or without incurring additional unforeseen material capital expenditure. Any inability on our part to manage our growth effectively or to ensure the continued adequacy of our current systems to support our growth strategy could have a material adverse effect on our business, results of operations, financial condition and cash flows. Furthermore, if market conditions change or if our operations do not generate sufficient funds or for any other reasons, if we decide to delay, modify or forgo some aspects of our growth strategy it could have a material and adverse effect on our business and prospects. For further information on our growth strategies please see the section titled “*Our Business*” at page 113 of the Draft Red Herring Prospectus.

9. *We are exposed to fluctuations in prices of raw materials including steel, aluminium and copper and other input materials and if we are unable to compensate for or pass on such costs to our customers in a timely manner or at all, such increased costs could have an adverse impact on our profitability.*



We operate in an industry with high raw material content, which constituted 70.57%, 65.19%, 70.45 %, 67.17 % and 66.85 % (material consumption) of our total expenditure for Fiscals 2011, 2010, 2009, 2008 and 2007 respectively and are exposed to volatility in the price of such raw material. Historically, as a practice, we have successfully passed on the increase in cost of metals, especially aluminium and steel onto our customers. However, our cash flows may still be adversely affected because of any gap in time between the date of procurement of these primary raw materials and date on which we can reset the component prices for our customers, to account for the increase in the prices of such raw materials. The prices of the aforesaid commodities are highly volatile and cyclical in nature. Numerous factors, most of which are beyond our control, drive the cycles of the the aforesaid material and influence their respective prices. Some of these factors include general economic conditions, worldwide production capacity, capacity-utilization rates, downturns in purchase by traditional bulk end users of these commodities or their customers, a slowdown in basic manufacturing industries, import duties and other trade restrictions and currency exchange rates. If the prices of any of such commodities increase in the future, there can be no assurance that we will be able to pass along such increases to our customers, thereby adversely affecting our margins and profits.

10. Any of our contingent liabilities which have not been provided for in our restated financial statements can adversely impact, our liquidity, business, prospects, financial condition and results of operations.

As on March 31, 2011, the contingent liabilities of our Company which were not provided for are as under:

Particulars	₹ in Lacs
EPCG Obligation*	2,497.00
Claims against the Company not acknowledged as debts	
Excise Duty and Service Tax	146.02
Sales Tax	15.53
Employees State Insurance Corporation	7.12
Provident Fund	9.44
Income Tax	192.33

* The outstanding amount pertains to, import of Capital Goods under the Export Promotion Capital Goods Scheme ("EPCG" or "Scheme") of the Government of India at concessional rates of duty on an undertaking to fulfill quantified exports. The Company has met obligations for each of the above years. Non fulfillment of obligations as per the Scheme entails options/rights to the Government to confiscate capital goods imported and other penalties under the scheme.

If any of the contingent liabilities specified above materialise, our liquidity, business, prospects, financial condition and results of operations could be adversely affected.

11. Any discontinuance or non-availability of fiscal benefits enjoyed by us or our inability to comply with related requirements may have an adverse effect on our business, financial position, profitability and results of operations.

The Government of India has provided for various fiscal incentives including concessions on duty imports under the Export Promotion Capital Goods Scheme ("EPCG Scheme") of the Government of India by issuing Duty Entitlement Pass Book licences ("DEPB Licences"). Our Company also enjoys incentives under the EPCG Scheme for our various manufacturing units. The EPCG Scheme allows imports at concession rates of custom duty and requires the importer to export a specified quantity of goods over a period of eight years and to maintain an average quantity of export per year. Non-fulfilment of such obligations may result in confiscation of capital goods imported under this scheme and other penalties as set out in this scheme. The export obligation of our Company under the EPCG scheme as on March 31, 2011 is ₹ 2,497.00 lacs. Though in the past we have not been penalised for non fulfilment of the export



obligations under the EPCG Scheme; there can be no assurance that we would be able to meet the export obligations in the future. In the event we are in default of the EPCG Scheme and the incentives provided therein are withdrawn by the Government of India, it could have a material adverse effect on our business, financial position, profitability and results of operation. For further information please see the section titled “Government and Other Approvals” at page 250 of the Draft Red Herring Prospectus. Further, we may be penalized for our failure to comply with such export obligations in a timely manner or at all. We cannot assure you that we will at all times be able to comply with our export obligations in the future and any such failure could expose us to penal liabilities.

- 12. *If we are unable to adapt to technological changes coupled with changes in market conditions, the requirements of our customers, or to identify and understand evolving industry trends and preferences and develop new products to meet our customers’ demands, our business and results of operations may be adversely affected.***

Our future success will depend in part on our ability to respond to technological advances in the businesses in which we operate, on a cost-effective and timely basis. The development and implementation of such technology entails significant technical and business risks. There can be no assurance that we will successfully implement new technologies effectively. If we are unable, for technical, legal, financial or other reasons, to adapt in a timely manner to changing market conditions, customer requirements or technological changes, our business and financial performance could be adversely affected.

To compete effectively in the automotive components industry, we must be able to develop and produce new products to meet our customers’ demand in a timely manner. We cannot assure you, however, that we will be able to install and commission the equipment needed to produce products for our customers’ new product programs in time for the start of production, or that the transitioning of our manufacturing facilities and resources to full production under new product programs will not impact production rates or other operational efficiency measures at our facilities. In addition, we cannot assure you that our customers will execute on schedule the launch of their new product programs, for which we might supply products. Our failure to successfully develop and produce new products, or a failure by our customers to successfully launch new programs, could adversely affect our results of operations.

- 13. *We have not entered into long term contracts with the suppliers of raw material and components for our manufacturing facilities. Our inability to obtain raw material in a timely manner, in sufficient quantities and/or at competitive prices could adversely affect our operations, financial condition and/or profitability.***

If our suppliers/vendors are unable to supply the raw material and/or components required for the manufacture of our products, in sufficient quantities, or there is a loss of one or more significant suppliers/vendors, our ability to obtain raw material, components and/or products at competitive rates could be adversely affected. In such event, our cost of purchasing such raw material/components/products from alternate sources could be higher thereby adversely affecting our operating margins and our results of operations. Discontinuation of production by these suppliers or a failure of these suppliers to adhere to the delivery schedule or the required quality could hamper our production schedule and, therefore, also affect our business and results of operations. There can be no assurance that strong demand, capacity limitations or other problems experienced by our suppliers will not result in occasional shortages or delays in their supply of raw materials. Further we do not enter into long term agreements with the suppliers of raw material and components for our manufacturing facilities and with the vendors of the products marketed and sold by us. Any severance of our relations with our suppliers and/or vendors could adversely affect our operations and profitability.

- 14. *Certain financial institutions and banks that lend to our Company have the benefit of certain restrictive covenants and rights. If we are unable to comply with such covenants in a timely manner or at all and/or obtain waivers in respect of covenants, our lenders may accelerate the repayment schedules, and if we are unable to repay the debt, they may enforce their respective security interests, leading to an adverse effect on our business and financial condition.***



As is typical of loan agreements in India, certain of our Company's loan agreements contain covenants which restrict certain activities and require our Company to obtain lenders' consents before, among other things, undertaking new projects, issuing new securities, maintenance of financial ratios, declaring dividends in the event of non-payment and making certain investments beyond the approved amount. There can be no assurance that our Company's lenders will provide it with consents in the future.

As is typical of loan agreements in India, there are also a significant number of non-financial covenants in our loan agreements. While we believe that our lenders will not declare an event of default as a result of these or other breaches of non-financial covenants, they have the right and under the terms and conditions of our loan agreements with them could do so. In the event that any lender calls an event of default, even for the breach of a non-financial covenant, it will in all likelihood trigger cross defaults in our other loan agreements and most, if not all, of our loans could be accelerated and due immediately. It could also trigger other events that would be adverse to us. As of March 31, 2011, we had ₹ 6,450.01 lacs of secured loan and ₹ 992.19 lacs of unsecured loan (including Deferred Sales Tax Liability). As of this same date, we only had cash and cash equivalents of ₹ 117.40 lacs. Accordingly, if our loans were to be accelerated, we may not be able to secure sufficient funds to repay all amounts that may become due and this could materially adversely affect our business, results of operations and financial condition. We cannot assure you that we will have sufficient assets to repay amounts outstanding under our loan agreements or continue our business. Further, any breach of our agreements could adversely affect how others view us generally and this also could materially adversely affect our business prospects and share price.

15. *Our costs could increase if tax and duty benefits applicable to our business and industry are reduced or withdrawn by the applicable statutory/ regulatory authorities.*

Our Company is eligible for deduction under section 80 IA for the wind mill set up at Ahmednagar (Plant V) and under section 80 IC for unit set up at Pantnagar (Plant N1). Any withdrawal of those tax exemptions/holidays on payment of duties could have an adverse effect on our business, profitability and financial results.

Moreover, any change in the applicable statutory/ regulatory provisions pertaining to or in connection with benefits related to taxes and duties applicable to our business and industry could adversely affect our profitability.

16. *Our Promoters and Promoter Group will continue to retain majority shareholding in us after the Issue, which will allow them to exercise significant influence over us.*

At present our Promoters and Promoter Group collectively own 77.88% of the paid-up Equity Share capital of our Company and after the completion of the Issue, our Promoters and Promoter Group will collectively hold approximately 68.05 % of our paid-up Equity Share capital of our Company. Accordingly, our Promoters/Promoter Group will continue to exercise significant influence over our business and all matters requiring shareholders' approval, including the composition of our Board of Directors, the adoption of amendments to our certificate of incorporation, the approval of mergers, strategic acquisitions or joint ventures or the sales of substantially all of our assets, and the policies for dividends, lending, investments and capital expenditures. This concentration of ownership may also delay, defer or even prevent a change in control of our Company and may make some transactions more difficult or impossible without the support of our Promoters/Promoter Group. The interests of our Promoters/Promoter Group, as our Company's controlling shareholder, could conflict with our Company's interests, your interests or the interests of our other shareholders. There is no assurance that our Promoters/Promoter Group will act to resolve any conflicts of interest in our Company's or your favour.

17. *The requirement and proposed utilisation of proceeds of the Net Issue have not been appraised by any bank, financial institution or other independent agency and are based on internal management estimates. The management will have significant flexibility in applying the proceeds from the Issue, which may affect the results of our operations.*



The fund requirement and utilisation of the proceeds of the Net Issue as specified in the section entitled “*Objects of the Issue*” beginning on page 79 of the Draft Red Herring Prospectus are based on internal management estimates and have not been appraised by any bank, financial institution or other independent agency. The actual operations may be different from management estimates and our Company may not be able to deploy funds as planned. Accordingly, the management will have significant flexibility in applying the proceeds received by us from the Issue. This may affect our results of operation. For details please refer to the section entitled “*Objects of the Issue*” beginning on page 79 of the Draft Red Herring Prospectus.

- 18. *Certain properties used by our Company for the purposes of its operations are not owned by our Company. Any termination of the relevant lease or leave and license agreements in connection with such properties or our failure to renew the same could adversely affect our operations.***

Currently, the land on which our operational plant nos. IV, VI & N1 are situated at Waluj MIDC, Aurangabad, Chakan MIDC, Pune and Pantnagar, SIDCUL, Uttarakhand, respectively used by our Company for the purposes of our operations, and the registered office of our Company, are not owned by us. Any termination of the lease and/or leave and license agreements in connection with such properties which are not owned by us or our failure to renew the same, and upon favourable conditions, in a timely manner or at all could adversely affect our operations. Please see the section titled “*Our Business*” on page 113 of the Draft Red Herring Prospectus for further details in this regard.

- 19. *We have significant power and fuel requirements and any disruption to these power sources could increase our production costs and adversely affect our results of operation and financial condition.***

We require substantial power and fuel for our manufacturing facilities, and energy costs represent a significant portion of the production costs for our operations. For the fiscal years 2011, 2010, 2009, 2008 and 2007 our power and fuel costs ₹ 2107.63 lacs, ₹ 1604.26 lacs, ₹ 1564.79 lacs, ₹ 1638.25 lacs, ₹ 1744.22 lacs, constituting 4.14%, 4.55%, 4.14%, 4.26% and 5.10% of our total income, which includes other income, respectively. We source almost all the electricity requirements for our manufacturing facilities from local utilities. There may be power cuts in the supply provided by the relevant state electricity boards from time to time and thus we might need to rely on alternative sources, which may not be able to consistently meet our requirements. The cost of electricity purchased from alternative sources could be significantly higher, thereby adversely affecting our cost of production and profitability. If the per unit cost of electricity is increased by the state electricity boards our power costs will increase. Also, if fuel costs or the costs of operating our power generation plants go up, our cost of internal generation of electricity will rise. It may not be possible to pass on any increase in our power costs to our customers, which may adversely affect our profit margins. If our supply of electricity were interrupted or limited we would be required to suspend production, which, if lasting longer than a very short period, would materially and adversely affect our business, customer relations, financial condition or results of operations. In addition to the production losses that we would incur during production shutdowns, we would not be able to immediately return to full production volumes following power interruptions, however brief. Any interruption of power, even if short, could give rise to inefficiencies when we resume production. Accordingly, any increase in power costs could adversely affect our operations, and financial condition.

- 20. *We are dependent on third party transportation providers for the supply of raw materials and delivery of our products and any failure on part of such providers to meet their obligations could have a material adverse effect on our business, financial condition and results of operation.***

As a manufacturing business, our success depends on the smooth supply and transportation of the various raw materials required for our plants and of our products from our plants to our customers, both of which are subject to various uncertainties and risks. We choose our suppliers such that they are located within overnight transit distance thereby providing timely support for any sudden change in requirements. We use third party transportation providers for the supply of most of our raw materials and delivery of our products to domestic and overseas customers. Transportation strikes have had in the past, and could again in the future, have an adverse affect on supplies and deliveries to and from our customers and suppliers on a timely and cost efficient basis. In addition, raw materials and products maybe lost or damaged in transit for various reasons including occurrence of accidents or natural disasters. There may also be delay in delivery



of raw materials and products which may also affect our business and results of operation negatively. Further an increase in freight costs or the unavailability of adequate infrastructure for transportation of our products to our markets may have an adverse effect on our business and results of operations. A failure to maintain a continuous supply of raw materials or to deliver our products to our customers in an efficient and reliable manner could have a material and adverse effect on our business, financial condition and results of operations.

21. *Stringent environmental, health and safety laws and regulations or stringent enforcement of existing environmental, health and safety laws and regulations may result in increased liabilities and increased capital expenditures.*

Our operations are subject to environmental, health and safety and other regulatory and/or statutory requirements in the jurisdictions in which we operate. We are required to comply with Indian central, state and local environmental laws and regulations governing the protection of the environment and occupational health and safety, including laws regulating the generation, storage, handling, use and transportation of waste material, the emission and discharge of waste materials into soil, air or water, and health and safety of employees. We are also required to obtain and comply with environmental permits for certain of our operations. There can be no assurance that we will at all times be in complete compliance with such laws, regulations and permits. Our operations may generate significant amounts of pollutants and waste, some of which may be hazardous. The discharge, storage and disposal of such hazardous wastes are subject to environmental regulations. Non-compliance with these regulations, which among other things, limit or prohibit emissions or spills of toxic substances produced in connection with our operations, could expose us to civil penalties, criminal sanctions and revocation of key business licences. Stringent statutory and/or regulatory requirements in connection with environment, health and safety in India is likely to result in increased environmental capital expenditures and costs for environmental compliance. If we violate or fail to comply with these requirements, we could be fined or otherwise sanctioned by the relevant regulators. In addition, due to the possibility of unanticipated regulatory or other developments, the amount of future environmental expenditures may vary widely from those currently anticipated. Any environment related investments/expenditure may reduce funds available for other investments.

22. *We are subject to risks associated with rejection of supplied products, and consequential claims therefor and product liability costs due to defects in our products, which could generate adverse publicity or adversely affect our business, results of operations or financial condition.*

Defects, if any, in our products could lead to rejection of supplied products and consequential financial claims and/or could require us to undertake service actions. These actions could require us to expend considerable resources in rectifying and/or addressing these problems, to absorb costs incurred by our customers in addressing such problems, and could adversely affect demand for our products. We are not covered by insurance for product liability claims. As a result of product liability legislation, civil claims may be brought against OEMs, and we may be made parties to such claims where damages may have been caused by any faulty products that we produced. We cannot assure you that such claims will not be brought against us in the future or that such claims will be settled in our favor. Any such successful claims could adversely affect our results of operations. Management resources could also be diverted away from our business towards defending such claims. As a result, our business, results of operations and financial condition could suffer. We cannot assure you that the limitations of liability set forth in our contracts will be enforceable in all instances or will otherwise protect us from liability for damages.

23. *Labour disputes including strikes and lockouts could affect the Company's results of operations, profitability and financial position.*

Our Company's operations depend upon the availability of adequate labour and the productivity of its labour force. Further, our manufacturing operations depend on maintaining a harmonious relation with the labour employed in connection therewith. We cannot assure you that we will not experience labour related unrest and/or disputes in the future, which may delay or disrupt our operations. If work stoppages, work slow-downs or lockouts at our facilities occur or continue for a prolonged period of time, our results of operations and financial condition could be adversely affected.



Further, our Company has from time to time been subject to a number of labour disputes and proceedings initiated in connection therewith. For further details please see “*Outstanding Litigations and Material Developments*” on page 221 of the Draft Red Herring Prospectus. Any adverse outcome in connection with such proceedings and or any labour related dispute, could materially adversely affect our Company’s business and results of operations.

24. *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.*

We are required to obtain and maintain various statutory and regulatory permits and approvals to operate our business, certain of which may have expired and have been applied for and certain of which are due to expire in the near future. In the future, we will be required to renew such permits and approvals and obtain new permits and approvals for any proposed operations. While we believe that we will be able to renew or obtain such permits and approvals as and when required on terms and conditions not adverse to our business, there can be no assurance that the relevant authorities will issue any of such permits or approvals on terms and conditions favorable to our business in the time-frame anticipated by us or at all. Any such failure by us to renew, maintain or obtain the required permits or approvals may result in the interruption of our operations and in the aggregate may have a material adverse effect on our business, financial condition and results of operations. For further details, please see “*Government and other Approvals*” at 250 of the Draft Red Herring Prospectus.

25. *Our inability to procure and/or maintain adequate insurance cover in connection with our business may adversely affect our operations and profitability.*

Our operations are subject to inherent risks and hazards which may adversely impact our profitability, such as breakdown, malfunctions, sub-standard performance or failures of manufacturing equipment, fire, riots, labour disturbances, employee fraud, third party liability claims, explosions, loss-in-transit for our products, accidents and natural disasters. We cannot assure you that the operation of our business will not be affected by any such incidents and hazards including those listed above. Our insurance may not be adequate to cover any or all of our risks and liabilities. Further, there is no assurance that the insurance premiums payable by us will be commercially viable or justifiable.

If our arrangements for insurance or indemnification are not adequate to cover claims, including those exceeding policy aggregate limitations or exceeding the resources of the indemnifying party, we may be required to make substantial payments and our results of operations and financial condition may be adversely affected.

26. *We appoint contract labour for carrying out certain of our ancillary operations and we may be held responsible for paying the wages of such workers, if the independent contractors through whom such workers are hired default on their obligations, and such obligations could have an adverse effect on our results of operations and financial condition.*

In order to retain flexibility and control costs, our Company appoints independent contractors who in turn engage on-site contract labour for performance of certain of our ancillary operations in India. Although our Company does not engage these labourers directly, we may be held responsible for any wage payments to be made to such labourers in the event of default by such independent contractors. Any requirement to fund their wage requirements may have an adverse impact on our results of operations and financial condition. In addition, under the Contract Labour (Regulation and Abolition) Act, 1970, as amended, we may be required to absorb a number of such contract labourers as permanent employees. Thus, any such order from a regulatory body or court may have an adverse effect on our business, results of operations and financial condition.



27. ***Any inability on our part to comply with prescribed specifications and standards of quality in connection with our products and/or manufacturing facilities could adversely impact our operations and profitability.***

Our business requires obtaining and maintaining quality certifications and accreditations from independent certification entities as well as some of our customers, especially government companies, bodies and agencies, that enable us to be eligible to participate in orders. Further, we are required to adhere to stringent regulatory/statutory/contractual specifications and standards, and our customers often require our manufacturing facilities and products to be pre-approved and/or accredited by various agencies before placing orders for our products.

We cannot assure you that we will be able to comply with prescribed specifications and standards of quality and retain the aforesaid certifications and accreditations. If we fail to adhere to the aforesaid requirements or changes thereto in a timely manner, or at all, operations and/or profitability could be adversely affected. Our inability to retain such accreditations and/or certifications, including amendments thereto and any changes to industry standards, can also lead to adverse affect on our relationship or pre-qualified status with certain of our key customers.

28. ***Our operating expenses include fixed costs that are not dependent upon our volume of business. As a result, any decline in our operating performance may be magnified because we may be unable to reduce expenses immediately, or at all in response to a potential shortfall in volume of business.***

Our operating expenses include various fixed costs, which are as such, not dependent on our volume of business. Our fixed costs include the majority of our employment expenses (*excluding expenses towards contract labor*), rent, rates & taxes, insurance, audit fees, membership fees & subscription, etc. and are incurred irrespective of the quantity of orders undertaken by us. Periodic increase/ reduction in production volumes may cause significant variations in operating results over short periods of time, as we would not be able to reduce our fixed operating expenses in the short term. The effect of any decline in order bookings may thereby be magnified because a portion of our earnings are committed to paying these fixed costs. Accordingly, we believe that our results of operations may not be strictly comparable across periods and should not be relied upon as indications of future performance. We cannot assure you that the future financial results will not be below the expectations of the public, market analysts and investors. In case the performance is below expectations, it can have a material adverse affect on investor sentiment and market price of our Equity Shares could decline.

29. ***Any failure to protect our intellectual property rights could adversely affect our competitive position, business, financial condition and profitability.***

We currently have applied for but not obtained registrations in connection with protection of our logo under 11 classes. There can be no assurance that we would be able to obtain registrations of our logo under each or all of the classes. Such failure to protect our intellectual property rights may adversely affect our competitive business position. If any of our unregistered trademarks or propriety rights are registered by a third party, we may not be able to make use of such trademark or propriety rights in connection with our business and consequently, we may be unable to capitalize on the brand recognition associated with our Company.

Until such time that we receive registered trademarks, we can only seek relief against “passing off” by other entities. Accordingly, we may be required to invest significant resources in developing a new brand. Further, the intellectual property protection obtained by us may be inadequate and/or we may be unable to detect any unauthorized use and/or that we may need to undertake expensive and time-consuming litigation to protect our intellectual property rights and this may have an adverse effect on our business, prospects, results of operations and financial condition.

In the event that the confidential technical information in respect of our products or business becomes available to third parties or to the general public, any competitive advantage we may have over other companies in the automotive components sector could be harmed. If a competitor is able to reproduce or



otherwise capitalise on our technology, it may be difficult, expensive or impossible for us to obtain necessary legal protection. Consequently, any leakage of confidential technical information could have an adverse effect on our business, results of operations, financial condition and future prospects.]

30. *Our success significantly depends on our management and operational teams and other skilled professionals. If we fail to retain, train, motivate and/or attract such personnel, our business may be unable to grow and our revenues could decline.*

We are highly dependent on the senior members of our management and operational team. Our ability to execute contract engagements and to obtain new clients depends in large part on our ability to attract, train, motivate and retain highly skilled professionals. If we cannot hire and retain additional qualified personnel, our ability to bid on and obtain new contracts and to continue to expand may be impaired and our revenues could decline. We believe that there is significant competition for professionals with the necessary skill-sets in our industry. Additionally, we may not be able to redeploy and retrain our employees to keep pace with continuing changes, evolving standards and changing client preferences. If we fail to retain, motivate and/or attract such personnel, our business may be unable to grow and our revenues could decline, which may decrease the value of our Equity Shares.

31. *If we are unable to obtain the necessary funds for our growth plans, our business and operations will be adversely affected.*

Our business has ongoing capital requirements, and our ability to finance these plans is subject to a number of risks, contingencies and other factors, some of which are beyond our control, including general economic and capital markets conditions and our ability to obtain financing on acceptable terms.

There can be no assurance that debt or equity financing or our internal accruals will be available or sufficient to meet the funding of our growth plans.

Our ability to obtain required capital on acceptable terms is subject to a variety of uncertainties, including:

- limitations on our ability to incur additional debt, including as a result of prospective lenders' evaluations of our creditworthiness and pursuant to restrictions on incurrence of debt in our existing and anticipated credit facilities;
- investors' and lenders' perception of, and demand for, debt and equity securities of autocomponent manufacturing companies, as well as the offerings of competing financing and investment opportunities in India by our competitors;
- whether it is necessary to provide credit support or other assurances from our Promoter on terms and conditions and in amounts that are commercially acceptable to them;
- limitations on our ability to raise capital in the capital markets and conditions of the Indian, U.S. and other capital markets in which we may seek to raise funds; and
- our future results of operations, financial condition and cash flows.

Any inability to raise sufficient capital to fund our projects could have a material adverse effect on our business and results of operations.

32. *Our Promoters and Directors have interests in us other than reimbursement of expenses incurred or normal remuneration or benefits.*

Our Promoters are interested in our Company to the extent of any transactions entered into or its shareholding and dividend entitlement in our Company. Our Directors are also interested in our Company to the extent of remuneration paid to them for services rendered as Directors of our Company and reimbursement of expenses payable to them. Our Directors may also be interested to the extent of any



transaction entered into by our Company with any other company or firm in whom they are directors or partners.

33. ***We may be unable to effectively implement our growth strategies or manage our growth. Our growth strategy involves risks and difficulties, many of which are beyond our control and, accordingly, there can be no assurance that we will be able to complete our plans on schedule or at all, which could have a material and adverse effect on our business and prospects.***

As a part of our growth strategy, we propose to make investments designed to increase sales of our products. Our growth strategy involves risks and difficulties, many of which are beyond our control and, accordingly, there can be no assurance that we will be able to complete our plans on schedule or at all, or without incurring additional unforeseen material capital expenditure. Any inability on our part to manage our growth effectively or to ensure the continued adequacy of our current systems to support our growth strategy could have a material adverse effect on our business, results of operations, financial condition and cash flows. Furthermore, if market conditions change or if our operations do not generate sufficient funds or for any other reasons, we may decide to delay, modify or forgo some aspects of our growth strategy which could have a material and adverse effect on our business and prospects.

34. ***A portion of the proceeds of the Issue will be to the account of the Selling Shareholder instead of our Company.***

The Issue consists of an offer for sale by the Selling Shareholder (the “Offer for Sale”), the entire proceeds of the Offer for Sale (net of fees payable by them) will be paid to the Selling Shareholder (subject) and the Company will not receive any proceeds from the Offer for Sale.

35. ***We have experienced negative cash flows in investing and financing activities in prior periods and any negative cash flows in the future could adversely affect our financial condition and the trading price of our Equity Shares.***

We have experienced negative investing and financing cash flows in the past as follows:

(₹ in Lacs)

For the Fiscal						
Particulars		2011	2010	2009	2008	2007
Net cash from/(used in) Operating Activities		5,551.25	995.70	4,037.92	3,958.26	853.69
Net cash from/(used in) Investing Activities		(2,083.23)	(3.17)	(65.83)	2,131.51	(5,362.76)
Net cash from/(used in) Financing Activities		(3,420.84)	(1,881.46)	(3,959.29)	(5,337.55)	4,222.32

Any negative cash flows in the future could adversely affect our financial condition and the trading price of our Equity Shares. During the course of our business, we have entered into various capital commitments. In the event that the proposed Issue is not completed or is delayed and we are unable to make other alternative arrangements to raise funds to meet our cash flows requirements, it could have an adverse effect on our business, financial condition and results of operations



36. ***On account of our business or OEM customers' requirements to locate our manufacturing facilities in close proximity to our customers' facilities, we may incur relocation costs would have an adverse effect on our business, profitability, financial condition and results of operation.***

Many of our manufacturing units are located close to our customer's facilities. In the event that any of our customers' facilities are moved from their current locations, we would incur costs associated with relocating our manufacturing facilities or costs for transportation of the finished products to the new customer facility. Our contracts with our customers do not provide for compensation upon the occurrence of such events.

In addition, expansion to meet our growth requirements is limited by the non-availability of land, problem in acquiring land and other location and regulatory issues in certain of our existing manufacturing facilities. The Company is and will continue to evaluate various location options for its expansion plans. We may also have to incur capital expenditure to meet such requirements. Costs associated with such changes may have an adverse effect on our business, financial condition and results of operations.

37. ***We are exposed to risks associated with interest rate and exchange rate fluctuations.***

In Fiscal 2011, approximately 94% of our debt was denominated in Indian rupees of which 100 % bears interest on bank prime lending rate ("Bank PLR") or base rate ("Base Rate") approximately 6 % of our debt is denominated in currencies other than Indian Rupees and approximately 0 % bear floating rates. We do not use any hedging instruments in relation to the interest rates based on Bank PLR or Base Rate on Indian currency loans. Accordingly, we are exposed to risks associated with changes in Bank PLR or Base Rate. As a result, an increase or decrease in interest rates would affect our current interest expenses and our future refinancing costs, which could have a material adverse effect on our business, financial condition and results of operations.

We may incur losses due to foreign exchange differences arising from the settlement of forward contracts or restatement/settlement of monetary items at rates different from those at which they were initially recorded in the financial statements. We cannot assure you that forward contracts will be able to effectively mitigate the adverse impact of currency fluctuations on the results of our operations. Consequently, any fluctuation in the exchange rate could have a material impact on our Company's profitability.

Further, the Equity Shares are quoted in Rupees on the BSE and the NSE. Any dividends in respect of the Equity Shares will be paid in Rupees. Investors may need to subsequently convert the amount paid as dividend into foreign currency for repatriation. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividends to shareholders. In addition, any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in regulatory approvals that may be required for the sale of Equity Shares may reduce the net proceeds received by shareholders.

38. ***Our ability to pay dividends in the future may be affected by any material adverse effect on our future earnings, financial condition or cash flows.***

Our ability to pay dividends in future will depend on our earnings, financial condition and capital requirements, our business is working capital intensive and we further propose to incur capital expenditure in setting up more manufacturing units. We are required to obtain consents from certain of our lenders including lenders of our Joint Venture prior to the declaration of dividend as per the terms of the agreements executed with them. We may be unable to pay dividends in the near or medium term, and our future dividend policy will depend on our capital requirements and financing arrangements in respect of our operations, financial condition and results of operations.



39. *Certain of our Group Companies have incurred losses during recent fiscal years.*

Other than our Company, certain of certain of our Group Companies have incurred losses in recent fiscal years. The following are the Group Companies which have incurred losses in one or all of Fiscals 2011, 2010 and 2009.

S. No.	Name of Group Company	₹ in Lacs		
		Fiscal 2011	Fiscal 2010	Fiscal 2009
1.	Aurangabad Wheels and Rims Private Limited	12.43	(6.27)	(28.96)
2.	OMR Bagla Automotive Systems India Limited	128.70	(58.64)	(65.38)
3.	Waluj Investment and Trading Company Private Limited	8.07	(3.83)	(0.51)

For further details of our Group Companies, see the section titled “Our Promoters and Group Companies” on page 166.

40. *Blue River Capital I, LLC (“BRC”) has certain special rights until the listing of the Equity Shares pursuant to the allotment of equity shares*

Pursuant to a shareholders’ agreement dated March 4, 2006 (the “**Shareholders’ Agreement**”) entered into with BRC, it has certain rights, including the right of first refusal, right of first offer, the right to veto certain matters and pre-emptive rights in relation to further issue of Equity Shares.

Pursuant to an amendment agreement to the Shareholder’s Agreement dated September 27, 2011 between our Company, the Sponsors and BRC, the BRC has inter-alia agreed to not to exercise its rights in connection with (i) exercise voting rights in accordance with its respective proportion of shareholding, (ii) management of our Company, (iii) provisions relating to meetings of the board of directors, (iv) provisions relating to shareholders’ meetings, (v) provisions relating to issuance of additional capital by our Company, provisions relating to initial public offering, (vi) provisions relating minimum shareholding requirements, (vii) provisions relating to transferability of shares, (viii) BRC’s rights upon transfers by Sponsors, (ix) BRC’s right of first refusal, (x) BRC’s tag along rights, (xi) provisions relating to transfer/subsorption of shares by BRC and (xi) provisions relating to transfer of shares by our Company, (xii) provisions relating liquidation preference from the date of the aforesaid Amendment Agreement until (i) the Long Stop Date, i.e. June 30, 2012 or (ii) the filing of the Prospectus with the Registrar of Companies, whichever is earlier.

For further details, see the section titled “History and Certain Corporate Matters” on page 142 of the Draft Red Herring Prospectus.

41. *Approval of RBI will be required by our Company in compliance with the applicable foreign exchange rules and regulations for transfer of equity shares pursuant to the Offer for Sale. The Selling Shareholder’s Ability to transfer his Equity Shares under the Offer for Sale would depend on our inability to obtain such approval from RBI in a timely manner or at all.*

As per the Reserve Bank of India, (“**RBI**”), circular no. A.P. (DIR Series) Circular No. 16 dated October 4, 2004, as modified by RBI A. P. (DIR Series) Circular No. 63 dated April 22, 2009, RBI A.P. (DIR Series) Circular No. 49 of 2010 dated May 4, 2010, and as consolidated in the Master Circular on Foreign Investment in India dated July 1, 2011, (“**Master Circular**”), the RBI has extended general permission in relation to the transfer of shares between persons resident outside India and persons resident in India. For availing the general permission the price at which the transfer takes place should be in accordance with the pricing guidelines prescribed by the RBI, i.e., the price should not be less than the fair value as determined by a SEBI registered Category I Merchant Banker or a Chartered Accountant as per the discounted free



cash flow method. Since the Offer for Sale would be at a price to be determined by the SEBI Regulations pursuant to the book building process, the transfer of Equity Shares by the Selling Shareholder will not be a transfer pursuant to a private arrangement and accordingly the pricing guidelines stipulated in the Master Circular would not apply to the Offer for Sale. Approval of RBI will be sought by our Company to comply with the applicable foreign exchange rules and regulations for transfer of equity shares pursuant to the Offer for Sale. The Selling Shareholder's ability to transfer his Equity Shares under the Offer for Sale would depend on our ability to obtain such approval from RBI in a timely manner or at all.

- 42. *We rely on our IT systems in managing our sales, supply chain, production process, logistics, research and development and other integral parts of our business. Any failure of our IT systems could have a material adverse effect on our business, financial condition and results of operations.***

We are heavily reliant on our information technology system in connection with order booking, dealer management, material procurement, research and development, accounting and production. Any failure of our information technology systems could result in business interruptions, including disruption in our distribution management, the loss of buyers, damaged reputation and weakening of our competitive position, and could have a material adverse effect on our business, financial condition and results of operations.

- 43. *We have not placed any orders for the purchase of any plant and machinery in connection with our proposed expansion for which the proceeds of the Issue are proposed to be deployed. If we are unable to procure such plant and machinery in a timely manner, on commercially favourable terms and/or at all, our operations, profitability and financial condition may be adversely affected.***

We have not placed orders or entered into any written arrangements in connection with the purchase of Production Equipments and Production Supporting Equipments proposed to be funded out of the Net Proceeds of the Issue aggregating to ₹ 4,907.02 lacs, as further detailed in "Objects of the Issue" on page 79 of the Draft Red Herring Prospectus. If we are unable to procure such plant and machinery in a timely manner, on commercially favourable terms and/or at all, our operations, profitability and financial condition may be adversely affected.

- 44. *Conflicts of interest may arise out of common business objects shared by our Company and certain of our Group Companies.***

Our Promoters have interests in other companies and entities that may compete with us, including other Group Companies that conduct businesses with operations that are similar to ours.

The following Promoters/Group Companies, as disclosed in this chapter, are engaged in or are authorised under their memorandum of association to engage in business similar to that of our Company:

S. No.	Name
1.	Aurangabad Motor Manufacturers Limited
2.	Aurangabad Wheels and Rims Private Limited
3.	BG LI-IN Electricals Limited
4.	Haryana Autocomp Private Limited
5.	Haryana Auto Components & Electricals Limited

Except as disclosed in the Draft Red Herring Prospectus, we have not entered into any non-compete agreement with our Group Companies. To this extent, we may have a potential conflict of interest between the extant Group Companies and our Company. Further, there is no requirement or undertaking for our Promoters, Promoter Group or Group Companies to conduct or direct any opportunities in the automobile components business only to or through us. As a result, conflict of interests may arise in allocating or addressing business opportunities and strategies amongst our Company and our Group Companies in circumstances where our interests differ from theirs. In cases of conflict, our Promoters may favour other companies in which our Promoters have an interest. There can be no assurance that the interests of our Promoters will be aligned in all cases with the interests of our minority shareholders or the



interests of our Company. There can be no assurance that our Promoters or our Group Companies will not compete with our existing business or any future business that we may undertake or that their interests will not conflict with ours.

External Risk Factors

- 45. *Our entire business is dependent upon the demand for automobiles, particularly two and three wheeler automobiles and any adverse impact on the automobile industry in the markets in which we operate could adversely affect our results of operations and financial condition.***

Our business is highly dependent on the Indian automobile industry, particularly two and three wheeler automobiles. The demand for automobiles in India is closely linked to economic growth of India. As the economy grows, economic activities, such as industrial production and personal consumption, also tend to expand, which increases the demand for automobiles. If the economy of the markets in which we operate does not continue to grow at the current rate, or if there is an economic downturn, such as industrial production and consumer demand decline or stagnate, demand for automobiles is likely to decrease. A sustained economic downturn would have a material adverse effect on our business, financial condition and results of operations.

As on Fiscal 2011 approximately 90 % of our total sales was towards the two-wheeler segment. Though our Company is also caters to customers in the three wheeler and four wheeler segment and to customers outside India, our products portfolio has been and continues to be concentrated on providing components for two-wheelers manufacturers in India. In the event of a decrease in demand for two-wheelers, or any developments that make the sale of components in the two-wheeler market less economically beneficial, we may experience more pronounced effects on our business, results of operations and financial condition than if we had further diversified our portfolio across different segments of the automotive components market. Our business, results of operations and financial condition have been and will continue to be largely dependent on the performance of, and the prevailing conditions affecting, the two-wheeler market in India.

The automotive market in India may perform differently, and be subject to market and regulatory developments that are dissimilar to the automotive markets in other parts of the world. We cannot assure you that the demand for our products in India will grow, or will not decrease, in the future. The automotive market is affected by, among others, changes in government policies, economic conditions, demographic trends, employment and income levels and interest rates, which may negatively affect the demand for and the valuation of our products. These and other factors may negatively contribute to changes in the prices of and demand for our products in India and may adversely affect our business, results of operations and financial condition.

- 46. *The cyclical nature of automotive sales and production can adversely affect our business.***

Demand for auto components are driven by the demand from Original Equipment Manufacturers (OEMs) and from replacement market in automobile sector. The general discretionary nature of automobile demand (like car) and the resulting production of vehicles depend, among other factors, on GDP growth, disposable income, consumer confidence and preferences, and the availability of financing. As the volume of auto production fluctuates, the demand for auto components is also extremely volatile as OEMs usually do not commit to purchase pre-determined quantities from their suppliers. Our net sales for the Fiscal 2010 was ₹ 34,247.55 lacs, as compared to ₹ 50,316.53 lacs for the Fiscal 2011. Our sales are also affected by inventory levels and production levels of automotive manufacturers. We cannot predict when manufacturers will decide to either build or reduce inventory levels or whether new inventory levels will approximate historical inventory levels. This may result in variability in our sales and financial condition. Uncertainty regarding inventory levels may be exacerbated by favourable consumer financing programs initiated by manufacturers which may accelerate sales that would otherwise occur in future periods. In the past, we have experienced sales declines during the manufacturers' scheduled shutdowns or shutdowns resulting from unforeseen events. As we have high fixed production costs, even relatively modest declines in our customers' production levels and thus, our production volumes, can have a significant adverse impact on our profitability. In addition, recently lower global automotive sales have resulted in substantially all



automotive manufacturers lowering vehicle production schedules. There is no assurance that global automotive sales will continue to recover or not decrease further.

47. *Any downgrading of India's debt rating by an international rating agency could have a negative impact on the trading price of the Equity Shares.*

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, its ability to obtain financing for capital expenditures and the trading price of the Equity Shares.

48. *We are subject to risks relating to the economic, political, legal or social environments of the locations in which we operate.*

Our operations are presently conducted primarily in the states of Maharashtra and Uttarakhand which may be subject to political, social, economic and market conditions. Our business, earnings, asset values and prospects and the value of our Equity Shares may be materially and adversely affected by developments with respect to inflation, interest rates, currency fluctuations, government policies, price and wage controls, exchange control regulations, laws and regulations, taxation, expropriation, social instability and other political, legal or economic developments in or affecting the States in which we primarily operate. We have no control over such conditions and developments and can provide no assurance that such conditions and developments will not have a material adverse effect on our operations or the price of or market for our Equity Shares.

We are subject to a broad range of specific risks. These risks include, among others, the following, (i) political, social and economic instability, (ii) external acts of warfare and civil clashes, (iii) government interventions, including tariffs, protectionism and subsidies, (iv) the ability of our management to deal with the regulatory regimes, (v) regulatory, taxation and legal structure changes, (vi) difficulties and delays in obtaining new permits and consents for our operations or renewing existing ones, (vii) arbitrary or inconsistent governmental action, including unexpected changes in governmental laws and regulations, (viii) cancellation of contractual rights, and (ix) expropriation of assets.

Any unexpected changes in the political, social, economic or other conditions may have a material adverse effect on the investments that we have made or may make in the future, which may in turn have a material adverse effect on our business, financial condition and results of operations.

49. *A slowdown in economic growth in India could cause our business to suffer.*

Our performance and growth are dependent on the health of the Indian economy. The economy could be adversely affected by various factors such as political or regulatory action, including adverse changes in liberalisation policies, social disturbances, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. Any slowdown in the Indian economy may adversely affect our business and financial performance and the price of our Equity Shares.

50. *Regional hostilities, terrorist attacks, civil disturbances or social unrest, regional conflicts could adversely affect the financial markets and the trading price of the Equity Shares could decrease.*

Certain events that are beyond our control, such as terrorist attacks and other acts of violence or war, may adversely affect worldwide financial markets and could potentially lead to a severe economic recession, which could adversely affect our business, results of operations, financial condition and cash flows, and more generally, any of these events could lower confidence in India's economy.



India has also witnessed civil unrest including communal disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India may have a negative impact on us. Such incidents may also create a greater perception that investment in Indian companies involves a higher degree of risk and may have an adverse impact on our business and the price of our Equity Shares.

51. ***Our business is significantly dependent on the availability of financing in India and the failure to obtain financing in the form of debt or equity and/or adverse changes in financing terms may affect our growth and future profitability. Difficult conditions in the global financial markets and the economy generally have affected and may continue to materially and adversely affect our business and results of operations.***

Since the second half of 2007, the global financial markets, particularly the credit markets, have experienced, and may continue to experience, significant dislocations and liquidity disruptions which have originated from the liquidity disruptions in the United States and the European Union credit and sub-prime residential mortgage markets. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. These and other related events, such as the collapse of a number of financial institutions, have had and continue to have a significant adverse impact on the availability of credit, globally as well as in India. Indian financial markets have also experienced the contagion effect of the global financial turmoil, evident from the sharp decline in the Sensex, BSE's benchmark index. Any prolonged financial crisis may have an adverse impact on the Indian economy, thereby resulting in a material and adverse effect on our business, operations, financial condition, profitability and price of our Equity Shares. We cannot assure you that global economic conditions will not deteriorate further and, accordingly, that our financial condition and results of operations will not be further adversely affected. On account of the prevailing conditions of the global and Indian credit markets, buyers of our products may remain cautious, consumer sentiment and market spending may turn more cautious in the near-term. If this trend continues, our results of operations and business prospects may be materially and adversely affected.

52. ***The market value of an investor's investment may fluctuate due to the volatility of the Indian securities markets.***

Stock exchanges in India have in the past experienced substantial fluctuations in the prices of listed securities. The Sensex, BSE's benchmark index, increased by 17.4%, representing approximately 3044.28 points, in the calendar year 2010. The stock exchanges in India, in line with global developments, have witnessed substantial volatility in 2008 and continue to be volatile in 2011. The year-to-date percentage decrease in Sensex as of August 31, 2011 stood at 18.9%, as compared to 0.5% decrease for the Dow Jones Industrial Average, 12.4% decrease for the Hang Seng Index, and 10.8% decrease for the Strait Times Index (Singapore). However, as of August 31, 2011 100 day volatility of the Sensex as per Bloomberg data stood at a comparable figure of 18.72 relative to 22.99 for Dow Jones Industrial Average, 21.88 for the Hang Seng Index and 17.39 for Strait Times Index (Singapore).

53. ***Fluctuations in the exchange rate between the Rupee and the U.S. dollar and/or other currencies could have a material adverse effect on the value of the Equity Shares and our financial condition, independent of our operating results.***

We may incur loss due to foreign exchange differences arising on the settlement of forward contracts or on restatement/settlement of monetary items at rates different from those at which they were initially recorded in the financial statement. We cannot assure investors that we will be able to effectively mitigate the adverse impact of currency fluctuations on the results of our operations. Hence, any fluctuation in the exchange rate would have a material impact on our Company's profitability.

Further, the Equity Shares are quoted in Rupees on the BSE and the NSE. Any dividends in respect of the Equity Shares will be paid in Rupees and subsequently converted into US dollars for repatriation. Any adverse movement in exchange rates during the time it takes to undertake such conversion may reduce the net dividend to investors. In addition, any adverse movement in exchange rates during a delay in repatriating the proceeds from a sale of Equity Shares outside India, for example, because of a delay in



regulatory approvals that may be required for the sale of Equity Shares may reduce the net proceeds received by shareholders.

The exchange rate between the Rupee and the U.S. dollar and/or other currencies has changed substantially in the last two decades and could fluctuate substantially in the future, which may have a material adverse effect on the value of the Equity Shares and returns from the Equity Shares, independent of our operating results.

54. *Natural calamities could have an adverse impact on the economies of the countries in which we operate.*

The occurrence of natural disasters, including hurricanes, tsunamis, floods, earthquakes, tornadoes, fires, explosions, pandemic disease and man-made disasters, including acts of terrorism and military actions, could adversely affect our results of operations or financial condition, including in the following respects:

Catastrophic loss of life due to natural or man-made disasters could cause us to pay benefits at higher levels and/or materially earlier than anticipated and could lead to unexpected changes in persistency rates.

- A natural or man-made disaster could result in losses in our investment portfolio, or the failure of our counterparties to perform, or cause significant volatility in global financial markets.
- We cannot assure the prospective investors that such events will not occur in the future or that our results of operations and financial condition will not be adversely affected.

Further, pandemic diseases could have a severe adverse effect on our business. A new and prolonged outbreak of such diseases may have a material adverse effect on our business and financial conditions and results of operations. Although the long-term effect of such diseases cannot currently be predicted, previous occurrences of avian flu and swine flu had an adverse effect on the economies of those countries in which they were most prevalent. In the case of any of such diseases, should the virus mutate and lead to human-to-human transmission of the disease, the consequence for our business could be severe. An outbreak of a communicable disease in India or in the particular region in which we have operations would adversely affect our business and financial conditions and the results of operations.

55. *Rights of shareholders under Indian law may be more limited than under the laws of other jurisdictions.*

Our articles of association, regulations of our Board of Directors and Indian law govern our corporate affairs. Legal principles related to these matters and the validity of corporate procedures, directors' fiduciary duties and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive as shareholders' rights under the laws of other countries or jurisdictions. Investors may have more difficulty in asserting their rights as shareholder in an Indian company than as shareholder of a corporation in another jurisdiction.

56. *Investors may not be able to enforce a judgment of a foreign court against us.*

We are a limited liability company incorporated under the laws of India. Substantially all of the directors and executive officers named herein are residents of India and a substantial portion of its assets and such persons are located in India. As a result, it may not be possible for investors to effect service of process upon us or such persons outside India or enforce judgments obtained against such parties outside India.

Recognition and enforcement of foreign judgment is provided for under Section 13 and Section 44A of the Civil Procedure Code on a statutory basis. Section 13 of the Civil Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated upon except: (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the Civil Procedure Code, a court in India shall, upon the



production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record.

Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court, within the meaning of that Section, in any country or territory outside India which the Government has by notification declared to be in reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the same nature of amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalties.

The United Kingdom, Singapore and Hong Kong have been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code. A judgment of a court of a country which is not a reciprocating territory may be enforced in India only by a suit upon the judgment under Section 13 of the Civil Procedure Code, and not by proceedings in execution. The suit must be brought in India within 3 years from the date of judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian Court would enforce foreign judgment if it viewed the amount of damages awarded as excessive or inconsistent with public policy. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI under FEMA to repatriate outside India any amount recovered and any such amount may be subject to income tax in accordance with applicable laws.

57. *Changes in trade policies may affect us.*

Any change in policies by the countries, in terms of tariff and non-tariff barriers, from which our suppliers import their raw materials, components and/or countries to which we export our products, may have an adverse effect on our profitability.

58. *Our business and activities will be regulated by the Competition Act, 2002.*

The Parliament has enacted the Competition Act, 2002, (“**Competition Act**”) for the purpose of preventing practices that have or are likely to have an adverse effect on competition in India under the auspices of the Competition Commission of India (“**CCI**”). Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which has or is likely to have an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement, which, inter-alia, directly or indirectly determines purchase or sale prices, limits or controls production, supply or distribution of goods and services, shares the market or source of production by way of geographical area or number of customers in the market or where parties indulge in bid rigging is presumed to have an appreciable adverse effect on competition. The Competition Act also regulates combinations (i.e. acquisitions, acquiring of control, mergers or amalgamations).

On March 4, 2011, the Indian Government notified the combination regulation (merger control) provisions under the Competition Act relating to combinations, which will be effective from June 1, 2011. A combination of regulations governing the procedural and reporting aspects of combination transactions has also been issued. Any combination that meets the thresholds specified in the Competition Act is required to be notified to the CCI for prior approval. It is unclear at present as to how the Competition Act and the CCI will affect industries in India. If our Company is affected, directly or indirectly, by any provision of the Competition Act, or its application or interpretation, including any enforcement proceedings initiated by the CCI and any adverse publicity that may be generated due to scrutiny or prosecution by the CCI, it may have a material adverse effect on our Company’s business, prospects, results of operations and financial condition.

59. *If the rate of Indian price inflation increases, our business and results of operations may be adversely affected.*

In the recent past, India has experienced fluctuating wholesale price inflation as compared to historical levels due to the global economic downturn. An increase in inflation in India could cause a rise in the price of raw materials and wages, or any other expenses that we incur. If this trend continues, we may be unable



to accurately estimate or control our costs of production and this could have an adverse effect on our business and results of operations.

- 60. *We will be required to prepare our financial statements in accordance with the revised Schedule VI of the Companies Act, 1956 effective from April 1, 2011. There can be no assurance that our adoption of financial statements as per the revised Schedule VI of the Companies Act, 1956 will not adversely affect our reported results of operations or financial condition.***

The Government of India has recently amended the Schedule VI of the Companies Act, 1956, in connection with preparation and adoption of our financial statements with effect from April 1, 2011. Our Company will comply with the same.

Risks Associated with the Equity Shares

- 61. *There is no existing market for our Equity Shares, and we do not know if one will develop to provide you with adequate liquidity. Further, an active trading market for the Equity Shares may not develop and the price of the Equity Shares may be volatile.***

An active public trading market for the Equity Shares may not develop or, if it develops, may not be maintained after the Issue. Our Company and the Selling Shareholder, in consultation with the BRLMs, will determine the Issue Price. The Issue Price may be higher than the trading price of our Equity Shares following this Issue. As a result, investors may not be able to sell their Equity Shares at or above the Issue Price or at the time that they would like to sell. The trading price of the Equity Shares after the Issue may be subject to significant fluctuations in response to factors such as, variations in our results of operations, market conditions specific to the sectors in which we operate economic conditions of India and volatility of the BSE, NSE and securities markets elsewhere in the world.

- 62. *The price of the Equity Shares may be highly volatile after the Issue.***

The price of the Equity Shares on the Indian stock exchanges may fluctuate after this Issue as a result of several factors, including: volatility in the Indian and global securities market; our operations and performance; performance of our competitors and the perception in the market about investments in the automobile industry; adverse media reports on us or the Indian retail auto/ auto component industry; changes in the estimates of our performance or recommendations by financial analysts; significant developments in India's economic liberalization and deregulation policies; and significant developments in India's fiscal and environmental regulations. There can be no assurance that the prices at which the Equity Shares are initially traded will correspond to the prices at which the Equity Shares will trade in the market subsequently.

- 63. *There is no guarantee that the Equity Shares issued pursuant to the Issue will be listed on the Stock Exchanges in a timely manner, or at all.***

In accordance with Indian law and practice, permission for listing and trading of the Equity Shares issued pursuant to the Issue will not be granted until after the Equity Shares have been issued and allotted. Approval for listing and trading will require all relevant documents authorizing the issuing of Equity Shares to be submitted. There could be a failure or delay in listing the Equity Shares on either Stock Exchange. Any failure or delay in obtaining the approval would restrict the shareholders ability to dispose of their Equity Shares.

- 64. *You will not be able to immediately sell any of the Equity Shares you purchase in the Issue on an Indian Stock Exchange.***

The Equity Shares will be listed on the NSE and the BSE. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and trading may commence. Investors' book entry, or "demat", accounts with depository participants in India are expected to be credited within two working days of the date on which the basis of allotment is approved by NSE and BSE. Thereafter, upon



receipt of final approval from the NSE and the BSE, trading in the Equity Shares is expected to commence within seven working days of the date on which the basis of allotment is approved by the Designated Stock Exchange. We cannot assure you that the Equity Shares will be credited to investors' demat accounts, or that trading in the Equity Shares will commence, within the time periods specified above. Any failure or delay in obtaining the approval may restrict your ability to dispose of your Equity Shares as allotted.

65. *The requirements of being a listed company may strain our resources.*

We are not a listed company and have not been subjected to the increased scrutiny of our affairs by shareholders, regulators and the public at large that is associated with being a listed company. As a listed company, we will incur significant legal, accounting, corporate governance and other expenses that we did not incur as an unlisted company. We will be subject to the listing agreements with the Stock Exchanges, which require us to file audited annual and unaudited quarterly reports with respect to our business and financial condition. If we experience any delays, we may fail to satisfy our reporting obligations and/or we may not be able to readily determine and accordingly report any changes in our results of operations as timely as other listed companies.

Further, as a listed company we will need to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, including keeping adequate records of daily transactions to support the existence of effective disclosure controls and procedures and internal control over financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management oversight will be required. As a result, management's attention may be diverted from other business concerns, which could adversely affect our business, prospects, results of operations and financial condition and the price of our Equity Shares. In addition, we may need to hire additional legal and accounting staff with appropriate listed company experience and technical accounting knowledge, but we cannot assure you that we will be able to do so in a timely manner.

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

The Indian securities markets are smaller than securities markets in more developed economies. Indian stock exchanges have in the past experienced substantial fluctuations in the prices of listed securities. These 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, limited price movements and restricted margin requirements. Further, disputes have occurred on occasion between listed companies and the Indian stock exchanges and other regulatory bodies that, in some cases, have had a negative effect on market sentiment. If similar problems occur in the future, the market price and liquidity of the Equity Shares could be adversely affected.

67. *Future issuances or sales of the Equity Shares by any existing shareholders could significantly affect the trading price of the Equity Shares.*

The future issuances of Equity Shares by us or the disposal of Equity Shares by any of the major shareholders or the perception that such issuance or sales may occur may significantly affect the trading price of the Equity Shares. There can be no assurance that we will not issue further Equity Shares or that the shareholders will not dispose of, pledge or otherwise encumber their Equity Shares.

68. *There are restrictions on daily 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.*

Subsequent to listing, our Company will be subject to a daily circuit breaker imposed on listed companies by all stock exchanges in India which does not allow transactions beyond certain volatility 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 our Company's circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges are not required to inform our Company of the percentage limit of the circuit breaker from time to time, and may change it without its knowledge. This



circuit breaker would effectively limit the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

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

Sale of Equity Shares by any holder may give rise to tax liability in India, as discussed in the section titled "Statement of Tax Benefits" on page 88.

Prominent Notes

- The Investors may contact any of the BRLMs who have submitted the due diligence certificate to SEBI, for any complaint pertaining to the Issue.
- Public Issue of 41,70,000 Equity Shares for cash at a price of ₹ [●] per Equity Share (including a share premium of [●] per Equity Share) aggregating to [●] lacs consisting of a Fresh Issue of 16,50,000 Equity Shares aggregating to an amount not exceeding [●] lacs and an Offer for Sale of 25,20,000 Equity Shares by the Selling Shareholder aggregating up to ₹ [●] lacs. The Issue will constitute 31.95% of the fully diluted post issue paid up equity capital of our Company.
- Our net worth as at March 31, 2011 is ₹ 7023.11 lacs. Please refer our restated financial statements in "Financial Statements" on page 182.
- The average cost of acquisition of our Company's Equity Shares by our Promoters Rishi Kumar Bagla and Aurangabad Motor Manufacturers Limited is ₹ 1.33 and ₹ 3.33 per Equity Share respectively. The average cost of acquisition of Equity Shares by the Promoters has been calculated by taking the average of the amount paid by them (and as mentioned in their respective balance sheets) to acquire the Equity Shares issued by our Company.
- The net asset value/book value per Equity Share as at March 31, 2011 was ₹ 61.60. Please refer our restated financial statements in the "Financial Statements" on page 182.
- For details of the Group Companies having business interests or other interests in the Issuer see the sections titled "Our Promoters and Group Companies" and "Related Party Transactions" in "Financial Statements" at pages 166 and 182 of the Draft Red Herring Prospectus, respectively.
- For changes in the objects clause of the Memorandum of Association, see the section titled "History and Corporate Structure" on page 142.
- See the sections titled "Our Promoters and Group Companies" and "Related Party Transactions" in "Financial Statements" at pages 166 and 182 of the Draft Red Herring Prospectus, respectively, for details of transactions by the Issuer with Group Companies during the last year, the nature of transactions and the cumulative value of transactions.
- There are no financing arrangements whereby the Promoter Group, the directors of our corporate Promoter, our Directors or their relatives have financed the purchase by any other person of securities of the Issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing the Draft Red Herring Prospectus.



SECTION III – INTRODUCTION

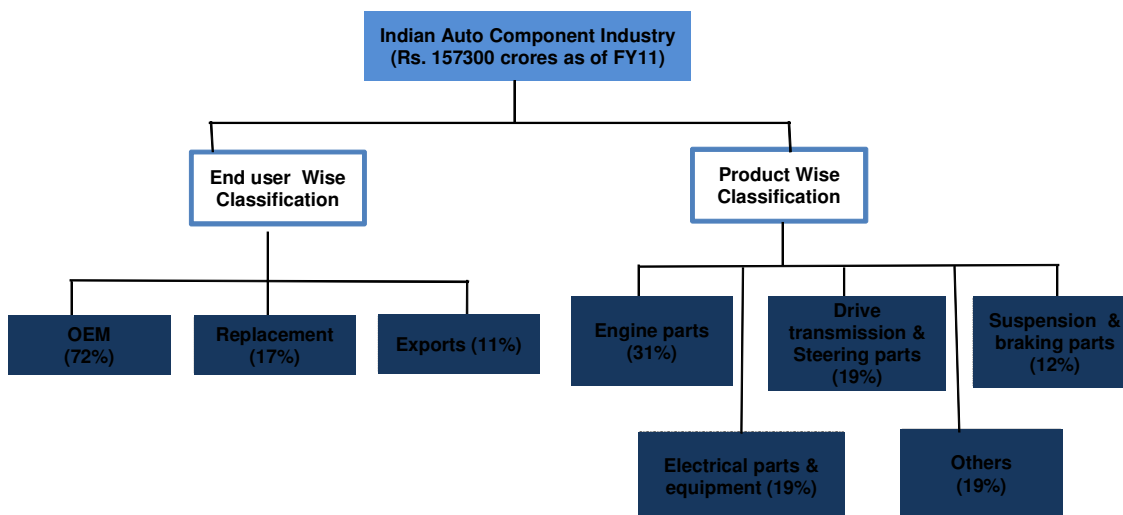
SUMMARY OF INDUSTRY

CRISIL Research, a Division of CRISIL Limited has taken due care and caution in preparing this Report. Information has been obtained by CRISIL from sources which it considers reliable. However, CRISIL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CRISIL is not liable for investment decisions which may be based on the views expressed in this Report. CRISIL especially states that it has no financial liability whatsoever to the subscribers/ users/ transmitters/ distributors of this Report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL's Ratings Division, which may, in its regular operations, obtain information of a confidential nature which is not available to CRISIL Research. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval.

The Indian Automobile Industry

The Indian auto component industry is estimated to be worth ₹ 157,300 crores in value terms of domestic production as of 2010-11. Auto component production posted a CAGR of 18 per cent over the last six years between 2004-05 and 2010-11. In 2010-11, the automobile component industry posted an overall growth of 25 per cent, driven by revival in domestic automobile manufacturing across the vehicle segments.

In consumption terms, domestic consumption grew by 20 per cent annually between 2004-05 and 2010-11 and has reached a size of ₹ 163,700 crores in 2010-11. Consumption constitutes domestic production plus imports excluding exports. Growth in imports outperformed that in exports in this period as the imports were necessitated to meet some of the stringent quality standards of Original Equipment Manufacturers (OEM). However, dependence on imports is expected to reduce going forward as component manufacturers are upgrading their technological and qualitative capabilities. In consumption terms the industry grew at 26 per cent in 2010-11.



Source: CRISIL Research, Automotive Component Manufacturers Association of India (ACMA)

Over the next five years between 2009-10 and 2014-15, CRISIL Research expects auto component production to grow by 14-16 per cent driven by exports and OEM demand, while replacement demand is expected to continue to be impacted by imports from China.



The overall industry size in terms of domestic production is expected to reach ₹ 240,000-248,000 crores by 2014-15. In the near term, the industry is expected to grow by 16-18 per cent in 2011-12.

Power Train Components

The power train component segment includes engine components like crankshafts, camshafts, connecting rod, timing chains and flywheel ring gears with the most critical components being cylinder head and cylinder block.

The size of the industry is estimated to be around ₹ 9,200 crores (excluding cylinder head and cylinder blocks) in 2010-11. The industry grew at a CAGR of 16 per cent between FY05 and FY11.

The power train component industry (excluding cylinder head and cylinder shaft) is expected to grow at a CAGR of 15-17 per cent over the next five years (FY10 to FY15) to ₹ 14700 crores

Brake System Components

A brake system in a vehicle generally comprises drum brakes, disc brakes, emergency brake, pedal, booster, master cylinder, combo valves and lines. The two main breaking systems are drum brakes and disc brakes. The actuation mechanism used is pneumatic (Air) for Medium and Heavy Commercial Vehicles (MHCVs) and hydraulic for smaller vehicles viz. two wheelers, passenger vehicles, three wheelers and Light Commercial Vehicles (LCVs).

CRISIL Research estimates the size of the industry to be ₹ 13,400 crores, as of 2010-11. The segment grew at a CAGR of 16 per cent from FY05 to FY11.

CRISIL Research expects the brakes system industry to grow at a CAGR of 15-17 per cent between FY10 and FY15 and reach a size of around ₹ 21,600 crores by 2014-15.

Engine Cooling Systems

Engine cooling systems prevent overheating of the engine by transferring the heat to the air. In other words, cooling systems allow the engine to heat up as quickly as possible, and then keep the engine at constant temperatures. When the engine is cold, components wear out faster, and the engine is less efficient, emitting more pollution.

Cooling systems consists of subcomponents such as intercoolers, radiators, pressure cap, thermostat, fans, water pump, hoses and transmission cooling lines that enables the engine to function in a smooth manner.

CRISIL Research estimates the overall size of the engine cooling industry at around ₹ 2800 crores in 2010-11. Between the years 2005-11, the engine cooling industry has grown at a CAGR of 16 per cent, although growth in FY08 and FY09 was sluggish

CRISIL Research expects the engine cooling industry to grow at a CAGR of 16-18 per cent over the next five years (FY10 to FY15) to ₹ 4600 crores by 2014-15 driven by the growth in the automobile industry.



SUMMARY OF BUSINESS

The following summary is qualified in its entirety by, and should be read in conjunction with, more detailed information of our restated financial statements appearing elsewhere in the Draft Red Herring Prospectus along with the risks discussed under “Risk Factors” on page 14. In this section “our Company” refers to Aurangabad Electricals Limited, and “we”, “us” and “our” refers to Aurangabad Electricals Limited and/or its Joint Venture, namely OMR Bagla Automotive Systems India Limited and its Associates BG LI-IN Electricals Limited and Aurangabad Wheels and Rims Private Limited unless the context requires otherwise.

OVERVIEW

Our Company along with our joint venture company, namely, OMR Bagla Automotive Systems India Limited, (“**OBASIL**”) and our associates and BG LI-IN Electricals Limited, (“**BG LI-IN**”) and Aurangabad Wheels and Rims Private Limited (“**AWRPL**”), is a recognized automotive component manufacturing company with capabilities of manufacturing a diverse range of products such as fully-finished and semi-finished aluminium castings, high tensile steel fasteners and auto electrical components.

Incorporated in the year 1985, our Company commenced operations by manufacturing of magnetos and other electrical components for two wheelers, in its initial years. Over the last two decades we have evolved from an automotive electrical component manufacturing company to a solution provider across a wide range of automotive products which without limitation include the following:

1. aluminium die-casting products, such as high-pressure, and gravity die-castings for two, three wheeler automobiles, passenger cars and commercial vehicles;
2. a range of high tensile steel fasteners for various automotive applications; and
3. auto electrical components ranging from magnetos, regulators, ignition coils and starter motors to relays sensors and switches.

Over the years, we have developed various capabilities to meet the requirements of our customers, which includes in-house designing and manufacturing of dies, high pressure and gravity die-casting supported by state-of-the-art technology and machine shop, machining and surface treatments, sub-assembly manufacturing, manufacturing high tensile fasteners and manufacturing auto electrical components. Our inter-alia capabilities include:

Aluminum Casting

- Die designing and manufacturing
- High pressure and gravity die casting
- Machining
- Heat-treatment and surface-treatment
- Painting
- Sub-assembly

High Tensile Steel Fasteners

- Die designing and manufacturing
- Cold forging
- Machining
- Heat-treatment and surface treatment

Auto Electricals

- Multi pole spindle winding
- Vacuum potting



- Machining and assembly
- Powder coating

We own and operate eight manufacturing facilities, all of which are located in the major automotive manufacturing hubs in the country. Each of our facilities are designed, equipped and operated to deliver quality products within defined cost and delivery parameters. Seven out of our eight manufacturing units operate in consonance with the industry accepted ISO/TS-16949 standards. We sell our products and solutions to OEMs and Tier I suppliers of two and three wheelers, passenger cars, and light, medium and heavy commercial vehicles.

The income from our various lines of businesses including intra sales in Fiscal 2011, 2010 and 2009 is summarized in the table below:

Line of Business	Income (₹ in lacs)		
	Fiscal 2011	Fiscal 2010	Fiscal 2009
Aluminium Castings	43,507.81	28,001.73	25,161.75
Fasteners	6,788.69	5,043.03	4,629.78
Auto Electricals	1,875.36	1,724.78	1,689.99
Others*	143.47	2,414.78	10,344.55

* Others include income from wheel assembly, wind mill business, and miscellaneous income.

Our Company's business is further augmented by our strategic investments in our Joint Venture namely, OBASIL and our associate companies AWRPL and BG LI-IN. While OBASIL primarily manufactures high pressure die-casting products for four wheeler automobiles, BG LI-IN Electricals Limited, which is a collaboration with LI-IN Electricals of Taiwan, manufactures wide range of auto electrical components such as flashers, ignition coils, sensors and relays for automobiles. AWRPL, which currently provides back end support to our Company in designing and manufacturing of dies.

We cater to the requirements of OEMs as well as Tier I suppliers to OEMs in India as well as abroad. Our single largest customer has been Bajaj Auto Limited whom we have been catering to since our inception till date. OEM sales to Bajaj Auto Limited represented approximately 85% to 78% of our gross sales for Fiscals 2011, 2010 and 2009. In the recent times, we have also secured significant orders from recognized automobile OEM manufacturers such as, Fiat, India and Mahindra Two Wheelers Limited. We have also secured repeat orders from various Tier I suppliers such as Hero Motor Limited, India; Magna Rico, India, Magna, Canada and OMR Italy. Some of our key customers are as follows:

- Brembo Brake India Private Limited, India;
- Fiat India Automobiles Limited, India;
- Hero Motors Limited, India;
- Ina Bearing India Private Limited, India;
- Magna Powertrain, Canada;
- Magna Rico Powertrain Private Limited, India;
- Mahindra Navistar Engines Private Limited, India;
- Mahindra Two Wheelers Limited, India;
- Officine Meccaniche Rezzatesi, Italy;
- Rhodes India Automotive Private Limited; and
- Bajaj Auto Limited
- Behr India Limited
- Knorr – Bremse Systems for Commercial Vehicles India Private Limited
- Other OEMs in the United States



Our individual promoter Rishi Kumar Bagla has over two decades of experience in the automotives components sector and has been instrumental in the formulation of plans and policies for our growth and evolution along with his father late Raj Narayan Bagla.

Our total income for the past five Fiscals, from Fiscal 2007 through Fiscal 2011, grew at a CAGR of 10.45%, from ₹ 34,195.47 lacs to ₹ 50,891.54 lacs. During the aforementioned periods, our net profit/(loss) grew from ₹ (23.02) lacs for the Fiscal 2007 to ₹ 1,306.48 lacs in the Fiscal 2011.

We have exported and continue to export to various OEMs and Tier-I suppliers to various OEMs. The Free on Board (FOB) value of exports is ₹ 822.18 lacs for Fiscal 2011 which represents 1.62% of our total income, which includes other income for Fiscal 2011.

Our Company has been recognized by various awards and accolades which include third prize in the BAVA Kaizen Competition in 2011, 2010 and 2009, the Knorr Bremse Appreciation Award in 2010, various quality awards from Bajaj Auto Limited and the CCQC- Excellence Performance 2008 from the Quality Circle Forum of India in 2008.

OUR COMPETITIVE STRENGTHS

We believe that the following are our primary competitive strengths:

- ***Focus on being a complete solution provider to meet the requirements of our customers in our identified area of operations***

Over the years, we have focused on being a complete solutions provider to our customers in our identified areas of operations. We have developed various capabilities to meet the requirements of our customers, which includes in-house designing and manufacturing of dies, high pressure and gravity die-cast components supported by state-of-the-art technology and machine shop, machining and surface treatment facilities, sub-assembly, manufacturing high tensile fasteners and manufacturing electrical parts for automobiles. We not only manufacture individual components but also supply complete sub-assemblies which are installed directly on vehicles such as brake panel assemblies, step holder assemblies, etc. Our integrated machining, surface treatment, painting and assembling capabilities have enabled us to provide value added solutions to our customers as opposed to merely providing stand-alone components. Our ability to come up with customized solutions and develop capabilities based on the requirements of our clients as well as evolving trends in the automotive industry has enabled us to strengthen our relationship with our long-standing customers who have from time to time given repeat orders and expand our share of business from these customers, while also establish relationships with new customers.

- ***Long-standing and diversified relationships with customers***

We believe that the automotive component supply business is built on the foundation of customer relationships. Over the years we have established strong relationships with our customers. We cater to the requirements of OEMs like Bajaj Auto, India ; Fiat, India; and Mahindra two wheelers, India as well as Tier I suppliers including Brembo, India; Hero Motors, India; Ina bearings, India; Magna Rico, India; Magna, Canada; OMR, Italy and Rhodes, India. In the recent times, apart from Bajaj Auto, India we have secured significant orders from recognized OEMs such as Fiat, India and Mahindra two wheelers, India. We have also secured orders from various Tier I suppliers such as Hero Motors, India; Magna Rico, India; Magna, Canada; OMR, Italy. We have had a long-standing relationship with Bajaj Auto Limited, our single largest customer ever since our Company commenced operations. Our long-term relationships with our key customers allows us to understand and cater to their diverse requirements, including the development of new products, planning production schedules, setting up new manufacturing facilities in close proximity to the new manufacturing facilities of our customers in order to leverage on logistical advantages and to manage our sources of finance to be able to respond to the changing scenario in the overall industry and specifically for our key clients. We work closely with our customers to develop new products to meet the changing industry trends and patterns which also leads us to be better protected against our products becoming obsolete vis-à-vis some of our competitors. We typically partner with our customers in the



process of 'New Product Development' (NPD) in each of our product segments particularly, Aluminum castings and high tensile steel fasteners. Over the years, we have developed several unique capabilities including light weighting know how, substitution of iron parts by aluminum castings, reduction in weight of a part by optimising casting design, improved mechanical properties in cast parts, hollow sand cores, high yield gating designs, alloy specifications, part count reduction, enhancement of performance, and improvement in mechanical properties.

Further, we believe that our relationship with such recognized customers allows us to leverage a comparatively larger range of raw material suppliers and third party job workers for our products.

- ***Strong in house design and development capabilities supported by state of the art die-design centre***

We have an in-house division which designs and manufactures dies for our high pressure and gravity die-cast products. Our design and development capabilities are supplemented by the back-end tooling and machining capabilities of our associate AWRPL which has a die manufacturing and tooling and machining facility in close proximity to one of our manufacturing facilities in Aurangabad. The aforementioned design and development capabilities enable us to develop new products and modify our existing range of products to meet the requirements of our customers and the automotive industry in general. Our in-house design capabilities and die manufacturing facility, allows us to:

- Optimise the design of casting and gating systems;
- Develop know-how in the design and development of dies and core boxes;
- Develop know-how in the foundry processes;
- Keep such know-how confidential; and
- Maintain adequate lead time

We also design and manufacture dies for cold forging of high tensile steel fasteners. The Engineering department of our auto electrical business designs and develops auto electrical and electronic components.

From time-to-time we have enhanced our development capabilities through technological collaborations with assistance from overseas entities such as OMR, Italy for high pressure die-cast products for passenger cars and commercial vehicles and LI-IN Electricals, Taiwan for electrical components.

- ***Strategically Located Manufacturing facilities across India***

We currently are operating eight different manufacturing facilities. All of our manufacturing plants are strategically located in close proximity to major automotive manufacturing hubs and OEMs. We believe that our cost efficient manufacturing and supply chain management results in a significant reduction in our operational costs. We established our presence in Pantnagar and Chakan to gain access to OEMs who have a manufacturing presence in the aforesaid regions, as well as to service Bajaj Auto Limited in a more efficient manner. Our manufacturing presence in these belts helps to reduce our operational costs, allows us greater customer interaction and gives us the ability to respond to customer requirements in a timely manner. Further, the location of our manufacturing facility at Pantnagar, Uttarakhand gives us a significant competitive cost advantage in terms of manufacturing at relatively cheaper power tariff in the state of Uttarakhand.

Our Company is entitled to avail of the various tax benefits for our Uttarakhand plant, Plant N1, which enables our Company to offer the products at competitive rates. Our Company's Plant N1 has qualifies for deduction under section 80-IC of the Income Tax Act, 1961. As per the provisions of section 80-IC of the Income Tax Act, 1961 our Company will be entitled to claim deduction under the said section subject to compliance with conditions specified therein. For further details please refer to the section "*Statement of Tax Benefits*" on page 88.



- ***Sound systems and process for ensuring quality, cost reduction, on-time delivery and development***

We have undertaken various initiatives and adopted various systems and processes in order to augment our commitment to focus on quality, cost reduction and on time delivery & development. For instance, our focus on quality is also exemplified through the ISO 9002, ISO 9001 and ISO/TS-16949 certifications that we have obtained with respect to our manufacturing processes and/or manufacturing facilities. The ISO/TS-16949 certification ascertains the existence of a Quality Management System as per specified standard, in practice. All our sales to OEMs and Tier I Suppliers are through direct on-line channels. We carry out a significant portion of all our key manufacturing processes in-house, which allows us to monitor the quality of our manufactured products, control our production costs and maintain our delivery and development schedules. We have undertaken several initiatives to reduce costs, including the outsourcing of certain non-critical processes such as secondary machining of high tensile steel fasteners, machining of die parts, small size casting etc. Further, in our non-primary business, we are involved in wind power generation through our wind farm located at Supa in the State of Maharashtra and having capacity of 2 megawatts. The energy generated at our wind farm is used to set off energy units consumed at our other manufacturing facilities in the state of Maharashtra. Our Company has invested in the wind farm facilities to take advantage of beneficial tax credits from the Government and to avail a set off against our power consumption tariffs at our manufacturing facilities.

- ***Experienced Management with strong industry expertise***

Our management team has requisite mix of having academic backgrounds from the automotive, die-casting and engineering industries, business management, commerce, etc. They hold qualifications in engineering, designing, business management and accounting. In addition, our management team has considerable experience in the automotive components industry, with our promoters having extensive knowledge and around twenty years of experience in connection with the production of automotive components. The members of our senior management have other diverse skills which have helped us to grow and develop us faster. Our management team's skills include designing, manufacturing, customer relationship, marketing, sales management, strategic sourcing, supply chain management, quality management, domestic capital raising, implementing expansion projects etc. The vision and foresight of our management enables us to explore and seize new opportunities and accordingly position ourselves to introduce new products to capitalize on the growth opportunities in the automotive sector.

STRATEGY

Our Company's vision is to become an integrated automotive components engineering and manufacturing company, providing all round engineering solutions to our customers. We recognise that achieving these goals can be effectively enabled by diversifying our customer base and range of products, consolidating our position with existing customers and establishing relations with newer customers in varied segments of the automotive industry. We also propose to take initiatives in technology development as well as absorption, setting up new ventures, periodic review of our business portfolio, and expansion of physical capacities, risk management, operational excellence and human resource development. Our Company's business strategy focuses on the following key elements:

- ***Diversify our product portfolio***

In addition to diversifying and expanding our customer base we also propose to leverage upon our design, engineering and manufacturing capabilities to increase our focus on value added products and solutions such as assemblies and sub-assemblies and larger castings. We have already introduced value added products like Bed plates, Oil pan, Cylinder head, Support brackets for engines in the last two years. We have also recently procured orders for Charge air cooler tank from a global Tier I supplier for truck manufacturers. In the auto electrical segment, we are in the process of introducing security systems for passenger cars and two wheelers. We intend to continue to introduce new products such as Housing for turbo chargers, Housing for Exhaust Gas Recirculation, Cylinder Blocks, and High temperature steel fasteners. We also intend to pursue new business opportunities in markets that we believe have potential for



significant growth and are expected to offer relatively higher margins including products like cylinder block, cylinder head, bed plate, oil pan, charge air cooler amongst others.

We intend to focus on developing and/or acquiring capabilities for design, engineering, manufacturing of aluminium castings which is used for (a) light weighting and/or (b) as part of sub-systems required for meeting environmental norms for engines. In addition we propose to develop and/or acquire capabilities for manufacturing of critical engine parts such as cylinder block and cylinder head. Our Company would typically seek to establish technical collaborations for such capabilities.

For High tensile steel fasteners, our Company proposes to develop and/or acquire capabilities to manufacture high temperature fastener which has applications in the fast growing market of turbochargers and exhaust systems.

- ***Focus on diversifying and increasing our customer base***

We propose to continue focusing on expanding and diversifying our customer base. We also intend to focus on diversifying across industry segments by increasing our customer base in the four wheeler passenger cars and commercial vehicles segments of the automobile industry. We have added new customers in the last 5 years including Mahindra Two Wheelers Limited, India, Magna Rico, India, and Hero Motors, India in the last one year, Fiat, India; OMR, Italy, Knorr-Bremse, France, Magna, Canada in the last three years and INA bearings, India; Rhodes, India (formerly Delphi), in the last five years. Our main objective of entering into a joint venture with OMR Holdings SPA through OBASIL was to establish our presence in high pressure die-casting products for the four wheeler and commercial vehicles segment. Through our strategic investment in OBASIL and BG LI-IN Electricals Limited, we have further accelerated the process of diversifying our customer base. In recent times we have catered to new OEM customers such as Fiat Auto SPA. Recently, we have also secured orders from Mahindra Two wheelers Limited.

- ***Leverage our Business relations with our existing customers***

We propose to leverage our long-term relations with our existing customers to procure new orders and expand our presence in the global and domestic markets. In the past, we have been successfully able to leverage our relationships in the domestic markets with global OEMs and Tier I suppliers to procure overseas orders from parents and/or associate entities of such customers. For instance we supplied products to a leading global air brakes systems manufacturer in domestic markets and leveraged our relationship with them to secure orders from their overseas group entities. Similarly we have supplied products to a recognized engine cooling auto components manufacturer in both India and outside India. Further, through OMR Holding SPA and its associates who buy-back a substantial portion of our products manufactured at OBASIL, our products are gaining increasing acceptance across a wide spectrum of OEMs.

With liberalization of trade, we believe that the aluminium casting industry in Europe & North America is increasingly witnessing the outsourcing of manufacturing processes to competitive-cost locations. We intend to continue leveraging our strong customer relationships to augment our presence in the markets in which we are currently operating as well as to penetrate newer markets globally.

- ***Technology absorption and product design and development.***

Our Company proposes to continue to develop our products by developing and/or acquiring new technology and developing our in-house product designing and development capabilities. We intend to increase focus on research and development initiatives which would include designing, prototyping, and development of products. We have in fact been engaged in research and development activities in our auto electrical components business having developed a security system for passenger cars and two wheelers which we propose to introduce in the near future. Further, our Company has from time to time successfully collaborated in the past to maintain technological competitiveness and has established technical tie-ups and strategic alliances with various international engineering companies such as LI-IN Electricals from Taiwan



and OMR Holdings SPA, Italy. Our Company will explore opportunities to collaborate with global players to augment the positioning of our products, enhance our manufacturing capabilities, upgrade our technological processes and offer new and diversified range of products and services to our customers. We intend to focus on developing and/or acquiring capabilities for design, engineering, manufacturing of aluminium castings which is used for (a) light weighting and/or (b) as part of sub-systems required for meeting environmental norms for automobiles. In addition we propose to develop and/or acquire capabilities for manufacturing of critical engine parts such as engine block and cylinder head. Our Company would typically seek to establish technical collaborations for such capabilities.

- ***Continued focus on cost reduction and cost effectiveness***

Improving cost efficiency in our manufacturing processes and reducing investments in non-critical manufacturing processes constitute a key part of our business strategy. Recently, we have undertaken several cost reduction steps such as outsourcing certain non-critical manufacturing processes, manpower reduction, inventory reduction, consolidation of production capacities, reduction in waste and phasing out our low-margin products. We have invested in two Wind Mills of 1 megawatt each at Supa in Maharashtra which help us in partially mitigating any increase in power cost. We will look to invest in similar assets/ opportunities that will help us reduce cost or reduce our exposure to variable costs.

- ***To focus on organic and inorganic growth***

Our strategy so far had been primarily focused on growing the business through organic means. Going forward, we intend to seek inorganic growth opportunities to enhance our presence in the domestic and international market. We believe that pursuing selective acquisitions, partnerships, or alliances would broaden our product offerings further, strengthen our market position, help us get access to a wider customer base and improve our overall competitive position. Typically our strategy for future acquisitions, partnership or alliance as part of our business strategy will include:

- Identifying new opportunities for acquisitions, partnerships or alliances locally and abroad that provide us access to technology, manufacturing capacity, market and customers with respect to our existing line of business and allows us to diversify our product and customer base.
- Successfully integrating any such acquisitions, partnerships or alliances into our existing lines of business and operations; and
- Appropriately developing and taking advantage of potential synergies or economies of scale from any such acquisitions, partnerships or alliances.



THE ISSUE

The following table summarizes the Issue details:

Public Issue	41,70,000 Equity Shares
<i>Consisting of:</i>	
Fresh Issue	16,50,000 Equity Shares
Offer for Sale ⁽¹⁾	25,20,000 Equity Shares
<i>Net Offer to Public</i>	
<i>Of which:</i>	
QIB Portion ^{(2) (3)}	Not more than 20,85,000 Equity Shares *
<i>Of which:</i>	
Anchor Investor Portion	Not more than 6,25,500 Equity Shares **
Net QIB Portion (assuming Anchor Investor Portion is fully subscribed)	Not more than 14,59,500 Equity Shares *
<i>Of which:</i>	
Mutual Fund Portion	72,975 Equity Shares *
Balance for all QIBs including Mutual Funds	13,86,525 Equity Shares *
Non-Institutional Portion ⁽²⁾	Not less than 6,25,500 Equity Shares *
Retail Portion ⁽²⁾	Not less than 14,59,500 Equity Shares *
Pre and post-Issue Equity Shares	
Equity Shares outstanding prior to the Issue	1,14,00,000 Equity Shares
Equity Shares outstanding after the Issue	1,30,50,000 Equity Shares
Use of proceeds of this Issue	See the section titled “ <i>Objects of the Issue</i> ” on page 79 of the Draft Red Herring Prospectus. Our Company will not receive any proceeds from the Offer for Sale.

* In the event of over-subscription, allotment shall be made on a proportionate basis, subject to valid Bids being received at or above the Issue Price, except Anchor Investor Portion

**Our Company and the Selling Shareholder may, in consultation with the BRLMs, allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis at the Anchor Investor Allocation Price, out of which at least one-third will be available for allocation to domestic Mutual Funds only. For further details, see section titled “Issue Procedure” on page 287 of the Draft Red Herring Prospectus. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion.

*** The Issue has been authorized by our Board pursuant to a resolution dated September 22, 2011 and our shareholders at their meeting held on September 23, 2011.

**** Approval of RBI has been sought by our Company through its letter dated [●], 2011 in compliance with the applicable foreign exchange rules and regulations for transfer of equity shares pursuant to the Offer for Sale.



(1) The Issue comprises an Offer for Sale of 25,20,000 Equity Shares (aggregating to 19.31 % of our post Issue Capital) by the Selling Shareholder. The Selling Shareholder has obtained approval for the Offer for Sale pursuant to its board resolution dated September 27, 2011. The Selling Shareholder is offering 25,20,000 Equity Shares, which have been held for a period of more than one year prior to the date of filing of the DRHP and, hence, are eligible for being offered for sale in the Issue.

(2) Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the QIB Portion, Non-Institutional Portion, and Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company and the Selling Shareholder, in consultation with the BRLMs and the Designated Stock Exchange.

(3) Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. In the event that the demand from Mutual Funds is greater than 72,975 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Fund Portion. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the Net QIB Portion and allocated to QIBs (including Mutual Funds) on a proportionate basis, subject to valid Bids at or above Issue Price.



SUMMARY FINANCIAL INFORMATION
SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(₹ In Lacs)

	Particulars	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
A.	Tangible and Intangible Fixed Assets					
	Gross Block	23,495.79	21,705.44	20,821.69	21,357.33	21,674.16
	Less: Accumulated Depreciation and amortization	12,884.14	10,870.50	8,517.35	6,883.45	5,675.56
	Net block	10,611.65	10,834.94	12,304.34	14,473.88	15,998.60
	Capital Work in Progress including capital advances	315.28	155.15	96.34	79.44	3,298.50
	Assets held for disposal	18.42	18.42	490.24	-	-
	Total	10,945.35	11,008.51	12,890.92	14,553.32	19,297.10
B.	Investments	1,736.43	1,736.43	1,723.21	1,730.98	85.48
C.	Current Assets, Loans and Advances					
	Inventories	3,133.09	2,707.01	2,357.84	3,006.01	3,840.23
	Sundry Debtors	7,113.48	5,935.21	3,627.67	5,663.37	5,795.73
	Cash and Bank Balances	403.81	202.41	1,036.13	1,045.45	1,100.44
	Loans and Advances	802.77	874.66	865.83	1,192.53	1,454.03
	Total	11,453.15	9,719.29	7,887.47	10,907.36	12,190.43
D.	Liabilities and Provisions					
	Secured Loans	6,450.01	8,797.73	9,207.09	10,998.17	14,381.38
	Unsecured Loans	-	22.75	-	870.00	1,043.98
	Deferred Sales Tax Liability	992.19	1,093.13	871.51	887.63	1,263.40
	Deferred Tax Liability (net)	313.25	467.98	346.07	807.33	1,120.78
	Current Liabilities	9,016.39	6,046.37	6,384.85	6,955.84	6,694.91
	Provisions	339.98	219.94	100.39	124.34	105.73
	Total	17,111.82	16,647.90	16,909.91	20,643.31	24,610.18
E.	Net Worth (A+B+C-D)	7,023.11	5,816.33	5,591.69	6,548.35	6,962.83
	Net Worth represented by:					
F.	Share Capital					
	Equity	1,140.00	1,140.00	1,140.00	1,140.00	1,140.00
	Preference	0.86	-	-	-	-
	Total	1,140.86	1,140.00	1,140.00	1,140.00	1,140.00
G.	Preference Share Suspense Account	-	0.86	-	-	-
H.	Reserves and Surplus					
	Securities Premium Account	4,260.16	4,260.16	4,260.16	4,260.16	4,260.16
	Capital Subsidy	80.00	80.00	80.00	50.00	50.00
	General Reserve	4.91	4.91	-	-	-
	Profit and Loss Account	1,537.18	330.40	111.53	1098.19	1,512.67
	Total	5,882.25	4,675.47	4,451.69	5,408.35	5,822.83
I.	Net Worth (F+G+H)	7,023.11	5,816.33	5,591.69	6,548.35	6,962.83



SUMMARY STATEMENT OF PROFIT AND LOSSES, AS RESTATED

(₹ In Lacs)

	Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007
A.	Income					
	Sales - Manufactured products (Gross)	53,645.76	36,234.95	40,876.47	41,457.62	36,873.70
	Less:- Excise Duty	3,329.23	1,987.40	4,069.95	4,866.68	4,908.19
	Sales - Manufactured products (Net)	50,316.53	34,247.55	36,806.52	36,590.94	31,965.51
	Sale of Electricity through wind power	125.92	116.01	184.53	125.03	154.00
	Job work Charges	276.56	444.07	622.25	957.04	1,658.92
	Other Income	172.53	439.20	227.64	753.08	417.04
	Total – A	50,891.54	35,246.83	37,840.94	38,426.09	34,195.47
B.	Expenditure					
	Material Consumed	34,739.79	22,996.53	27,402.33	25,277.18	23,671.38
	(Increase)/Decrease in Inventory	(199.35)	(291.88)	269.27	1,012.82	(800.91)
	Operating and Other Expenses	9,171.30	6,851.53	6,529.00	7,513.88	7,423.00
	Personnel Expenses	2,560.12	1,890.20	1,920.64	2,153.50	2,002.41
	Finance Cost	958.12	1,095.55	1,376.13	1,606.07	999.80
	Depreciation and Amortization	2,024.64	2,425.81	1,905.50	1,994.03	1,567.11
	Amortization of Miscellaneous expenditure	-	-	-	-	2.90
	Total	49,254.62	34,967.74	39,402.87	39,557.48	34,865.69
	Less : Expenses, included in above items, capitalized	311.71	137.78	123.52	416.96	651.59
	Total – B	48,942.91	34,829.96	39,279.35	39,140.52	34,214.10
C.	Net Profit/(Loss) before taxation and extraordinary items as restated - (A - B)	1,948.63	416.87	(1,438.41)	(714.43)	(18.63)
D.	Tax Expenses					
	-Current Tax	796.87	81.98	-	-	-
	-Deferred Tax (Credit)/Charge	(154.72)	121.91	(461.25)	(313.45)	(7.61)
	- MAT credit entitlement	-	(72.36)	-	-	-
	-Fringe benefit tax	-	-	0.50	0.50	0.50
	- Wealth Tax	-	-	9.00	13.00	11.50
	Total – D	642.15	131.53	(451.75)	(299.95)	4.39
E.	Net Profit/(Loss) before extraordinary items, as restated - (C - D)	1,306.48	285.34	(986.66)	(414.48)	(23.02)
F.	Extraordinary items	-	-	-	-	-
G.	Net Profit/(Loss) after extraordinary items, as restated - (E - F)	1,306.48	285.34	(986.66)	(414.48)	(23.02)



	Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007
	Add : Surplus/(Deficit) brought forward from the Previous year	330.40	111.53	1,098.19	1,512.67	1,535.69
H.	Profit/(Loss) available for appropriations, as restated Appropriations :-	1,636.88	396.87	111.53	1,098.19	1,512.67
	Dividend on Preference Share	*	-	-	-	-
	Dividend on Equity Share	85.50	57.00	-	-	-
	Tax on dividend	14.20	9.47	-	-	-
I.	Balance carried forward, as restated	1,537.18	330.40	111.53	1,098.19	1,512.67

* Dividend amount - ₹ 7.



SUMMARY STATEMENT OF CASH FLOWS, AS RESTATED

(₹ In Lacs)

	Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007
A.	Cash Flow from Operating Activities					
	Net Profit/(Loss) before taxation, as restated:	1,948.63	416.87	(1,438.41)	(714.43)	(18.63)
	Adjustments for:					
	Depreciation and amortization	2,024.64	2,425.81	1,905.50	1,994.03	1,567.11
	(Profit)/Loss on sale of fixed asset (net)	0.71	(74.14)	(135.53)	(174.20)	(32.34)
	Provision for diminution in value of investments	-	9.50	-	-	0.02
	Foreign exchange fluctuation (gain)/loss, (net)	(47.94)	(29.87)	46.36	(61.81)	(42.22)
	Bad debts written off	1.36	0.62	-	-	-
	Dividend received	(3.53)	(0.06)	(0.06)	(0.06)	(0.06)
	Interest received	(29.65)	(26.65)	(11.78)	(45.82)	(44.32)
	Discount received on early repayment of sales tax deferral loan	-	-	-	(214.86)	(91.27)
	Interest on term loans, working capital and other loans	903.91	1,044.08	1,319.57	1,559.69	965.74
	Provision for doubtful advance	14.78	-	-	-	-
	Provision for doubtful debt	20.54	51.53	1.38	5.96	9.62
	Amortization of Miscellaneous expenditure	-	-	-	-	2.90
	Cash generated from operations before working capital changes	4,833.45	3,817.69	1,687.03	2,348.50	2,316.55
	Adjustments for:					
	(Increase)/Decrease in sundry debtors	(1,152.23)	(1,931.90)	1,987.96	188.22	(1,763.04)
	Increase/(Decrease) in current liabilities and provisions	3,035.87	(664.52)	(632.43)	339.32	2,013.08
	(Increase)/Decrease in inventories	(426.08)	(253.84)	648.17	834.23	(1,484.63)
	(Increase)/Decrease in loans and advances	(224.34)	30.59	356.54	261.65	(164.63)
	Cash generated from/(used in) Operations	6,066.67	998.02	4,047.27	3,971.92	917.33
	Direct taxes paid (net of refunds)	(515.42)	(2.32)	(9.35)	(13.66)	(63.64)
	Net Cash Flow from/(used in) Operating Activities	5,551.25	995.70	4,037.92	3,958.26	853.69
B.	Cash Flow from/(used in) Investing Activities					
	Purchase of fixed assets	(1,981.65)	(611.76)	(956.01)	(1,475.52)	(7,766.43)
	Sale of fixed assets	19.47	657.70	848.46	77.49	100.89
	Sale of business unit	-	-	-	4,321.95	-
	(Purchase)/Sale of investments	-	(22.72)	7.77	(1,645.50)	-
	Interest received	29.65	26.65	11.78	45.82	44.32
	Dividend received	3.53	0.06	0.06	0.06	0.06



(₹ In Lacs)

	Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007
C.	Deposits (with maturity more than three months)	(154.23)	(53.10)	22.11	807.21	2,258.40
	Net Cash from/(used in) Investing Activities	(2,083.23)	(3.17)	(65.83)	2,131.51	(5,362.76)
	Cash Flow from/(used in) Financing Activities					
	Proceeds/(Repayment) of short term borrowings (net)	(61.96)	779.58	(1,643.46)	(661.94)	2,158.11
	Proceeds from long term borrowings	-	-	3815.00	1,914.99	5,020.69
	Repayment of long term borrowings	(2,409.45)	(1,608.37)	(4,848.74)	(4,971.14)	(1,982.12)
	Interest paid on term loans, working capital and other loans	(882.96)	(1,052.67)	(1,282.09)	(1,619.46)	(908.64)
	Dividend paid (including dividend distribution tax)	(66.47)	-	-	-	(65.72)
	Net Cash from/(used in) Financing Activities	(3,420.84)	(1,881.46)	(3,959.29)	(5,337.55)	4,222.32
	Net Increase/(Decrease) in Cash and Cash Equivalents	47.18	(888.93)	12.80	752.22	(286.75)
	Cash and Cash Equivalents at the beginning of the year	70.22	957.05	944.25	192.03	478.78
	Cash and Cash Equivalents at the end of the year	117.40	68.12	957.05	944.25	192.03
	Cash and Cash Equivalents taken over on merger	-	2.10	-	-	-
	Total Cash and Cash Equivalents at the end of the year	117.40	70.22	957.05	944.25	192.03
	Components of cash and cash equivalent at the end of each year					
	Cash on hand	0.84	0.99	1.35	2.29	1.84
	With Banks :-					
	in current accounts	116.56	69.23	955.70	941.97	190.19
	in deposit accounts	286.41	132.19	79.08	101.19	908.41
	Cash and Bank Balances as per Restated Statement of Assets and Liabilities.	403.81	202.41	1,036.13	1,045.45	1,100.44
	Less : Deposits not considered as cash equivalents.	286.41	132.19	79.08	101.20	908.41
	Cash and Cash Equivalents in Cash Flow Statement:	117.40	70.22	957.05	944.25	192.03



GENERAL INFORMATION

Our Company was originally incorporated as a private limited company under the Companies Act, 1956, on September 23, 1985 with the name “Aurangabad Electricals Private Limited”. Thereafter, pursuant to a second Certificate of Incorporation dated June 21, 1999, the name of our Company was changed to Aurangabad Electricals Limited with effect from July 01, 1997 under Section 43A(1A). Subsequently, in compliance with Section 43A (2A) of the Companies Act, 1956 the name of our Company was changed to Aurangabad Electricals Private Limited with effect from March 20, 2001. Further, in terms of special resolution passed by members in Extra Ordinary General Meeting held on February 25, 2006 our Company was converted in to public limited company and pursuant to Certificate of Change of Name dated March 02, 2006, the name of our Company was changed to Aurangabad Electricals Limited. The Corporate Identification Number of our Company is U31909PN1985PLC037539. For further details in connection with change in name and registered office of our Company, see section titled “*History and Certain Corporate Matters*” on page 142 of the Draft Red Herring Prospectus.

Our Company is engaged in business of manufacturing of auto components and brake system components which includes auto electrical components, aluminium die casting components and fasteners. The Company also generates power through windmill. For further details, please see section titled “*Our Business*” on page 113 of the Draft Red Herring Prospectus.

Registered Office

Our registered office is located at

Aurangabad Electricals Limited
Plot No. B-7,
MIDC Chakan,
Village Mahalunge, Taluka Khed,
Pune – 410501, India.
Phone: +91 2135 310527
Facsimile: +91 2135 310527
Email: compliance@aurangabadelectricals.co.in

For details relating to changes in our registered office, see section titled “*History and Certain Corporate Matters*” on page 142 of the Draft Red Herring Prospectus.

Registration Number: 037539

Corporate Identity Number: U31909PN1985PLC037539

Address of the RoC

Our Company is registered at the RoC located at the following address:

PMT Building,
3rd Floor, Deccan Gymkhana,
Pune-411004
Phone: +91 020-25530042
Facsimile: +91 020 -25521376
Email: roc.pune@mca.gov.in

Board of Directors

Our Board comprises the following:

Sl. No.	Name	Designation	DIN	Address
1.	Rishi Kumar Bagla	Chairman	and 00002020	Gut No. 40, Golwadi, Paithan



Sl. No.	Name	Designation	DIN	Address
		Managing Director, Non-Independent		Road, Aurangabad, Maharashtra 431005 India
2.	Mamta Bagla	Non-Executive, Non-Independent	00002031	Gut No. 40, Golwadi, Paithan Road, Aurangabad, Maharashtra 431005 India
3.	Kilambi Raghavachary	Whole Time Director, Non-Independent	01587450	5052, Flat No. No. 53, H Block, 28 th Street, Ponni Colony, Anna Nagar West, Chennai, Tamil Nadu 600040 India
4.	Anant Kandoi	Non Executive, Independent Director	01574768	House No. 244, N-3, Chikalthana, Aurangabad, Maharashtra 431003 India
5.	Navin Paul	Non-Executive, Independent Director	00424944	No. 666, 6 th Cross, III Block, Koramangala, Bangalore, Karnataka 560034 India
6.	Muneesh Chawla	Non-Executive, Non-Independent and Nominee Director of Blue River Capital I LLC	00069360	A 702, Ambience Island, NH-8, Gurgaon, Haryana 122002, India
7.	Naina Krishna Murthy	Non-Executive, Independent Director	01216114	Ansal Heights Building, B Wing, 7 th Floor, Flat No. 702, Worli Naka, Mumbai-400018
8.	Ulhas Gaoli	Non-Executive, Independent Director	00286833	Nisargmitra society, Plot No. 13, Golwandi, Cidco-4 Paithan Road, Aurangabad, India.

For further details and profile of our Directors, see section titled “*Our Management*” on page 150 of the Draft Red Herring Prospectus.

Company Secretary and Compliance Officer

Our Company Secretary and Compliance Officer is Prem Chand Agrawal.

His contact details are as follows:

Gut No.65, Village Chitegaon,
Taluka Paithan,
Aurangabad-431105
Telephone: +91-2431-329705
Facsimile: +91-2431-251488
E-mail: compliance@aurangabadelectricals.co.in

Investors can contact the Compliance Officer or the Registrar to the Issue or the BRLMs 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.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the bank branch or collection centre where the application was submitted

All grievances relating to ASBA may be addressed to the Registrar to the Issue, with a copy to the SCSBs, giving full details such as name, address of the applicant, number of Equity Shares applied for, Bid Amount blocked, ASBA Account number and the Designated Branch of the SCSBs where the ASBA Bid cum Application Form was submitted.



For all Issue related queries and for redressal of complaints, Bidders may also write to the BRLMs. All complaints, queries or comments received by SEBI shall be forwarded to the BRLMs, who shall respond to the same.

Book Running Lead Managers

Anand Rathi Advisors Limited
11th Floor, Times Tower, Kamala City,
Senapati Bapat Marg, Lower Parel,
Mumbai - 400 013.
Telephone: +91-22-4047 7000
Facsimile: +91-22-4047 7070
Email ID: ael.ipo@rathi.com
Website: www.rathi.com
Investor Grievance ID: grievance.ecm@rathi.com
Contact Person: Jitendra Verma / Lokesh Bhandari
SEBI Registration Number: MB/INM000010478

Equirus Capital Private Limited
Fortune 2000 'A' Wing, 4th Floor,
BKC, Bandra (E),
Mumbai - 400 051
Telephone: +91-22-2653 0600
Facsimile: +91-22-2653 0601
Email ID: ael.ipo@equirus.com
Website: www.equirus.com
Investor Grievance ID:
investorsgrievance@equirus.com
Contact Person: Munish Aggarwal
SEBI Registration Number: MB/INM000011286

Syndicate Members

The Syndicate Member(s) will be appointed prior to filing the Red Herring Prospectus with RoC

Legal Counsel to the Issue

J. Sagar Associates
Vakils House, 18 Sprott Road
Ballard Estate
Mumbai - 400 001
Telephone: +91 22 4341 8600
Facsimile: +91 22 4341 8617

Legal Counsel to the Selling Shareholder

ARA LAW
3/F, Mahatma Gandhi Memorial Building
7, Netaji Subhash Road
Charni Road (W),
Mumbai-400002
Telephone: +91 22 6619 9800
Facsimile: +91 22 6619 9899

Registrar to the Issue

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound
L.B.S. Marg, Bhandup (West)
Mumbai 400 078
Maharashtra, India
Tel: +91 22 2596 0320
Fax: +91 22 2596 0329
Email: ael.ipo@linkintime.co.in
Website: www.linkintime.co.in
Investor Grievances ID: ael.ipo@linkintime.co.in
Contact Person: Chetan Shinde
SEBI Registration Number: INR000004058

Escrow Collection Banks

The Escrow Collection Banks to the Issue will be appointed prior to filing the Red Herring Prospectus with ROC



Bankers to the Issue

The Bankers to the Issue will be appointed prior to filing the Red Herring Prospectus with ROC

Self Certified Syndicate Banks

The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 and offer services in relation to ASBA, including blocking of an ASBA Account in accordance with the SEBI Regulations, and a list of which is available on <http://www.sebi.gov.in>.

Refund Banker(s)

The Refund Bankers will be appointed prior to filing the Red Herring Prospectus with RoC

Statutory Auditor to our Company

S. R. Batliboi & Co., Chartered Accountants

14th Floor, The Ruby, 29 Senapati Bapat Marg,
Dadar (West), Mumbai-400028,
India

Telephone: +91-22-6192 0000

Facsimile: +91-22-6192 1000

Email: SRBC@in.ey.com

Firm Registration Number.: 301003E

Bankers to our Company

The Saraswat Co-Operative Bank Limited

Madhushilp, Plot no. 6, C/2 Town Centre,
near CIDCO Bus Stand,
CIDCO, Aurangabad 431005

Telephone: 0240-2243014

Facsimile: 0240-2243015

Email: av_prabhu@saraswatbank.com

Website: www.saraswatbank.co.in

ING Vysya Bank Limited

8th floor Plot No. C12 G Block,
Bandra Kurla Complex, Bandra (E), Mumbai- 400
051

Telephone: 022-33095000

Facsimile: 022-26522812

Email: aminp@ingvysyabank.com

Website: www.ingvysyabank.com

HDFC Bank Limited

I Think Campus, 3rd Floor,
Next to Kanjurmarg (East), Mumbai 400042

Telephone: 022- 30752928

Facsimile: 022-25799801

Email: Deepak.rane@hdfcbank.com

Website: www.hdfcbank.com

Kotak Mahindra Bank Limited

158, Dani Corporate Park, Kalina, CST Road,
Santacruz East, Mumbai – 400 098

Telephone: 022- 67595388

Facsimile: 020-67595373

Email: ritesh.mangla.com

Website: www.kotak.com

IDBI Bank Limited

Survey No 20292, Ratnaprabha Building ,
Kesarsingpura, Opp LIC ,
Aurangabad 431001

Telephone: 0240-2352193

Facsimile: 0240-2345494

Email: abhijit.srivastava@idbi.co.in

Website: www.idbi.com

State Bank of India

Industrial Finance Branch Pune, Tara Chambers,
Wakadewadi , Near Mariai Police Chowky,Pune
Mumbai Road, Pune 411003

Telephone: 020-25618121

Facsimile: 020- 25618207

Email: sbi.08966@sbi.co.in

Website: www.sbi.co.in

Indian Overseas Bank

Jalna Road, Opp S.F.School,
Aurangabad 431001

Telephone: 0240-2331634

Facsimile: 0240-2324144

Email: aurangbr@mummsco.iob.net.in

Website: www.iob.in

Statement of Responsibilities of the Book Running Lead Managers

The following table sets forth the allocation of responsibilities relating to the Issue, between Anand Rathi Advisors Limited (ARAL) and Equirus Capital Private Limited (ECPL):

Sr. No.	Activities	Responsibility	Co-ordinator
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, etc.	ARAL, ECPL	ARAL
2.	Drafting and design of the offer document and of the advertisement or publicity material including newspaper advertisement and brochure or memorandum containing salient features of the offer document.	ARAL, ECPL	ARAL
3.	Selection of various agencies connected with issue, such as registrars to the issue, printers, advertising agencies, etc.	ARAL, ECPL	ARAL
4.	Marketing of the issue, which shall cover, inter alia, formulating marketing strategies, (i) centres for holding conferences of stock brokers, investors, etc	ARAL, ECPL	ARAL
5.	Preparation of publicity budget, arrangements for selection of (i) ad-media, (ii) collection centres as per schedule III, (iii) brokers to the issue, and (iv) underwriters and underwriting arrangement, distribution of publicity and issue material including application form, prospectus and brochure and deciding upon the quantum of issue material.	ARAL, ECPL	ARAL
6	International Institutional Marketing strategy <ul style="list-style-type: none"> • Finalise the list and division of investors for one to one meetings, in consultation with the Company and the Selling Shareholder, and • Finalizing the International road show schedule and investor meeting schedules 	ARAL, ECPL	ARAL
7	Domestic institutions / banks / mutual funds marketing strategy <ul style="list-style-type: none"> • Finalise the list and division of investors for one to one meetings, institutional allocation in consultation with the Company and the Selling Shareholder. • Finalizing the list and division of investors for one to one meetings, and • Finalizing investor meeting schedule 	ARAL, ECPL	ARAL
8	Non-Institutional and Retail marketing of the Issue, which will cover, inter alia, <ul style="list-style-type: none"> • Formulating marketing strategies, preparation of publicity budget • Finalise Media and PR strategy • Finalising centres for holding conferences for press and brokers • Follow-up on distribution of publicity and Issuer material including form, prospectus and deciding on the quantum of the Issue material 	ARAL, ECPL	ARAL
9	Post-issue activities, which shall involve essential follow-up steps including follow-up with bankers to the issue and Self Certified Syndicate Banks to get quick estimates of collection and advising the issuer about the closure of the issue, based on correct figures, finalisation of the basis of allotment or weeding out of multiple applications, listing of instruments, despatch of certificates or demat credit and refunds and coordination with various agencies connected with the post-issue activity such as registrars to the issue, bankers to the issue, Self Certified Syndicate Banks, etc	ARAL, ECPL	ECPL



Sr. No.	Activities	Responsibility	Co-ordinator
10	The designated lead merchant banker shall be responsible for ensuring compliance with these regulations and other requirements and formalities specified by the Registrar of Companies, the Board and the recognised stock exchanges where specified securities being offered are proposed to be listed	ARAL, ECPL	ARAL

IPO Grading Agency

[●]

IPO Grading

This Issue has been graded by [●] and has been assigned the “IPO Grade [●]” indicating [●] fundamentals through its letter dated [●], pursuant to Regulation 26(7) of the SEBI Regulations.

Summary of rationale for grading by the IPO Grading Agency

[●]

Disclaimer of IPO Grading Agency

[●]

Credit Rating

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

Monitoring Agency

In terms of Regulation 16(1) of the SEBI (ICDR) Regulations, we are not required to appoint a monitoring agency for the purposes of this Issue as the Issue size shall not exceed ₹ 50,000 lacs. As required under the listing agreements with the Stock Exchanges, the Audit Committee appointed by our Board of Directors will monitor the utilization of the proceeds of the Issue. We will disclose the utilization of the proceeds of the Issue, including interim use, under a separate head in our quarterly financial disclosures and annual audited financial statements until the proceeds of the Issue remain unutilized, to the extent required under the applicable law and regulation.

Expert

Except for the report provided by the IPO Grading Agency (a copy of which report will be annexed to the Red Herring Prospectus), furnishing the rationale for its grading of this Issue, pursuant to the SEBI Regulations, we have not obtained any other expert opinions.

Trustees

As this is an Issue of Equity Shares, the appointment of a trustee is not required

Project Appraisal

The Objects of the Issue have not been appraised by any entity. The Objects of the Issue and Means of Finance therefore are based on estimates of our management

Book Building Process

“Book building” refers to the process of collection of Bids from investors on the basis of this Red Herring Prospectus, the Bid cum Application Forms and the ASBA Forms. The Issue Price shall be determined by our



Company and the Selling Shareholder, in consultation with the BRLMs, after the Bid Closing Date. The principal parties involved in the Book Building Process are:

- (1) our Company;
- (2) the Selling Shareholder;
- (3) the BRLMs;
- (4) Syndicate Members who are intermediaries registered with SEBI or registered as brokers with the Stock Exchanges and eligible to act as underwriters;
- (5) Registrar to the Issue;
- (6) Escrow Collection Banks; and
- (7) SCSBs.

This Issue is being made through the Book Building Process, wherein not more than 50% of the Issue shall be available for allocation on a proportionate basis to QIBs.

Our Company may, in consultation with the BRLMs, allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis at the Anchor Investor Allocation Price, out of which at least one-third will be available for allocation to domestic Mutual Funds only. For further details, see the section titled “*Issue Procedure*” on page 287. Allocation to Anchor Investors shall be on a discretionary basis subject to minimum number of two Anchor Investors. An Anchor Investor shall make a minimum Bid of such number of Equity Shares that the Bid Amount is at least ₹ 1000 lacs. In the event of under-subscription or non-Allotment in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion.

Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. In the event that the demand from Mutual Funds is greater than [●] Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Fund Portion. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the Net QIB Portion and allocated to QIBs (including Mutual Funds) on a proportionate basis, subject to valid Bids at or above Issue Price.

Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under-subscription in any category, if any, 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 BRLMs and the Designated Stock Exchange.

In accordance with the SEBI Regulations, QIBs Bidding in the Net QIB Portion are not allowed to withdraw their Bids after the QIB Bid Closing Date and Anchor Investors cannot withdraw their Bids after the Anchor Investor Bidding Period. Further, allocation to QIBs in the Net QIB Portion will be on a proportionate basis. For further details, see the sections titled “*Issue Structure*” and “*Issue Procedure*” on pages 282 and 287 respectively.

Our Company will comply with the SEBI Regulations and any other ancillary directions issued by SEBI for this Issue. In this regard, our Company has appointed the BRLMs to manage this Issue and procure subscriptions to this Issue.

The Book Building Process is subject to change. Bidders are advised to make their own judgment about an investment through this process prior to submitting a Bid.

Steps to be taken by the Bidders for Bidding:

- Check eligibility for making a Bid. For further details, see section titled “*Issue Procedure*” on page 287. Specific attention of ASBA Bidders is invited to section titled “*Issue Procedure*” on page 287;



- Ensure that you have an active demat account and the demat account details are correctly mentioned in the Bid cum Application Form or the ASBA Form, as the case may be;
- Ensure that the Bid cum Application Form or ASBA Form is duly completed as per the instructions given in this Red Herring Prospectus and in the respective forms;
- Except for bids on behalf of the Central or State Government and the officials appointed by the courts and by investors residing in the State of Sikkim, for Bids of all values ensure that you have mentioned your PAN allotted under the IT Act in the Bid cum Application Form and the ASBA Form (see the section titled “Issue Procedure” on page 287). The exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants’ verifying the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims;
- Ensure the correctness of your demographic details such as the address, the bank account details for printing on refund orders and occupation (“Demographic Details”), given in the Bid cum Application Form or ASBA Form, with the details recorded with your Depository Participant;
- Ensure the correctness of your PAN, DPID and Client ID given in the Bid cum Application Form and the ASBA Form. Based on these parameters, the Registrar will obtain details of the Bidders from the Depositories including the Bidder’s name, bank account number etc.
- Bids by ASBA Bidders will have to be submitted to the SCSBs only at the Designated Branches and/or to members of the Syndicate. ASBA Bidders should ensure that their bank accounts have adequate credit balance at the time of submission to the SCSB to ensure that their ASBA Form is not rejected; and
- Bids by QIBs, excluding Anchor Investors, will have to be submitted through the ASBA process.

Illustration of Book Building Process and the Price Discovery Process

(Investors should note that the following is solely for the purpose of illustration and is not specific to this Issue)

Bidders can Bid at any price within the Price Band. For instance, assuming a price band of ₹ 20 to ₹ 24 per share, an issue size of 3,000 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the Bidding Centres during the bidding period. The illustrative book as shown below indicates the demand for the shares of the issuer company at various prices and is collated from bids from various investors.

Bid Quantity	Bid Price (₹)	Cumulative Quantity	Subscription
500	24	500	16.67%
1,000	23	1,500	50.00%
1,500	22	3,000	100.00%
2,000	21	5,000	166.67%
2,500	20	7,500	250.00%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., ₹ 22 in the above example. The issuer, in consultation with book running lead managers, will finalise the issue price at or below such cut-off, i.e., at or below ₹ 22. All bids at or above the issue price and cut-off price are valid bids and are considered for allocation in the respective categories.

Underwriting Agreement

After the determination of the Issue Price, but prior to filing of the Prospectus with the RoC, our Company and the Selling Shareholder intend to enter into the Underwriting Agreement with the Underwriters and the Registrar to the Issue for the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the Underwriters shall be responsible for bringing in the amount devolved in the event the respective Syndicate Members do not fulfil their underwriting obligations. The underwriting shall be to the extent of the Bids uploaded, subject to Regulation 13 of the SEBI Regulations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions specified therein.

The Underwriting Agreement is dated [●]. The Underwriters have indicated their intention to underwrite the following number of Equity Shares:



(This portion has been intentionally left blank and will be completed before filing of the Prospectus with the RoC.)

Details of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (₹ In lacs)
[•]	[•]	[•]
[•]	[•]	[•]
Total	[•]	[•]

The above-mentioned amount is indicative and will be finalised after determination of the Issue Price and finalization of the 'Basis of Allotment'.

In the opinion of our Board (based on a certificate given by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full.

Allocation among the Underwriters may not necessarily be in the proportion of their underwriting commitments. Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriters, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure/subscribe for Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

The underwriting arrangements mentioned above shall not apply to subscriptions by ASBA Bidders in the Issue. The Underwriting Agreement shall list the role and obligations of each Syndicate Member.



CAPITAL STRUCTURE

The share capital of our Company, as of the date of the Draft Red Herring Prospectus, before and after the Issue, is set forth below:

<i>(₹ in Lacs, except share data)</i>		
	Aggregate nominal value	Aggregate value at Issue Price
A) AUTHORISED SHARE CAPITAL		
1,50,00,000 Equity Shares	1,500.00	
1,00,000 Preference Shares	1.00	
B) ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL BEFORE THE ISSUE		
1,14,00,000 Equity Shares	1,140.00	
85,671 Preference Shares	0.86	
C) PRESENT ISSUE IN TERMS OF THIS DRHP		
41,70,000 Equity Shares	417.00	
<i>Of which:</i>		
Fresh Issue 16,50,000 Equity Shares **	165.00	[●]
Offer for Sale 25,20,000 Equity Shares ^{(a) ***}	252.00	[●]
<i>Of which:</i>		
Net Issue of 41,70,000 Equity Shares*	417.00	[●]
<i>Of which:</i>		
QIB Portion of not more than 20,85,000 Equity Shares ^{(b)*}	208.50	[●]
<i>Of which:</i>		
Anchor Investor Portion is up to 6,25,500 Equity Shares ^(c)	62.55	[●]
Net QIB Portion of up to 14,59,500 Equity Shares ^{(b)*}	145.95	[●]
<i>Of which:</i>		
Mutual Fund Portion is 72,975 Equity Shares*	7.30	[●]
Other QIBs (including Mutual Funds) is 13,86,525 Equity Shares*	138.65	[●]
Non-Institutional Portion of not less than 6,25,500 Equity Shares*	62.55	[●]
Retail Portion of not less than 14,59,500 Equity Shares *	145.95	[●]
D) ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE ISSUE		
1,30,50,000 Equity Shares	1,305.00	[●]
85,671 Preference Shares	0.86	0.86
E) SECURITIES PREMIUM ACCOUNT		
Before the Issue		4,260.16
After the Issue****		[●]

* *In the event of over-subscription, allotment shall be made on a proportionate basis, subject to valid Bids being received at or above the Issue Price, except Anchor Investor Portion*

** *The Issue has been authorized by our Board pursuant to a resolution dated September 22, 2011 and our shareholders at their meeting held on September 23, 2011.*



*** *Approval of RBI has been sought by our Company through its letter dated [●], 2011 in compliance with the applicable foreign exchange rules and regulations for transfer of equity shares pursuant to the Offer for Sale.*

**** *The amounts to the credit of Securities Premium Account will be determined after finalisation of the Issue Price.*

- (a) The Issue includes an Offer for Sale of 25,20,000 Equity Shares by the Selling Shareholder. The Selling Shareholder has obtained approval for the Offer for Sale pursuant to its board resolution dated September 27, 2011. The Equity Shares offered under Offer for Sale have been held by the Selling Shareholder for a period of more than one year prior to the date of filing of the DRHP and, hence, are eligible for being offered for sale in the Issue.
- (b) Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs, subject to valid Bids being received from them at or above the Issue Price. In the event that the demand from Mutual Funds is greater than 72,975 Equity Shares, allocation shall be made to Mutual Funds proportionately, to the extent of the Mutual Fund Portion. The remaining demand by the Mutual Funds shall, as part of the aggregate demand by QIBs, be available for allocation proportionately out of the remainder of the Net QIB Portion, after excluding the allocation in the Mutual Fund Portion. However, in the event of under-subscription in the Mutual Fund Portion, the balance Equity Shares in the Mutual Fund Portion will be added to the Net QIB Portion and allocated to QIBs on a proportionate basis, subject to valid Bids at or above Issue Price.
- (c) Our Company and the Selling Shareholder may, in consultation with the BRLMs, allocate up to 30% of the QIB Portion to Anchor Investors on a discretionary basis at the Anchor Investor Allocation Price, out of which at least one-third will be available for allocation to domestic Mutual Funds only. For further details see section titled “*Issue Procedure*” on page 287 of the Draft Red Herring Prospectus. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares in the Anchor Investor Portion shall be added to the Net QIB Portion.

Changes in authorized share capital of our Company since incorporation

Date of shareholder's Approval	Increased from (₹)	Increased to (₹)	Cumulative No. of Shares	AGM/EGM
On Incorporation	-	10,00,000	10,000 equity shares of ₹ 100 each	At the time of incorporation
September 25, 1985	10,00,000	20,00,000	20,000 equity shares of ₹ 100 each	EGM
April 05, 1989	20,00,000	40,00,000	40,000 equity shares of ₹ 100 each	EGM
September 30, 1994	40,00,000	150,00,000	150,000 equity shares of ₹ 100 each	AGM
February 28, 1997	150,00,000	200,00,000	200,000 equity shares of ₹ 100 each	EGM
August 21, 1998	200,00,000	300,00,000	225,000 equity shares of ₹100 each and 75,000 13% optionally convertible cumulative preference shares of ₹100 each	EGM



Date of shareholder's Approval	Increased from (₹)	Increased to (₹)	Cumulative No. of Shares	AGM/EGM
November 16, 1998	300,00,000	400,00,000	275,000 equity shares of ₹100 each and 125,000 13% optionally convertible cumulative preference shares of ₹100 each	EGM
August 17, 2004	400,00,000	4,00,00,000	Reclassified into 300,000 equity shares of ₹100 each and 100,000 13% optionally convertible cumulative preference shares of ₹100 each	Reclassification at EGM
November 18, 2004	400,00,000	10,00,00,000	900,000 equity shares of ₹100 each and 100,000 13% optionally convertible cumulative preference shares of ₹100 each	EGM
October 10, 2005	10,00,00,000	12,50,00,000	1,150,000 equity shares of ₹100 each and 100,000 13% optionally convertible cumulative preference shares of ₹100 each	EGM
April 19, 2006	12,50,00,000	12,50,00,000	1,250,000 equity shares of ₹100	Reclassified at EGM
March 11, 2010	12,50,00,000	12,51,00,000	1,250,000 equity shares of ₹100 each and 100,000 Preference Shares of ₹ 1 each	EGM
September 23, 2011	12,51,00,000	15,01,00,000	15,00,000 equity shares of face value ₹ 10 each and 100,000 preference shares of ₹ 1 each	EGM



Notes to the Capital Structure

1. Share Capital History

(a) History of equity share capital of our Company

The following table sets forth the history of Equity Share capital of our Company:

Date of allotment*	Number of Equity Shares	Face value (₹)	Issue Price (₹)	Nature of Consideration	Nature of allotment	Cumulative number of equity shares	Cumulative equity share capital (₹)	Cumulative share premium (₹ in Lacs)
September 23, 1985	2	100	100	Cash	Initial Subscription	2	200	Nil
April 30, 1986	14,998	100	100	Cash	Preferential Allotment of equity shares	15,000	15,00,000	Nil
July 28, 1986	1,500	100	100	Cash	Preferential Allotment of equity shares	16,500	16,50,000	Nil
June 29, 1987	2,700	100	100	Cash	Preferential Allotment of equity shares	19,200	19,20,000	Nil
July 14, 1994	800	100	100	Cash	Preferential Allotment of equity shares	20,000	20,00,000	Nil
August 6, 1994	20,000	100	-	-	Bonus Issue of equity shares in the ratio of 1:1	40,000	40,00,000	Nil
January 16, 1995	60,000	100	-	-	Bonus Issue of equity shares in the ratio of 1.5:1	1,00,000	100,00,000	Nil
January 8, 1996	22,500	100	100	Cash	Preferential Allotment of equity shares	1,22,500	122,50,000	Nil
March 15, 1997	27,500	100	100	Cash	Preferential Allotment of equity shares	1,50,000	150,00,000	Nil
March 31, 1997	50,000	100	100	Cash	Preferential Allotment of equity shares	2,00,000	200,00,000	Nil
March 29, 1999	30,000	100	100	Cash	Preferential Allotment of equity shares	2,30,000	230,00,000	Nil
September 27, 2000	2,350	100	100	Cash	Preferential Allotment of equity shares	2,32,350	232,35,000	Nil



Date of allotment*	Number of Equity Shares	Face value (₹)	Issue Price (₹)	Nature of Consideration	Nature of allotment	Cumulative number of equity shares	Cumulative equity share capital (₹)	Cumulative share premium (₹ in Lacs)
November 29, 2000	42,650	100	100	Cash	Preferential Allotment of equity shares	2,75,000	275,00,000	Nil
September 8, 2004	21,000	100	100	Cash	Preferential Allotment of equity shares	2,96,000	296,00,000	Nil
November 20, 2004	592,000	100	100	-	Bonus issue of equity shares in the ratio of 2:1	8,88,000	888,00,000	Nil
March 24, 2006	2,52,000* *	100	1790.54	Cash	Preferential Allotment of equity shares to Blue River Capital I, LLC	11,40,000	1140,00,000	4,260.16
September 23, 2011	-	10	-	-	Sub-division***	11,40,000	1140,00,000	4,260.16
Total						11,40,000	1140,00,000	4,260.16

* The equity shares of our Company were fully paid at the time of their allotment

**Pursuant to Share subscription and Shareholders agreement dated March 04, 2006 entered into between Blue River Capital I, LLC and late Raj Narayan Bagla, Rishi Kumar Bagla and others and Our Company. For further details, please see sections titled "History and Certain Corporate Matters" and "Material Contracts and Documents for Inspection" on page 349 of the Draft Red Herring Prospectus.

*** Pursuant to a resolution passed by the shareholders of our Company at their EGM held on September 23, 2011 the existing 1,140,000 issued-and paid up equity shares of our Company of face value ₹ 100 each were subdivided into 11,40,000 equity shares of ₹ 10 each.

(b) History of preference share capital of our Company

The following table sets forth the history of Preference Share capital of our Company:

Date of allotment*	Number of Preference Shares	Face value (₹)	Issue Price (₹)*	Nature of Consideration	Nature of allotment	Cumulative number of Preference Shares	Cumulative preference share capital (₹)	Cumulative share premium (₹)
March 29, 1999	95,000	100	100	Cash	Allotment of preference shares	95,000	9,500,000	Nil
September 27, 2000	3,150	100	100	Cash	Allotment of preference shares	98,150	9,815,000	Nil
November 29, 2000	1,850	100	100	Cash	Allotment of preference shares	100,000	10,000,000	Nil



Date of allotment*	Number of Preference Shares	Face value (₹)	Issue Price (₹)*	Nature of Consideration	Nature of allotment	Cumulative number of Preference Shares	Cumulative preference share capital (₹)	Cumulative share premium (₹)
March 31, 2006	(100,000)	100	100	Cash	Redemption of preference shares**	Nil	Nil	Nil
June 03, 2010	85,671	1	1	Other than cash	Allotment of preference shares ⁽¹⁾	85,671	85,671	Nil

* The preference shares of our Company were fully paid at the time of their allotment

**Pursuant to a resolution dated April 19, 2006 passed by the shareholders of our Company, the authorized share capital of ₹ 125,000,000 divided into 1,150,000 equity shares of ₹ 100 each and 100,000 13% optionally convertible cumulative preference shares of ₹100 each, was reclassified into ₹125,000,000 divided into 1,250,000 equity shares of ₹100 each with effect from March 31, 2006.

⁽¹⁾ Pursuant to an order dated May 07, 2010 of the Hon'ble High Court of Mumbai and the scheme of arrangement entered into between Aurangabad Motor Manufacturers Limited ("AMML") and our Company and their respective shareholders and creditors in connection with the demerger of the gravity die casting division of AMML into our Company, the Preference Shares of our Company were allotted to the respective equity and preference shareholders of AMML as follows: 7,731 Preference Shares to Rishi Kumar Bagla, 4,252 Preference Shares to Neha Aiyush Bhuwalka, 2,848 Preference Shares to Devanshi Akshat Jain, 4,300 Preference Shares to Mamta Bagla, 2,836 Preference Shares to Waluj Investments and Trading Company Private Limited, 18,504 Preference Shares to Deccan Carbon Products Limited, 9,200 Preference Shares to Rishi Kumar Bagla, Mamta Bagla, Praveen Tulshan, Trustees, RN Bagla Foundation, 8,000 Preference Shares to M/s Kanoi Steels Limited, 8,000 Preference Shares to M/s JMD Sounds Limited, 8,000 Preference Shares to M/s Poonam Investments & Financial Consultants Limited, 6,000 Preference Shares to M/s Paritosh Trading Private Limited and 6,000 Preference Shares to M/s Geometric Trading Company Private Limited. For further details, please see sections titled "History and Certain Corporate Matters" and "Material Contracts and Documents for Inspection" on pages 142 and 349 of the Draft Red Herring Prospectus, respectively.

(c) Shares allotted for consideration other than cash

The details of the Preference Shares allotted by our Company for consideration other than cash are as follows:

Date of allotment	Number of shares**	Face value (₹)	Issue Price (₹)	Reasons for allotment	Allottees
June 03, 2010	85,671	1	1	Demerger of gravity die casting division of Aurangabad Motor Manufacturers Limited into our Company*	Allotment of preference shares to Rishi Kumar Bagla, Neha Aiyush Bhuwalka, Mamta Bagla, Devanshi Akshat Jain, Mamta Bagla, Waluj Investments and Trading Company Private Limited, Deccan Carbon Products Limited, Rishi Kumar Bagla, Mamta Bagla, Praveen Tulshan, Trustees, RN Bagla Foundation, M/s Kanoi Steels Limited, M/s JMD Sounds Limited, M/s Poonam Investments & Financial Consultants Limited, M/s Paritosh Trading Private Limited, M/s Geometric Trading Company Private Limited

*Note: For further details, please see section titled "History and Certain Corporate Matters" on page 142 of the Draft Red Herring Prospectus

Except for the demerger of the gravity die casting division of Aurangabad Motor Manufacturers Limited into our Company and as further detailed in the section titled "History and Certain Corporate Matters" on page 142 of the Draft Red Herring Prospectus, no other benefits have accrued to our Company pursuant to the allotment of preference shares for consideration other than cash as mentioned above.



d) *Shares allotted pursuant to bonus issue of equity shares made by our Company*

Date of allotment	Number of shares	Face value (₹)	Reasons for allotment	Allottees
August 6, 1994	20,000	100	Bonus Issue of equity shares in the ratio of 1:1	Existing shareholders
January 16, 1995	60,000	100	Bonus Issue of equity shares in the ratio of 1.5:1	Existing shareholders
November 20, 2004	592,000	100	Bonus issue of equity shares in the ratio of 2:1	Existing shareholders

- e) Since incorporation, our Company has not revalued its fixed assets and has not issued any Equity Shares (including any bonus shares) by capitalising any revaluation reserves.
- f) Our Company has not issued Equity Shares to our Promoters and Promoter Group in the last 1 (one) year preceding the date of the Draft Red Herring Prospectus.

2. **History of Build up, Contribution and Lock-in of Promoter**

a) *Build up of Promoters' shareholding in our Company*

Set forth below are the details of the build up of shareholding of our Promoters:

Rishi Kumar Bagla

Date of allotment/transfer	No. of Equity Shares	Cumulative No. of Equity Shares held	Face value (₹)	Issue Price per Equity Share (₹)	Consideration	Nature of Transaction
September 23, 1985	1	1	100	100	Cash	Subscription to the Memorandum and Articles of Association of our Company
April 30, 1986	6,488	6,489	100	100	Cash	Allotment
November 07, 1987	(400)	6,089	100	100	Cash	Transfer
July 28, 1989	1,100	7,189	100	100	Cash	Transfer
July 28, 1989	(800)	6,389	100	100	Cash	Transfer
March 13, 1993	1	6,390	100	100	Cash	Transfer
December 10, 1993	(5,200)	1,190	100	100	Cash	Transfer
July 06, 1994	750	1,940	100	100	Cash	Transfer
July 14, 1994	800	2,740	100	100	Cash	Allotment
August 06, 1994	2,740	5,480	100	-	Bonus	Allotment
January 16, 1995	8,220	13,700	100	-	Bonus	Allotment
March 29, 1999	1,000	14,700	100	100	Cash	Allotment
September 08, 2004	4,000	18,700	100	100	Cash	Allotment
November 20, 2004	37,400	56,100	100	-	Bonus	Allotment
June 16, 2011	118,650	174,750	100	-	-	Transmission from Late R.N. Bagla*
June 16, 2011	13,500	188,250	100	-	-	Transmission



Date of allotment/transfer	No. of Equity Shares	Cumulative No. of Equity Shares held	Face value (₹)	Issue Price per Equity Share (₹)	Consideration	Nature of Transaction
September 23, 2011	1,882,500	1,882,500	10	-	-	from R.N. Bagla (HUF)** Sub-division***
Total	1,882,500	1,882,500	10			

*Pursuant to a succession certificate dated March 18, 2011, 118,650 equity shares of face value ₹100 each of our Company have been transmitted from Late Mr. Raj Narayan Bagla to Mr. Rishi Kumar Bagla. The said succession certificate erroneously mentions the number of Equity Shares of our Company transmitted to Mr. Rishi Kumar Bagla as 118,550 equity shares of ₹100 each of our Company, whereas the number of Equity Shares transmitted ought to be 118,650 equity shares of ₹100 each of our Company. Mr. Rishi Kumar Bagla has made an application to the Court of the Hon'ble Civil Judge, Aurangabad seeking a correction in the said succession certificate in this regard.

**Pursuant to a deed of partition dated March 7, 2010 R.N. Bagla (HUF) was partitioned and 13,500 Equity Shares were transmitted to Mr. Rishi Kumar Bagla in terms of the said partition.

*** Pursuant to a resolution passed by the shareholders of our Company at their EGM held on September 23, 2011 the existing 1,140,000 issued-and paid up equity shares of our Company of face value ₹100 each were subdivided into 11,400,000 equity shares of ₹10 each.

Aurangabad Motor Manufacturers Limited:

Date of allotment/transfer	No. of Equity Shares	Cumulative No. of Equity Shares held	Face value (₹)	Issue Price per Equity Share (₹)	Consideration	Nature of Transaction
January 08, 1996	20,000	20,000	100	100	Cash	Allotment
March 31, 1997	27,500	47,500	100	100	Cash	Allotment
March 29, 1999	10,000	57,500	100	100	Cash	Allotment
September 27, 2000	1,000	58,500	100	100	Cash	Allotment
November 29, 2000	24,000	82,500	100	100	Cash	Allotment
November 20, 2004	165,000	247,500	100	-	Bonus	Allotment
September 23, 2011	2,475,000	2,475,000	10	-	-	Sub-division *
Total	2,475,000	2,475,000	10	-	-	-

* Pursuant to a resolution passed by the shareholders of our Company at their EGM held on September 23, 2011 the existing 1,140,000 issued-and paid up equity shares of our Company of face value ₹100 each were subdivided into 11,400,000 equity shares of ₹10 each.

b) Details of Promoters' contribution locked-in for three years

Equity Shares aggregating 20% of the post-Issue capital of our Company held by our Promoters shall be considered as promoters' contribution and locked-in for a period of three years from the date of Allotment ("Promoters' Contribution").

Our Promoters have given consent to include such number of Equity Shares held by them, in aggregate, as may constitute 20% of the post-Issue Equity Share capital of our Company as Promoters' Contribution and have agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner the Promoters' Contribution from the date of filing the Draft Red Herring Prospectus, until the commencement of the lock-in period specified above, or for such other time as required under SEBI Regulations.

Details of Promoters' Contribution are as provided below:



Name of the Promoter	No. of Equity Shares locked-in	Date of allotment/transfer	Face value (₹)	Issue/Transfer price per Equity Shares (₹)	Nature of allotment	% of post-Issue Capital
Rishi Kumar Bagla	750	July 06, 1994	100.00	100	Transfer	0.06
	800	July 14, 1994	100.00	100	Allotment	0.06
	2,740	August 06, 1994	100.00	-	Allotment	0.21
	8,220	January 16, 1995	100.00	-	Allotment	0.63
	1,000	March 29, 1999	100.00	100	Allotment	0.08
	4,000	September 08, 2004	100.00	100	Allotment	0.31
Sub-Total	17,510					1.34
	1,75,100	September 23, 2011	10.00	-	Sub-division***	1.34
Total (A)	1,75,100					1.34
Aurangabad Motor Manufacturers Limited	20,000	January 08, 1996	100.00	100.00	Allotment	1.53
	27,500	March 31, 1997	100.00	100.00	Allotment	2.11
	10,000	March 29, 1999	100.00	100.00	Allotment	0.77
	1,000	September 27, 2000	100.00	100.00	Allotment	0.08
	24,000	November 29, 2000	100.00	100.00	Allotment	1.84
	1,65,000	November 20, 2004	100.00	100.00	Bonus	12.64
Sub-Total	2,47,500					18.97
	24,75,000	September 23, 2011	10.00	-	Sub-division***	18.97
Total (B)	24,75,000					18.97
Total (A+B)	26,50,100					20.31

*** Pursuant to a resolution passed by the shareholders of our Company at their EGM held on September 23, 2011 the existing 1,140,000 issued and paid up equity shares of our Company of face value ₹ 100 each were subdivided into 11,400,000 equity shares of ₹ 10 each.

The Promoters' Contribution has been brought in to the extent of not less than the specified minimum lot and from our Promoters, as required under the SEBI Regulations.

The Equity Shares that are being locked-in are not and will not be ineligible for computation of Promoters' Contribution under Regulation 33 of the SEBI Regulations. In this connection, as per Regulation 33 of the SEBI Regulations, our Company confirms that the Equity Shares locked-in do not and shall not consist of:

- The Equity Shares acquired during the preceding three years for consideration other than cash and revaluation of assets or capitalisation of intangible assets or bonus shares out of revaluations reserves or unrealised profits or bonus shares which are otherwise ineligible for computation of Promoters' Contribution;
- The Equity Shares acquired during the preceding one year, at a price lower than the price at which the Equity Shares are being offered to the public in the Issue;
- The Equity Shares issued to the Promoters upon conversion of a partnership firm; and
- The Equity Shares held by the Promoters that are subject to any pledge.

c. Details of share capital locked in for one year:

In addition to the lock-in of the Promoter's contribution specified above, the entire pre-Issue Equity Share capital, of the Company shall be locked in for a period of one year from the date of Allotment of Equity Shares in this Issue.



d Other requirements in respect of lock-in.

The Promoters' Contribution can be pledged only with a scheduled commercial bank or public financial institution as collateral security for loans granted by such banks or financial institutions, in the event the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the objects of this Issue. The Equity Shares held by the Promoters in excess of the Promoters' Contribution can be pledged only with a scheduled commercial bank or public financial institution as collateral security for loans granted by such banks or financial institutions if the pledge of the Equity Shares is one of the terms of the sanction of the loan. For details regarding the objects of the Issue, see section titled "Objects of the Issue" on page 79 of the Draft Red Herring Prospectus.

The Equity Shares held by our Promoters may be transferred to and among the Promoter Group or to new promoters or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code, as applicable.

e. Lock-in of Equity Shares to be issued, if any, to Anchor Investor(s)

Any Equity Shares allotted to Anchor Investor(s) shall be locked in for a period of 30 (thirty) days from the date of allotment of Equity Shares in the Issue.

3. Build-up of Selling Shareholder's capital in the company

Date of Allotment / Transfer	of /	Consideration Cash / other than cash	Nature of Transaction	Number of Equity Shares	Face Value	Consideration per Equity Share
March 24, 2006		Cash	Preferential allotment	252,000	100	1,790.54
September 23, 2011	-	-	Sub-division*	2,520,000	10	-
Total				2,520,000	10	

*Pursuant to a resolution passed by the shareholders of our Company at their EGM held on September 23, 2011 the existing 1,140,000 issued-and paid up equity shares of our Company of face value ₹ 100 each were subdivided into 11,400,000 equity shares of ₹ 10 each.

4. Our shareholding pattern

(i) The Equity Shareholding Pattern of our Company before and after the Issue is as follows:

		Pre- Issue		Post – Issue*	
S. No.	Shareholder	No. of Equity Shares	Percentage (%)	No. of Equity Shares	Percentage (%)
Promoters					
1.	Aurangabad Motor Manufacturers Limited	2,475,000	21.71	2,475,000	18.97
2.	Rishi Kumar Bagla	1,882,500	16.51	1,882,500	14.43
Promoter Group					
3.	Deccan Carbon Products Limited	2,005,500	17.59	2,005,500	15.37
4.	Waluj Investments and Trading Company Private Limited	1,459,500	12.80	1,459,500	11.18
5.	Mamta Bagla	390,000	3.42	390,000	2.99
6.	Neha Aiyush Bhuwalka	247,500	2.17	247,500	1.90
7.	Devanshi Akshat Jain	240,000	2.11	240,000	1.84
8.	Rishi Kumar Bagla (HUF)	180,000	1.58	180,000	1.38
Others					
9.	Blue River Capital I LLC	2,520,000	22.11	-	-
10.	Issue	-	-	41,70,000	31.95
	Fresh Issue (16,50,000) Offer for Sale(2,520,000)				
	Total	1,14,00,000	100.00	1,30,50,000	100.00



- (ii) The table below represents the shareholding pattern of our Company before the Issue and as adjusted for this Issue: as per clause 35 of the Listing Agreement:

Equity Shares of Face Value ₹ 10 Each

Description	Pre Issue						Post Issue*			
Category of Shareholder	Number of shareholders	Total number of Equity Shares	Number of shares held in dematerialized form	Total shareholding as a % of total number of Equity Shares (A+B)	Shares pledge or otherwise encumbered		Total number of Equity Shares	Total shareholding as a % of total number of Equity Shares	Shares pledged or otherwise encumbered	
					Number of shares	As a %			Number of shares	As a %
Shareholding of Promoters and Promoter Group (A)										
Indian										
Individuals/Hindu Undivided Family	5	2,940,000	-	25.78	-	-	2,940,000	22.53	-	-
Central Government/State Government(s)	-	-	-	-	-	-	-	-	-	-
Bodies Corporate	3	5,940,000	-	52.11	-	-	5,940,000	45.52	-	-
Financial Institutions/Banks	-	-	-	-	-	-	-	-	-	-
Any Other	-	-	-	-	-	-	-	-	-	-
Foreign										
Individuals (Non-Resident Individuals/Foreign Individuals)	-	-	-	-	-	-	-	-	-	-
Bodies Corporate (OCB)	-	-	-	-	-	-	-	-	-	-
Institutions/FII	-	-	-	-	-	-	-	-	-	-
Any Other	-	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoters and Promoter Group (A)	8	8,880,000	-	77.89	-	-	8,880,000	68.05	-	-
Public shareholding (B)										
Institutions (B1)										
Mutual Funds/ UTI	-	-	-	-	-	-	-	-	-	-
Financial Institutions / Banks	-	-	-	-	-	-	-	-	-	-
Central Government/State Government(s)	-	-	-	-	-	-	-	-	-	-
Foreign Institutional Investors	-	-	-	-	-	-	-	-	-	-
Foreign Venture Capital Investor	-	-	-	-	-	-	-	-	-	-
Venture Capital Fund	-	-	-	-	-	-	-	-	-	-
Insurance Companies	-	-	-	-	-	-	-	-	-	-
Sub-Total (B)(1)	-	-	-	-	-	-	-	-	-	-
Non-institutions (B2)										
Bodies Corporate	-	-	-	-	-	-	-	-	-	-
Non Resident Indians	-	-	-	-	-	-	-	-	-	-



Description	Pre Issue					Post Issue*				
Category of Shareholder	Number of shareholders	Total number of Equity Shares	Number of shares held in dematerialized form	Total shareholding as a % of total number of Equity Shares (A+B)	Shares pledge or otherwise encumbered	Total number of Equity Shares	Total shareholding as a % of total number of Equity Shares	Shares pledge or otherwise encumbered		
					Number of shares	As a %			Number of shares	As a %
OCBs	-	-	-	-	-	-				
Trust	-	-	-	-	-	-				
Individuals	-	-	-	-	-	-				
Foreign Bodies	1	2,520,000	-	22.11	-	-				
Others	-	-	-	-	-	-				
Sub-Total (B)(2)	1	2,520,000	-	22.11	-	-				
Total Public Shareholding (B) = (B)(1)+(B)(2)	1	2,520,000	-	22.11	-	-	4,170,000	31.95	-	-
(C) Shares held by custodians and against which Depository receipts have been issued	-	-	-	-	-	-				
GRAND TOTAL (A)+(B)+(C)	9	11,400,000	-	100.0	-	-	13,050,000	100.00	-	-

Our Company will file the shareholding pattern of our Company, in the form prescribed under clause 35 of the Listing Agreement, one day prior to the listing of Equity Shares. The shareholding pattern will be uploaded on the website of Stock Exchanges before commencement of trading of such Equity Shares.

5. Shareholding of Promoters and Promoter Group and Directors of the Corporate Promoter

Equity Shareholding of Promoters and Promoter Group

Particulars	No. of Shares	%	Equity Shares Pledged or otherwise Encumbered		
			Number	As a % of Number of Equity Shares Held	As a % of Total Number of Paid-up Equity Shares
Promoters					
Aurangabad Motor Manufacturers Limited	2,475,000	21.71	-	-	-
Rishi Kumar Bagla	1,882,500	16.51	-	-	-
Total (A)	4,357,500	38.22	-	-	-
Promoter Group					
Deccan Carbon Products Limited	2,005,500	17.59	-	-	-
Waluj Investments and Trading Company Private Limited	1,459,500	12.80	-	-	-
Mamta Bagla	390,000	3.42	-	-	-
Neha Aiyush Bhuwalka	247,500	2.17	-	-	-
Devanshi Akshat Jain	240,000	2.10	-	-	-
R.K Bagla (HUF)	180,000	1.58	-	-	-
Sub Total (B)	4,522,500	39.66	-	-	-
Total (A+B)	8,880,000	77.88	-	-	-



Equity Shareholding of the Directors of our Corporate Promoter, Aurangabad Motor Manufacturers Limited in our Company:

Particulars	No. of Shares	%	Equity Shares Pledged or otherwise Encumbered		
			Number	As a % of Number of Equity Shares Held	As a % of Total Number of Paid-up Equity Shares
Rishi Kumar Bagla	1,882,500	16.51	-	-	-

Other than as provided in this section, none of the directors of our corporate Promoter hold any Equity Shares.

6. Shareholding of our Directors and Key Managerial Personnel

Except as set forth below, none of our Directors and Key Managerial Personnel hold any Equity Shares:

Name of shareholder	Number of Equity Shares held	Pre Issue %	Post Issue %
Rishi Kumar Bagla	1,882,500	16.51	14.43
Mamta Bagla	390,000	3.42	2.99

7. Top ten shareholders

As on the date of the Draft Red Herring Prospectus, our Company has 9 holders of Equity Shares and 13 holders of Preference Shares.

(a) Our top ten Equity Shareholders and the number of Equity Shares held by them, as on the date of the Draft Red Herring Prospectus:

S. No.	Shareholder	No. of Equity Shares	Percentage (%)
1.	Blue River Capital I LLC	2,520,000	22.11
2.	Aurangabad Motor Manufacturers Limited	2,475,000	21.71
3.	Deccan Carbon Products Limited	2,005,500	17.59
4.	Rishi Kumar Bagla	1,882,500	16.51
5.	Waluj Investments and Trading Company Private Limited	1,459,500	12.80
6.	Mamta Bagla	390,000	3.42
7.	Neha Aiyush Bhuwalka	247,500	2.17
8.	Devanshi Akshat Jain	240,000	2.11
9.	R.K. Bagla (HUF)	180,000	1.58
	Total	1,14,00,000	100.00

(b) Our top ten Equity Shareholders and the number of Equity Shares held by them ten days prior to filing of the Draft Red Herring Prospectus:

S. No.	Shareholder	No. of Equity Shares*	Percentage (%)
1.	Blue River Capital I LLC	252,000	22.11
2.	Aurangabad Motor Manufacturers Limited	247,500	21.71
3.	Deccan Carbon Products Limited	200,550	17.59
4.	Rishi Kumar Bagla	188,250	16.51
5.	Waluj Investments and Trading Company Private Limited	145,950	12.80
6.	Mamta Bagla	39,000	3.42
7.	Neha Aiyush Bhuwalka	24,750	2.17



S. No.	Shareholder	No. of Equity Shares*	Percentage (%)
8.	Devanshi Akshat Jain	24,000	2.11
9.	R. K. Bagla (HUF)	18,000	1.58
	Total	11,40,000	100.00

* Face Value of each equity share was ₹ 100. **Note:** Pursuant to a resolution passed by the shareholders of our Company at their EGM held on September 23, 2011 the existing 1,140,000 issued-and paid up equity shares of our Company of face value ₹ 100 each were subdivided into 11,400,000 equity shares of ₹ 10 each.

(c) Our top ten Equity Shareholders two years prior to filing of the Draft Red Herring Prospectus:

S. No.	Shareholder	No. of Equity Shares *	Percentage (%)
1	Blue River Capital I LLC	252,000	22.11
2	Aurangabad Motor Manufacturers Limited.	247,500	21.71
3	Deccan Carbons Products Limited	200,550	17.59
4	Waluj Investment and Trading Company Private Limited.	145,950	12.80
5	Late Raj Narayan Bagla	118,650	10.41
6	Rishi Kumar Bagla	56,100	4.92
7	Mamta Bagla	39,000	3.42
8	Neha Aiyush Bhuwarka	24,750	2.17
9	Devanshi Akshat Jain	24,000	2.11
10	R.K. Bagla (HUF)	18,000	1.58
11	R.N. Bagla (HUF)	13,500	1.18
	Total	11,40,000	100.00

* Face Value of each equity share was ₹ 100.

8. Our Company, our Promoters, our Promoter Group, our Directors and the BRLMs have not entered into any buy-back and/or standby and/or any other similar arrangements for the purchase of Equity Shares being offered through this Issue.
9. 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 (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.
10. Except as disclosed under section titled “*Capital Structure - History of equity share capital of our Company*” on page 63 of the Draft Red Herring Prospectus, our Company has not issued any Equity Shares at a price less than the Issue Price in the last one year preceding the date of filing of the Draft Red Herring Prospectus.
11. The BRLMs do not hold any Equity Shares as on the date of filing of the Draft Red Herring Prospectus. The BRLMs and their respective affiliates may engage in the transactions with and perform services for our Company in the ordinary course of business or may in the future engage, in commercial banking and investment banking transactions with our Company, for which they may in future receive, customary compensation.
12. No person connected with the Issue, including, but not limited to, the BRLMs, the members of the Syndicate, our Company, the Selling Shareholder, the Directors, the Promoters, the Promoter Group and the Group Companies, shall offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid.
13. Our Company has not issued any Equity Shares out of its revaluation reserves, if any.
14. Our Company has not raised any bridge loan against the Issue Proceeds.
15. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing the Draft Red Herring Prospectus.



16. Our Company has not made any public issue or rights issue of any kind or class of securities since its incorporation.
17. Further, our Company has agreed with the BRLMs not to alter its capital structure by way of split or consolidation of the denomination of Equity Shares or further issue of Equity Shares or issuance of Equity Shares till the end of six months from the date of opening of the Issue. In addition, our Company and the Selling Shareholder, will not, without the prior written consent of the BRLMs, (i) issue, offer, lend, pledge, encumber, sell, contract to sell or issue, sell any option or contract to purchase, purchase any option contract to sell or issue, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Equity Shares or any securities convertible into or exercisable or exchangeable for Equity Shares; (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of Equity Shares of our Company or any securities convertible into or exercisable as or exchangeable for the Equity Shares; or (iii) publicly announce any intention to enter into any transaction described in (i) or (ii) above; whether any such transaction described in (i) or (ii) above is to be settled by delivery of Equity Shares or such other securities, in cash or otherwise or (iv) indulge in any publicity activities prohibited under the SEBI Regulations or any other jurisdiction in which the Equity Shares are being offered, during the period in which it is prohibited under each such laws. Provided, however, that the foregoing restrictions do not apply to the issuance of any Equity Shares under the Issue.
18. There are certain restrictive covenants in the facility agreements entered into by our Company with certain lenders. For details, see section titled “*Financial Indebtedness*” on page 210 of the Draft Red Herring Prospectus.
19. Except as disclosed under section titled “*Capital Structure*” on page 63 of the Draft Red Herring Prospectus none of Promoters and/or the members of our Promoter Group have purchased or sold any securities of our Company, during a period of six months preceding the date of filing the Draft Red Herring Prospectus with SEBI. Further, none of our Directors or their immediate relatives or directors of the Corporate Promoter or their immediate relatives have purchased or sold any securities of our Company, during a period of six months preceding the date of filing the Draft Red Herring Prospectus with SEBI,
20. There are no financing arrangements whereby the Promoter Group, and/or the directors of the corporate Promoter, and/or the directors of the Company and their relatives have financed the purchase by any other person of securities of the Company during the period of six months immediately preceding the date of filing of the Draft Red Herring Prospectus with the SEBI.
21. Our Promoters, Promoter Group and Group Companies will not participate in this Issue.
22. Any oversubscription to the extent of 10% of the Issue can be retained for the purpose of rounding off and making allotments in minimum lots, while finalising the ‘Basis of Allotment’. Consequently, the Allotment may increase by a maximum of 10% of the Issue, as a result of which the post-Issue paid-up capital would also increase by the excess amount of Allotment so made. In such an event, the Equity Shares to be locked-in towards the Promoters’ Contribution shall be suitably increased, so as to ensure that 20% of the post-Issue paid-up capital is locked-in.
23. This Issue is being made for at least 25% of the post-Issue capital pursuant to Rule 19(2) (b)(i) of SCRR read with Regulation 41(1) of the SEBI Regulations. Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI Regulations. Further, this Issue is being made through the Book Building Process wherein not more than 50% of the Net Issue shall be available for allocation to QIBs on a proportionate basis. Our Company and the Selling Shareholder may, in consultation with the BRLMs, allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds subject to valid bids being received at or above the Anchor Investor Allocation Price. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Net Issue will be available for allocation on a proportionate basis to



Non-Institutional Bidders and not less than 35% of the Net Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

24. A single Bidder cannot make a Bid for more than the number of Equity Shares offered through this Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of Bidder. For further details see section titled “*Issue Procedure*” on page 287 of the Draft Red Herring Prospectus.
25. Subject to valid Bids being received at or above the Issue Price, under-subscription in any category would be met with spill-over from any other category, at the sole discretion of our Company and the Selling Shareholder, in consultation with the BRLMs and the Designated Stock Exchange. Such inter-se spill-over, if any, would be effected in accordance with applicable laws, rules, regulations and guidelines.
26. The Equity Shares issued pursuant to this Issue shall be fully paid-up at the time of Allotment, failing which no Allotment shall be made.
27. There shall be only one denomination of the Equity Shares, unless otherwise permitted by law.
28. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.



OBJECTS OF THE ISSUE

The Issue comprises of a Fresh Issue by our Company and an Offer for Sale by the Selling Shareholder.

Offer for Sale

Our Company will not receive any proceeds from the Offer for Sale by the Selling Shareholder.

Objects of the Fresh Issue

The Company proposes to utilise the funds which are being raised through the Fresh Issue towards funding the following objects:

- (i) Investment in capital expenditure and capital equipment of our Company;
- (ii) General corporate purposes; and
- (iii) To meet the Issue expenses.

The main objects clause of the Company's Memorandum of Association enables the Company to undertake the activities for which funds are being raised through this Issue. Further, the Company confirms that the activities which it has been carrying out until now are in accordance with the objects clause of its Memorandum of Association.

We intend to utilize the proceeds of the Issue after deducting expenses relating to the Issue ("Net Proceeds")* which is estimated at ₹ [●] lacs for the abovementioned objects.

The details of the proceeds of the Issue are as follows:

		(₹ in lacs)
S. No.	Description	Amount
1	Gross Proceeds of the Issue	[●]
2	Issue related Expenditure*	[●]
3	Net Proceeds of the Issue	[●]

** Other than listing fees, which will be paid by the Company, all expenses with respect to the Issue will be shared between the Selling Shareholder and the Company, in the proportion to the Equity Shares offered for sale or issued, as the case may be in the Issue.*

Means of Finance

The fund requirements described below are proposed to be entirely funded from the Net Proceeds and Internal Accruals. Accordingly, the Company confirms that there is no requirement to make firm arrangements of finance under Regulation 4(g) of the SEBI Regulation through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised through the Issue.

Use of Net Proceeds

The utilization of the Net Proceeds of this Issue is as follows:



(₹ in lacs)

Expenditure Items	Total estimated cost	Amounts deployed as on August 31, 2011*	Estimated Amount to be utilized from Net Proceeds and Internal Accruals	Estimated Net Proceeds, utilisation and internal accruals as on March 31, 2012	Estimated Net Proceeds, utilisation and internal accruals as on March 31, 2013
Investment in capital expenditure and capital equipment of our Company	5,072.87	165.85	4,907.02	371.39	4,535.63
General Corporate Purposes**	[●]	[●]	[●]	[●]	[●]
TOTAL**	[●]	[●]	[●]	[●]	[●]

*These amounts have been funded by the Company out of its internal accruals as per the certificate from N R Bhattad & Associates, Chartered Accountants dated September 21, 2011

**Subject to finalization of the Issue Price

The fund requirements for the objects of the Fresh Issue as described below are based on management estimates and the Company's current business plan and have not been independently appraised by any bank or financial institution. These are based on current conditions and are subject to change in light of changes in external circumstances or costs, or in other financial condition, business or strategy.

In case of variations in the actual utilization 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. If surplus funds are unavailable, the required financing will be through our internal accruals through cash flow from our operations, as required. In the event that estimated utilization out of the Net Proceeds in a Fiscal is not completely met, the same shall be utilized in the next Fiscal.

We operate in highly competitive and dynamic market conditions and may have to revise our estimates from time to time on account of external circumstances or costs in our financial condition, business or strategy. Consequently, our fund requirements may also change accordingly. Any such change in our plans may require rescheduling of our expenditure programs and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Net Proceeds.

Shortfall of Net Proceeds

In case of a shortfall of Net Proceeds, we intend to meet the same through internal accruals. In the event that estimated utilization out of the Net Proceeds in a Fiscal is not completely met, the same shall be utilized in the next Fiscal.

Means of Finance

(₹ in lacs)

Particulars	Estimate Amount
Net Proceed*	[●]
Internal Accruals	[●]
Total*	[●]

*Will be incorporated post finalization of Issue Price

Details of the activities to be financed from the Net Proceeds

1. Investment in capital expenditure and capital equipment of our Company

Our Company is required to make investments in capital equipment on a recurring basis to augment its



current production capacity in order to meet current requirement of business.

Our Company intends to use ₹4,907.02 lacs from the Net Proceeds for the purchase of Production Equipments and Production Supporting Equipments.

Production Equipment

The production equipments are required to be invested in mainly on account of proposed capacity expansion and modernization. The total cost of production equipments is ₹ 2,934.16 lacs.

The following table sets out the outlay for proposed expenditure on production equipment that is proposed to be ordered

(₹ in lacs)									
Sl. No.	Description of the Equipment	Name of Supplier/Prospective Supplier	Date of Quotation Received	Quantity	Landed Cost per Unit* (₹ in lacs)	Total Landed Cost* (₹ in lacs)	Expenditure incurred as on August 31, 2011	Estimated Net Proceeds utilization as on	
								March 31, 2012	March 31, 2013
1	High Pressure Die Casting Machine (250 Metric Ton)	Toshiba Machine Co. Limited	February 14, 2011	2	143.44	286.88			286.88
2	Fanuc Robo Drill Alpha	Fanuc India Private Limited	February 21, 2011	11	48.49	533.39			533.39
3	CNC Machine	Lakshmi Machine Works Limited	July 1, 2011	17	44.90	763.30	1,14.07	155.32	493.91
4	Cold Chamber Die Casting Machine	Zitai Precision Machinery Co. Limited	March 1, 2011	7	124.89	874.23	41.15	208.63	624.45
5	VMC (Hass VM6)	CNC Servicing & Solutions (India) Private Limited	February 19, 2011	1	59.65	59.65			59.65
6	VMC (Hass VM3)	CNC Servicing & Solutions (India) Private Limited	February 19, 2011	1	79.41	79.41			79.41
7	JBF 10-B-4S Bolt former	Jern Yao Enterprise Company Limited	January 1, 2011	1	78.35	78.35			78.35
8	JBF 13-B-4S Bolt former	Jern Yao Enterprise Company Limited	January 1, 2011	1	103.83	103.83			103.83
9	JBF 17-B-4S Bolt former (Jern Yao)	Jern Yao Enterprise Company Limited	January 1, 2011	1	129.90	129.90			129.90
10	JBF 17-B-4SL Bolt former (Jern Yao)	Jern Yao Enterprise Company Limited	January 1, 2011	1	146.01	146.01			146.01
11	Computers	Accord Computers Private Limited	February 21, 2011	1	2.31	2.31			2.31
12	Pro Engineer Software Suite	Adroittech Information Systems (P) Limited	December 22, 2010	1	28.71	28.71			28.71
13	Work NC – Automatic 3 axis CAM software	Sescoi India Solutions Private Limited	February 8, 2011	1	3.41	3.41			3.41
Total						3,089.38	155.22	363.95	2,570.21



**Includes VAT, central sales tax and freight, customs duty and other taxes and levies, based on the internal management estimates of our Company in light of the prevailing rates of such freight, taxes, duties and levies.*

Production Support Equipments

The production support equipments are required to be invested in mainly on account of proposed capacity expansion and modernization. The existing manufacturing facilities of our Company already have adequate support and utility equipments. The total cost of production support utility equipments is ₹1,972.87 lacs.

The following table sets out the outlay for proposed expenditure on the production support equipment that is proposed to be ordered

(₹ in lacs)

Sl. No	Description of the Equipment	Name of Supplier/ Prospective Supplier	Date of Quotation Received	Quantity	Landed Cost per Unit* (₹ in lacs)	Total Landed Cost* (₹ in lacs)	Expenditure incurred as on August 31, 2011	Estimated Net Proceeds utilization as on	
								March 31, 2012	March 31, 2013
1	Round Electric Aluminum Holding Furnace	Charang Furnaces Private Limited	February 27, 2011	4	3.43	13.72			13.72
2	Compressor 40 Hp.	Ingersoll-Rand (India) Limited	March 01, 2011	2	12.89	25.77	8.17	4.72	12.89
3	CNC and VMC Fixtures	Microfine Engineering	February 27, 2011	1	3.27	3.27			3.27
4	Voltage Stabilizer	Servomax India Limited	February 25, 2011	13	0.86	11.18	2.46	2.72	6.00
5	Fume Exhaust System (Wet Scrubber, Chimney & Ducting)	Aarco Engineering Projects Private Limited	February 28, 2011	1	24.9	24.9			24.9
6	Conveyor Type Electrically Heated Solution Treatment Furnace	Thermal Systems and Engineering	March 17, 2011	1	127.88	127.88			127.88
7	Carburizing (Hardening) Quenching Furnace (Electric Heating System)	San-Yung Electric Heat Machine Company Limited	January 1, 2011	1	738.04	738.04			738.04
8	Alkaline Zinc Plating Plant	Hurmng Yieh Machinery Industrial Company Limited, Taiwan	January 1, 2011	1	1,038.73	1,038.73			1,038.73
Total						1,983.50	10.63	7.44	1,965.43

**Includes VAT, central sales tax and freight, customs duty and other taxes and levies, based on the internal management estimates of our Company in light of the prevailing rates of such freight, taxes, duties and levies.*

The prices for the equipments proposed to be purchased as set out above are as per the quotations received from the respective suppliers. Our Company will obtain fresh quotations at the time of actual placement of the order for the equipment for which are shown above on the basis of quotes. Some of the quotations mentioned above are for the imported machineries are in USD, Euros and JPY. The amounts represented above have been calculated based on the conversion rate of 1USD for ₹ 46.02, 1 Euro for ₹ 66.70, 1 JPY for ₹ 0.5998 as on August 30, 2011.



2. General Corporate Purposes

We, in accordance with the policies of our Board, will have flexibility in applying the remaining Net Proceeds of this Issue, for general corporate purposes which may include but not limited to capital expenditure towards various facilities owned by the Company, strategic initiatives, brand building exercises, strengthening of our marketing capabilities and meeting exigencies, etc. which our Company may be subjected to in the ordinary course of its business.

The quantum of utilization of funds towards each of the above purposes will be determined by the Board of Directors based on the amount actually available under the head “General Corporate Purposes” and the business requirements of the Company, from time to time.

3. Issue Related Expenses

The estimated Issue related expenses is as follows:

Other than listing fees, which will be paid by the Company, all expenses with respect to the Issue will be shared between the Selling Shareholder and the Company, in the proportion to the Equity Shares offered for sale or issued, as the case may be in the Issue.

S. No.	Activity Expense	Amount* (in ₹ lacs)	Percentage of Total Estimated Issue Expenditure*	Percentage of Issue Size*
1.	Fees of the Lead Managers, underwriting commission, brokerage and selling commission (including commission to SCSBs for ASBA Applications)	[●]	[●]	[●]
2.	Fees to the Bankers to Issue	[●]	[●]	[●]
3.	Advertising and marketing expenses, printing and stationery, distribution, postage etc.	[●]	[●]	[●]
4.	Registrar to the Issue	[●]	[●]	[●]
5.	Other expenses (Grading Agency, Legal Advisors, Auditors and other Advisors etc:)	[●]	[●]	[●]
Total Estimated Issue Expenditure		[●]	[●]	[●]

**To be completed after finalization of the Issue Price*

Interim Use of Funds

Our management, in accordance with the policies established by our Board of Directors from time to time, will have flexibility in deploying the Net Proceeds. Pending utilization for the purposes described above, we intend to invest the funds in high quality interest bearing liquid instruments including investment in money market mutual funds, deposits with banks and other interest bearing securities for the necessary duration. Such investments will be approved by the Board or its committee from time to time, in accordance with its investment policies.

Funds Deployed

As per the certificate dated September 21, 2011 issued by N R Bhattad & Associates, Chartered Accountants, we have deployed ₹ 165.85 lacs till August 31, 2011 towards, capital expenditure and purchase of capital



equipment of our Company and the same has been financed from Internal Accrual.

Bridge Loan

We have not raised any bridge loans which are required to be repaid from the Net Proceeds.

Working Capital Requirement

Our Company does not intend to utilize the Net Proceeds of the Issue to meet its working capital requirements. Our Company intends to meet its existing and future working capital requirements from the internal accruals and the existing borrowings availed from various banks. However, in the event that there is surplus of funds after deployment from the Net Proceeds of the Issue, the funds may be utilized towards reducing our reliance on working capital facilities.

Monitoring Utilization of Funds from Issue

In terms of Regulation 16(1) of the SEBI (ICDR) Regulations, we are not required to appoint a monitoring agency for the purposes of this Issue since the Issue size is not more than ₹ 50,000 Lacs. As required under the listing agreements with the Stock Exchanges, the Audit Committee appointed by our Board will monitor the utilization of the proceeds of the Issue. We will disclose the utilization of the proceeds of the Issue, including interim use, under a separate head in our quarterly financial disclosures and annual audited financial statements until the proceeds of the Issue remain unutilized, to the extent required under the applicable law and regulation. We will indicate investments, if any, of unutilized proceeds of the Issue in our Balance Sheet for the relevant Fiscal subsequent to our listing.

Pursuant to clause 49 of the Listing Agreement, the Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the proceeds of the Issue. On an annual basis, the Company shall prepare a statement of funds utilised for purposes other than those stated in this Red Herring Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that all the proceeds of the Issue have been utilised in full. The statement will be certified by the statutory auditors of the Company and be placed before the Audit Committee of the Company, so as to enable the Audit Committee to make appropriate recommendations to the Board of Directors of the Company.

The Company shall be required to inform material deviations in the utilisation of Issue proceeds to the stock exchanges and shall also be required to simultaneously make the material deviations/adverse comments of the Audit committee public through advertisement in newspapers.

Except as otherwise stated in the Draft Red Herring Prospectus, no part of the proceeds from the Issue will be paid by the Company as consideration to its Promoter, Promoter Group, Directors, Group Companies or key managerial employees, except in the normal course of its business.

For risks associated with our "*Objects of the Issue*", please refer to section titled "*Risk Factors*" beginning on page 14 of the Draft Red Herring Prospectus.



BASIS FOR THE ISSUE PRICE

The Issue Price will be determined by our Company and the Selling Shareholder in consultation with the BRLMs on the basis of an assessment of market demand for the offered Equity Shares by the book building process and on the basis of the following qualitative and quantitative factors. The face value of the Equity Shares of our Company is ₹10 each and the Issue Price is [●] times of the face value at the lower end of the Price Band and [●] times the face value at the higher end of the Price Band.

Investors should also refer to the sections titled “*Risk Factors*”, “*Our Business*” and “*Financial Information*” on pages 14, 113 and 182 to have an informed view before making the investment decision.

Qualitative Factors

OUR COMPETITIVE STRENGTHS

We believe that the following are our primary competitive strengths:

- Focus on being a complete solution provider to meet the requirements of our customers in our identified area of operations
- Long-standing and diversified relationships with customers
- Strong in house design and development capabilities supported by state of the art die-design centre
- Strategically Located Manufacturing facilities across India
- Sound systems and process for ensuring quality, cost reduction, on-time delivery and development
- Experienced Management with strong industry expertise

For details on qualitative factors, refer to paragraph titled “*Competitive Strengths*” in the chapter titled “*Our Business*” on page 113 of the Draft Red Herring Prospectus.

Quantitative Factors

The information presented in this section for the financial years ended March 31, 2011; March 31, 2010; and March 31, 2009; is derived from our Restated Summary Statements. Investors should evaluate our Company taking into consideration its earnings and based on its growth strategy. Some of the quantitative factors which may form the basis for computing the price are as follows:

1. Basic and Diluted Earnings per Share (face value ₹ 10 each) (EPS)

Year ended	Basic and Diluted	
	EPS (₹)	Weight
March 31, 2009	(8.66)	1
March 31, 2010	2.50	2
March 31, 2011	11.46	3
Weighted Average	5.12	

Note:

- The basic and diluted EPS have been calculated in compliance with Accounting Standard 20 issued by the Institute of Chartered Accountants of India.
- 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.



- The weighted average number of Equity Shares outstanding during the period is adjusted for events of bonus issue.
- The face value of each Equity Share is ₹10 each.

2. Price / Earning (P/E) Ratio in relation to Issue Price of ₹ [●]

Particulars	P/E at Floor Price ₹ [●]	P/E at Cap Price ₹ [●]
1. Based on Basic EPS of March 31, 2011	[●]	[●]
2. Based on weighted average EPS	[●]	[●]
3. Industry P/E Multiple:*		
Highest		29.20
Lowest		3.70
Average		15.90
4. Industry P/E Multiple:**		
Highest		24.40
Lowest		3.70
Average		13.00

*P/E ratios for the entire auto ancillaries sector

**P/E ratios for the entire castings & forgings

(Source: Capital Market, Volume XXVI/15, September 19 – October 02, 2011) (Industries – Auto Ancillaries and Castings & Forgings)

3. Average Return on Net Worth (RONW):

Particulars	RONW %	Weight
Year ended March 31, 2009	(17.65)	1
Year ended March 31, 2010	4.91	2
Year ended March 31, 2011	18.60	3
Weighted Average	8.00	

Note:

The average return on net worth is arrived at by dividing restated net profit after tax by restated net worth as at the end of the year / periods.

4. Minimum Return on increased net worth required for maintaining pre-issue EPS at March 31, 2011 is [●].

- At the higher end of the price band [●] %
- At the lower end of the price band [●] %

5. Net Asset Value per Equity Share (face value ₹ 10 each)

Particulars	Amount (₹)
Net Asset Value per Equity Share as of March 31, 2009	49.05
Net Asset Value per Equity Share as of March 31, 2010	51.02
Net Asset Value per Equity Share as of March 31, 2011	61.60
Net Asset Value per Equity Share after the Issue	[●]
Issue Price per Equity Share	[●]

Note: Net Asset Value per Equity Share represents Net Worth at the end of the year / period, as restated divided by the number of Equity Shares outstanding at the end of the period/ year.



6. Comparison of Accounting Ratios with Industry Peers

Name of the company	Face Value (₹)	EPS (₹)	RONW (%)	Book Value per Equity Share (₹)	P/E Ratio
Aurangabad Electricals Limited*	10.00	11.46	18.60	61.60	[●]**
Peer Group[#]					
Bharat Forge Limited	2.00	13.11	15.56	85.71	20.82
Exide Industries Limited	1.00	7.84	22.81	31.94	16.89
Mahindra Forgings Limited	10.00	(0.36)	(0.40)	89.48	-
Motherson Sumi Systems Limited	1.00	7.33	28.52	26.01	24.86
Sundaram Clayton Limited	5.00	9.82	14.35	68.42	14.64

* Based on Restated Financial Statements of our Company for the year ended March 31, 2011.

** Based on the Issue Price to be determined on conclusion of the Book Building Process and the Basic and Diluted EPS of our Company

[#] For peer group companies the EPS, RONW and Book Value (BV) per Equity Share figures are derived on the standalone audited financial statements for the year ended March 31, 2011 and P/E Ratio is based on the standalone basic and diluted EPS for the financial year ended March 31, 2011 and market price (BSE) as on September 27, 2011.

$BV = \text{Shareholders' Fund (i.e Share Capital plus Reserves and Surplus (excluding Revaluation Reserves) less Miscellaneous Expenditure to the extent not written off) / actual paid-up number of shares outstanding as on March 31, 2011}$

$RONW = \text{Profit After Tax / Shareholders' Funds (i.e Share Capital plus Reserves and Surplus (excluding Revaluation Reserves) less Miscellaneous Expenditure to the extent not written off) * 100}$

7. The Issue price will be [●] times of the face value of the Equity Shares.

The Issue Price will be determined by our Company and the Selling Shareholder in consultation with the BRLMs on the basis of the demand from investors for the Equity Shares through the Book Building Process.

For the basic terms of the issue, please refer to section titled "Terms of the Issue" on page 278 of the Draft Red Herring Prospectus.



STATEMENT OF TAX BENEFITS

To,
Board of Directors,
Aurangabad Electricals Limited
Corporate Office,
Gut No 65, Village Chitegaon,
Tq. Paithan, Dist Aurangabad - 401105

Dear Sir,

Statement of Possible Tax Benefits available to Aurangabad Electricals Limited ('the Company') and its shareholders

We hereby report that the enclosed statement states the possible tax benefits available to the Company and to the shareholders of the Company under the Income-tax Act, 1961 (amended by Finance Act 2011) and Wealth Tax Act, 1957, presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the statute. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, the Company may or may not choose to fulfil.

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

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

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

The contents of the enclosed statement are based on information, explanations and representations obtained from the Company and on the basis of our understanding of the business activities and operations of the Company.

For S.R. Batliboi & Co.
Firm Registration No.301003E
Chartered Accountants

per Vijay Maniar
Partner
Membership No.:36738

Place: Mumbai
Date: September 27, 2011



ANNEXURE TO STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO AURANGABAD ELECTRICALS LIMITED ('THE COMPANY') AND ITS SHAREHOLDERS

I. UNDER THE INCOME TAX ACT, 1961 (HEREINAFTER REFERRED TO AS THE IT ACT):

A. BENEFITS AVAILABLE TO THE COMPANY:

Special tax benefits

- (i) The Company has its windmill unit at Supa, Maharashtra which qualifies for deduction under section 80-IA. As per the provisions of section 80-IA the Company will be entitled to claim deduction under the said section subject to compliance with conditions specified therein. The Company has not claimed deduction under section 80-IA in earlier years in view of the losses incurred by the Company.
- (ii) The Company has a manufacturing unit at Uttarkhand which qualifies for deduction under section 80-IC. As per the provisions of section 80-IC the Company will be entitled to claim deduction under the said section subject to compliance with conditions specified therein. The Company has not claimed deduction under section 80-IC in earlier years in view of the losses incurred by the Company.

General Benefits

- (i) The Company will be entitled to claim depreciation allowance at the prescribed rates on assets under section 32 of the IT Act. Further, subject to fulfillment of conditions prescribed in section 32(1)(ia) of the IT Act, the Company will be entitled to claim accelerated depreciation of 20 per cent of the actual cost of certain new machinery or plant which has been acquired and installed after 31st March, 2005. If, however, the assets are put to use for less than 180 days in the year in which they are acquired, the rate of accelerated depreciation will be 10 per cent. Unabsorbed depreciation, if any, can be carried forward and set off against any source of income in subsequent assessment years as per section 32(2) of the IT Act.
- (ii) As per section 72 of the IT Act, business loss suffered during the year is allowed to be set-off against income under any head of income in accordance with the provisions of section 71. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' profits and gains from business or profession.
- (iii) Dividend income referred to in section 115-O earned by the Company from domestic companies, will be exempt under section 10(34) of the IT Act. Similarly income received by the Company in respect of units of Mutual Funds specified under section 10(23D) will be exempt under section 10(35) of the IT Act.

Section 14A of the Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Act. Thus, any expenditure incurred to earn the said income will not be a tax deductible expenditure.



- (iv) Income arising on transfer of equity shares or units of an equity oriented fund held by the Company will be exempt under section 10(38) of the IT Act if the said asset is a long-term capital asset and securities transaction tax has been charged on the said transaction. However, the said exemption will not be available to the company while computing the book profit and income tax payable under section 115JB of the IT Act.
- (v) The long-term capital gains arising to the Company from the transfer of listed securities or units, as defined, not covered under point (iv) above shall be chargeable to tax at the rate of 20% (plus applicable surcharge and education cess) of the capital gains computed after indexing the cost of acquisition/improvement or at the rate of 10% (plus applicable surcharge and education cess) of the capital gains computed before indexing the cost of acquisition/improvement, whichever is lower.
- (vi) The long-term capital gains not covered under points (iv) and (v) above shall be chargeable to tax at the rate of 20% (plus applicable surcharge and education cess) of the capital gains computed after indexing the cost of acquisition / improvement.
- (vii) Short-term capital gains arising on transfer of equity shares or units of an equity oriented fund held by the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and education cess) as per the provisions of section 111A of the IT Act if securities transaction tax has been charged on the said transaction.
- (viii) In accordance with and subject to the conditions, including the limit of investment of ₹ 50 lacs, and to the extent specified in section 54EC of the IT Act, capital gains arising on transfer of long-term capital assets of the Company not covered under point (iv) above shall be exempt from capital gains tax if the gains are invested within six months from the date of transfer in the purchase of long-term specified assets.
- (ix) As per section 74 of the IT Act, short-term capital loss suffered during the year is allowed to be set-off against short-term as well as long-term capital gains of the said year. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' short term as well as long term capital gains. Long-term capital loss suffered during the year is allowed to be set-off against long-term capital gains. Balance loss, if any, could be carried forward for eight years for claiming set-off against subsequent years' long-term capital gains.
- (x) Where the tax liability of the Company as computed under the normal provisions of the Act, is less than 18.5% of its book profits after making certain specified adjustments, the Company would be liable to pay Minimum Alternate Tax ("MAT") at an effective rate of 20.4841% (including applicable surcharge and education cess) of the book profits. For the purpose of computation of MAT, the book profits are subjected to certain adjustments as prescribed.

MAT paid in one year shall however be available as credit against the normal income tax liability in subsequent years as per the provisions of section 115JAA. Such credit can be carried forward upto 10 years for set off as per the provisions of section 115JAA.



B. BENEFITS AVAILABLE TO THE SHAREHOLDERS OF THE COMPANY:

1. RESIDENTS:

- (i) Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the IT Act.

Section 14A of the Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Act. Thus, any expenditure incurred to earn the said income will not be a tax deductible expenditure.

- (ii) Income arising on transfer of the shares of the Company will be exempt under section 10(38) of the IT Act if the said shares are long-term capital assets and securities transaction tax has been charged on the said transaction. However, shareholders being companies will not be able to claim the above exemption while computing the book profit and income tax payable under section 115JB of the IT Act.
- (iii) The long-term capital gains accruing to the shareholders of the Company from the transfer of shares of the Company otherwise than as mentioned in point (ii) above shall be chargeable to tax at the rate of 20% (plus applicable surcharge and education cess) of the capital gains computed after indexing the cost of acquisition/improvement or at the rate of 10% (plus applicable surcharge and education cess) of the capital gains computed before indexing the cost of acquisition/improvement, whichever is lower.
- (iv) In case of an individual or Hindu Undivided Family, where the total taxable income as reduced by long-term capital gains is below the basic exemption limit, the long-term capital gains will be reduced to the extent of the shortfall and only the balance long-term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of section 112 of the IT Act.
- (v) Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and education cess) as per the provisions of section 111A of the IT Act if securities transaction tax has been charged on the said transaction. In case of an individual or Hindu Undivided Family, where the total taxable income as reduced by short-term capital gains is below the basic exemption limit, the short-term capital gains will be reduced to the extent of the shortfall and only the balance short-term capital gains will be subjected to such tax in accordance with the proviso to sub-section (1) of section 111A of the IT Act.
- (vi) In accordance with, and subject to the conditions, including the limit of investment of ₹ 50 lacs, and to the extent specified in section 54EC of the IT Act, long-term capital gains arising on transfer of the shares of the Company not covered under point (ii) above shall be exempt from capital gains tax if the gains are invested within six months from the date of transfer in the purchase of long-term specified assets.
- (vii) In accordance with, and subject to the conditions and to the extent specified in section 54F of the IT Act, long-term capital gains arising on transfer of the shares of the Company not covered under point (ii) above held by an individual or Hindu Undivided Family shall be exempt from capital gains tax if the net sales consideration is utilised, within a period of one year before, or two years



after the date of transfer, for the purchase of a new residential house, or is utilised for construction of a residential house within three years.

- (viii) Where the business income of an assessee includes profits and gains of business arising from transactions on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the IT Act.

2. NON-RESIDENTS:

- (i) Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the IT Act.

Section 14A of the Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Act. Thus, any expenditure incurred to earn the said income will not be a tax deductible expenditure.

- (ii) Income arising on transfer of the shares of the Company will be exempt under section 10(38) of the IT Act if the said shares are long-term capital assets and securities transaction tax has been charged on the said transaction. However, shareholders being companies will not be able to claim the above exemption while computing the book profit and income tax payable under section 115JB of the IT Act.
- (iii) In accordance with, and subject to section 48 of the IT Act, capital gains arising on transfer of shares of the Company which are acquired in convertible foreign exchange and not covered under point (ii) above shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilised in the purchase of shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing / arising from every reinvestment thereafter and sale of shares of the Company.
- (iv) The long-term capital gains accruing to the shareholders of the Company from the transfer of the shares of the Company otherwise than as mentioned in points (ii) and (iii) above shall be chargeable to tax at the rate of 20% (plus applicable surcharge and education cess) of the capital gains computed after indexing the cost of acquisition or at the rate of 10% (plus applicable surcharge and education cess) of the capital gains computed before indexing the cost of acquisition, whichever is lower.
- (v) Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and education cess) as per the provisions of section 111A of the IT Act if securities transaction tax has been charged on the said transaction.
- (vi) In accordance with, and subject to the conditions, including the limit of investment of ₹ 50 lacs, and to the extent specified in section 54EC of the IT Act, long-term capital gains arising on transfer of the shares of the Company not covered under point (ii) above shall be exempt from capital gains tax if the gains are invested within six months from the date of transfer in the purchase of long-term specified assets.



- (vii) In accordance with, and subject to the conditions and to the extent specified in section 54F of the IT Act, long-term capital gains arising on transfer of the shares of the Company not covered under point (ii) above held by an individual or Hindu Undivided Family shall be exempt from capital gains tax if the net sales consideration is utilised, within a period of one year before or two years after the date of transfer, for the purchase of a new residential house, or is utilised for construction of a residential house within three years.
- (viii) Where the business income of an assessee includes profits and gains of business arising from transactions on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1) (xv).
- (ix) Under the provisions of section 90(2) of the IT Act, a non-resident will be governed by the provisions of the Agreement for Avoidance of Double Taxation (AADT) between India and the country of residence of the non-resident if the said provisions are more beneficial than the provisions under the IT Act.

Besides the above benefits available to non-residents, Non-Resident Indians (NRIs) have the option of being governed by the provisions of Chapter XII-A of the IT Act which *inter alia* entitles them to the following benefits in respect of income from shares of an Indian Company acquired, purchased or subscribed to in convertible foreign exchange:

- (a) Under section 115E of the IT Act, NRIs will be taxed at 10% (plus applicable surcharge and education cess) on long-term capital gains arising on sale of shares of the Company which are acquired in convertible foreign exchange and are not covered under point (ii) above .
- (b) Under section 115F of the IT Act, and subject to the conditions and to the extent specified therein, long-term capital gains arising to NRIs from transfer of shares of the Company acquired out of convertible foreign exchange not covered under point (ii) above acquired out of convertible foreign exchange shall be exempt from capital gains tax if the net consideration is invested within six months of the date of transfer of the asset in any specified asset or in any saving certificates referred to in clause (4B) of section 10 of the IT Act.
- (c) In accordance with the provisions of section 115G of the Act, NRIs are not obliged to file a return of income under section 139(1) of the IT Act, if their only source of income is income from investments or long-term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the IT Act.
- (d) In accordance with the provisions of section 115H of the IT Act, when NRIs become assessable as resident in India, they may furnish a declaration in writing to the Assessing Officer along with their return of income for that year under section 139 of the IT Act to the effect that the provisions of Chapter XII-A shall continue to apply to them in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are transferred or converted into money.
- (e) As per the provisions of section 115-I of the IT Act, NRIs may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing their return of income for that year under section 139 of the IT Act, declaring therein that the provisions of Chapter XII-A shall not apply to them for that assessment year and accordingly, their total income for that assessment year will be computed in accordance with the other provisions of the IT Act. The said Chapter *inter alia* entitles NRIs to the benefits stated thereunder in respect of income from shares of an Indian company acquired, purchased or subscribed in convertible foreign exchange.



3. FOREIGN INSTITUTIONAL INVESTORS (FIIs):

- (i) Dividend income earned on shares of the Company will be exempt in the hands of shareholders under section 10(34) of the IT Act.

Section 14A of the Act restricts claim for deduction of expenses incurred in relation to income which does not form part of the total income under the Act. Thus, any expenditure incurred to earn the said income will not be a tax deductible expenditure.

- (ii) Income arising on transfer of the shares of the Company will be exempt under section 10(38) of the IT Act if the said shares are long-term capital assets and securities transaction tax has been charged on the said transaction.
- (iii) Under section 115AD(1)(b)(iii) of the IT Act, income by way of long-term capital gains arising from the transfer of shares held in the Company not covered under point (ii) above will be chargeable to tax at the rate of 10% (plus applicable surcharge and education cess).
- (iv) Short-term capital gains arising on transfer of the shares of the Company will be chargeable to tax at the rate of 15% (plus applicable surcharge and education cess) as per the provisions of section 111A of the IT Act if securities transaction tax has been charged on the said transaction.
- (v) Under section 115AD(1)(b)(ii) of the IT Act, income by way of short-term capital gains arising from the transfer of shares held in the Company not covered under point (iv) above will be chargeable to tax at the rate of 30% (plus applicable surcharge and education cess).
- (vi) Where the business income of an assessee includes profits and gains of business arising from transactions on which securities transaction tax has been charged, such securities transaction tax shall be a deductible expense from business income as per the provisions of section 36(1)(xv) of the IT Act.
- (vii) Under the provisions of section 90(2) of the IT Act, a FII will be governed by the provisions of the Agreement for Avoidance of Double Taxation (AADT) between India and the country of residence of the FII if the said provisions are more beneficial than the provisions under the IT Act.
- (viii) As per section 196D, no tax is to be deducted from any income, by way of capital gains arising from the transfer of shares payable to Foreign Institutional Investor. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII has Fiscal domicile. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.

4. MUTUAL FUNDS:

Under section 10(23D) of the IT Act, any income earned by a Mutual Fund registered under the Securities and Exchange Board of India Act, 1992, or a Mutual Fund set up by a public sector bank or a public financial institution, or a Mutual Fund authorised by



the Reserve Bank of India would be exempt from income-tax, subject to such conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

5. VENTURE CAPITAL COMPANIES/ FUNDS:

Under section 10(23FB) of the Act, any income of venture capital company or venture capital fund from investment in venture capital undertaking is exempt from income tax. The exemption is available to venture capital company, venture capital fund and venture capital undertaking as defined in the said section and which fulfil the conditions specified therein.

Exemption available under the Act to the venture capital fund is subject to investment in the specified sector.



II. UNDER THE WEALTH TAX ACT, 1957 AND GIFT TAX ACT, 1958:

- (i) 'Asset' as defined under Section 2(ea) of the Wealth-tax Act, 1957 does not include shares in companies and hence, the shares of the Company held by a shareholder are not liable to wealth-tax.
- (ii) Gift-tax is not levied on gift of shares in the hands of the donor as well as the donee because the provisions of the Gift-tax Act, 1958 have ceased to apply in respect of gifts made on or after 1st October, 1998. However, as per the provisions of 56(2)(vii), if any individual/ HUF receives any shares from a person other than a relative, without consideration or for inadequate consideration and if the fair market value (FMV) of such shares or the inadequate consideration is in excess of ₹ 50,000 , then the excess of FMV over the consideration will be taxable as income from other sources. Further, as per section 56(viia), if a firm or a company not being a company in which public are not substantially interested receives shares of a company not being a company in which public are not substantially interested without consideration or inadequate consideration and if the fair market value (FMV) of such shares or the inadequate consideration is in excess of ₹ 50,000 , then the excess of FMV over the consideration will be taxable as income from other sources.

Notes:

- (i) All the above benefits are as per the current tax law and will be available only to the sole/ first named holder in case the shares are held by joint holders.
- (ii) In respect of non-residents, the tax rates and the consequent taxation mentioned above will be further subject to any benefits available under the relevant AADT if any, between India and the country in which the non-resident has fiscal domicile.
- (iii) In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.
- (iv) The above statement of possible direct tax benefits set out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of equity shares.

No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to 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 or intentional misconduct. We will not be liable to any other person in respect of this statement.



SECTION IV – ABOUT THE COMPANY

INDUSTRY OVERVIEW

CRISIL Research, a Division of CRISIL Limited has taken due care and caution in preparing the report titled “Cutomised Industry Report” dated April 27, 2011. Information has been obtained by CRISIL from sources which it considers reliable. However, CRISIL does not guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. CRISIL is not liable for investment decisions which may be based on the views expressed in this Report. CRISIL especially states that it has no financial liability whatsoever to the subscribers/ users/ transmitters/ distributors of this Report. CRISIL Research operates independently of, and does not have access to information obtained by CRISIL’s Ratings Division, which may, in its regular operations, obtain information of a confidential nature which is not available to CRISIL Research. No part of this Report may be published/reproduced in any form without CRISIL’s prior written approval.

Indian Auto Component Industry

Overview

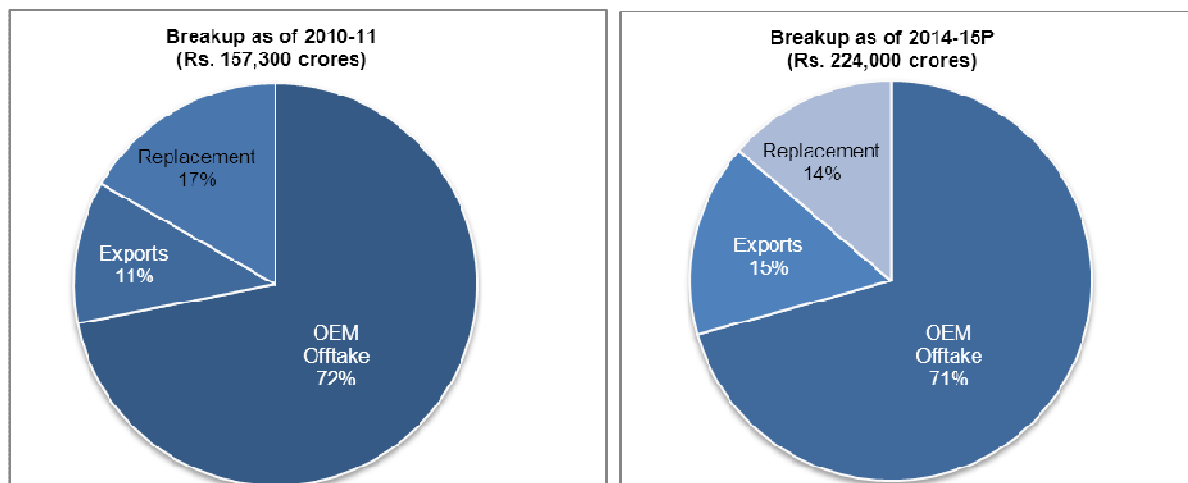
The Indian auto component industry is estimated to be worth ₹ 1,57,300 crores in value terms of domestic production as of 2010-11. Auto component production posted a CAGR of 18 per cent over the last six years between 2004-05 and 2010-11. In 2010-11, the automobile component industry posted an overall growth of 25 per cent, driven by revival in domestic automobile manufacturing across the vehicle segments.

In consumption terms, domestic consumption grew by 20 per cent annually between 2004-05 and 2010-11 and has reached a size of ₹ 1,63,700 crores in 2010-11. Consumption constitutes domestic production plus imports excluding exports. Growth in imports outperformed that in exports in this period as the imports were necessitated to meet some of the stringent quality standards of Original Equipment Manufacturers (OEM). However, dependence on imports is expected to reduce going forward as component manufacturers are upgrading their technological and qualitative capabilities. In consumption terms the industry grew at 26 per cent in 2010-11.

Classification of the auto component industry

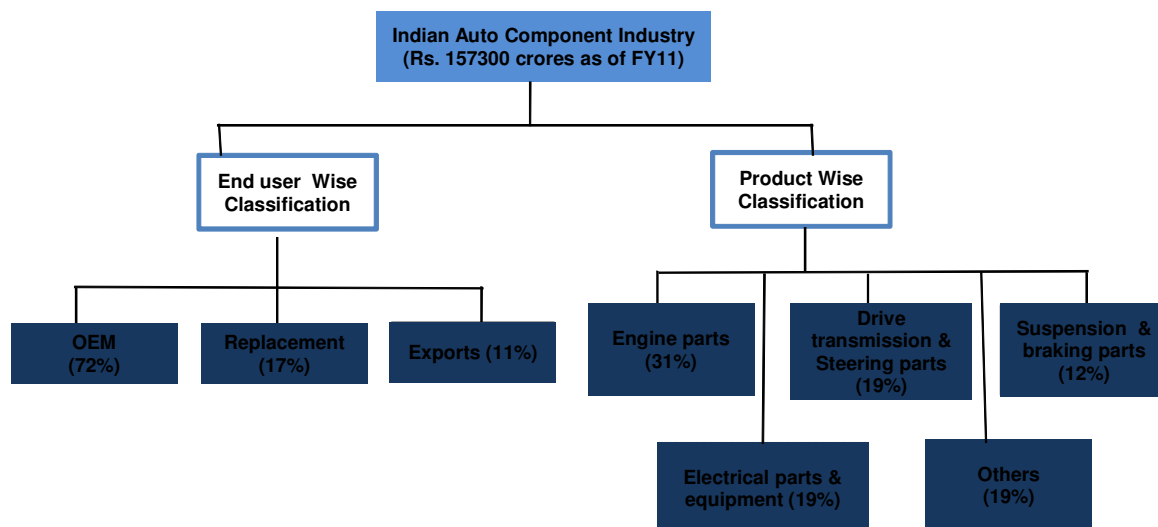
Auto component production can be classified on the basis of usage across segments viz., OEM, exports and replacement, within which OEM demand is the largest segment, followed by replacement and exports. Going forward however, the relative contribution of exports is expected to increase which will make it the second largest contributor followed by replacement.

Auto component production based on end user segment



Source: CRISIL, Automotive Component Manufacturers Association of India (ACMA)

In terms of classification based on components, engine and drive transmission parts together contribute about 50 per cent of the industry's production. Engine parts, constituting 31 per cent of the production, mainly comprises pistons, engine valves, carburettors, fuel injection systems, camshafts, crankshafts and cooling systems. Drive transmission parts, which constitute 19 per cent of the total production, include axle assembly, steering parts and clutch assembly. Suspension and braking parts constitute 12 per cent, equipment and electrical parts 19 per cent, with rest of the smaller components including body and chassis contributing the remaining 19 per cent.



Source: CRISIL Research, Automotive Component Manufacturers Association of India (ACMA)

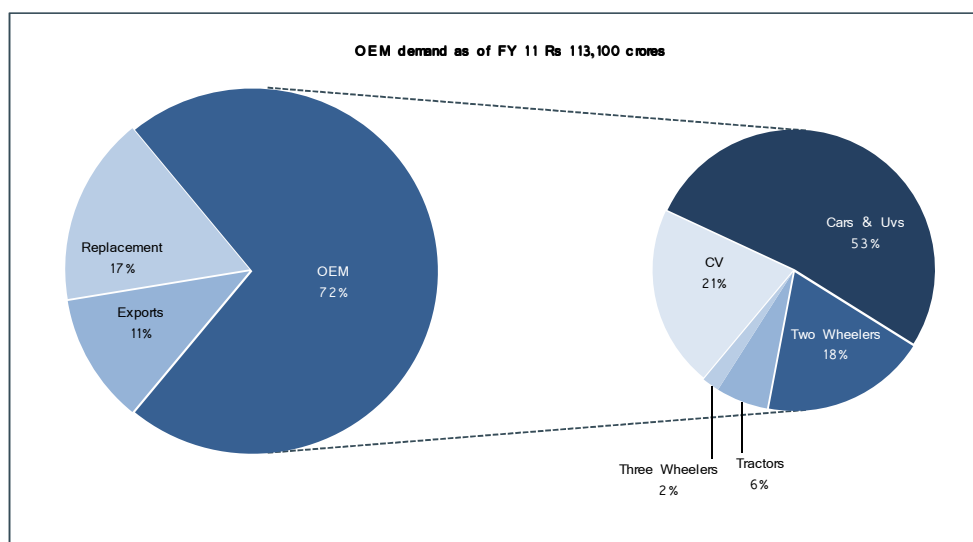
End User Classification

OEM

Demand from OEM saw a robust growth of 32 per cent in 2010-11, over a strong growth in 2009-10. Between 2004-05 and 2010-11, demand from OEM segment grew by around 18 per cent. OEM has remained the largest contributor of auto component demand with a contribution of over 70 per cent. As the players in the auto component industry are fragmented when compared with the concentrated nature of automobile manufacturing industry (wherein the top three to five players contribute to a majority of the revenues), OEM's generally have a better bargaining power and tend to pass on the impact of competitive pricing pressure within the automobile industry to the auto component manufacturers.

Demand from OEM segment can be further bifurcated into cars and UVs, commercial vehicles, two-wheelers, tractors and three-wheelers. Out of this, cars and UVs contribute approximately 53 per cent of the total demand followed by commercial vehicles with around 21 per cent (as of 2010-11).

Bifurcation of OEM segment demand (As of 2010-11)



Source: CRISIL, Automotive Component Manufacturers Association of India (ACMA)

Replacement

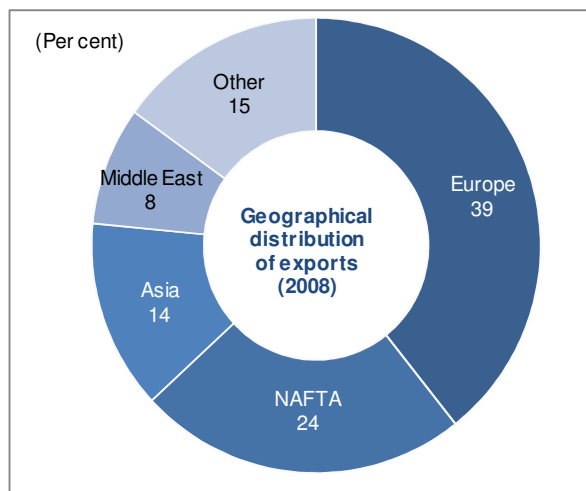
While the segment has posted a CAGR of around 25 per cent between 2004-05 and 2010-11, this is principally driven by the spurt in demand between 2005-06 and 2006-07. The segment has however been underperforming the overall auto component industry in the last couple of years, because of substitution by cheaper imports from China. The imports are further expected to affect the unorganised segment more than the organised segment as players in the organised segment have better pricing flexibility.

Exports

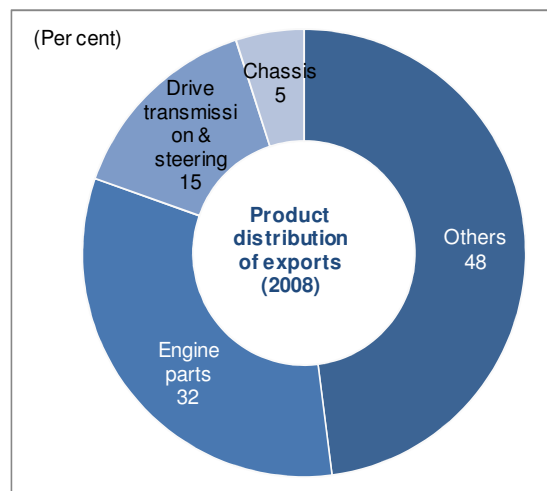
The export segment's contribution has grown significantly over the last decade from 8 per cent of the total production in 1999-2000 to 11 per cent in 2010-11. While augmentation in technical capabilities and cost efficiencies has contributed to the growth, a global shift to low cost countries has additionally facilitated the progress. While India exported around 35 per cent of its total auto component exports to OEMs or Tier-I suppliers in 1999-2000, this figure stands at 80 per cent as of 2008-09. This clearly indicates that in the long run,



increasing outsourcing needs of international automobile manufacturers from Low Cost Countries like India will lead to high volume growth for Indian exporters.



Source: CRISIL Research, UN Comtrade



Source: CRISIL Research, UN Comtrade

In terms of exports of critical components, as of 2010-11, 55 per cent of the components exported were non critical or standard in nature. In terms of geography, 63 per cent were directed towards Europe and NAFTA regions. Over the last six years, exports have recorded a CAGR of 14 per cent despite taking into consideration a 12 per cent decline in 2009-10 driven by the global slump.

Product-wise classification

Engine parts: This segment consists of piston and piston parts, fuel injection equipment and carburettors, powertrain components (Cylinder head and cylinder block), engine cooling systems, engine bearings and valves, exhaust systems, gaskets liners and filters and other engine parts.

Suspension and braking parts: This segment comprises of suspensions and braking systems including braking parts.

Drive transmission and steering parts: This segment includes steering systems, axle assembly, clutch assembly, wheels and wheel rims.

Electrical parts: This segment includes starter motors, generator and alternators, flywheel magnetos and distributors and regulators.

Equipments: This segment comprises of switches, horns, lights, wiring harness and dashboards.

Others: Others including body and chassis consist of sheet metal parts, seating systems, mirrors, fuel tanks, plastic moulded components, rubber components, locks, ball and roller bearings.

Growth drivers

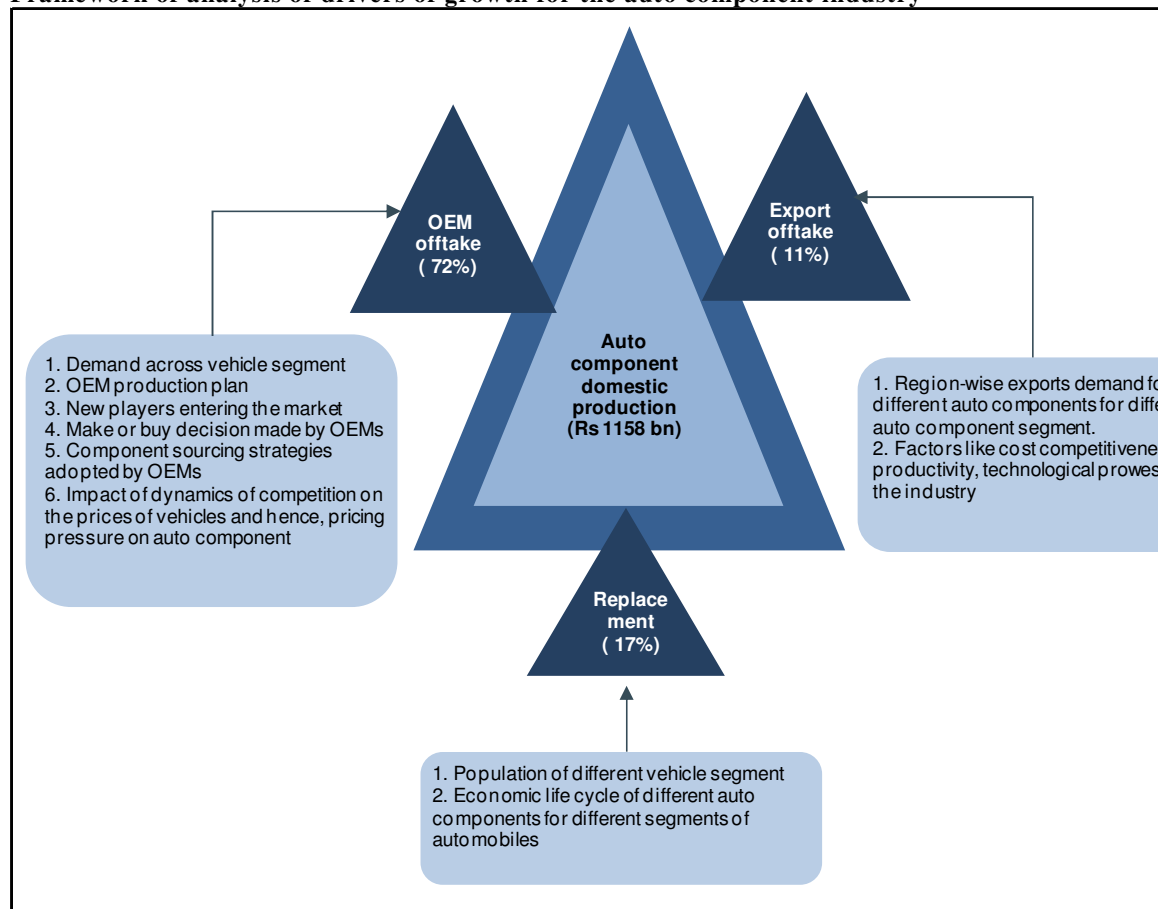
The growth of the auto component industry is directly linked to the growth of both global and domestic automobile industry. The growth of the automobile industry in itself is largely dependent on the progress of the overall economy. After witnessing a slump in FY08 and FY09 driven by the slowdown of the larger economy, the domestic automobile industry has witnessed a sharp recovery in FY10 and FY11. Going forward CRISIL Research expects sustained GDP growth of over 8 per cent, increasing urbanization and rising disposal incomes to continue to support the growth of volumes of the Indian automobile industry.

In the commercial vehicles segment, CRISIL Research expects strong economic growth, sustained growth in road freight traffic, growth of organized retail, expanding city limits, constructive financing environment and faster pace of improvement in road infrastructure to boost the growth. CRISIL Research estimates the commercial vehicles industry to grow between 16-18 per cent over the next five years between FY10 to FY15 and the bus industry to grow between 8-10 per cent over the same period.

In the passenger car and utility vehicles segment, rising disposable incomes, increasing rural demand, improving rural road infrastructure, healthy financing environment are expected to contribute to the growth of 16-18 per cent over the next five years. In the two wheelers category, CRISIL Research estimates the segment to grow between 13-15 per cent over the next five years between FY10 to FY15 driven by rural demand, rising disposable incomes and constructive financing environment.

In addition to the overall automobile industry, the other key drivers of demand, which are expected to contribute to the overall growth of the auto component industry over the next five years in each of the segments, are detailed below.

Framework of analysis of drivers of growth for the auto component industry



Source: CRISIL Research

OEM

OEMs remain the principal driver of overall auto component demand and are expected to contribute to around 72 per cent of the auto component demand by 2014-15. Domestic automobile production has seen a revival in 2009-10 and 2010-11, aiding recovery in auto component off-take. The key factors that would impact demand of auto components from OEMs are:

- Sustained growth in domestic automobile production, principally the cars and utility vehicles and commercial vehicles segments, which constitute nearly 75 per cent of the total demand.



- Expectations of a healthy growth of the economy at 8-9 per cent over the next five years along with healthy growth rates of freight demand and personal disposable incomes, which would support automobile growth.
- Impact of competition within the automobile industry resulting in pricing pressure on auto components.
- Component sourcing strategies, which include make versus buy decisions.
- New players entering the automobile manufacturing market.

Replacement

Replacement demand is most affected by economic cycles wherein buyers tend to postpone their purchases during a slowdown. In addition to the state of the economy, the other key drivers are:

- Higher utilisation of commercial vehicles, which in turn would shorten replacement cycles,
- Higher certainty of income for buyers of cars and commercial vehicles
- Competition from China
- Impact on unorganised segment from low cost Chinese imports

Exports

Exports saw a growth of 17% in 2010-11, after a decline of 12 per cent in 2009-10 due to recovery seen in the global economic scenario post slowdown. However, demand revival in primary export markets, would be a key driver of growth of demand of auto components. Additional contributors of auto component demand are:

- Improving cost efficiencies
- Low penetration of Indian exports
- Conscious efforts to improve quality
- Growing technical capabilities of Indian auto component manufacturers
- Availability of skilled labour will drive international OEM's to look at sourcing components from low cost countries like India.

While China's exports are 8-9 times that of India, the total European auto component production is estimated at ₹ 15,00,000 crores (out of which imports account for ₹ 1200 crores). In North America, total auto component production is estimated at ₹ 850,000 crores (out of which ₹ 230,000 crores is imports). This highlights significant potential for exports growth from India as Indian players scale the technological ladder and as globally developed countries are increasingly look to shift auto component manufacturing to low cost nations.

Quality certifications

Auto component manufacturers have consciously focused on improving their quality standards in order to increase domestic and international acceptance. This is evident from the rise in the number of ISO and TS certifications. Nearly 97 per cent of the ACMA registered members (as of 2008) had ISO 9000 certification and 68 per cent had TS 16949 certification versus around 50 per cent of the registered members being ISO certified in 1998. The rising quality standards have helped reduce the defect rate in the industry, with most Tier-I companies having a defect rate of less than 100 parts per million (PPM). Improving quality standards have boosted the confidence of international buyers, thereby driving the growth in component exports.

From 1998 to 2009, out of the total 46 companies that received the Deming Application prize, Indian companies received 16 awards. Out of this, 11 auto component and 2 auto companies bagged the prize. This is the largest number of firms, from any country outside Japan, that have won this award. Such awards have contributed to the surge in exports of auto components.

Scope for technological advancement

Technological advancements in an industry are a function of requirement and needs of the environment and passengers. They can be directly linked with four specific areas, which could drive technological development in the auto components industry:

- **Emission requirements:** In developed as well as developing nations, the need to reduce gas emissions like carbon dioxide (CO₂) is the primary driver of emission norms introduced by the regulators.



Globally, vehicles are expected to comply with such norms set by centralized agencies. Technological advancements to meet these norms concentrate on improving fuel combustion and efficiency of vehicles such that it reduces the emission of specific gases into the environment.

- **Sound and noise requirements:** The need to reduce vibration, sound and noise have driven technological advancements across engine components. Friction amongst parts is one of the key reasons for vibration and a harsh driving experience. Efficient movement in components reduces friction-induced noise, vibration and harshness levels. This requires precision in designing, which necessitates technological advancements.
- **Safety requirements:** Safety requirements in passenger vehicles cover technological advancements for protection of passengers as well as pedestrians in case of accidents. These advancements focus on the development of airbags, safety belts and body structures to absorb shocks in case of accidents. While the focus in developed countries has shifted to pedestrian protection, developing countries continue to concentrate on passenger safety.
- **Lifestyle requirements:** Lifestyle requirements concentrate on improving affordability and fulfilling luxury needs of prospective buyers.
 - **Affordability needs:** Affordability needs are satisfied by improving fuel injection and combustion technologies or substitution of materials to reduce the overall cost of ownership of a car.
 - **Luxury needs:** Luxury needs are met by providing a better driving experience to prospective car buyers through additional features. Automatic transmission and power steering are some such luxury fitments.

Regulation

Since the abolition of the industrial licensing policy in 1991 and allowing foreign investment in the automobile industry, government has been supportive of promoting the overall growth of the automobile and auto component industries. A number of global OEMs have established manufacturing bases in India. The consequent boom in the market size of the automobile industry resulted in a corresponding growth in the auto components industry. The relaxation of foreign investment norms also led to a number of joint ventures and foreign collaborations in the auto components industry, which has supported technological improvements and innovations. Some of the key regulations which benefitted and will continue to benefit the growth of auto component industry in India are:

- ✓ Indigenization norms have helped auto component manufacturers to grow as well as meet the stringent technological standards established by the OEMs.
- ✓ Auto Policy 2002 aimed at developing India as the production hub for small cars.
- ✓ Emission norms and environmental standards have fostered the growth of certain segments in the Indian auto components industry. In addition, stringent emission norms require more frequent replacement of worn-out parts, boosting component demand in the process.
- ✓ Safety norms being brought at par with that of developed countries which would necessitate frequent replacement of parts.
- ✓ Consistent reduction in fiscal duties (excise and customs duties).
- ✓ Gradual de-reservation of items categorized for small scale to promote competitiveness of those components.
- ✓ Fiscal incentives for investments in research and development

Outlook

Over the next five years between 2009-10 and 2014-15, CRISIL Research expects auto component production to grow by 14-16 per cent driven by exports and OEM demand, while replacement demand is expected to continue to be impacted by imports from China. On the consumption front, growth is estimated at 13-15 per cent over the next five years as exports are expected to outperform imports, reversing the past trend. The reversal of trend is likely to be supported by auto component manufacturers scaling up technology and quality. In addition to technological improvements, regulation is expected to remain a favourable catalyst to aid the overall growth. The overall industry size in terms of domestic production is expected to reach ₹ 240,000-248,000 crores by 2014-15. In the near term, the industry is expected to grow by 16-18 per cent in 2011-12. Segment-wise

forecasts are detailed below.

OEM

After a strong growth rate of 32 per cent in 2010-11, the segment is expected to grow at a moderate rate of 16-18 per cent in 2011-12. Over the next five years between 2009-10 and 2014-15, demand from OEM's is estimated to grow at a CAGR of 15-17 per cent and touch ₹ 170,000-175,000 crores by 2014-15. This will mainly be led by growth in the cars and utility vehicles and commercial vehicles segments, which together constitute 74 per cent of demand. The segment is expected to maintain the share of OEMs within the production mix from 72 per cent in 2010-11 to 71 per cent in 2014-15.

Replacement

Within domestic production, the segment is expected to witness single digit growth of 7-9 per cent in 2011-12. CRISIL Research expects to witness higher utilisation of commercial vehicles and lower uncertainty of income levels for buyers of passenger cars and utility vehicles, supported by the buoyant growth of the economy. However, continued low cost imports from China will be a key retarder for this segment in the near and long term. Over the next five years, replacement demand within domestic production is expected to post a slow growth of 5-7 per cent primarily due to increasing preference of Chinese imports which come at a lower cost, reaching a size of ₹ 32,000-35,000 crores by 2014-15. The slow growth is also expected to lower the share of replacement within the overall production mix to 14 per cent by 2014-15 from 17 per cent at 2010-11. Within domestic consumption, the segment is expected to witness growth of 9-11 per cent in 2011-12. Over next five years, domestic consumption is estimated to grow at 9-11 per cent. (Note: Domestic consumption constitutes domestic production plus imports minus exports).

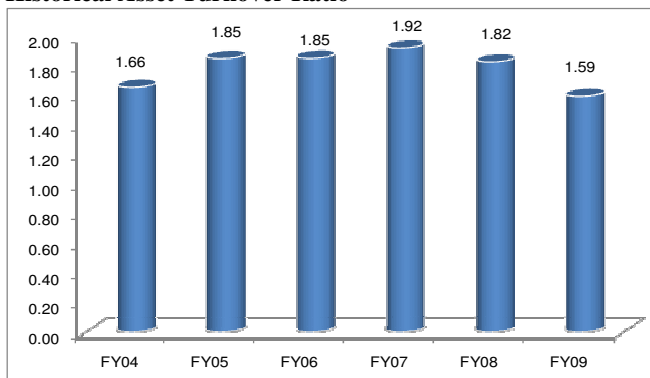
Exports

With a revival in global automobile production, exports are expected to post a growth of 19-21 per cent in 2011-12. The growth potential of the exports segment remains high as India accounts for a small proportion of the total auto component industry globally and also in the share of total imports of key target markets (NAFTA and EU). Further, Indian players today have the capability to manufacture components in adherence with the stringent quality standards of international OEMs. Competition from China in certain segments will exert pricing pressure, but sourcing needs of international players will support growth in exports of auto components across low-cost countries benefitting India as well. Sustained increase in the growth of exports is expected to result in a CAGR of 20-22 per cent between 2009-10 and 2014-15, increasing exports' share in the overall production to 15 per cent by 2014-15 from 11 per cent at 2010-11. In value terms, the segment is expected to more than double the size over next five years to reach a size of ₹ 36,000-40,000 crores.

Investment requirement

Investment in the auto component industry in India has grown at 17 per cent over the last six years between 2004-05 and 2010-11. However in 2008-09 investments grew only by 11 per cent, mainly on account of deferment of investments due to slowdown in demand. The industry average has seen healthy utilisation levels for the past five years with an average fixed asset turnover of 1.81 times. In 2008-09, the ratio dropped to 1.59 times due to a fall in the utilisation levels and decline in profitability. With the industry expected to grow revenues from ₹ 157,300 crores to ₹ 224,000 crores by 2014-15, CRISIL Research estimates that players will need to invest ₹ 60,000-65,000 crores to generate revenues with slightly lower asset turnover levels than in the past.

Historical Asset Turnover Ratio



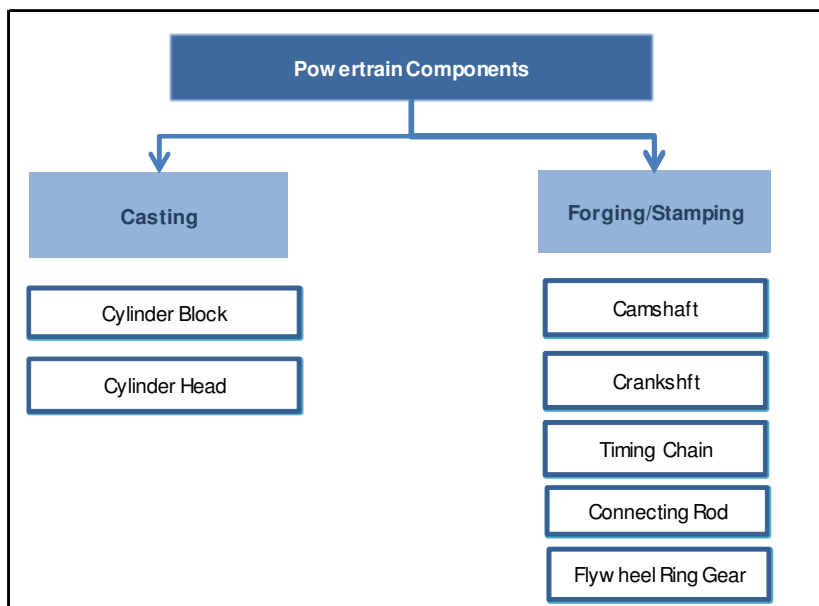
Source: CRISIL Research

Power Train Components

Overview

The power train component segment includes engine components like crankshafts, camshafts, connecting rod, timing chains and flywheel ring gears with the most critical components being cylinder head and cylinder block. Power train components, in general, fall in the critical components category. Description of the key components within power train is summarized below:

Industry Classification



Source: CRISIL Research

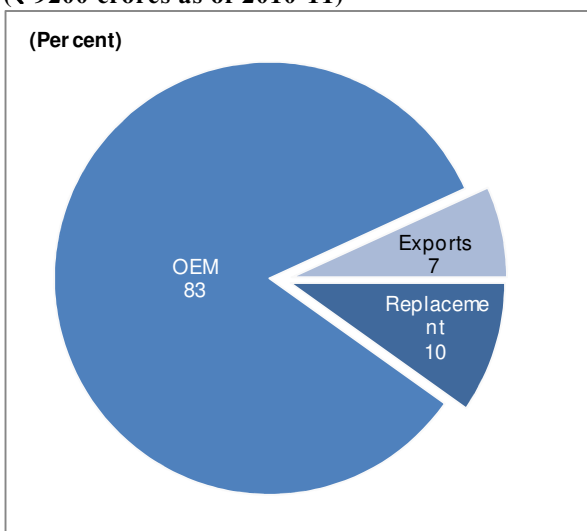
- Cylinder blocks:** A cylinder block is an integrated structure comprising the cylinder(s) of a reciprocating engine and often some or all of their associated surrounding structures (coolant passages, intake and exhaust passages and ports, and crankcase).



- **Cylinder head:** In an internal combustion engine, the cylinder head sits above the cylinders on top of the cylinder block. It consists of a platform containing the poppet valves, spark plugs and usually part of the combustion chamber.
- **Crankshaft:** This is the main driving shaft of an engine that receives reciprocating/linear motion from the pistons and converts it to rotary motion. Together, the crankshaft and the connecting rods transform the pistons' reciprocating motion into rotary motion.
- **Camshaft:** It is a shaft in the engine, which houses the lobes (cams) that operate the valves. The camshaft is driven by the crankshaft, via a belt, chain or gears, at half of the crankshaft's speed. One or more camshafts regulate the opening and closing of the valves in all piston engines.
- **Connecting rod:** The main function of the connecting rod is to connect the piston with the crankshaft. They are not rigidly fixed at either end, so that the angle between the connecting rod and the piston can change as the rod moves up and down and rotates around the crankshaft.
- **Timing chain:** Timing chains are used to move the camshaft in congruence with the movement of the crankshaft such that the valves are opened by the cam as per the need for power. Timing chains are in the form of chains or belts or gears and are usually made of steel.
- **Flywheel ring gear:** It is a disc shape mass used to stabilizing the cyclical forces generated by the engine thus balancing the crankshaft. It also helps in starting the engine by engaging the started motors to the crankshaft.

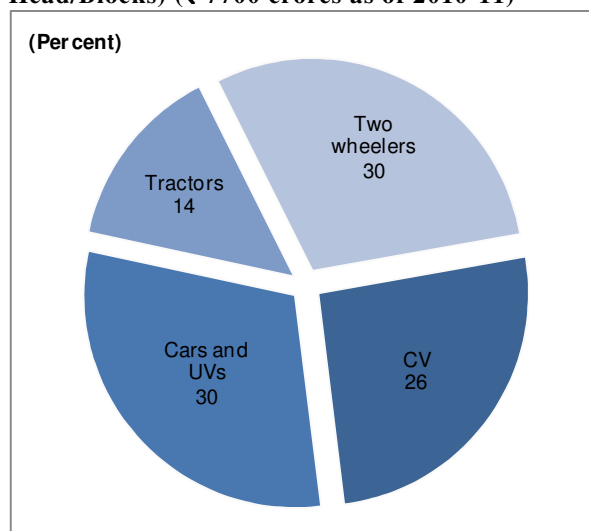
The size of the industry is estimated to be around ₹ 9,200 crores (excluding cylinder head and cylinder blocks) in 2010-11. The industry grew at a CAGR of 16 per cent between FY05 and FY11. The key demand is from the OEMs, with limited replacement demand as these parts are structural. In terms of segment-wise off-take at the OEM level, two-wheelers and cars and UVs lead the demand with an equal share each followed by CVs and then by tractors. The passenger car segment has some imports of transmission shafts including crankshafts and camshafts. Designing of power train components are technology intensive while their manufacturing process is less technology intensive.

**End user off-take (excl. Cylinder Head/ Blocks)
(₹ 9200 crores as of 2010-11)**



Source: CRISIL Research

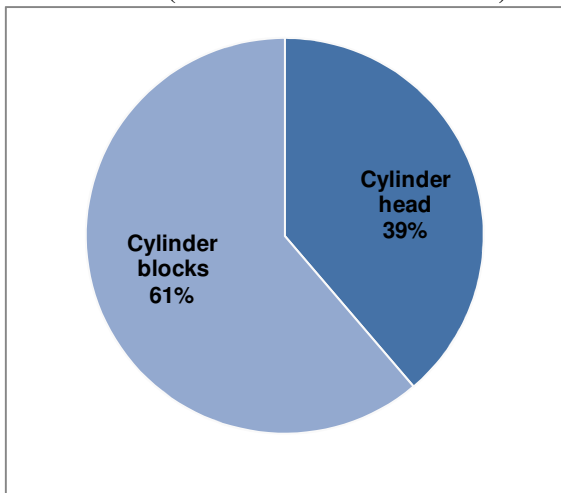
Vehicle off-take at the OEM level (excl. Cylinder Head/Blocks) (₹ 7700 crores as of 2010-11)



Source: CRISIL Research

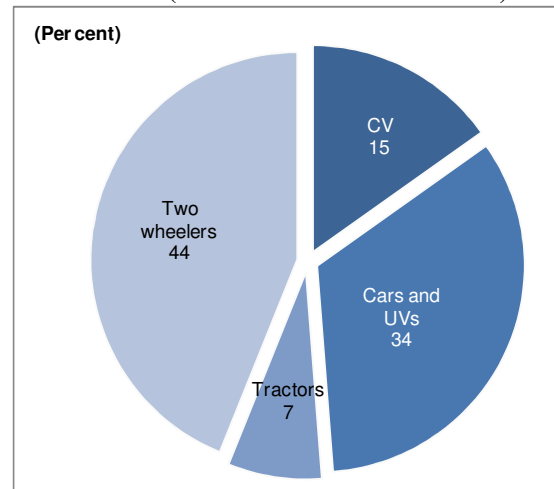
The size of OEM demand for cylinder heads and cylinder blocks together is estimated at ₹ 5800 crores in 2010-11. This segment (cylinder blocks and heads) has grown at a CAGR of 15 per cent between FY05 and FY11. Between the two components, cylinder block is estimated to have grown faster (at a CAGR of 16 per cent) than cylinder heads (which grew at a CAGR of 14 per cent), due to the increasing shift in cylinder blocks towards the use of aluminium blocks from the use of cast iron blocks.

End user off-take at OEM level for Cylinder Head/ Blocks (₹ 5800 crores as of 2010-11)



Source: CRISIL Research

Vehicle wise off-take at OEM level for Cylinder Head/Blocks (₹ 5800 crores as of 2010-11)



Source: CRISIL Research

Industry structure

Machining is a very important aspect for most power train components. With higher end machining required for more precision-oriented components, cost varies with weight and the extent of machining. Of the total cost of a typical power train component, machining accounts for approximately 30 per cent.

The industry has major forging players who have forward integrated into manufacturing forged power train components. An existing forging player generally enters the value-added product segment by first entering into the machining of these products. Like the forgings industry, this segment also has a number of players manufacturing different power train components. Leading players in the industry have started to move from manufacturing only to a co-designing stage in the value chain, thus leading to an improvement in bargaining power.

This segment enjoys higher margins as compared to other segments but has lower returns due to high capital intensity. Players have been able to maintain operating margins despite increasing material costs due to growing manufacturing efficiencies. The other key characteristics of this industry are:

- *Limited presence of unorganized segment:* Since the industry falls under the critical components category with low replacement and niche specifications, the presence of unorganised players is very limited.
- *Reasonable pricing flexibility:* Since most players have value added components, besides fulfilling other forging requirements of OEMs, the risk of cost escalation is to some extent mitigated with diversification. In addition, most players being large companies have ongoing relationship with the OEMs which further adds some pricing flexibility for the power train manufacturers.
- *Low technology intensity:* As power train component manufacturers supply components based on specified designs, they do not need to incorporate significant technology upgrades on an ongoing basis.

Demand drivers

The segment falls under critical components category giving the players having reasonable pricing flexibility from their end. The key drivers of growth for the power train segment are:

Strong demand from the OEMs led by buoyant auto sector growth
 Rise in export opportunities with international OEMs setting up their manufacturing base in India.
 Collaboration with OEMs in the designing stage would improve realizations
 Sourcing plans of OEMs (inclined towards buy versus make decision)

Outlook

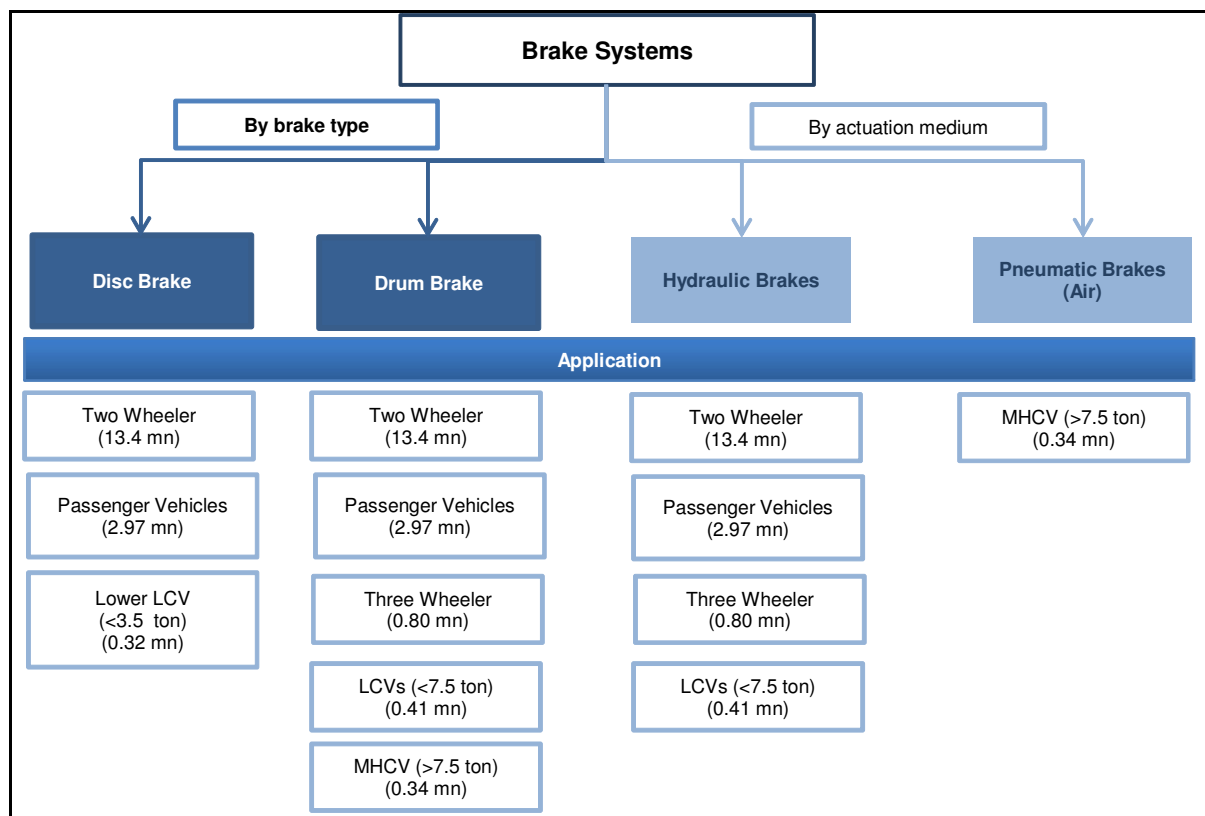
The power train component industry (excluding cylinder head and cylinder shaft) is expected to grow at a CAGR of 15-17 per cent over the next five years (FY10 to FY15) to ₹ 14700 crores. Within the power train components (excluding cylinder head and blocks), in value terms OEM segment is expected to grow between 15-17 per cent, the replacement segment between 6-8 per cent and the export segment at 28-32 per cent over the next five years between FY10 to FY15. Cylinder head and cylinder block at the OEM level together are expected to grow between 15-17 per cent over the next five years from ₹ 4700 crores to ₹ 9700 crores. While the cylinder head sub-segment is expected to grow at 15-17 per cent, the cylinder block sub-segment is expected to grow at 14-16 per cent in value terms. Overall, growth in the power train component segment would be driven by strong demand from OEMs, indigenisation plans of OEMs with respect to power train components used in the passenger cars segment and exports.

Brake System Components

Overview

Brakes are a mechanism to change kinetic energy to heat energy and thus slow down motion of the vehicle. A brake system in a vehicle generally comprises drum brakes, disc brakes, emergency brake, pedal, booster, master cylinder, combo valves and lines. The two main breaking systems are drum brakes and disc brakes. The actuation mechanism used is pneumatic (Air) for Medium and Heavy Commercial Vehicles (MHCVs) and hydraulic for smaller vehicles viz. two wheelers, passenger vehicles, three wheelers and Light Commercial Vehicles (LCVs).

Industry Classification



Note: Volumes indicates are actual production volumes as of FY11

Source: CRISIL Research

- **Drum brakes:** It has two semicircular brake shoes set inside a brake drum which is attached to the wheel. When one applies brakes, the actuator (brake cylinder and pistons) forces it against the brake



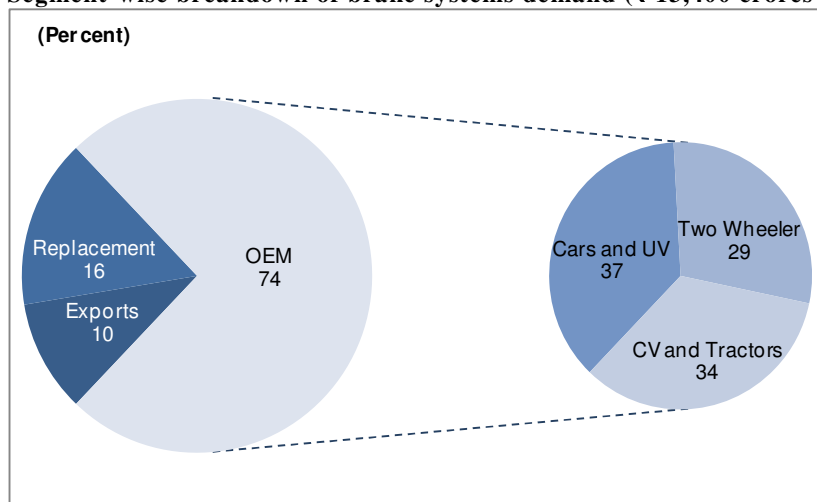
shoes and the shoes are expanded outwards to press against the inside of the drum. This causes friction and generates heat, thus converting kinetic energy into thermal energy. The return spring pulls the shoe back from the surface of the brake drum when the brakes are released.

- **Disc brakes:** It is a two-part system with a disc or rotor and brake calliper assemblies. The calliper assemblies contain one or more hydraulic pistons which push the brake pads together around the spinning rotor. The harder they are pushed together, greater is the frictional force generated. This results in the transfer of more kinetic energy, which slows the vehicle down.
- **Power assistance system:** Power assistance system is a mechanism attached between the brake pedal and brakes at the wheels. The primary function of the assistance system is to reduce the effort required at the brake pedal. The different kind of system used for this is Vacuum assist and Air assist systems.

CRISIL Research estimates the size of the industry to be ₹ 13,400 crores, as of 2010-11. The segment grew at a CAGR of 16 per cent from FY05 to FY11. In value terms, OEMs account for around 74 per cent of demand followed by replacement demand and exports which respectively account for 16 per cent and 10 per cent of total demand. The replacement demand is however increasingly being met through imports in the two-wheelers and cars and utility segments.

In terms of segment wise demand from the OEMs in 2010-11, cars and utility vehicles accounted for around 37 per cent, followed closely by two wheelers at 29 per cent while commercial vehicles and tractors accounted for the rest.

Segment-wise breakdown of brake systems demand (₹ 13,400 crores as of FY11)



Source: CRISIL Research

Industry structure

There are few large players with some of them having an international presence. Large players primarily supply major braking components to the OEM, while some of the smaller components are supplied by smaller players. The smaller braking components segment is characterized by low technological complexity and dispersed market share. Although the margins are low for the segment, the capital intensity is also low, leading to returns comparable to the industry. The other key characteristics of the industry are:

- *Limited presence of the unorganized segment:* The presence of unorganised players is minimal in this segment as it is a safety-critical component relying heavily on technology.
- *High entry barriers:* Requirement of strong distribution network and need to maintain strong relationships with OEMs keep the entry barriers high. In addition, thrust by the OEMs to reduce the number of suppliers is expected to push up the entry barriers.
- *Reasonable pricing flexibility:* Due to limited competition, component manufacturers in general are also able to pass on the cost hikes to both OEMs and retail customers.
- *High technology intensity:* Key braking components rely heavily on technology as passenger safety is



critical. Technology has evolved from conventional braking systems to hydraulic/pneumatic assisted systems.

Demand drivers

Given the dominant presence of the organized segment and the high entry barriers characteristic of this segment, the key drivers of growth for this segment are:

Strong demand from the OEMs led by buoyant auto sector growth

Export growth as international players establish India as their manufacturing base

Outlook

CRISIL Research expects the brakes system industry to grow at a CAGR of 15-17 per cent between FY10 and FY15 and reach a size of around ₹ 21,600 crores by 2014-15. Exports are expected to grow at a robust pace with India supplying brake lining for the global replacement market as well as brake assemblies to OEMs. In value terms, CRISIL Research expects exports to grow at 27-29 per cent between FY10 and FY15 with more global players establishing India as their manufacturing base for their requirements. At the same time, OEM demand is expected to grow between 13-15 per cent while replacement demand is expected to grow between 10-12 per cent.

Engine Cooling Systems

Overview

Engine cooling systems prevent overheating of the engine by transferring the heat to the air. In other words, cooling systems allow the engine to heat up as quickly as possible, and then keep the engine at constant temperatures. When the engine is cold, components wear out faster, and the engine is less efficient, emitting more pollution.

Cooling systems consists of subcomponents such as intercoolers, radiators, pressure cap, thermostat, fans, water pump, hoses and transmission cooling lines that enables the engine to function in a smooth manner. Among the engine cooling systems, radiators and intercoolers are the key subcomponents that account for 85 per cent of the total industry size. Description of the key components within power train is summarized below:

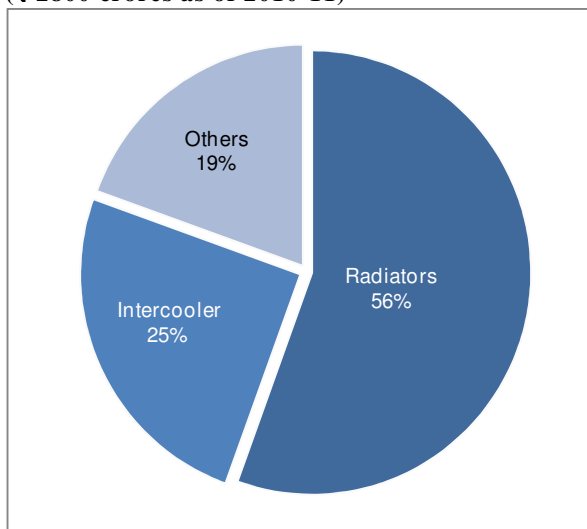
Radiator: A radiator is a type of heat exchanger. It is designed to transfer heat from the hot coolant that flows through it to the air blown through it by the fan. Most of the modern cars now use aluminum radiators.

Intercooler: An intercooler or charge air cooler is similar to a radiator, except that air passes through the inside as well as the outside of the intercooler. The intercooler increases the flow of air, and thus the power of the engine, by cooling the pressurized air coming out of the turbocharger before it goes into the engine.

Others: For the engine cooling system to function properly it requires some of the peripheral components. These are pressure cap, thermostat, fans, water pump, hoses and transmission cooling lines.

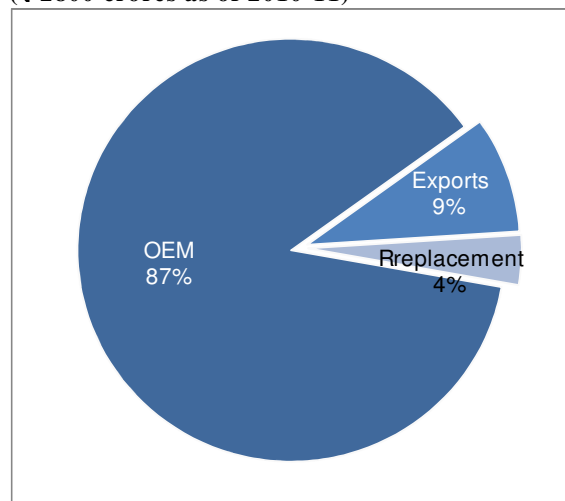
CRISIL Research estimates the overall size of the engine cooling industry at around ₹ 2800 crores in 2010-11. Between the years 2005-11, the engine cooling industry has grown at a CAGR of 16 per cent, although growth in FY08 and FY09 was sluggish. In terms of segment wise contribution, OEMs (Original Equipment Manufacturers) account for 87 per cent of total demand, exports for around 9 per cent and replacement demand for the balance. Contribution from exports has increased from 5 per cent in FY05 to 9 per cent in FY11.

Product-wise Off-take
(₹ 2800 crores as of 2010-11)



Source: CRISIL Research

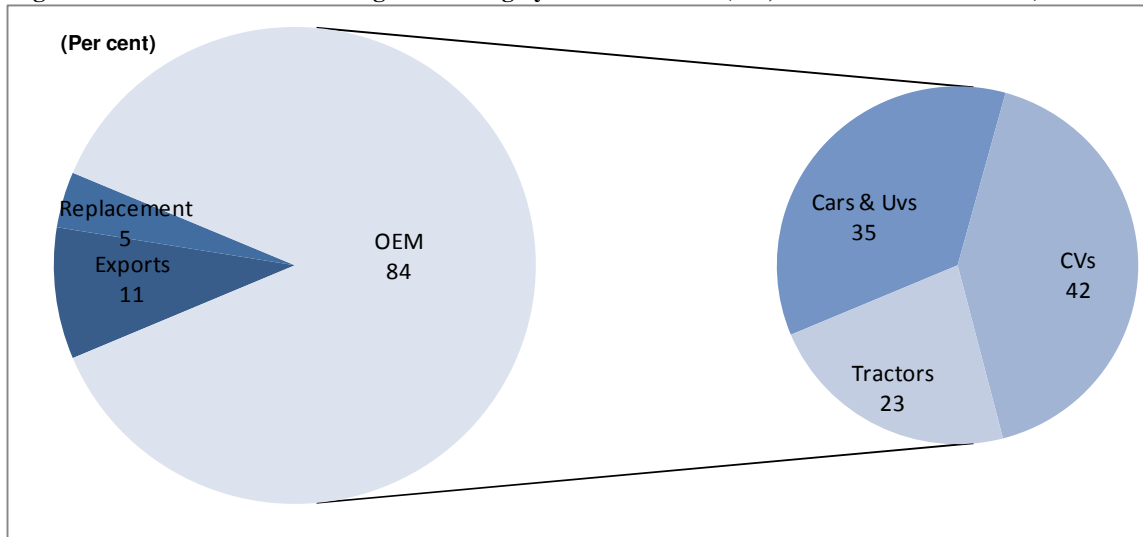
End User-wise Off-take
(₹ 2800 crores as of 2010-11)



Source: CRISIL Research

In terms of vehicle segment wise off-take within OEMs, CV's account for 42 per cent of the demand followed by cars and UVs accounting for 35 per cent of the demand and tractors contributing to the remaining 23 per cent of the demand. CV's dominate the distribution as intercoolers are typically used in diesel driven vehicles (viz. CVs and tractors). Radiators are used in all three categories viz. CVs, tractors and cars and UVs. Two wheelers typically do not have any engine cooling applications.

Segment-wise breakdown of engine cooling systems demand (₹ 2,800 crores as of FY11)



Source: CRISIL Research

Industry structure

The engine cooling industry primarily comprises large organised players, as the stringent quality requirements of OEMs and a small replacement market limit the scope for unorganised players. The segment is characterized by moderate technology intensity. The low capital intensity of this segment is reflected in its high asset turnover of over 2 times. The key characteristics of the industry are:



- **High entry barrier:** A strong and steady relationship between the component manufacturers and the OEMs is essential for ensuring mutual benefits. The high quality expectations of the OEMs and limited replacement market also restrict the entry of any new player.
- **Limited pricing flexibility:** As OEMs are increasingly looking towards commonality among components across models, the component manufacturers will have limited pricing flexibility.
- **Medium technological intensity:** Although the segment is characterized by moderate technology intensity, quality requirements from the OEMs are stringent. Technology improvement in radiators or other cooling system parts are primarily aimed at reducing weight or for compliance with emission norms. Most auto radiators are now made of aluminium (vis-à-vis iron used earlier) and CRISIL Research does not anticipate any further raw material innovation in the near future. When changes in emission norms come to play, the intercooler segment undergoes an upgradation.

Demand drivers

Given the fairly concentrated industry structure, high entry barriers in addition, and limited pricing flexibility characteristic of this segment we expect the following to be the key drivers of growth in this segment:

Strong demand from the OEMs led by buoyant auto sector growth
Supplier tie ups with international players for continuous technology upgradation
Rising penetration of diesel engines in automobile will drive demand for intercoolers
Standardization in product offering will lead to higher outsourcing

Outlook

CRISIL Research expects the engine cooling industry to grow at a CAGR of 16-18 per cent over the next five years (FY10 to FY15) to ₹ 4600 crores by 2014-15 driven by the growth in the automobile industry. In value terms, OEM demand in value terms is expected post a CAGR of 15-17 per cent between 2009-10 to 2014-15. In terms of replacement demand the industry is expected to post a CAGR of 12-14 per cent and exports to post a CAGR of 24-26 per cent between the years, 2009-10 and 2014-15. Tie ups with international players are expected to help component manufacturers move up the technology ladder and enable a better quality product offering catering to the stringent quality norms of the OEMs. Also, increasing diesel model launches and stringent emission standards would drive demand for intercooler. Standardisation of products could result in OEMs diversifying among several component manufacturers promoting competition and encouraging entry of newer players.



OUR BUSINESS

The following is qualified in its entirety by, and should be read in conjunction with, more detailed information of our restated financial statements appearing elsewhere in the Draft Red Herring Prospectus along with the risks discussed under “Risk Factors” on page 14. In this section “our Company” refers to Aurangabad Electricals Limited, and “we”, “us” and “our” refers to Aurangabad Electricals Limited and/or its Joint Venture, namely OMR Bagla Automotive Systems India Limited and its Associates BG LI-IN Electricals Limited and Aurangabad Wheels and Rims Private Limited unless the context requires otherwise.

OVERVIEW

Our Company along with our joint venture company, namely, OMR Bagla Automotive Systems India Limited, (“**OBASIL**”) and our associates and BG LI-IN Electricals Limited, (“**BG LI-IN**”) and Aurangabad Wheels and Rims Private Limited (“**AWRPL**”), is a recognized automotive component manufacturing company with capabilities of manufacturing a diverse range of products such as fully-finished and semi-finished aluminium castings, high tensile steel fasteners and auto electrical components.

Incorporated in the year 1985, our Company commenced operations by manufacturing of magnetos and other electrical components for two wheelers, in its initial years. Over the last two decades we have evolved from an automotive electrical component manufacturing company to a solution provider across a wide range of automotive products which without limitation include the following:

1. aluminum die-casting products, such as high-pressure, and gravity die-castings for two, three wheeler automobiles, passenger cars and commercial vehicles;
2. a range of high tensile steel fasteners for various automotive applications; and
3. auto electrical components ranging from magnetos, regulators, ignition coils and starter motors to relays sensors and switches.

Over the years, we have developed various capabilities to meet the requirements of our customers, which includes in-house designing and manufacturing of dies, high pressure and gravity die-casting supported by state-of-the-art technology and machine shop, machining and surface treatments, sub-assembly manufacturing, manufacturing high tensile fasteners and manufacturing auto electrical components. Our inter-alia capabilities include:

Aluminum Casting

- Die designing and manufacturing
- High pressure and gravity die casting
- Machining
- Heat-treatment and surface-treatment
- Painting
- Sub-assembly

High Tensile Steel Fasteners

- Die designing and manufacturing
- Cold forging
- Machining
- Heat-treatment and surface treatment

Auto Electricals

- Multi pole spindle winding
- Vacuum potting
- Machining and assembly
- Powder coating



We own and operate eight manufacturing facilities, all of which are located in the major automotive manufacturing hubs in the country. Each of our facilities are designed, equipped and operated to deliver quality products within defined cost and delivery parameters. Seven out of our eight manufacturing units operate in consonance with the industry accepted ISO/TS-16949 standards. We sell our products and solutions to OEMs and Tier I suppliers of two and three wheelers, passenger cars, and light, medium and heavy commercial vehicles.

The income from our various lines of businesses including intra sales in Fiscal 2011, 2010 and 2009 is summarized in the table below:

Line of Business	Income (₹ in lacs)		
	Fiscal 2011	Fiscal 2010	Fiscal 2009
Aluminum Castings	43,507.81	28,001.73	25,161.75
Fasteners	6,788.69	5,043.03	4,629.78
Auto Electricals	1,875.36	1,724.78	1,689.99
Others*	143.47	2,414.78	10,344.55

* Others include income from wheel assembly, wind mill business, and miscellaneous income.

Our Company's business is further augmented by our strategic investments in our Joint Venture namely, OBASIL and our associate companies AWRPL and BG LI-IN. While OBASIL primarily manufactures high pressure die-casting products for four wheeler automobiles, BG LI-IN Electricals Limited, which is a collaboration with LI-IN Electricals of Taiwan, manufactures wide range of auto electrical components such as flashers, ignition coils, sensors and relays for automobiles. AWRPL, which currently provides back end support to our Company in designing and manufacturing of dies.

We cater to the requirements of OEMs as well as Tier I suppliers to OEMs in India as well as abroad. Our single largest customer has been Bajaj Auto Limited whom we have been catering to since our inception till date. OEM sales to Bajaj Auto Limited represented approximately 85% to 78% of our gross sales for Fiscals 2011, 2010 and 2009. In the recent times, we have also secured significant orders from recognized automobile OEM manufacturers such as, Fiat, India and Mahindra Two Wheelers Limited. We have also secured repeat orders from various Tier I suppliers such as Hero Motor Limited, India; Magna Rico, India, Magna, Canada and OMR Italy. Some of our key customers are as follows:

- Brembo Brake India Private Limited, India;
- Fiat India Automobiles Limited, India;
- Hero Motors Limited, India;
- Ina Bearing India Private Limited, India;
- Magna Powertrain, Canada;
- Magna Rico Powertrain Private Limited, India;
- Mahindra Navistar Engines Private Limited, India;
- Mahindra Two Wheelers Limited, India;
- Officine Meccaniche Rezzatesi, Italy;
- Rhodes India Automotive Private Limited; and
- Bajaj Auto Limited
- Behr India Limited
- Knorr – Bremse Systems for Commercial Vehicles India Private Limited
- Other OEMs in the United States

Our individual promoter Rishi Kumar Bagla has over two decades of experience in the automotives components sector and has been instrumental in the formulation of plans and policies for our growth and evolution along with his father late Raj Narayan Bagla.

Our total income for the past five Fiscals, from Fiscal 2007 through Fiscal 2011, grew at a CAGR of 10.45%, from ₹ 34,195.47 lacs to ₹ 50,891.54 lacs. During the aforementioned periods, our net profit/(loss) grew from ₹ (23.02) lacs for the Fiscal 2007 to ₹ 1,306.48 lacs in the Fiscal 2011.



We have exported and continue to export to various OEMs and Tier-I suppliers to various OEMs. The Free on Board (FOB) value of exports is ₹ 822.18 lacs for Fiscal 2011 which represents 1.62% of our total income, which includes other income for Fiscal 2011.

Our Company has been recognized by various awards and accolades which include third prize in the BAVA Kaizen Competition in 2011, 2010 and 2009, the Knorr Bremse Appreciation Award in 2010, various quality awards from Bajaj Auto Limited and the CCQC- Excellence Performance 2008 from the Quality Circle Forum of India in 2008.

OUR COMPETITIVE STRENGTHS

We believe that the following are our primary competitive strengths:

- ***Focus on being a complete solution provider to meet the requirements of our customers in our identified area of operations***

Over the years, we have focused on being a complete solutions provider to our customers in our identified areas of operations. We have developed various capabilities to meet the requirements of our customers, which includes in-house designing and manufacturing of dies, high pressure and gravity die-cast components supported by state-of-the-art technology and machine shop, machining and surface treatment facilities, sub-assembly, manufacturing high tensile fasteners and manufacturing electrical parts for automobiles. We not only manufacture individual components but also supply complete sub-assemblies which are installed directly on vehicles such as brake panel assemblies, step holder assemblies, etc. Our integrated machining, surface treatment, painting and assembling capabilities have enabled us to provide value added solutions to our customers as opposed to merely providing stand-alone components. Our ability to come up with customized solutions and develop capabilities based on the requirements of our clients as well as evolving trends in the automotive industry has enabled us to strengthen our relationship with our long-standing customers who have from time to time given repeat orders and expand our share of business from these customers, while also establish relationships with new customers.

- ***Long-standing and diversified relationships with customers***

We believe that the automotive component supply business is built on the foundation of customer relationships. Over the years we have established strong relationships with our customers. We cater to the requirements of OEMs like Bajaj Auto, India ; Fiat, India; and Mahindra two wheelers, India as well as Tier I suppliers including Brembo, India; Hero Motors, India; Ina bearings, India; Magna Rico, India; Magna, Canada; OMR, Italy and Rhodes, India. In the recent times, apart from Bajaj Auto, India we have secured significant orders from recognized OEMs such as Fiat, India and Mahindra two wheelers, India. We have also secured orders from various Tier I suppliers such as Hero Motors, India; Magna Rico, India; Magna, Canada; OMR, Italy. We have had a long-standing relationship with Bajaj Auto Limited, our single largest customer ever since our Company commenced operations. Our long-term relationships with our key customers allows us to understand and cater to their diverse requirements, including the development of new products, planning production schedules, setting up new manufacturing facilities in close proximity to the new manufacturing facilities of our customers in order to leverage on logistical advantages and to manage our sources of finance to be able to respond to the changing scenario in the overall industry and specifically for our key clients. We work closely with our customers to develop new products to meet the changing industry trends and patterns which also leads us to be better protected against our products becoming obsolete vis-à-vis some of our competitors. We typically partner with our customers in the process of 'New Product Development' (NPD) in each of our product segments particularly, Aluminium castings and high tensile steel fasteners. Over the years, we have developed several unique capabilities including light weighting know how, substitution of iron parts by aluminium castings, reduction in weight of a part by optimising casting design, improved mechanical properties in cast parts, hollow sand cores, high yield gating designs, alloy specifications, part count reduction, enhancement of performance, and improvement in mechanical properties.

Further, we believe that our relationship with such recognized customers allows us to leverage a comparatively larger range of raw material suppliers and third party job workers for our products.



- ***Strong in house design and development capabilities supported by state of the art die-design centre***

We have an in-house division which designs and manufactures dies for our high pressure and gravity die-cast products. Our design and development capabilities are supplemented by the back-end tooling and machining capabilities of our associate AWRPL which has a die manufacturing and tooling and machining facility in close proximity to one of our manufacturing facilities in Aurangabad. The aforementioned design and development capabilities enable us to develop new products and modify our existing range of products to meet the requirements of our customers and the automotive industry in general. Our in-house design capabilities and die manufacturing facility, allows us to:

- Optimise the design of casting and gating systems;
- Develop know-how in the design and development of dies and core boxes;
- Develop know-how in the foundry processes;
- Keep such know-how confidential; and
- Maintain adequate lead time

We also design and manufacture dies for cold forging of high tensile steel fasteners. The Engineering department of our auto electrical business designs and develops auto electrical and electronic components.

From time-to-time we have enhanced our development capabilities through technological collaborations with assistance from overseas entities such as OMR, Italy for high pressure die-cast products for passenger cars and commercial vehicles and LI-IN Electricals, Taiwan for electrical components.

- ***Strategically Located Manufacturing facilities across India***

We currently are operating eight different manufacturing facilities. All of our manufacturing plants are strategically located in close proximity to major automotive manufacturing hubs and OEMs. We believe that our cost efficient manufacturing and supply chain management results in a significant reduction in our operational costs. We established our presence in Pantnagar and Chakan to gain access to OEMs who have a manufacturing presence in the aforesaid regions, as well as to service Bajaj Auto Limited in a more efficient manner. Our manufacturing presence in these belts helps to reduce our operational costs, allows us greater customer interaction and gives us the ability to respond to customer requirements in a timely manner. Further, the location of our manufacturing facility at Pantnagar, Uttarakhand gives us a significant competitive cost advantage in terms of manufacturing at relatively cheaper power tariff in the state of Uttarakhand.

Our Company is entitled to avail of the various tax benefits for our Uttarakhand plant, Plant N1, which enables our Company to offer the products at competitive rates. Our Company's Plant N1 has qualifies for deduction under section 80-IC of the Income Tax Act, 1961. As per the provisions of section 80-IC of the Income Tax Act, 1961 our Company will be entitled to claim deduction under the said section subject to compliance with conditions specified therein. For further details please refer to the section "Statement of Tax Benefits" on page 88.

- ***Sound systems and process for ensuring quality, cost reduction, on-time delivery and development***

We have undertaken various initiatives and adopted various systems and processes in order to augment our commitment to focus on quality, cost reduction and on time delivery & development. For instance, our focus on quality is also exemplified through the ISO 9002, ISO 9001 and ISO/TS-16949 certifications that we have obtained with respect to our manufacturing processes and/or manufacturing facilities. The ISO/TS-16949 certification ascertains the existence of a Quality Management System as per specified standard, in practice. All our sales to OEMs and Tier I Suppliers are through a direct on-line channels. We carry out a significant portion of all our key manufacturing processes in-house, which allows us to monitor the quality of our manufactured products, control our production costs and maintain our delivery and development schedules. We have undertaken several initiatives to reduce costs, including the outsourcing of certain non-critical processes such as secondary machining of high tensile steel fasteners, machining of die parts, small size casting etc. Further, in our non-primary business, we are involved in wind power generation through our wind farm located at Supa in the State



of Maharashtra and having capacity of 2 megawatts. The energy generated at our wind farm is used to set off energy units consumed at our other manufacturing facilities in the state of Maharashtra. Our Company has invested in the wind farm facilities to take advantage of beneficial tax credits from the Government and to avail a set off against our power consumption tariffs at our manufacturing facilities.

- ***Experienced Management with strong industry expertise***

Our management team has requisite mix of having academic backgrounds from the automotive, die-casting and engineering industries, business management, commerce, etc. They hold qualifications in engineering, designing, business management and accounting. In addition, our management team has considerable experience in the automotive components industry, with our promoters having extensive knowledge and around twenty years of experience in connection with the production of automotive components. The members of our senior management have other diverse skills which have helped us to grow and develop us faster. Our management team's skills include designing, manufacturing, customer relationship, marketing, sales management, strategic sourcing, supply chain management, quality management, domestic capital raising, implementing expansion projects etc. The vision and foresight of our management enables us to explore and seize new opportunities and accordingly position ourselves to introduce new products to capitalize on the growth opportunities in the automotive sector.

STRATEGY

Our Company's vision is to become an integrated automotive components engineering and manufacturing company, providing all round engineering solutions to our customers. We recognise that achieving these goals can be effectively enabled by diversifying our customer base and range of products, consolidating our position with existing customers and establishing relations with newer customers in varied segments of the automotive industry. We also propose to take initiatives in technology development as well as absorption, setting up new ventures, periodic review of our business portfolio, and expansion of physical capacities, risk management, operational excellence and human resource development. Our Company's business strategy focuses on the following key elements:

- ***Diversify our product portfolio***

In addition to diversifying and expanding our customer base we also propose to leverage upon our design, engineering and manufacturing capabilities to increase our focus on value added products and solutions such as assemblies and sub-assemblies and larger castings. We have already introduced value added products like Bed plates, Oil pan, Cylinder head, and Support brackets for engines in the last two years. We have also recently procured orders for Charge air cooler tank from a global Tier I supplier for truck manufacturers. In the auto electrical segment, we are in the process of introducing security systems for passenger cars and two wheelers. We intend to continue to introduce new products such as Housing for turbo chargers, Housing for Exhaust Gas Recirculation, Cylinder Blocks, and High temperature steel fasteners. We also intend to pursue new business opportunities in markets that we believe have potential for significant growth and are expected to offer relatively higher margins including products like cylinder block, cylinder head, bed plate, oil pan, charge air cooler amongst others.

We intend to focus on developing and/or acquiring capabilities for design, engineering, manufacturing of aluminium castings which is used for (a) light weighting and/or (b) as part of sub-systems required for meeting environmental norms for engines. In addition we propose to develop and/or acquire capabilities for manufacturing of critical engine parts such as cylinder block and cylinder head. Our Company would typically seek to establish technical collaborations for such capabilities.

For High tensile steel fasteners, our Company proposes to develop and/or acquire capabilities to manufacture high temperature fastener which has applications in the fast growing market of turbochargers and exhaust systems.



- ***Focus on diversifying and increasing our customer base***

We propose to continue focusing on expanding and diversifying our customer base. We also intend to focus on diversifying across industry segments by increasing our customer base in the four wheeler passenger cars and commercial vehicles segments of the automobile industry. We have added new customers in the last 5 years including Mahindra Two Wheelers Limited, India, Magna Rico, India, and Hero Motors, India in the last one year, Fiat, India; OMR, Italy, Knorr-Bremse, France, Magna, Canada in the last three years and INA bearings, India; Rhodes, India (formerly Delphi), in the last five years. Our main objective of entering into a joint venture with OMR Holdings SPA through OBASIL was to establish our presence in high pressure die-casting products for the four wheeler and commercial vehicles segment. Through our strategic investment in OBASIL and BG LI-IN Electricals Limited, we have further accelerated the process of diversifying our customer base. In recent times we have catered to new OEM customers such as Fiat Auto SPA. Recently, we have also secured orders from Mahindra Two wheelers Limited.

- ***Leverage our Business relations with our existing customers***

We propose to leverage our long-term relations with our existing customers to procure new orders and expand our presence in the global and domestic markets. In the past, we have been successfully able to leverage our relationships in the domestic markets with global OEMs and Tier I suppliers to procure overseas orders from parents and/or associate entities of such customers. For instance we supplied products to a leading global air brakes systems manufacturer in domestic markets and leveraged our relationship with them to secure orders from their overseas group entities. Similarly we have supplied products to a recognized engine cooling auto components manufacturer in both India and outside India. Further, through OMR Holding SPA and its associates who buy-back a substantial portion of our products manufactured at OBASIL, our products are gaining increasing acceptance across a wide spectrum of OEMs.

With liberalization of trade, we believe that the aluminum casting industry in Europe & North America is increasingly witnessing the outsourcing of manufacturing processes to competitive-cost locations. We intend to continue leveraging our strong customer relationships to augment our presence in the markets in which we are currently operating as well as to penetrate newer markets globally.

- ***Technology absorption and product design and development.***

Our Company proposes to continue to develop our products by developing and/or acquiring new technology and developing our in-house product designing and development capabilities. We intend to increase focus on research and development initiatives which would include designing, prototyping, and development of products. We have in fact been engaged in research and development activities in our auto electrical components business having developed a security system for passenger cars and two wheelers which we propose to introduce in the near future. Further, our Company has from time to time successfully collaborated in the past to maintain technological competitiveness and has established technical tie-ups and strategic alliances with various international engineering companies such as LI-IN Electricals from Taiwan and OMR Holdings SPA, Italy. Our Company will explore opportunities to collaborate with global players to augment the positioning of our products, enhance our manufacturing capabilities, upgrade our technological processes and offer new and diversified range of products and services to our customers. We intend to focus on developing and/or acquiring capabilities for design, engineering, manufacturing of aluminium castings which is used for (a) light weighting and/or (b) as part of sub-systems required for meeting environmental norms for automobiles. In addition we propose to develop and/or acquire capabilities for manufacturing of critical engine parts such as engine block and cylinder head. Our Company would typically seek to establish technical collaborations for such capabilities.

- ***Continued focus on cost reduction and cost effectiveness***

Improving cost efficiency in our manufacturing processes and reducing investments in non-critical manufacturing processes constitute a key part of our business strategy. Recently, we have undertaken several cost reduction steps such as outsourcing certain non-critical manufacturing processes, manpower reduction, inventory reduction, consolidation of production capacities, reduction in waste and phasing out our low-margin products. We have invested in two Wind Mills of 1 megawatt each at



Supa in Maharashtra which help us in partially mitigating any increase in power cost. We will look to invest in similar assets/ opportunities that will help us reduce cost or reduce our exposure to variable costs.

- ***To focus on organic and inorganic growth***

Our strategy so far had been primarily focused on growing the business through organic means. Going forward, we intend to seek inorganic growth opportunities to enhance our presence in the domestic and international market. We believe that pursuing selective acquisitions, partnerships, or alliances would broaden our product offerings further, strengthen our market position, help us get access to a wider customer base and improve our overall competitive position. Typically our strategy for future acquisitions, partnership or alliance as part of our business strategy will include:

- Identifying new opportunities for acquisitions, partnerships or alliances locally and abroad that provide us access to technology, manufacturing capacity, market and customers with respect to our existing line of business and allows us to diversify our product and customer base.
- Successfully integrating any such acquisitions, partnerships or alliances into our existing lines of business and operations; and
- Appropriately developing and taking advantage of potential synergies or economies of scale from any such acquisitions, partnerships or alliances.

DESCRIPTION OF OUR BUSINESS

Our three major product lines are as follows:

- Aluminum Castings
- Fasteners
- Auto Electrical Components

Aluminum Castings

Our Company commenced manufacturing of High Pressure Die Casting (“HPDC”), products in 1994 at Aurangabad. Since then, our HPDC business has periodically expanded and it has been supplemented with additional value adding operations such as machining, painting and sub-assembly. In 2003, we started our second plant at Chakan, Pune for manufacturing HPDC products to cater to the expanding requirement of customers in close proximity to Pune. At our Chakan unit too we offer value adding operations of machining, painting and sub-assembly in addition to manufacturing HPDC products. Continuous growth in the business encouraged our Company to start its third HPDC plant in 2005 (now known as OBASIL) with value added operations such as machining and sub-assembly at Aurangabad. In order to participate in the opportunities available in Northern India and to support existing customer’s requirement in the same geography, our Company established its fourth HPDC plant in Pantnagar in the year 2007. In this plant, our Company expanded its offerings to include fabrication and electroplating of critical parts such as handle bars in addition to HPDC, machining, painting and sub-assembly operations.

High Pressure Die-Cast Products (HPDC)

Our key HPDC products are as follows:

- Bed plate: A plate, frame or platform serving as a base or support for engine
- Oil pan: The bottom of the Crank case in an engine, serving as an oil reservoir.
- Cylinder block: Cylinder block or engine block is part of engine containing cylindrical holes for the piston and cooling channels or fins of an engine
- Clutch cover: A casting for casing the rotating elements of clutch



- Gear box cover: A Casting for casing the gear assembly or gear box
- Generator cover: A Casting for casing the assembly of electrical power generator (Alternator)
- Cylinder head cover: A casting for casing the cylinder head assembly
- Oil pump housing: A casting which encloses or supports oil pump assembly
- Water pump housing: A casting which encloses or supports water pump
- Clutch housing: A casting which encloses or supports clutch assembly
- Brake panel;
- Brake valve: A valve in the brake system that controls the amount of pressure applied to wheel brakes;
- Brake piston;

Over the years, each of these plants have expanded capacity to meet the growing requirements of our customers. The Hon'ble High Court of Mumbai vide the order dated May 7, 2010 approved the scheme of arrangement between Aurangabad Motor Manufacturers Limited ("AMML") and our Company and their respective shareholders and creditors under section 391 to 394 of the Companies Act., ("**Scheme of Arrangement**"). Pursuant to Scheme of Arrangement, with effect from October 1, 2009, the whole of the undertaking and properties of the Gravity Die Casting Division ("**GDC Undertaking**") of AMML were transferred to and vested in our Company along with all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of AMML relating to GDC Undertaking and also licenses, permissions, approvals required to carry on operations of the GDC Undertaking were vested and transferred to our Company. For further details please refer to "*History and Certain Corporate Matters*" on page 142. The GDC Undertaking has been engaged in the manufacturing of Gravity Die Castings, ("**GDC**") with value added operations such as machining and painting since 2003 and has a manufacturing plant located in Aurangabad. This plant has expanded its capacity to include critical parts such as cylinder heads, suspension arms, CAC tanks etc.

In order to offer 'full service supply solutions' to its customers, our Company started design and manufacturing of dies in the year 1995. Over the years, our activities have expanded multifold, our Company currently possesses a design and engineering centre supported by a full fledged die manufacturing plant, which was started in the year 2002. Our Company uses state-of-the-art software and hardware for design, engineering, simulation and manufacturing of dies and core boxes.

Gravity Die-Cast Products (GDC)

Our key GDC products include:

- Cylinder head: A casting forming part of combustion chamber; housing for the valve(s), sparkplug(s), injector(s) and having cooling channels or fins of an engine
- Intake Manifold / Pipe: Intake manifold or Inlet manifold is the part of an engine that supplies the fuel/air mixture to the cylinders.
- Suspension arm: An intermediate part between the wheels and frame of an automotive vehicle that support the frame on the wheels and absorb road shock caused by wheels over irregularities
- Engine support bracket: A casting which facilitates mounting of engine on the body of vehicle.
- Charge air cooler (CAC) tank: Charge air cooler is used to cool engine air after it has passed through a turbocharger, but before it enters the engine. The casting which forms inlet & outlet of charge air cooler system is called as charge air cooler tank.

Fasteners

We manufacture high tensile steel fasteners in the range of M5 grade to M16 grade and up to 350 mm length. Our Company commenced manufacturing of high tensile steel fasteners in 2006 at Aurangabad. Since then, the business has expanded multifold. Our Company carries out all the key manufacturing operations in connection with high tensile fasteners such as cold forging, machining, heat-treatment and surface-treatments in-house. In addition, our Company also has in-house facilities for design and manufacturing of dies for cold forging of fasteners. Our key products in this segment include:

- Engine studs: Bolts (having threads on its both ends) which are used to fasten cylinder head & cylinder block
- Connecting rod bolts: Bolts used for joining the connecting rod to the crankshaft of the engine
- Axle bolts: A long bolt that fits inside the wheel to hold the wheel in place. This axle also provides an axis for wheel to rotate around.



- Hex head bolts & screws: Bolt or screw having hexagonal head
- Flange bolts & screws: Bolt or screw with a head which holds it to a surface without a separate washer
- Socket head bolts and screws: Bolt or screw with a round head and a hexagonal indentation for tightening purposes
- Special fasteners:
- Nylock Nuts
- Domed Nuts
- Wheel Nuts
- Serrated Flange Nuts

Auto Electrical Components

Our Company commenced its operation in 1986 with the manufacturing of Magneto assemblies which remained its main business till it diversified into HPDC business. In 1999, our Company entered into a strategic collaboration with M/s LI-IN Electricals, Taiwan through BG LI-IN for manufacturing of auto electrical components. We have two manufacturing plants located in Aurangabad for auto electrical components.

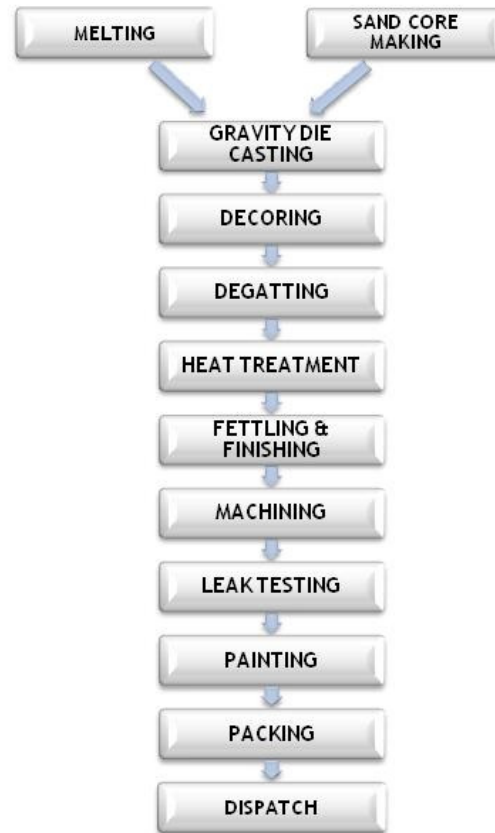
Our key products in this segment include:

- Magneto assembly: A device that produces alternating current for distribution to the spark plugs, used in the ignition systems of internal-combustion engines
- Capacitor Discharge Ignition (CDI) assembly: It is a type of automotive electronic ignition system where capacitor discharge current output is used to fire the spark plugs
- Ignition coil: A coil in an ignition system which stores energy in a magnetic field relatively slowly and releases it suddenly to ignite a fuel mixture
- Relays: A device that responds to a small current or voltage change by activating switches or other devices in an electric circuit
- Sensor: A device that receives and responds to a signal in electric circuit
- Switch: An electro mechanical device for opening or closing a circuit or for diverting energy from one part of a circuit to another

MANUFACTURING PROCESS

1. Gravity Die Casting

- **Melting:** Melting is the process whereby Aluminium is converted from solid to liquid by the application of heat
- **Sand core making:** Sand core is used in casting processes to form internal cavities and reentrant angles.
Sand core making is process of forming desired shapes using Silica sand mixed with resin and binder (Resin coated sand). Resin coated sand is blown into a preheated core mould (core box), heat of core mould cures resin and binder in the resin coated sand forming a solid shape as per the cavity in the core mould
- **Gravity die casting:** Die casting involves pouring a liquid metal into a mold, which contains a hollow cavity of the desired shape, and then is allowed to solidify. The solidified part is known as casting, which is ejected out of the mold to complete the process.
In gravity die casting process liquid metal is poured in the mould cavity and allowed to solidify under gravity
- **Decoring:** Decoring is process of removing sand cores from the casting
- **Degatting:** Degating is removal of runners, gates, and risers from the casting
- **Heat treatment:** Heat treatment is group of processes used to alter the physical properties of a material. Heat treatment involves heating of material to a suitable temperature and held at this temperature for a sufficient length of time to allow desired internal changes in the structure of the material, followed by rapid cooling (Quenching) to keep the changes in the material at room temperature. The material in this condition is in supersaturated state which is unstable. Subsequently the material is heated to comparatively lower temperature & allowed to cool in natural way to convert unstable condition of material to a stable condition.
- **Fettling and finishing:** Fettling and finishing involves removal of parting line flashes and excess material from a casting in order to achieve the desired physical shape. The metal removal is often done using manual cutting, grinding and sanding operations
- **Machining:** Machining is a process in which power-driven machine tools are used with cutting tool to mechanically cut the material to achieve the desired geometry.
- **Leak testing:** Leak is hole or opening at an unintended location in the casting. Leak testing is process in which casting is fully or partially pressurised with air and submerged in water to see if air bubbles come out to indicate a leak. As an alternate to submerging in water, leak is detected by electronically sensing and measuring the pressure drop in the pressurised area.
- **Painting:** Castings are painted for purpose of good appearance and surface protection





2. High Pressure Die Casting

- **Melting:** Melting is the process whereby Aluminium is converted from solid to liquid by the application of heat
- **High pressure die casting:** High pressure die casting involves forcing molten metal, under high pressure, into a steel mold called a die to give it a specific shape. The solidified part is known as casting, which is ejected out of the die to complete the process. Die casting machines are typically rated in clamping force (Metric Tons) equal to the amount of pressure they can exert on the die. Machine sizes range from 200 tons to 5,000 tons.
- **Degating:** Degating is removal of runners, gates, and risers from the casting.
- **Fettling and finishing:** Fettling and finishing involves removal of parting line flashes and excess material from a casting in order to achieve the desired physical shape. The metal removal is often done using manual cutting, grinding and sanding operations
- **Machining:** Machining is a process in which power-driven machine tools are used with cutting tool to mechanically cut the material to achieve the desired geometry.
- **Leak testing:** Leak is hole or opening at an unintended location in the casting. Leak testing is process in which casting is fully or partially pressurised with air and submerged in water to see if air bubbles come out to indicate a leak. As an alternate to submerging in water, leak also can be detected by electronic sensing and measuring the pressure drop in the pressurised area.
- **Painting:** Castings are painted for purpose improving aesthetics and surface protection.



3. High Tensile Steel Fasteners

- **Cold forging:** Forging is a manufacturing process involving the shaping of metal using localized compressive forces. Forging is often classified according to the temperature at which it is performed: "cold," "warm," or "hot" forging. Forged parts can range in weight from less than a kilogram to 580 metric tons. Forged parts usually require further processing to achieve a finished part.
- **Thread rolling:** Thread forming and thread rolling are processes for forming screw threads. In this process threads are formed into a blank by pressing a shaped die against the blank, in a process similar to knurling.
- **Secondary operations:** Following operations are called as secondary operations
 - **Drilling:** is a cutting process that uses a drill bit to cut or enlarge a hole in solid materials. The drill bit is a multipoint, end cutting tool. It cuts by applying pressure and rotation to the work piece, which forms chips at the cutting edge.
 - **Facing:** is part of the turning process. It involves moving the cutting tool at right angles to the axis of rotation of the rotating work piece.
 - **Parting:** This process is used to create deep grooves which will remove a completed or part-complete component from its parent stock.
 - **Grooving:** is like parting, except that grooves are cut to a specific depth by a form tool instead of severing a completed/part-complete component from the stock. Grooving can be performed on internal and external surfaces, as well as on the face of the part (face grooving or trepanning).
 - **Knurling:** The cutting of a serrated pattern onto the surface of a part to use as a hand grip using a special purpose knurling tool.
- **Heat treatment:** Heat treatment is group of processes used to alter the physical properties of a material. Heat treatment involves heating of material to a suitable temperature and held at this temperature for a sufficient length of time to allow desired internal changes in the structure of the material, followed by rapid cooling (Quenching) to keep the changes in the material at room temperature. The material in this condition is in supersaturated state which is unstable. Subsequently the material is heated to comparatively lower temperature & allowed to cool in natural way to convert unstable condition of material to a stable condition.
- **Surface treatment:** Either of the following processes are carried out under surface treatment
 - **Electroplating:** The process used in electroplating is called electro-deposition in which metal ions in a solution are moved by an electric field to coat the part which acts as electrode.
 - **Dacro coating:** It is the deposition of liquid Zinc flakes and chromic acid on substrate with the help of dip spin method and oven curing.
- **H2 De Embrittlement:** De-Embrittlement is a heat treatment process which is carried out after electroplating. This process is carried out for removing Nascent Hydrogen from the surface of plated part.
- **Patch coating:** This process involves application of sealant solution on threads



4. Auto Electricals

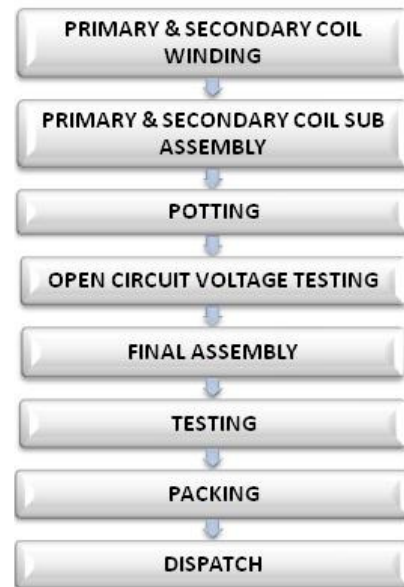
1. Brake switch line

- **Plastic housing sub-assy:** In this process parts such as plastic housing, spring, contact terminals of copper bush are assembled
- **Metallic housing sub-assy:** In this process parts such as brass housing, conical spring plastic bush, and rubber grommet with insert are assembled
- **Crimping:** is a process to press or pinch into small regular folds or ridges. In this process Plastic housing sub-assy & metallic housing sub-assy are crimped together to complete switch assy
- **Testing:** Break switch sub-assy is tested for function of switch i.e. making or breaking of electrical contact
- **Final assembly:** in this process wiring harness is inserted in the switch to facilitate its assembly in vehicle & a cap is assembled to protect the switch from water, dust etc
- **Inspection:** Final assembly with wiring harness & cap is tested for function of switch i.e. making or breaking of electrical contact.



2. HT Coil Line

- **Primary & secondary coil winding:** It is the process to wound copper wire on bobbin. Input supply for HT coil is given through primary winding coil and output of primary coil is used as input to secondary coil.
- **Primary & secondary coil sub-assy:** In this process wound coils are connected as described above by means of soldering. The connected coils are then inserted in a cover for potting operation.
- **Potting**
 - **Pre-heating:** Primary & secondary coil sub-assy is heated in this process to remove moisture
 - **Potting:** In this process epoxy material in liquid form is filled in the primary & secondary coil sub-assy
 - **Curing:** Primary & secondary coil sub-assy filled with liquid epoxy material is heated in oven to convert epoxy from liquid to solid. It secures the electrical connections & copper wire from mechanical damages, water, dust etc.
- **Open circuit voltage (OCV) testing:** It is the process of testing HT coils for electrical performance. Voltage is checked at output terminal in this testing
- **Final assy:** It is the process of fixing connection cable in HT coil & inserting grommet which protects electrical contacts & holds the cable with HT coil
- **Testing:** The HT coil is tested for the output voltage by connecting it to a set up having Magneto, CDI, Spark plug etc. (As per conditions in vehicle)



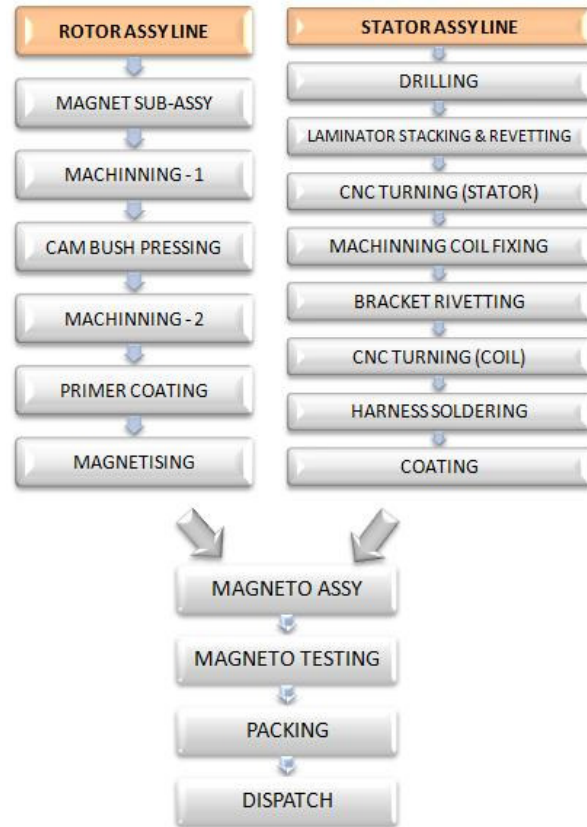
3. Magneto Line

1. Rotor Assembly Line

- **Magnet sub-assembly:** It is the process in which non magnetized magnets gets assembled in cast iron ring.

This assembly is then sent to a die casting supplier where it is casted with Aluminium in a shape of rotor.

- **Machining1:**
 - **CNC turning:** Rotor casting is machined for making internal diameter of rotor face to facilitate assy of cam bush with the casting
 - **Broaching:** Cam bushes (bought out part) are machined for making key way in cam bush internal diameter which is used locking the bush with shaft
- **Cam bush pressing:** It is the process in which the cam bush is fitted into the rotor casting.
- **Machining 2:**
 - **Drilling:** Rotor casting is drilled to facilitate insertion of rivets for locking cam bush with the casted rotor
 - **Grooving:** A groove is made in casted rotor to facilitate ring fitting.
 - **Balancing:** It is the process in which the rotor is placed on a rotating disk to check the balance. In case it is imbalanced the balancing is done by means of removing material from the imbalanced area (mainly by drilling)
- **Painting:** In this process machined area of the casted rotor is painted with anti rust solution.
- **Magnetising:** In this process electric current is passed through non magnetized magnets to magnetise the same.



2. Stator Assembly Line

- **Drilling:** In this process stator plate is drilled to facilitate rivet fitment.
- **Laminator stacking & riveting:** in this process laminates of different dimensions are stacked and riveted on the stator plate.
- **CNC turning(Stator):** in this process stator plate is turned to obtain specified outside diameter
- **Coil fixing:** in this process pickup coil, LT coil and feeding coil is screwed on lamination at specified locations.
- **Bracket riveting:** in this process a copper bracket is riveted on the stator plate which holds feeding coil in laminator.
- **CNC turning (Coil):** in this process riveted laminates are turned to obtain specified outside diameter
- **Harness soldering:** in this process a wiring harness is connected to stator coils by means of soldering.
- **Coating:** in this process soldered joints of coils & wiring harness are coated with epoxy material to protect it from corrosion.

A Magneto is made by assembling rotor assy and stator assy together.

- **Magneto testing:** It is the process of checking electrical parameters for combination of rotor assembly and stator assembly as a magneto.



RAW MATERIAL MANAGEMENT

Raw Materials

The principal raw materials we use in our production are aluminium alloys, alloy steel wire rods, alloy steel tubes, nickel bricks and paint. In addition, we also use a large number of parts called the 'Bought Out Children Parts (BOCP)' in the sub-assemblies that we manufacture. BOCPs are generally customised parts according to the drawings & specification of our company or its customers, such as bearing, brake shoe, sprocket, CI ring, shafts, gears, springs, clamps, pins etc.

Aluminium alloy

Aluminium alloy is the largest constituent of Raw Material cost (comprising 34% in terms of value). We purchase Aluminium alloy both from domestic as well as overseas suppliers. The prices are directly negotiated with suppliers from time to time. The prices of Aluminium alloy is also negotiated with suppliers by some of our customers directly or jointly with us. We have a cost pass through for aluminium alloy from most of our customers. This helps us insulate from the risk of market price fluctuations to a great extent. Purchase contracts are entered with suppliers for specific quantities with staggered deliveries to be made as per our schedules thus ensuring the timely availability and at the same time maintaining minimal inventories.

The suppliers are so chosen that they are located within overnight transit distance thereby providing timely support for any sudden change in requirements. We also continuously keep exploring the suppliers overseas in countries like Dubai, Thailand, Italy, etc. and purchase aluminium alloys whenever found competitive on landed costs. We also have a custom designed aluminium waste recovery facility which enables us in recovering aluminum from process waste such as aluminium chips / turning / oxide etc. This helps us in minimizing metal loss. In future, we intend to purchase Aluminium alloy in molten / liquid condition which will help in avoiding additional melting at our premises which has to be carried out when we buy Aluminium alloy in solid condition, resulting in saving of energy and environment.

Alloy Steel

Alloy Steel wires rods and tubes are the second largest constituent of Raw Material cost (comprising 9% in terms of value). The wires rods are used for production of fasteners while the tubes are used for customized automobile components like handle bars, guards etc. We purchase Alloy steel from both domestic as well as overseas suppliers. The prices are directly negotiated with suppliers from time to time. The prices of Alloy steel is also negotiated with suppliers by some of our customers directly or jointly with us. We have a cost pass through for alloy steel from most of our customers. This helps us insulate from the risk of market price fluctuations to a great extent. Purchase contracts are entered with suppliers for specific quantities with staggered deliveries to be made as per our schedules thus ensuring the timely availability and at the same time maintaining minimal inventories

Nickel:

We purchase Nickel bricks mostly from domestic suppliers who import Nickel bricks from Overseas. The prices are directly negotiated with suppliers from time to time. The prices of Nickel brick is also negotiated with suppliers by some of our customers directly or jointly with us. We have a cost pass through for Nickel from most of our customers. This helps us insulate from the risk of market price fluctuations to a great extent. Purchase contracts are entered with suppliers for specific quantities with staggered deliveries to be made as per our schedules thus ensuring the timely availability and at the same time maintaining minimal inventories

Paint:

We purchase Paint mostly from domestic suppliers. The prices are directly negotiated with suppliers from time to time. The prices of Paint are also negotiated with suppliers by some of our customers directly or jointly with us. We have a cost pass through for paint from most of our customers. This helps us insulate from the risk of market price fluctuations to a great extent. Purchase contracts are entered with suppliers for specific quantities with staggered deliveries to be made as per our schedules thus ensuring the timely availability and at the same time maintaining minimal inventories



Bought Out Children Parts (“BOCP”):

We purchase BOCP, mostly from domestic suppliers. We have a fair mix of suppliers who have been developed by our customers as well as suppliers developed by us. The prices are directly negotiated with suppliers from time to time. The price of BOCP is also negotiated with suppliers by some of our customers directly or jointly with us. We have a cost pass through for BOCP from most of our customers. This helps us insulate from the risk of market price fluctuations to a great extent. Purchase contracts are entered with suppliers for specific quantities with staggered deliveries to be made as per our schedules thus ensuring the timely availability and at the same time maintaining minimal inventories

The details of consumption, value and weightage for raw material and primary BOCPs is as detailed below: We operate in an industry with high raw material content, which constituted 70.57%, 65.19%, 70.45%, 67.17% and 66.85% (material consumption) of our total expenditure for Fiscals 2011, 2010, 2009, 2008 and 2007, respectively.

The item wise break-up of cost of Raw material for FY 2011 are as follows:

Raw Material	Weightage (% of total)	Quantity of consumption	Value (₹ in lacs)
Raw Material			
Aluminium alloy (kgs.)	34%	10,003,093	11,786
Alloy Steel (Kgs.)	9%	6,105,792	3,131
Nickel (Kgs.)	2%	52,438	552
Main BOCP			
Brake Shoes (Nos.)	7%	10,284,066	2,349
Brake Kit (Nos.)	2%	69,330	652
Sprocket (Nos.)	3%	939,566	1,046
Cam Brake (Nos.)	2%	5,161,408	631
Bearings (Nos.)	1%	1,170,081	443
Brake Lever (Nos.)	1%	2,119,352	449
Other BOCPs	39%		13,701
Total			34,740

CAPACITY AND CAPACITY UTILISATION

Sr. No.	Product	2008 – 09			2009-10			2010-2011		
		Installed Capacity	Installed Capacity	Utilized Capacity	Installed Capacity	Installed Capacity	Utilized Capacity	Installed Capacity	Installed Capacity	Utilized Capacity
		Capacity	(Pcs. per Annum)	(Pcs. per Annum)	Capacity	(Pcs. per Annum)	(Pcs. per Annum)	Capacity	(Pcs. per Annum)	(Pcs. per Annum)
1	Pressure Die Casting (Partially machined)	17.50 MT / shift	1,89,80,000	1,76,76,735	13.67 MT per Shift	2,01,50,000	1,63,92,334	13.67 MT per Shift	2,36,60,000	2,24,49,330
2	Brake Panel Assembly	2300 Sets / shift	20,70,000	11,88,635	6000 Sets / shift	54,00,000	37,61,608	6000 Sets / shift	54,00,000	53,09,039
3	Gravity Die Casting	NA	NA	NA	1.3 MT/shift	17,55,000	12,89,036	1.7 MT/shift	35,10,000	27,90,829
4	Fasteners	5.56 MT/shift	30,25,00,000	22,33,99,684	6.92 MT/shift	30,25,00,000	26,88,89,773	8.33 MT /Shift	38,50,00,000	32,14,34,346
5	Magneto	1350 Nos./ shift	12,15,000	1,06,897	1350 Nos./ shift	12,15,000	3,04,594	1350 Nos./ shift	12,15,000	3,43,461



WINDMILL

In our non-primary business we are involved in wind power generation through our wind farm located at Supa in the State of Maharashtra and having collective capacities of 2 megawatt. The energy generated at our wind farm is used to set off energy units consumed at our other manufacturing facilities in the state of Maharashtra. Our Company has invested in the wind farm facilities to take advantage of beneficial tax credits from the government and to avail a set off against our power consumption tariffs at our manufacturing facilities. The wind farm is operated and maintained by third party contractor.

POWER, WATER AND OTHER UTILITIES

We purchase power from Maharashtra State Electricity Distribution Company Limited for operations of our plants in Maharashtra and from Uttarakhand Power Corporation Limited for operations of our plant in Pant-Nagar, Uttarakhand. We also have our own diesel generator sets at each plant for power back up in case of failure in supply of power by the aforementioned utility providers. In order to hedge cost of purchased electrical power, our Company has installed 2 windmills of 1 megawatt each in Supa, Maharashtra for generating power for own consumption. We purchase water from local municipal corporations, private parties as well as have own bore-wells in some of the plants.

DISTRIBUTION AND MARKETING

Our customers are predominantly either OEMs or Tier 1 suppliers. OEMs are producers of fully assembled vehicles, such as two wheeler and three wheeler automobiles, passenger cars and trucks. Tier 1 suppliers are manufacturers of assemblies and aggregates, which are installed in the vehicle as a complete system. These assemblies and aggregates are made of various individual automotive components. Customers of our products include recognized OEMs. Our OEM customers include Bajaj Auto Limited, various subsidiaries of Fiat Group Automobiles SpA.

Our Company has a business development team located at its office in Pune. The team is responsible for generating requests for quotations from potential customers, preparation of techno-commercial offer, negotiation, finalisation and acquisition of orders. Our products are sold directly to the OEMs on Direct Online, (“DOL”) delivery basis in most cases. Our company hires the services of third party logistic providers for transportation and warehousing near the delivery location. In the case of major domestic OEMs, the supplies are made in ‘returnable packaging’ on “just in time” basis. The activities of despatch, logistics, warehousing and supply to our customer’s plants are managed at plant level by the respective plant commercial teams.

Our Company mostly supplies directly to OEMs and Tier I suppliers in India. In Europe, besides direct sales we also supply products and obtain orders through our marketing agent, Automotive Parts Consulting, Luxembourg. Our marketing agent in Europe provides our customers with a first point of contact for us in the European automotive markets and our marketing efforts are further complimented by the direct involvement of our marketing team for each inquiry and order. We have a dedicated team of five personnel who strategise and execute our marketing initiatives. Our company has appointed a “Marketing Representative” in Europe for development of business for Aluminium casting with OEMs and Tier 1 suppliers. We also sell some of our auto electrical products directly in the ‘after markets’ to distributors in the domestic as well as export market.

The sales of our top five customers is approximately 90% to 95%, in terms of gross sales for the last three fiscal years 2011, 2010 & 2009.

We are in the business of customised products for vehicles and vehicle parts. Our sales for majority of our products are typically direct online and our delivery schedules typically range from a day and weekly for local OEMs and Tier I suppliers to weekly and monthly for overseas OEMs and Tier I suppliers. We participate in a variety of international tradeshows and auto fairs. Our focus is on automotive and engineering specific tradeshows. In addition to attracting potential customers, we believe the tradeshows provide us a platform to increase our stature and credibility.

We have in the past leveraged our relationship in the domestic markets with global OEMs and Tier I suppliers with a global presence to procure overseas orders. For instance we have in the past supplied products to a leading global air brakes systems manufacturer and leveraged our relationship with them to secure orders from



their overseas group entities. Similarly we have supplied products to a recognized engine cooling auto components manufacturer in both India and outside India. Further OMR Holding SPA and its Associates buy back a certain portion of our products manufactured at OBASIL.

COMPETITION

The automotive component industry is extremely competitive. We face both domestic and international competition. Typically, large suppliers work with only a limited number of OEMs. Consequently, we do not have a single competitor across all our product ranges.

SUPPLY CHAIN

We are a direct online supplier to Bajaj Auto Limited at their plants in Waluj, Chakan and Pantnagar. All our supplies go to customer lines in re-usable bins / trolley etc. We have undertaken various initiatives and adopted various systems and procedures including those specified under ISO / TS 16949, such as FMEA, APQP etc. which enables us in building robustness in the manufacturing processes, resulting in consistency in quality of products. Further, the company analyses quality problems by employing tools such as 7QC tool, Root Cause Analysis etc. and determines & implements countermeasures which are constantly monitored by following PDCA method (Plan, Do, Check, Action). In addition, the company carries out a significant portion of all our key manufacturing processes in-house, which allows us to monitor the quality of our manufactured products and maintain our delivery and development schedules.

QUALITY STANDARDS AND ASSURANCE

We endeavour to maintain a Quality Management System (QMS) that provides for; continual improvement, emphasizing defect prevention and the reduction of variation and waste in the supply chain. Our QMS enables us to provide products and services in a timely manner and at competitive prices to the satisfaction of customers by meeting their specified and implied needs. We also commit to continually improve the QMS.

All our plants are certified ISO/TS 16949. (except Plant VI where the certificate has expired in Mar 10 and is in the process of recertification). This certification ascertains the existence of a Quality Management System as per specified standard, in practice. Our products are generally inspected, tested and certified for quality in-house. We continue to strive to upgrade and customise to meet our customers' specific requirements, to have edge on competitors and to deliver quality products which give customer satisfaction. We invest in upgrading our equipment and technology and add new equipment from time to time.

The TPM program has been adopted at all our plants to achieve continuous improvement in productivity, quality, cost, delivery, safety and morale. All the key manufacturing processes are carried out 'in-house', which helps significantly in achieving our quality, cost, delivery and development targets. The company is constantly updating and upgrading its manufacturing facilities to meet customer requirements and as well as its own target of productivity, quality, cost, delivery, safety and morale. It actively supports development and upgradation of vendors for raw material and BOCP which helps it in achieving consistent quality of incoming material. In the recent past, our Company has won several awards for quality from our customers as well as industry bodies.

HUMAN RESOURCES

Our employees contribute significantly to our business operations. We have a employee development and involvement policy which aims at releasing full potential of employees through a shared set of values and culture of trust & empowerment. Our Company believes in widespread involvement of its employees in all improvement activities, provides opportunities to learn and develop skills and lays greater emphasis on recruitment, training, retention and skill upgradation of its employees.

As of August 31, 2011, we had 1,170 employees across all of our manufacturing facilities and offices.



The break-up of employees of our Company can be summarised as follows:

Particulars	Executive Director	Sr Management	Managers	Supervisors	Operators	Total
Corporate Office	2	4	15	30	1	52
Engineering & tool room	1	1	5	31	43	81
All Plants		8	79	268	682	1,037
Grand Total	3	13	99	329	726	1,170

ENVIRONMENT, HEALTH AND SAFETY

We are committed to protecting the environment in the course of our operations. We have put in place procedures to ensure that our operations comply with relevant environmental regulations. We have a health, safety and environment policy which reaffirms our commitment to provide a safe work place and clean environment to our employees and other stakeholders. Our offices and operational facilities are also materially compliant with applicable local environmental regulations.

INSURANCE

Our Company believes that its insurance coverage is adequate and consistent with industry standards. Our Company has, *inter-alia*, taken out Fire & Special Peril Policy with add-on covers with respect to fixed assets (building, plant & machinery), all kinds of raw material, work in process, finished goods, etc. pertaining to insured trade and business. These insurance policies are generally valid for one year and are renewed annually by us. As at the date of the Draft Red Herring Prospectus, there have been no material claims made under the Insurance Policies.

INTELLECTUAL PROPERTY

Our Company currently has not applied for or obtained any registration for any trademarks, patents or copyrights under applicable statutory/regulatory provisions, except as disclosed in section titled “*Government and Other Approvals*” on page 250 of the Draft Red Herring Prospectus.

OUR PROPERTIES

Our registered office, situated at Plot No. B-7, MIDC Chakan, Village Mahalunge, Taluka Khed, District, Pune, Maharashtra, is under a long term lease of 95 years.

Our Corporate Office, situated at Gut No. 65, Village Chitegaon, Taluka- Paithan, District Aurangabad – 431105, Maharashtra, is a freehold property.

The details of the properties used and occupied by us are as follows:

Sr. No	Location	Description of Property	Particulars
1.	Aurangabad	Plot no. B-23 MIDC Waluj, Aurangabad, Maharashtra (260 square metres)*	Freehold land
2.	Aurangabad	Gut no. 120 and 122 village Pangra Chitegaon, Taluka Paithan District Aurangabad, (750 square metres)	Freehold land
3.	Aurangabad	Gut no. 118 village Pangra Chitegaon, Taluka Paithan District Aurangabad, Maharashtra	Freehold land
4.	Pantnagar,	Plot no. 6 Sector 10, II E Pantnagar Udamsingh Nagar,	Leasehold land



Sr. No	Location	Description of Property	Particulars
	(Uttarakhand)	Uttrakhand (2,000 square metres)	
5.	Aurangabad	M/ 135, 136 MIDC Waluj, Aurangabad, (1,200 square metres)	Leasehold land
6.	Ahmednagar	Gut. 342/1/P of village Pimpalgaon (Kawdya Dongar) Taluka Parner District Ahmednagar, (68 square metres)	Freehold land
7.	Pune	Plot No B-7, MIDC Chakan, Village Mahalunge, Taluka Khed, District Pune, Maharashtra, (1,800 square metres)	Leasehold land
8.	Aurangabad	L-6/1 MIDC, Waluj, Aurangabad, Maharashtra, (1,200 square metres)	Leasehold land
9.	Aurangabad	Gut No. 104 and 103 Village Pharola, Taluka Paithan, District Aurangabad, Maharashtra, (244 square metres)	Freehold land
10.	Sangli	Survey No. 120, Village Kundlapur, Tal. Kavthe-Mahankal, District Sangli, Maharashtra, (8,100 square metres)**	Freehold land
11.	Pune	Unit No. 203, The Chambers, 3rd Floor, Viman Nagar, Pune, (264 square metres)	Freehold land
12.	Aurangabad	Gut No.34, Pharola,Tq.paithan,Aurangabad Pangra,	Freehold land

* The shareholders of our Company have pursuant to a resolution dated July 31, 2007 approved the sale of the aforesaid property in which our Plant I and Plant II were situated. Our Company has identified a buyer and is in the process of completion of the sale of the aforesaid property.

** The shareholders of our Company have pursuant to a resolution dated June 21, 2009 approved the sale of the aforesaid property in which our Plant X (windmill) was situated. Our Company has identified a buyer and is in the process of completion of the sale of the aforesaid property.

SAP/INFORMATION TECHNOLOGY

We have implemented an Enterprise Resource Planning (“ERP”), software system developed by SAP at all our plants and corporate office. We have also implemented a business intelligence system developed by SAP. We believe that the ERP system, coupled with our strong internal and external control mechanisms facilitate our management and personnel to take informed decisions in managing our operational parameters such as inventories, supply chain, consignment status etc. across all products, locations and divisions across the country in a more efficacious and efficient manner.

TECHNICAL COLLABORATIONS

Our Company has in the past entered into two technical assistance agreements dated June 24, 1998 and July 30, 1999 with Taigene Electric Machinery Company Limited, Taiwan whereby Taigene Electric Machinery Company Limited had granted a license to our Company to manufacture flywheel magneto and CDI units for two wheeler and three wheeler automobiles and components in relation thereto in India and to sell such products to Bajaj Auto Limited and their spare parts division. Taigene Electric Machinery Company Limited had also agreed pursuant to the aforesaid agreements to provide necessary technology and assistance to enable our Company to manufacture the aforementioned products. The aforementioned agreement was valid for a period of seven years and has expired.

CORPORATE SOCIAL RESPONSIBILITY

Our Company’s Corporate Social Responsibility (CSR) agenda reflects its social conscience and commitments to the community and society at large. Its CSR activities include organizing annual blood donation camps at our manufacturing facilities, providing financial assistance and funding educational institutions and non governmental organisations.



KEY INDUSTRY REGULATIONS AND POLICIES

The following description is a summary of certain sector specific laws and regulations in India, which are applicable to our Company. The information detailed in this chapter 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 substitute for professional legal advice.

Our Company is engaged in business of manufacturing of auto components which includes auto electrical components, aluminum die casting components, wheel assembly and fasteners. The following discussion summarizes certain significant Indian laws and regulations that govern our Company's business.

Regulation of the automotive components manufacturing industry

The National Auto Policy

The National Auto Policy, 2002, as amended ("**National Auto Policy**") was introduced by the Department of Heavy Industry, Ministry of Heavy Industries and Public Enterprises, GoI in March 2002, with the aim, among others, to promote a globally competitive automotive industry and emerge as a global source for auto components, ensure a balanced transition to open trade at a minimal risk to the Indian economy and local industry, to encourage modernization of the industry and facilitate indigenous design, research and development and to develop domestic safety and environmental standards at par with international standards.

The Automotive Mission Plan, 2006-2016

The Automotive Mission Plan, 2006-2016 ("**Automotive Mission Plan**") was released by the Ministry of Heavy Industries and Public Enterprises, GoI in December 2006, containing recommendations of the Task Force of the Development Council on Automobile and Allied Industries constituted by the GoI, in relation to the preparation of the Tenth Five Year Mission Plan for the Indian Automotive Industry. For the promotion of exports in the auto component sector, among other things, it recommends the creation of Special Automotive Component Parks and virtual Special Economic Zones, which would enjoy certain exemptions on sales tax, excise and customs duty, as well as certain tax exemptions and concessions in relation to promotion of research and development in the automotive sector. The Automotive Mission Plan recommends a detailed intervention in order to promote export, expand domestic demand, favourable tariff policy, increase in investment in the automobile sector and provision of inspection and certification systems among other things

The Batteries (Management and Handling) Rules, 2001

The Batteries (Management and Handling) Rules, 2001, as amended ("**Batteries Rules**") apply to every manufacturer, importer, re-conditioner, assembler, dealer, recycler, auctioneer, consumer and bulk consumer involved in manufacture, processing, sale, purchase and use of batteries or components thereof. The Batteries Rules provides that it shall be the responsibility of a manufacturer, importer, assembler and re-conditioner to, *inter alia*, ensure that the used batteries are collected back as per the applicable law and to ensure that used batteries collected back are of similar type and specifications as that of the new batteries sold. In addition, the manufacturer, importer, assembler and re-conditioner is also required to file half-yearly returns of their sales and buy-back to the State Pollution Control Board in Form-I latest by June 30, and December 30 of every year, set up collection centres for collection of used batteries from consumers or dealers, ensure that used batteries collected are sent only to the registered recyclers, ensure safe transportation and create public awareness through advertisements and publications of hazards of lead, addresses of dealers and designated collection centres etc.

Research and Development Cess Act, 1986

The Research and Development Cess Act, 1986, as amended (the "**R&D Act**") is a statute to provide for the levy and collection of a cess on all payments made for the import of technology for the purpose of encouraging the commercial application of indigenously developed technology and for adapting imported technology to wider domestic application. The R&D Act, mandates payment of cess, at a rate not exceeding 5 per cent. on all payments made towards the import of technology, as the Central Government may notify for the purpose. In the event such cess is not paid on or before making payments towards import of technology, the Technology Development Board (as defined in the R&D Act), may impose on the company or entity a penalty not exceeding 10 times the amount of cess unpaid.

Regulation of the manufacturing sector

The primary central legislation governing the manufacturing sector is the Factories Act, 1948, as amended. In addition to this, compliance has to be ensured with various labour related legislations, including the Payment of Gratuity Act 1972, the Payment of Wages Act, 1956, the Minimum Wages Act, 1948, the Employees' State Insurance Act, 1948 and the Contract Labour (Regulation and Abolition) Act, 1970, each as amended.

The Factories Act, 1948

The Factories Act, 1948, as amended ("**Factories Act**") seeks to regulate labour employed in factories and makes provisions for the safety, health and welfare of the workers. The Factories Act defines a 'factory' to be any premises on which on any day in the previous 12 months, 10 or more workers are or were working and on which a manufacturing process is being carried on or is ordinarily carried on with the aid of power; or at least 20 workers are or were working on any day in the preceding 12 months and on which a manufacturing process is being carried on or is ordinarily carried on without the aid of power. Each State Government has set out rules in respect of the prior submission of plans and its approval for the establishment of factories and registration and licensing of factories.

The Payment of Gratuity Act, 1972

Under the Payment of Gratuity Act, 1972, as amended ("**Gratuity Act**"), an employee who has been in continuous service for a period of five years will be eligible for payment of gratuity upon his resignation, retirement, superannuation, death or disablement due to accident or disease, provided the completion of service of five years will not be necessary where such termination is due to death or disablement. An employee in a factory is deemed to be in 'continuous service' for a period of at least 240 days in a period of 12 months or 120 days in a period of six months immediately preceding the date of reckoning, whether or not such service has been interrupted during such period by sickness, accident, leave, absence without leave, layoff, strike, lock-out or cessation of work not due to the fault of the employee. The maximum amount of gratuity payable shall not exceed ₹ 1,000,000.

The Payment of Bonus Act, 1965

Under the Payment of Bonus Act, 1965, as amended ("**Payment of Bonus Act**") an employee in a factory who has worked for at least 30 working days in a year is eligible to be paid bonus. 'Allocable surplus' is defined as 67 per cent. of the available surplus in the accounting year, before making arrangements for the payment of dividend out of the profit of a company. The minimum bonus to be paid to each employee is the higher of 8.33 per cent. of the annual salary or wage or ₹ 100, whichever is higher, and must be paid irrespective of the existence of any allocable surplus. If the allocable surplus exceeds the minimum bonus payable, then the employer must pay bonus proportionate to the salary or wage earned during that period, subject to a maximum of 20 per cent. of such salary or wage. Contravention of the Payment of Bonus Act by a company is punishable by proceedings for imprisonment up to six months or a fine up to ₹ 1,000 or both against those individuals in charge at the time of contravention of the Payment of Bonus Act.

The Employees' State Insurance Act, 1948

The Employees' State Insurance Act, 1948 (the "**ESI Act**") was enacted with the object to setup the employees' state insurance fund, funds of which shall be used to provide benefits to employees in case of sickness, maternity and employment injury. Both the employer and the employees are required to make contributions to the employees' state insurance fund, in the manner provided under the ESI Act. The ESI Act applies to all factories including governmental factories (other than seasonal factories), which employ 10 or more employees and carry on a manufacturing process.

The Maternity Benefit Act, 1961

The Maternity Benefit Act, 1961, as amended ("**Maternity Benefit Act**") provides that a woman who has worked for at least 80 days in the 12 months preceding her expected date of delivery is eligible for maternity benefits. Under the Maternity Benefit Act, a woman working in a factory may take leave for six weeks immediately preceding her scheduled date of delivery and for this period of absence she must be paid maternity benefit at the rate of the average daily wage. The maximum period during which a woman shall be paid



maternity benefit is 12 weeks. Women entitled to maternity benefit are also entitled to medical bonus of ₹ 1,000 if no prenatal confinement and post-natal care is provided free of charge by the employer. Contravention of the Maternity Benefit Act is punishable by imprisonment up to one year and/ or a fine up to ₹ 5,000.

The Minimum Wages Act, 1948

The State or Central Government may stipulate the minimum wages applicable to a particular industry. The minimum wages generally consist of a basic rate of wages, cash value of supplies of essential commodities at concession rates and a special allowance, the aggregate of which reflects the cost of living index as notified in the Official Gazette. Workers are to be paid for overtime at overtime rates stipulated by the appropriate State Government. Any contravention may result in imprisonment of up to six months or a fine of up to ₹ 500 or both.

The Employees' Compensation Act, 2010.

The said Act repealed and replaced the Workmen's Compensation Act, 1923 and is intended to provide compensation to employees who either sustain injuries from accidents at the workplace, or suffer from occupational diseases in the course of employment whether at the usual place of work or outside it.

The Contract Labour (Regulation and Abolition) Act, 1970

In respect of each of its facilities, our Company uses the services of certain licensed contractors who in turn employ contract labour whose number exceeds 20 in respect of each facility. Accordingly, our Company is regulated by the provisions of the Contract Labour (Regulation and Abolition) Act, 1970, as amended ("CLRA") which requires our Company to be registered as a principal employer and prescribes certain obligations with respect to welfare and health of contract labour. The CLRA requires the principal employer of an establishment to which the CLRA applies to make an application to the concerned officer 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 the contract labour, the CLRA imposes certain obligations on the contractor in relation to establishment of canteens, rest rooms, drinking water, washing facilities, first aid, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period. Penalties, including both fines and imprisonment, may be levied for contravention of the provisions of the CLRA.

The Shops and Establishments Act, 1948

Under the provisions of local shops and establishments legislations applicable in the states in which establishments are set up, establishments are required to be registered. Such legislations regulate the working and employment conditions of the workers employed in shops and establishments including commercial establishments and provide 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.

Regulation of the Renewable Resources of Energy

The Ministry of New and Renewable Energy ("MNRE"), previously known as the Ministry of Non-Conventional Energy Sources, is the nodal ministry of the Government of India at the national level for all matters relating to new and renewable energy. The mandate of MNRE includes research, development, commercialisation and deployment of renewable energy systems / devices for various applications in the rural, urban, industrial and commercial sectors.

In order to ensure quality of wind farm projects and equipments, the MNRE introduced the "Guidelines for Wind Power Projects" ("MNRE Guidelines") in July 1995 for the benefit of state electricity boards, manufacturers, developers and end-users of energy to ensure proper and orderly growth of the wind power sector. The MNRE Guidelines are periodically updated. The MNRE Guidelines, inter-alia, make provision for proper planning, sitting, selection of quality equipment, implementation and performance monitoring of wind power projects. The MNRE Guidelines seek to create awareness in various stakeholders about planned development and implementation of wind power projects. In 1987, MNRE established the "Indian Renewable



Energy Development Agency Limited" (**"IREDA"**), a financial institution to complement the role of MNRE and make finance available to renewable energy projects. IREDA functions under administrative control of MNRE. IREDA is involved in extending financial assistance and related services to promote deployment of renewable energy systems in India.

MNRE's Scheme for Promotion of Grid Interactive Power Generation Projects based on Renewable Energy Technologies provides for grant of subsidy to projects in the following mentioned three sources:

- Wind Power (demonstration projects);
- Biomass (for the purpose of eligibility under this scheme, biomass will include wastes produced during agricultural and forestry operations (for example straws and stalks) or produced as a by-product of processing operations of agricultural produce (e.g., husks, shells, deoiled cakes, etc); wood produced in dedicated energy plantations or recovered from wild bushes/weeds; and the wood waste produced in some industrial operations); and
- Small Hydro (Hydro power projects with a station capacity up to and including 25 MW).

On July 23, 2008, the MNRE introduced generation based incentives ("GBI") for grid-connected wind power in India whereby through the IREDA, the MNRE will provide a GBI of ₹0.50 per unit (KWh) for a period of ten years to the eligible project promoters. This incentive is over and above the tariff that may be approved by the State Electricity Regulatory Commissions in various States. The IREDA shall provide GBI for wind power projects after its commissioning subject to meeting the guidelines and eligibility conditions. In relation to solar power projects, in January 2008 the MNRE has introduced the Guidelines for Generation Based Incentive for Grid Interactive Solar Power Generation Projects, providing certain generation based incentives to PV solar power projects.

Environmental regulation

Manufacturing units must ensure compliance with environmental legislation, such as the Water (Prevention and Control of Pollution) Act, 1974, as amended ("**Water Act**"), the Air (Prevention and Control of Pollution) Act, 1981, as amended ("**Air Act**"), and the Environment (Protection) Act, 1986, as amended ("**EPA**"). The basic purpose of these statutes is to control, abate and prevent pollution. Various environmental laws give primary environmental oversight authority to the Ministry of Environment and Forest ("**MoEF**") and Pollution Control Boards ("**PCBs**"). The MoEF is the key national regulatory agency responsible for policy formulation, planning and co-ordination of all issues related to environmental protection. The MoEF receives proposals for expansion, modernization and setting up of projects and the impact which such projects would have on the environment is assessed by the MoEF before granting clearances for the proposed projects.

In order to achieve these objectives, PCBs, which are vested with diverse powers to deal with water and air pollution, have been set up in each state. The PCBs are responsible for setting the standards for maintenance of clean air and water, directing the installation of pollution control devices in industries and undertaking inspection to ensure that industries are functioning in compliance with the standards prescribed. These authorities also have the power of search, seizure and investigation. All industries are required to obtain consent orders from the PCBs, which are indicative of the fact that the industry in question is functioning in compliance with the pollution control norms. These consent orders are required to be kept renewed.

The issue of management, storage and disposal of hazardous waste is regulated by the Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008, as amended issued under the EPA. Under these rules, the PCBs are empowered to grant authorization for collection, treatment, storage and disposal of hazardous waste, either to the occupier or the operator of the facility. In addition, the MoEF regulates Environment Impact Assessment ("**EIA**").

The MoEF receives proposals for expansion, modernisation and setting up of projects and the impact which such projects would have on the environment is assessed by the Ministry before it grants clearances for the proposed projects. Prior environmental clearance from the Central Government or as the case may be, by the State Level Environment Impact Assessment Authority, duly constituted by the Central Government, in accordance with the procedure specified in the said notification has to be obtained for certain new projects or activities, or on the expansion or modernization of existing projects or activities based on their potential environmental impacts.



The Water (Prevention and Control of Pollution) Act, 1974

The Water Act prohibits the use of any stream or well for the disposal of polluting matter, in violation of standards set down by the State Pollution Control Board ("**State PCB**"). The Water Act also provides that the consent of the State PCB must be obtained prior to opening of any new outlets or discharges, which is likely to discharge sewage or effluent.

The Water (Prevention and Control of Pollution) Cess Act, 1977

The Water (Prevention and Control of Pollution) Cess Act, 1977, as amended ("**Water Cess Act**") requires a person carrying on any industry which involves the use of water to pay a cess in this regard. The person in charge is to affix meters of certain prescribed standards in order to measure and record the quantity of water consumed by such industry. Furthermore, a monthly return showing the amount of water consumed in the previous month must also be submitted.

The Air (Prevention and Control of Pollution) Act, 1981

The Air Act requires that any individual, industry or institution responsible for emitting smoke or gases by way of use as fuel or chemical reactions must apply in a prescribed form and obtain consent from the state pollution control board prior to commencing any activity. The State PCB is required to grant, or refuse, consent within four months of receipt of the application. The consent may contain conditions relating to specifications of pollution control equipment to be installed. Within a period of four months after the receipt of the application for consent referred above, the State PCB shall, by order in writing and for reasons to be recorded in the order, grant the consent applied for subject to such conditions and for such period as may be specified in the order, or refuse consent.

The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008

The Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008, as amended (the "**Hazardous Wastes Rules**"), which superseded the Hazardous Wastes (Management and Handling) Rules, 1989, state that the occupier will be responsible for safe and environmentally sound handling of hazardous wastes generated in his establishment. The hazardous wastes generated in the establishment of the occupier should be sent or sold to a recycler or re-processor or re-user registered or authorized under the Hazardous Wastes Rules or should be disposed of in an authorized disposal facility. The MOEF has been empowered to deal with the trans-boundary movement of hazardous wastes and to grant permission for transit of hazardous wastes through any part of India. No import of hazardous waste is permitted in India. The State Government, occupier, operator of a facility or any association of the occupier will be individually or jointly or severally responsible for, and identify sites for, establishing the facility for treatment, storage and disposal of hazardous wastes for the State.

Safety Regulations and Fuel emissions

The Ministry of Surface Road Transport and Highways (the "**MOSRT&H**") has constituted two committees to recommend and advise the ministry on issues relating to safety and emission regulations. These committees are – Central Motor Vehicles Rules-Technical Standing Committee (the "**CMVR-TSC**") and the Standing Committee on Implementation of Emission Legislation (SCOE). The Central Motor Vehicles Rules-Technical Standing Committee ("**CMVR-TSC**") was formulated to receive draft recommendations from other committees, such as the Automotive Industry Standards Committee ("**AISC**") and the Bureau of Indian Standards (the "**BIS**"). The AISC is a committee set up by MoSRT&H. The purpose of establishing this committee was to review the safety standards with regard to motor vehicles in India on a periodic basis and to give recommendations.

The National Standards for Automotive Industry are prepared by BIS. These standards are submitted for approval to the CMVR-TSC. After approval, CMVR-TSC sends it to MoSRT&H for final approval. The standards formulated by AISC are also converted into Indian Standards by BIS. The standards formulated by both BIS and AISC are considered by CMVR-TSC for implementation. India has followed European emission standards and test procedures. Currently BS II or Euro II equivalent norms are being followed throughout the country.



Intellectual Property Laws

The following laws relating to intellectual property also apply to our Company.

The Patents Act, 1970

The Patents Act, 1970, as amended (the "**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. Under the Patents Act, it is possible to obtain patents for both products and processes and also to obtain patents of addition in respect of any improvements or modifications to an invention already patented. Chapter II of the Patents Act sets out inventions that are not patentable. The form and manner of application for patents is set out under Chapter III and Chapter VIII deals with the grant of patents. Patents obtained in India are valid for a period of 20 years from the date of filing the application.

The Trade Marks Act, 1999

The Trade Marks Act, 1999, as amended (the "**Trademarks Act**") governs the statutory protection of trademarks in India. In India, trademarks enjoy protection under both statutory and common law. Indian trademarks law permits the registration of trademarks for goods and services. Certification trademarks and collective marks are also registerable under the Trademarks Act. An application for trademark registration may be made by any person claiming to be the proprietor of a trademark and can be made on the basis of either current use or intention to use a trademark in the future. The registration of certain types of trademarks are absolutely prohibited, including trademarks that are not distinctive and which consist exclusively of marks or indications which may serve in trade to designate/indicate the kind, quality, quantity, intended purpose, values, geographic origin, or the theme of production of the goods. Applications for a trademark registration may be made for in one or more international classes. Once granted, trademark registration is valid for 10 years unless cancelled. If not renewed after 10 years, the mark lapses and the registration for such mark has to be obtained afresh. While both registered and unregistered trademarks are protected under Indian law, the registration of trademarks offers significant advantages to the registered owner, particularly with respect to proving infringement. Registered trademarks may be protected by means of an action for infringement, whereas unregistered trademarks may only be protected by means of the common law remedy of passing off. In case of the latter, the plaintiff must, prior to proving passing off, first prove that he is the owner of the trademark concerned. In contrast, the owner of a registered trademark is *prima facie* regarded as the owner of the mark by virtue of the registration obtained.

Competition Act, 2002

The Competition Act, 2002 (the "**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 Competition Act regulates anti-competitive agreements, abuse of dominant position and combinations. The Competition Act, although enacted in 2002, is being brought into force in a phased manner. Provisions relating to anti-competitive agreements and abuse of dominant position were brought into force with effect from May 20, 2009 and thereafter the Competition Commission of India ("**Competition Commission**") became operational from May 20, 2009. Sections 5 and 6 (dealing with combinations, mergers and acquisitions) are yet to be notified, by the Government of 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 10 per cent. of the average turnover of the last three years. In the event of failure to comply with the orders or directions of the Competition Commission, without reasonable cause, such person is punishable with a fine extending to ₹ 1.00 lacs for each day of such non-compliance, subject to a maximum of ₹ 1,000 lacs. If there is a continuing non-compliance the person may be punishable with imprisonment for a term extending up to three years or with a fine which may extend up to ₹ 2500 lacs or with both as the Chief Metropolitan Magistrate, Delhi may deem fit. In case of offences committed by companies, the persons responsible for the conduct of the business of the company will be liable under the Competition Act, except when the offence was committed without their knowledge and they had exercised due diligence to prevent it.



Where the contravention committed by the company took place with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer of the company, such person is liable to be punished. The Competition Act also provides that the Competition Commission has the jurisdiction to inquire into and pass orders in relation to an anti-competitive agreement, abuse of dominant position or a combination, which even though entered into, arising or taking place outside India or signed between one or more non-Indian parties, but causes an appreciable adverse effect in the relevant market in India.

On March 4, 2011, the Indian Government notified the combination regulation (merger control) provisions under the Competition Act relating to combinations, which will be effective from June 1, 2011. A combination of regulations governing the procedural and reporting aspects of combination transactions has also been issued. Any combination that meets the thresholds specified in the Competition Act is required to be notified to the CCI for prior approval. It is unclear at present as to how the Competition Act and the CCI will affect industries in India.

Property related laws

The Company is required to comply with central and state laws in respect of property. Central Laws that may be applicable to our Company's operations include the Land Acquisition Act, 1894, the Transfer of Property Act, 1882, Registration Act, 1908, Indian Stamp Act, 1899, and Indian Easements Act, 1882.

In addition, regulations relating to classification of land may be applicable. Usually, land is broadly classified under one or more categories such as residential, commercial or agricultural. Land classified under a specified category is permitted to be used only for such specified purpose. Where the land is originally classified as agricultural land, in order to use the land for any other purpose the classification of the land is required to be converted into commercial or industrial purpose, by making an application to the relevant municipal or town and country planning authorities. In addition, some State Governments have imposed various restrictions, which vary from state to state, on the transfer of property within such states.

Land use planning and its regulation including the formulation of regulations for building construction, form a vital part of the urban planning process. Various enactments, rules and regulations have been made by the Central Government, concerned State Governments and other authorised agencies and bodies such as the Ministry of Urban Development, State land development and/or planning boards, local municipal or village authorities, which deal with the acquisition, ownership, possession, development, zoning, planning of land and real estate.

Each state and city has its own set of laws, which govern planned development and rules for construction (such as floor area ratio or floor space index limits). The various authorities that govern building activities in states are the town and country planning department, municipal corporations and the urban arts commission.

Certain state laws like the Bombay Stamp Act, as amended 1958 regulate land related transactions in the state of Maharashtra. The Maharashtra Land Revenue Code, 1966 (the "**MLRC**") was enacted to unify and amend the laws relating to land and land revenues in Maharashtra. The MLRC empowers the state government to specify revenue areas. The MLRC empowers the State Government to appoint a Collector who is in charge of the revenue administration for a district and also the powers and duties of other officers appointed in this regard.

Laws relating to employment

The employment of construction workers is regulated by a wide variety of generally applicable labour laws, including the Contract Labour (Regulation and Abolition) Act, 1970, the Minimum Wages Act, 1948, the Payment of Bonus Act, 1965, the Building and Other Construction Workers (Regulation of Employment and Conditions of Service) Act, 1996, the Payment of Wages Act, 1936, the Industrial Disputes Act, 1947, the Payment of Gratuity Act, 1972, the Employees' Compensation Act, 1923, the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the Inter-State Migrant Workmen (Regulation of Employment and Condition of Service) Act, 1979 some of which are described above.

Regulations regarding foreign investment

Please refer to the section titled "*Restriction on Foreign Ownership of Indian Securities*" on page 327.



Indirect tax Laws

Central Excise Act, 1944

Excise duty is levied on production of goods but the liability of excise duty arise 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 10 per cent. There is at present a cess for education called education cess and secondary and higher education cess, which is 3 per cent. of the excise duty; therefore, the effective excise duty comes out as 10.3 per cent.

Service Tax Laws

Service tax is imposed on various services like courier services, cargo handling services; goods transport agency services, transport of goods by air services, travel agent's services etc. Service provided by a cargo handling agency in relation to cargo handling services have been subjected to service tax by the Finance Act, 2002. Cargo handling service refers to loading, unloading, packing or unpacking of cargo and includes cargo handling services provided for freight in special containers or for non-containerized freight, services provided by a container freight terminal or any other freight terminal, for all modes of transport and cargo handling service incidental to freight, but does not include handling of export cargo or passenger baggage or mere transportation of goods.

Service provided to a customer by a goods transport agency in relation to transport of goods by road in a goods carriage is a taxable service subject to service tax. A goods transport agency means any commercial concern which provides service in relation to transport of goods by road and issues consignment note. Service provided to any person, by an aircraft operator, in relation to transport of goods by aircraft is subject to service tax. An aircraft operator is any commercial concern which provides the service of transport of goods by air craft. Service provided to a customer by a travel agent, in relation to the booking of passage for travel has been made subject to service tax by the Finance Act, 2004.

Central Sales Tax Act, 1956 ("Central Sales Tax Act")

The 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. This 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 (called as declared goods) shall be subject. Central Sales tax is levied on inter State sale of goods. Sale is considered to be inter-state when (a) sale occasions movement of goods from one State to another or (b) is effected by transfer of documents during their movement from one State to another.

A sale or purchase of goods shall be deemed to take place in the course of inter-state trade or commerce if the sale or purchase is affected by a transfer of documents of title to the goods during their movement from one state to another. When the goods are handed over to the carrier, he hands over a receipt to the seller. The seller sends the receipt to buyer. The buyer gets delivery of goods on submission of the receipt to the carrier at other end. The receipt of carrier is 'document of title of goods'. Such document is usually called Lorry Receipt (LR) in case of transport by Road or Air Way Bill (AWB) in case of transport by air. Though it is called Central Sales Tax Act, the tax collected under the Act in each State is kept by that State only. Central Sales Tax is payable in the State from which movement of goods commences (that is, from which goods are sold). The tax collected is retained by the State in which it is collected. The Central Sales Tax Act is administered by sales tax authorities of each State. The liability to pay tax is on the dealer, who may or may not collect it from the buyer.

Export Promotion Capital Goods Scheme (the "EPCG Scheme")

The EPCG Scheme provides that importers can benefit from reduced duties on the import of capital goods **provided that** they fulfill an export obligation to export a prescribed amount of their goods manufactured or services rendered (such amount being a multiple of the duty saved) within a specified period. Export obligations can be fulfilled by the direct export of goods or services outside India, or by way of "deemed exports", which are transactions deemed to be exports. In addition, a proportion of the export obligation can also be satisfied by



exports by "group companies" as defined under the EPCG Scheme. The precise terms of the obligations are stipulated in the license issued to the importer under the EPCG Scheme and under applicable law.

DEPB Scheme

DEPB (Duty Entitlement Pass Book) Scheme is an export incentive scheme provided in Import and Export policy. The objective of the scheme is to neutralize the incidence of basic custom duty on the import content of the exported products. Under the scheme, an exporter is eligible to claim credit as a specified percentage of value of exported product and is available at a rate of exported product as may be determined by Director General of Foreign Trade (DGFT). The credit amount in DEPB only entitles a person to adjust that amount for payment of customs duty and is not permitted to be withdrawn or adjusted in some other manner. There is no bar for transfer of this credit to another person and from him to another person i.e. this credit amount is freely tradable.

The DEPB Rates are applied on the basis of FOB value or value cap whichever is lower. DEPB Scheme is issued only on post- export basis and pre export DEPB scheme has been discontinued. The provisions of DEPB Scheme are mentioned in Para 4.3 and 4.3.1 to 4.3.5 of the Foreign Trade Policy or Exim Policy.

Duty Drawback Scheme

The duty drawback scheme is another option available to exporters. Instead of opting for REP license or DEPB, an exporter can choose to take Duty drawback also. Under this scheme, exporter of goods is allowed to take back refund of money to compensate him for excise duty paid on the inputs used in the products exported by him. It neutralizes the duty impact in the goods exported. In comparison to DEPB, this is the refund of money to exporter and is not an instrument which can be transferred to anybody.



HISTORY AND CERTAIN CORPORATE MATTERS

Brief History of our Company

Our Company was originally incorporated as a private limited company under the Companies Act, 1956, on September 23, 1985 with the name “Aurangabad Electricals Private Limited”. Thereafter, pursuant to a second Certificate of Incorporation dated June 21, 1999, the name of our Company was changed to Aurangabad Electricals Limited with effect from July 01, 1997 under Section 43A(1A). Subsequently, in compliance with Section 43A (2A) of the Companies Act, 1956 the name of our Company was changed to Aurangabad Electricals Private Limited with effect from March 20, 2001. Further, in terms of special resolution passed by members in Extra Ordinary General Meeting held on February 25, 2006 our Company was converted in to public limited company and pursuant to Certificate of Change of Name dated March 02, 2006, the name of our Company was changed to Aurangabad Electricals Limited.

Our Main Objects

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

1. To carry on the business of manufacturing, assembling, processing, importing, exporting, fabricating and dealing in various kinds of electrical and electronic parts, components, instruments, apparatus, assemblies and sub-assemblies and accessories such as magnetos, head-lamps, tail lamps required for scooter and other motorized vehicles.
2. To carry on the business of manufacturing, buying and selling, importing, exporting and dealing in all types of electrical parts, components, spares and accessories required for automobiles and engineering industry.

The main objects clause, objects incidental or ancillary to the attainment of the main objects and the other objects of the Memorandum of Association enables our Company to undertake its existing activities and the activities for which the funds are being raised by our Company through this Issue.

Amendments to our Memorandum of Association

Since the incorporation of our Company the following changes have been made to our Memorandum of Association:

Date of Shareholders' Approval	Amendment
September 25, 1985	Increase in authorised share capital of our Company from ₹1,00,000 divided into 1,000 equity shares of ₹100 each to ₹ 20,00,000 divided into 20,000 equity shares of ₹100 each
April 5, 1989	Increase in authorised share capital of our Company from ₹ 20,00,000 divided into 20,000 equity shares of ₹100 each to ₹ 40,00,000 divided into 40,000 equity shares of ₹100 each
September 30, 1994	Increase in authorised share capital of our Company from ₹ 40,00,000 divided into 40,000 equity shares of ₹100 each to ₹1,50,00,000 divided into 1,50,000 equity shares of ₹100 each
February 28, 1997	Increase in authorised share capital of our Company from ₹1,50,00,000 divided into 1,50,000 equity shares of ₹100 each to ₹2,00,00,000 divided into 2,00,000 equity shares of ₹100 each
August 21, 1998	Increase in authorised share capital of our Company from ₹2,00,00,000 divided into 2,00,000 equity shares of ₹100 each to ₹3,00,00,000 divided into 2,25,000 equity shares of ₹100 each and 75,000 13% optionally convertible cumulative preference shares of ₹100 each.
November 16, 1998	Increase in authorised share capital of our Company from ₹3,00,00,000 divided into 2,25,000 equity shares of ₹100 each and 75,000 preference shares of ₹100 each to ₹ 4,00,00,000 divided into 2,75,000 equity shares of ₹100 each and 1,25,000 13% optionally convertible cumulative preference shares of ₹100 each.



Date of Shareholders' Approval	Amendment
March 26, 2002	Pursuant to special resolution passed by the members of the company in their extraordinary general meeting held on March 26, 2002, Clauses 27 to 40 inserted in the other objects of the Object clause III C of the Memorandum of Association.
August 17, 2004	Change in authorised share capital of our Company from ₹ 4,00,00,000 divided into 2,75,000 equity shares of ₹100 each and 1,25,000 13% optionally convertible cumulative preference shares of ₹100 each to ₹ 4,00,00,000 divided into 3,00,000 equity shares of ₹100 each and 1,00,000 13% optionally convertible cumulative preference shares of ₹100 each.
November 18, 2004	Increase in authorised share capital of our Company from ₹ 4,00,00,000 divided into 3,00,000 equity shares of ₹100 each and 100,000 13% optionally convertible cumulative preference shares of ₹100 each to ₹ 10,00,00,000 divided into 9,00,000 equity shares of ₹100 and 1,00,000 13% optionally convertible cumulative preference shares of ₹100 each.
October 10, 2005	Increase in authorised share capital of our Company from ₹ 10,00,00,000 divided into 9,00,000 equity shares of ₹100 and 1,00,000 13% optionally convertible cumulative preference shares of ₹100 each to ₹12,50,00,000 divided into 11,50,000 equity shares of ₹100 each and 1,00,000 13% optionally convertible cumulative preference shares of ₹100 each.
February 25, 2006	Conversion of the Company into a public limited company
April 19, 2006	Change in authorised share capital of our Company from ₹12,50,00,000 divided into 11,50,000 equity shares of ₹100 each and 1,00,000 13% optionally convertible cumulative preference shares of ₹100 to ₹12,50,00,000 divided into 12,50,000 equity shares of ₹100 each.
March 11, 2010	Increase in authorised share capital of our Company from ₹12,50,00,000 divided into 12,50,000 equity shares of ₹100 each to ₹12,51,00,000 divided into 12,50,000 equity shares of ₹100 each and 1,00,000 preference shares of ₹1 each.
September 23, 2011	Subdivision of 12,50,000 equity shares of ₹100 each to ₹12,50,00,000 divided into 12,50,000 equity shares of ₹10 each. Increase in authorised share capital of our Company from ₹12,51,00,000 divided into 12,50,000 equity shares of ₹100 each and 1,00,000 preference shares of ₹1 each to ₹15,01,00,000 divided into 15,00,000 equity shares of ₹10 each and 1,00,000 preference shares of ₹1 each.
September 27, 2011	Pursuant to special resolution passed by the members of the company in their extraordinary general meeting held on September 27, 2011, sub-clause 4 inserted in the objects incidental or ancillary to the attainment of main objects and existing subclauses 4 to 40 renumbered as 5 to 41 of the Object clause III of the Memorandum of Association.

Total Number of Shareholders of our Company

As of the date of filing of the Draft Red Herring Prospectus, the total number of holders of Equity Shares are 9. For more details on the shareholding of the members, please see the section titled “*Capital Structure*” at page 63 of the Draft Red Herring Prospectus.

Changes in the Registered Office of our Company

Previous Address	New Address	Reason for Change	Date of Change
1184/4 Fergusson College Road, Gokul Nagar B, Pune 411005, Maharashtra	Plot No. B-7, MIDC Chakan, Village- Mahalunge, Taluka- Khed, Dist-Pune- 410501, Maharashtra.	For administrative convenience	June 26, 2003



Change in Auditors

Except as disclosed below there has been no change in the Auditors of our Company in the last three years:

Sr. no	Previous Auditor	Change in Auditor	Date of Change	Reason for change
1.	S. R. Batliboi & Co., (Firm Registration No. 301003E)	S. R. Batliboi & Co., (Firm Registration No. 324982E)	March 11, 2010	Resignation
2.	S. R. Batliboi & Co., (Firm Registration No. 324982E)	S. R. Batliboi & Co., (Firm Registration No. 301003E)	December 30, 2010	Resignation

Major Events and Milestones

The table below sets forth some of the major events in the history of our Company:

S. No.	Calendar Year	Details
1.	1985	Incorporation of our Company
2.	1986	Our Company established a plant at Waluj, Dist. Aurangabad (Plant I) for production of magnetos.
3.	1990	Our Company established plant at Waluj, Dist. Aurangabad (Plant II) for production of high precision spindles and electronic magnetos
4.	1995	The aluminum die casting unit was established by our Company at Village Pangara (Plant III) District Aurangabad.
5.	1998	Our Company established a state of art plant for manufacturing of magnetos, CDI, regulator (Plant IV) at Waluj, Dist. Aurangabad in technical collaboration with Taigene Electric, Taiwan
6.	2002	Our Company commenced generation of electricity through windmills at Village Pimpalgaon, Taluka Parner, District Ahmednagar (Maharashtra)
7.	2003	Our Company established a plant at Chakan, Pune for production of wheel assembly (Plant VI) Manufacture of H.T. coils commenced at Plant IV
8.	2004	Our Company started manufacture of wheel rims, spokes, nipples started at Plant VII located at Waluj, Dist. Aurangabad
9.	2005	Commencement of processes for providing complete solution of aluminum die casting components to cater export potentials in Plant VIII
10.	2006	Our Company established a plant at Pharola, Dist. Aurangabad (Plant IX) for manufacture of high tensile fasteners
11.	2007	Our Company established a new plant at Pantnagar, Uttarakhand (Plant N1) for production of aluminum die casting components A joint venture was formed pursuant to the joint venture agreement entered between our Company, Associated Brakes Limited and OMR Holding SPA. Our Company shut down Plant I & II due to reduction of demand from customers. Our Company transferred its business located at Plant XI to its plants at Waluj and Chakan.
12.	2009	Our Company shut down Plant VII due to reduction of demand from customers. Our Company sold the windmill located at Plant X.
13.	2010	Demerger of GDC division of Aurangabad Motor Manufacturers Limited into our Company pursuant to the scheme approved by the High Court of Bombay dated May 07, 2010. Appointed Date being October 1, 2009.

Time/cost overrun

Our Company may have experienced time and cost overrun in relation to some of the projects executed by them. For details of related risk, see section titled “Risk Factors” on page 14 of the Draft Red Herring Prospectus.



Changes in activities of our Company during last five years

There have been no changes in the activities of our Company during last five years, which may have had a material effect on our profits or loss, including discontinuance of our lines of business, loss of agencies or markets and similar factors.

Revaluation of Assets

Nil

Defaults or Rescheduling of borrowings with financial institutions/ banks

We had applied to IDBI Bank Limited, State Bank of India & Saraswat Co-operative Bank Ltd. for postponement of corporate and term loan instalments. IDBI Bank Limited vide their letter dated July 07 2009 and State Bank of India, vide their letter dated April 06, 2009 and Saraswat Co-operative Bank Ltd. Vide their letter dated March 30, 2008 have deferred the various existing term loans.

Capital raising (Equity/ Debt)

Our equity issuances in the past and availing of debts as on August 31, 2011, have been provided in sections titled “*Capital Structure*” and “*Financial Indebtedness*” on pages 63 and 210, respectively. Further, our Company has not undertaken any public offering of debt instruments since its inception.

Business and Management

For details of our Company’s business, products, marketing, the description of its activities, products, market segment, the growth of our Company, standing of our Company with reference to the prominent competitors with reference to its services and geographical segment, please see section titled “*Our Business*” at page 113 of the Draft Red Herring Prospectus.

For details of the management of our Company and its managerial competence, please see section titled “*Our Management*” at page 150 of the Draft Red Herring Prospectus.

Awards and Accreditations

Sr. no	Year	Description
1.	2011	ISO/TS 16949 : 2009 Certification
2.	2011	BAVA Kaizen Competition (2nd Runner-up Award)
3.	2011	Bajaj Auto Limited "Q - Silver Award"- Plant IV
4.	2010	BAVA Kaizen Competition (Best Third Award)
5.	2010	Bajaj Auto Limited "Q - BRONZE AWARD"- Plant IV
6.	2010	ISO/TS 16949 : 2009 Certification
7.	2010	Vendor Meet Appreciation Award
8.	2010	Bajaj Auto Limited Q Bronze Award- Gravity Die Casting Unit
9.	2010	Bajaj Safety Award-2010 : Safety Kaizen - 1st Prize
10.	2010	ISO/TS 16949 : 2009 Certification
11.	2009	ISO/TS 16949 : 2009 Certification
12.	2009	Bajaj Auto Limited “Q Bronze Award”- Plant III
13.	2009	Bajaj Auto Limited Kaizen Award 3 rd Prize
14.	2008	CCQC Excellent Performance by QCFI
15.	2007	NCQC Distinguished Award
16.	2007	Supplier of the year by – Delhi
17.	2007	Bajaj Auto Limited “Q Bronze Award”- Plant VI
18.	2007	Bajaj Auto Limited “Q Bronze Award”- Plant IV

Injunctions or Restraining Order against our Company

An injunction order dated June 25, 2009 issued by the Labour Court, Aurangabad restraining our Company from shifting/transferring/disposing in any manner, the plant, machineries, dies, goods, materials and assets relating



to Plant VII. The said injunction order has been vacated by order dated June 20, 2011 issued by Industrial Court, Aurangabad allowing the Company to shift its plant and machinery at Plant VII, please see section titled “*Outstanding Litigations and Material Developments*” at page 221 of the Draft Red Herring Prospectus for further details.

Business Transfer Agreement

Agreement to Transfer Business dated October 27, 2007 entered into between Associated Brakes Limited (Now known as OMR Bagla Automotive Systems India Limited) (“ABL”) and our Company, (“Business Transfer Agreement”)

Pursuant to Business Transfer Agreement dated October 27, 2007 and resolution dated September 23, 2007 passed by the shareholders of our Company, our Company has transferred the business carried on by our Company at Plant VIII which includes manufacturing, assembling, processing, fabricating, buying, selling, importing, exporting and dealing in all types of parts, components, instruments, apparatus, assemblies and accessories whether electrical, mechanical or otherwise required for automobiles, engineering and other industries to Associated Brakes Limited (ABL) (now known as OMR Bagla Automotive Systems India Ltd.) on ‘as is where is’ basis and as a going concern along with the transferred assets which includes land and building and movable properties along with the business transactions carried out at Plant VIII for a consideration of ₹ 4,411.40 Lacs including net current assets of ₹ 140.00 Lacs (Rupees One Crore Forty lacs only). The value of moveable and non-moveable assets had been arrived as per the Balance Sheet of our Company as on March 31, 2007. The said agreement also contained a clause stating that the closing and closing date shall take place on the date mutually agreed between the parties after signing the aforesaid agreement. As per the Business Transfer Agreement, our Company has agreed to not entertain any business with the customers of Plant VIII existing as on the date of the Business Transfer Agreement and will entertain any such business only with the written consent of ABL.

Joint Venture Agreement

Subscription cum Joint Venture Agreement dated November 17, 2007 entered into between Associated Brakes Limited (“ABL”) (Now known as OMR Bagla Automotive Systems India Limited), OMR Holding SPA, Italy (“OMR”) and our Company, (“JV Agreement”).

Pursuant to JV Agreement, OMR subscribed to 2,767,500 equity shares of ABL at a price of ₹ 120/- per equity share on the basis and in consideration of the transfer of business by our Company to ABL, pursuant to Agreement to Transfer Business dated October 27, 2007 executed between our Company and ABL. Pursuant to JV Agreement, OMR had agreed that it will not conduct any business whatsoever in India without written consent of our Company and will not conduct any business outside India if it affects the business of joint venture company. In the event OMR proposes to manufacture such products in India, it shall first offer such proposal to our Company. Similarly, our Company undertakes that in the event it proposes to enter or set up any new venture for manufacture of any products by joint venture company, it shall first offer to OMR and also undertakes that in the event if our Company proposes to enter or set up any new venture for manufacture of such products in Europe and South America, it shall first offer such proposal to OMR. The JV Agreement will be effective until and unless it is terminated on account of either OMR or our Company ceasing to hold any equity shares in ABL. Pursuant to fresh certificate of incorporation dated December 19, 2007 issued by the Registrar of Companies, Pune, the name of ABL was changed to OMR Bagla Automotive Systems India Limited.

Scheme of Arrangement

The Hon’ble High Court of Mumbai vide the order dated May 7, 2010 has approved the Scheme of Arrangement between Aurangabad Motor Manufacturers Limited (“AMML”) and our Company and their respective shareholders and creditors under section 391 to 394 of the Companies Act 1956, (“**Scheme of Arrangement**”).

Pursuant to Scheme of Arrangement, with effect from October 1, 2009 (“**Appointed Date**”), the whole of the undertaking and properties of the Gravity Die Casting Division (“**GDC Undertaking**”) of AMML were transferred to and vested in our Company along with all debts, liabilities, contingent liabilities, duties and obligations of every kind, nature and description of AMML relating to GDC Undertaking and also licenses, permissions, approvals required to carry on operations of the GDC Undertaking were vested and transferred to our Company.



In consideration for the transfer and vesting of the GDC Undertaking, our Company allotted 85,671 non-cumulative Preference Shares of ₹ 1 each on June 3, 2010 to the respective equity and preference shareholders of AMML at the coupon rate of 0.01% per annum and to be redeemed at the end of 2 years from the date of allotment. For further details in connection with allotment of Preference Shares, please see section titled “Capital Structure” on page 63 of the Draft Red Herring Prospectus.

The terms and conditions of the aforementioned preference shares are as follows:

- Nature: The Preference Shares are non cumulative and redeemable at the end of two years from the date of allotment thereof;
- Coupon rate: 0.01% per annum Non-Cumulative
- Call Option: Our Company has an option to redeem the Preference Shares at any time after the end of first year from the date of allotment. Our Company, upon exercises of such option or on redemption, will pay the amount of the face value of the Preference Shares along with dividend accrued up to that date.

Shareholders Agreement and Share Subscription Agreement

Shareholders Agreement dated March 4, 2006 entered into between Blue River Capital I, LLC (“BRC”), Raj Narayan Bagla, Rishi Kumar Bagla, Mamta Bagla, Neha Aiyush Bhuwalka, Devanshi Akshat Jain, R.N. Bagla (HUF), R.K. Bagla (HUF), Aurangabad Motor Manufacturers Private Limited, Deccan Carbon Products Private Limited, Waluj Investments and Trading Company Private Limited, (collectively herein referred to as “Sponsors”) and our Company, (“Shareholders Agreement”) and addendum to the Shareholders Agreement dated March 18, 2006 and Subscription Agreement dated March 4, 2006 entered into between BRC, Sponsors and our Company (“Subscription Agreement”).

Pursuant to Subscription Agreement, BRC subscribed to 252,000 fully paid up equity shares of face value of ₹ 100 each (“BRC Shares”) of our Company at a premium of ₹ 1690.54 per equity share each constituting 22.11% of the aggregate fully diluted equity share capital of our Company. In furtherance of the Subscription Agreement, our Company has entered into Shareholders Agreement detailing rights and obligations of the shareholders. Certain key covenants of the Shareholders Agreement are as listed below:

(I) Additional Rights to the BRC Shares:

- (a) Pursuant to the Shareholders Agreement, BRC will be entitled to preferential right to be repaid an amount equal to the aggregate of the total subscription price in respect of the BRC Shares, prior to repayment of capital to the other shareholders of our Company, in the event of liquidation of our Company.
- (b) Our Company shall not without the affirmative vote of any of the directors of the BRC and/or directors of the subsidiary of the BRC in case of any action to be taken with respect to a subsidiary, as applicable, make any decision or take any action in relation to the matters as listed below whether by way of resolution by circulation or at a meeting of the Board of Directors of our Company or of any of the committees of the Board or the shareholders of our Company :
 - (i) Any amendments or change of the rights, preferences, privileges, or powers of, or the restrictions provided for the benefit of the equity shares of face value of ₹ 100 each of our Company;
 - (ii) Any amendment to the MoA and AoA of our Company;
 - (iii) Any merger, consolidation, acquisition or similar transaction of our Company;
 - (iv) The liquidation or dissolution of our Company;
 - (v) The declaration or payment of dividend on equity shares of our Company or the redemption or repurchase of securities;
 - (vi) Any increase in the authorised number of or the issuance of any additional shares or securities convertible into equity shares, including as part of employee stock option scheme, other than that for Qualified IPO;
 - (vii) Creation of any new subsidiaries and/or joint ventures and/or strategic alliances and/or sole selling/buying relationships;
 - (viii) Transfer of shares or legal or beneficial interest of the Sponsors in Aurangabad Motor Manufacturers Limited, Deccan Carbon Products Limited and Waluj Investments and Trading Company Private Limited and amendments of the articles of association of the aforesaid companies in connection with the same.



(2) Appointment of Director on the Board of our Company:

BRC is entitled to appoint Directors on the Board of our Company in proportion to its shareholding in our Company, provided that so long as BRC holds at least 5% of the paid up equity capital of our Company, BRC is entitled to appoint at least one Director.

(3) Initial Public Offering:

(a) Qualified IPO:

Pursuant to the Shareholders Agreement, our Company and the Sponsors are required to ensure that our Company makes a Qualified IPO on a recognised stock exchange, acceptable to BRC within a period of 3 years and in no event later than 4 years from the date of issuance and subscription of BRC Shares.

(b) Liquidity IPO:

In the event that the Qualified IPO is not completed and the equity shares of our Company does not get listed on any of the stock exchanges within a period of 4 years from the date of issuance and subscription of BRC Shares, BRC will have right to require our Company to list its equity shares on one or more stock exchanges, which will be at sole discretion of the BRC. The amount of equity shares proposed to be listed, the issue price per equity share and other terms of the Liquidity IPO shall be decided at the sole discretion of the BRC.

(4) BRC not to be construed as a promoter:

BRC will not be construed as a promoter of our Company in connection with Initial Public Offering of equity shares by our Company. Further, BRC will also not be required to give any warranties or indemnities to any person, body or authority in connection with Initial Public Offering by our Company

(5) BRC rights upon transfer of shares:

If any Sponsor proposes to transfer any of the shares ("**Transfer Shares**") (other than permitted transfers which includes transfer of shares amounting to 5% or less of the fully diluted equity share capital) held by it to a person ("**Transferee**"), then Sponsor will give a written notice ("**Sale Notice**") to the BRC which should contain the number of shares proposed to be transferred, name and address of the Transferee, the proposed price, including the proposed amount, form of consideration and terms and conditions offered by such transferee, etc. BRC would within a period of 15 days ("**Offer Period**") issue either a no-sale notice or right of first refusal or a tag along notice. In the event, BRC fails to issue any notice within a period of 15 days, the Sponsor is at liberty to transfer the shares to the Transferee on the same terms and conditions as proposed.

(a) Right of First Refusal:

BRC has right of first refusal within a period of 30 days from the date of receipt of Sale Notice to purchase the Transfer Shares on the same terms and conditions as proposed by the Transferee, by sending a binding and irrevocable right of first refusal notice.

(b) Tag Along Right:

BRC has right to tag along by sending a binding and irrevocable tag along notice to the Sponsors stating that the BRC intends to sell all or part of the BRC Shares ("**Tag Along Shares**") and the Sponsors must ensure that the Transferee also purchases the Tag Along Shares at the same price and on same terms and conditions as those offered by the Transferee to the Sponsors

Amendment Agreement to the Shareholders Agreement:

Pursuant to an amendment agreement to the Shareholders Agreement dated September 27, 2011 between our Company, the Sponsors and BRC, the parties thereto have agreed to the following:



- (i) With an objective to facilitate the Issue, the Sponsors and BRC have agreed for the amendment, modification and alteration of the existing Articles of Association, (“**Restated Articles**”), by incorporating certain insertions and deletions thereto.
- (ii) In terms of Article 147 of the Restated Articles, the parties specifically agree that upon filing of the Prospectus by our Company with the Registrar of Companies, following specific provisions as specified in Article 147 relating to the BRC’s right as a shareholder would become incapable of application and shall cease to have any force and effect without any further action whatsoever by our Company or by the shareholders of our Company:
 - a) Article 4(b): Additional rights attached to BRC Shares;
 - b) Article 84: Management of our Company;
 - c) Articles 86 to 96: Meetings of the Board;
 - d) Articles 97 to 103: Shareholders Meetings;
 - e) Article 15: Additional Capital;
 - f) Articles 40 to 44 Initial Public Offering (excluding Article 43A);
 - g) Article 45: Minimum shareholding requirement;
 - h) Article 46: Transferability of Shares;
 - i) Article 47: BRC's Rights upon Transfer by Sponsors;
 - j) Article 48: Right of First Refusal; and
 - k) Article 51: Transfer/Subscription of Shares by BRC
- (iii) All clauses relating to liquidation events and liquidation preference rights of the BRC have been deleted from the Restated Articles to facilitate the consummation of the Issue. However, if the Issue is not consummated by June 30, 2012 or such other date as may be mutually agreed to by the parties in writing, (the “**Long Stop Date**”), such liquidation preference rights shall be reinstated in their fullest form and the Sponsors and our Company shall take all the necessary steps including voting at shareholders’ meeting to amend the Articles accordingly.
- (iv) Prior to and upon filing of the Prospectus with the Registrar of Companies, BRC shall continue to have the right to nominate only 1 (one) director on the Board of Directors of our Company (the “**Investor Director**”). Subject to the applicable law in force, the terms of appointment of such Investor Director shall be in accordance with provisions of the Shareholders Agreement. BRC shall also enjoy all rights available to other equity shareholders of our Company. For the avoidance of doubt, it is hereby clarified that the aforementioned provision will be deemed to be terminated on the occurrence of any of the following, whichever is earlier (a) the BRC’s shares in our Company falls below 5% of the maximum number of Equity Shares ever held by BRC in our Company or (b) post the IPO, on the second anniversary of the Equity Shares of our Company being listed and traded on the Stock Exchanges.
- (v) The Parties agree that in order to facilitate the Issue, BRC has undertaken not to exercise its rights in connection with (i) exercise voting rights in accordance with its respective proportion of shareholding., (ii) management of our Company, (iii) provisions relating to meetings of the board of directors, (iv) provisions relating to shareholders’ meetings, (v) provisions relating to issuance of additional capital by our Company and provisions relating to initial public offering, (vi) provisions relating minimum shareholding requirements, (vii) provisions relating to transferability of shares, (viii) BRC’s rights upon transfers by Sponsors, (ix) BRC’s right of first refusal, (x) BRC’s tag along rights, (xi) provisions relating to transfer/subscription of shares by BRC and (xi) provisions relating to transfer of shares by our Company, (xii) provisions relating liquidation preference from the date of the aforesaid Amendment Agreement until (i) the Long Stop Date or (ii) the filing of the Prospectus with the Registrar of Companies, whichever is earlier.

Strategic and Financial Partnerships

Nil



OUR MANAGEMENT

Under the Articles of Association, our Company is required to have not more than 11 (eleven) Directors. Our Company currently has 8 (eight) Directors. As per the shareholders agreement dated March 04, 2006 entered into between Blue River Capital I, LLC, Late Raj Narayan Bagla, Rishi Kumar Bagla, Mamta Bagla, Neha Aiyush Bhuwalka, Devanshi Akshat Jain, R.N. Bagla (HUF), R.K. Bagla (HUF), Aurangabad Motor Manufacturers Limited, Deccan Carbon Products Limited, Waluj Investments and Trading Company Private Limited and our Company, Blue River Capital I, LLC, has the right to appoint at least one Director on the Board as a non-retiring Director. For details regarding appointment of such Director, see section titled “*History and Certain Corporate Matters*” on page 142 of the Draft Red Herring Prospectus. We confirm that the composition of our Board of Directors complies with Clause 49 of the Listing Agreement.

Our Board

The following table sets forth details regarding our Board of Directors as on the date of the Draft Red Herring Prospectus:

Name, Designation, Father’s Name, Term, Occupation, Address and DIN	Age (in Years)	Other Directorships as on the date of the Draft Red Herring Prospectus
Rishi Kumar Bagla Designation: Chairman and Managing Director, Non-Independent Father’s Name: Late Raj Narayan Bagla Term: Re-appointed for a period of five years from February 25, 2011 till February 24, 2016 Occupation: Business Address: Gut No. 40, Golwadi, Paithan Road, Aurangabad, Maharashtra 431005 India DIN: 00002020	52	1. Aurangabad Motor Manufacturers Limited 2. Deccan Carbon Products Limited 3. BG LI-IN Electricals Limited 4. Waluj Investments and Trading Company Private Limited 5. Haryana Auto Comp Private Limited 6. Haryana Auto Components & Electricals Limited 7. OMR Bagla Automotive Systems India Limited 8. Manshi Electronics Private Limited 9. Innes Watson (Gujarat) Limited* <i>Partnership firm</i> 10. Aurangabad Sales and Services (Partner)
Mamta Bagla Designation: Non-Executive, Non-Independent Director Father’s Name: Vishwanath Deviprasad Bazaz Term: Retirement by rotation Occupation: Business Address: Gut No. 40, Golwadi, Paithan Road, Aurangabad,	48	1. Deccan Carbon Products Limited 2. BG LI-IN Electricals Limited 3. Waluj Investments and Trading Company Private Limited 4. Haryana Auto Comp Private Limited 5. Haryana Auto Components & Electricals Limited 6. OMR Bagla Automotive Systems India



Name, Designation, Father's Name, Term, Occupation, Address and DIN	Age (in Years)	Other Directorships as on the date of the Draft Red Herring Prospectus
Maharashtra 431005 India DIN: 00002031		Limited <i>Partnership firm</i> 1. Aurangabad Sales and Services (Partner)
Kilambi Raghavachary Designation: Whole Time Director, Executive, Non-Independent Father's Name: Gopalkrishnamachary Kilambi Term: Re-appointed for a period of three years from July 10, 2010 till July 9, 2013 Occupation: Service Address: 5052, Flat No. No. 53, H Block, 28 th Street, Ponni Colony, Anna Nagar West, Chennai, Tamil Nadu 600040 India DIN: 01587450	65	Nil
Anant Kandoi Designation: Non Executive, Independent Director Father's Name: Bhanwarlal Kandoi Term: Retirement by rotation Occupation: Business Address: House No. 244, N-3, Chikalthana, Aurangabad, Maharashtra 431003 India DIN: 01574768	38	1. Aurangabad Motor Manufacturers Limited 2. B. G. Appliances Private Limited 3. Manshi Electronics Private Limited



Name, Designation, Father's Name, Term, Occupation, Address and DIN	Age (in Years)	Other Directorships as on the date of the Draft Red Herring Prospectus
Navin Paul Designation: Non Executive, Independent Director Father's Name: Nangia Satya Paul Term: Retirement by rotation Occupation: Service Address: No. 666, 6 th Cross, III Block, Koramangala, Bangalore, Karnataka 560034 India DIN: 00424944	53	Nil
Muneesh Chawla Designation: Non-Executive, Non-Independent and Nominee Director of Blue River Capital I LLC Father's Name: Charanjit Chawla Term: Non retiring director Occupation: Service Address: A 702, Ambience Island, NH-8, Gurgaon, Haryana 122002, India DIN: 00069360	44	<ol style="list-style-type: none"> 1. OMR Bagla Automotive Systems India Limited 2. Blue River Capital Advisors (India) Private Limited 3. Blue River Capital India Advisory Services Private limited 4. Detracto GmbH Internationals Spedition 5. International Print-O-Pac Limited 6. Wilson Sandhu Logistics (India) Limited
Naina Krishna Murthy Designation: Non Executive, Independent Director Father's Name: A.S Krishna Murthy Term: Retirement by rotation Occupation: Service Address: Ansal Heights Building, B Wing, 7 th Floor, Flat No. 702, Worli Naka, Mumbai-400018 DIN: 01216114	39	<ol style="list-style-type: none"> 1. Epicentre Research Technologies Bangalore Private Limited 2. Performance Direct Software Private Limited 3. Acciona Agua India Private Limited 4. MRops Progamming India Private Limited 5. Mobile Feed Back Services India Private Limited 6. Focus Suites Solutions & Services Private Limited <p><i>Partnership Firm</i></p> <ol style="list-style-type: none"> 7. Krishnamurthy & Co



Name, Designation, Father's Name, Term, Occupation, Address and DIN	Age (in Years)	Other Directorships as on the date of the Draft Red Herring Prospectus
Ulhas Gaoli Designation: Non Executive, Independent Director Father's Name: Narayanrao Gaoli Term: Retirement by rotation Occupation: Service Address: Nisargmitra society, Plot No. 13, Golwandi, Cidco-4 Paithan Road, Aurangabad, India. DIN: 00286833	60	1. Marathwada Auto Comp Private Limited; 2. Morya Steel Private Limited; 3. Centron Industrial Alliance Limited; 4. Narayana Infra- Ventures Private Limited.

** In the process of being struck off under Section 560 of the Companies Act, 1956.*

Brief profile of our Directors

Rishi Kumar Bagla, aged 52, is the Chairman and Managing Director of our Company. He holds a Bachelors degree in Commerce (Honors) from St. Xavier's, Kolkata. Rishi Kumar Bagla has approximately 25 years of experience in auto components industry. He has been associated with our Company since incorporation. He is in charge of the overall strategic and corporate development of our Company. He has been recently appointed as the Chairman of Aurangabad Vidya Mandir. The remuneration paid to him in the last Fiscal was ₹ 24.49 lacs.

Mamta Bagla, aged 48, is a Non-Executive, Non-Independent Director of our Company. She holds a Matriculation degree from Ashok Hall Girls High School, Kolkata. Mamta Bagla has approximately 16 years of experience in the auto-components industry. She has been associated with our Company since April 01, 1994. The remuneration paid to her in the last Fiscal was ₹ 20.22 Lacs.

Kilambi Raghavachary, aged 65, is a Whole Time, Executive, Non Independent Director of our Company. He holds a graduate degree in Mechanical Engineering from Government College of engineering Kakinada Andhra Pradesh and a M. Tech degree from Indian Institute of Technology Kharagpur. He has approximately 40 years of experience in the die casting units. He has been associated with our Company since July 10, 2007. He is the technical director of our Company and is in charge of tool room of our Company. Prior to joining our Company he was general manager at Sundaram Clayton Limited. The remuneration paid to him for the last Fiscal was ₹ 38.01lacs.

Anant Kandoi, aged 38, is a Non-Executive, Independent Director of our Company. He holds a graduate degree in Commerce from University of Bombay and is also a qualified Chartered Accountant. Anant Kandoi has approximately 8 years of experience in the television and air cooler component industry. He has been associated with our Company since March 7, 2007. There was no remuneration paid to him in the last Fiscal.

Navin Paul, aged 53, is a Non-Executive, Independent Director of our Company. He holds a Bachelors degree in Mechanical Engineering from Regional Engineering College, Kurukshetra and a master's degree in Business Administration from FMS, Delhi. Navin Paul has approximately 20 years of experience in the different segments in the engineering industry. He has been associated with our Company since July 4, 2006. There was no remuneration paid to him in the last Fiscal.

Muneesh Chawla, aged 44, is a Non-Executive, Non - Independent Director of our Company. He holds a Bachelors degree in Technology from Indian Institute of Technology, Kanpur and a Masters degree in Business Administration from University of Texas at Austin. Muneesh Chawla has approximately 21 years of experience in the finance sector. Muneesh Chawla is a nominee of Blue River Capital I LLC. He has been a non-executive director of our Company since March 23, 2006. There was no remuneration paid to him in the last Fiscal.



Naina Krishna Murthy, aged 39 years, a Non-Executive, Independent Director of our Company. She holds a degree in Law, with a B.A. LLB (Hons) from National Law School of India. She has approximately 15 years of experience in the legal sector. She is presently the managing partner of Krishnamurthy & Company. There was no remuneration paid to her in the last Fiscal.

Ulhas Gaoli, aged 60, an Independent Director of our Company. He holds a Bachelors degree in Arts from Nagpur University, and a Post Graduate degree in Public Administration and Doctorate from Malbrough University U.S. He was employed as a managing director of Mavim Limited, a government of Maharashtra undertaking, vice president of Garware Polyester Limited, chairman Hindustan Awas Limited and corporate advisor to Skoda Auto India. There was no remuneration paid to him in the last Fiscal

For further details of terms of appointment of nominee director under the shareholders agreement see section titled “History and Certain Corporate Matters” at page 142 of the Draft Red Herring Prospectus.

Details of current and past directorships

None of our Directors are currently or have been, in the past five years, on the board of directors of a public listed company whose shares have been or were suspended from being traded on the NSE or BSE.

Further, none of our Directors are currently or have been on the board of directors of a public listed company whose shares have been or were delisted from being traded on any stock exchange.

Relationships between our Directors Except for the following none of our other directors are related to each other:

Name of the Director	Name of the other Director	Family Relation
Rishi Kumar Bagla	Mamta Bagla	Husband-Wife

Remuneration of our Directors:

a) Remuneration of our executive Directors for Fiscal 2011

(i) Rishi Kumar Bagla - Chairman and Managing Director (“CMD”)

Pursuant to an agreement dated September 19, 2011 which was approved by the Board by way of a resolution dated September 19, 2011 and by the shareholders in the extra-ordinary general meeting dated September 23, 2011, the following is the remuneration paid by our Company to Rishi Kumar Bagla:

A. Salary

For the period February 25, 2011 to March 31, 2011

₹ 2,00,000 per month plus usual perks

For the year 2011-2012

i. Fixed component not to exceed ₹ 680,000/- per month

1.	Salary and allowances	₹ 6,65,000/- per month
2.	Company contribution to provident fund	₹ 1,000/- per month
3.	Insurance premium for medicalim and personal accident	₹ 3,500/-per month
4.	Free club membership	₹ 8,000/- per month
5.	Insurance premium for gratuity	₹ 2,500/- per month

ii. Variable component

Incentive at the rate of 1% of the consolidated PAT of our Company (including share of profits of subsidiary and associate companies, if any) payable annually subject to a ceiling of ₹ 20.40 lacs per annum.



- iii. In addition he shall be entitled to free use of two cars of ₹ 20.00 lacs each with chauffeurs.
- iv. Reimbursement of medical expenses in case the same is not covered under the mediclaim policy.

Minimum Remuneration

In the event of loss or inadequacy of profits in any financial year during the currency of the tenure of services of the CMD, the payment of salary, commission, perquisites and other allowances shall be governed by the limits prescribed under section II of part II of schedule XIII of the Companies Act, 1956 with the authority of the Board to pay the salary and perquisites as specified above, subject to requisite approvals.

(ii) Kilambi Raghavachary

Pursuant to the resolution passed by the Remuneration committee of our Company on June 16, 2011 and subject to the provisions of the Companies Act, remuneration payable to Kilambi Raghavachary has been determined with effect from November 1, 2010 and is ₹ 300,969/- per month with such increments as may be decided by the Remuneration committee from time to time, after taking into account the company's performance. K. Raghavachary is also entitled to inter alia, the following perquisites:

1. Provident and other Funds: Company's contribution to Provident Fund amounting to ₹ 19,864 per month, Superannuation Fund or Annuity Fund shall be as per the scheme of our Company.
2. Medical reimbursement: Reimbursement of medical expenses incurred by the whole time director for himself and his family.
3. Personal accident insurance: Insurance premium to be paid by our Company.
4. Car: Free use of car with chauffeur for company's business as well as for private use.
5. Telephone: Provision of telephone at his residence and mobile phone.
6. Reimbursement: Reimbursement of actual expenses for company's business and/or allowances as per company's Rules.
7. Reimbursement of Expenses: The Executive shall be reimbursed, at such intervals and in accordance with such Company policies as may be in effect from time to time, for any and all reasonable and necessary business expenses wholly and exclusively incurred by him in or about the performance of his duties under this agreement as per the Company policy.
8. Facilities: the company shall furnish the executives with office space, office supplies, office equipment and such other facilities and services as are suitable to executives position and adequate for the performance his duties.

b) Remuneration of our non-executive and independent Directors for Fiscal 2011

The non-executive Directors of our Company, i.e. Anant Kandoi, Navin Paul, Muneesh Chawla, Naina Krishna Murthy and Ulhas Gaoli do not avail of any remuneration or any sitting fees from our Company.

Mamta Bagla, Non-Executive and Non-Independent Director of our Company was paid remuneration of ₹ 19.92 lacs in the Fiscal 2011, in her capacity as a Wholetime Director on the Board of our Company.

Shareholding of Directors in our Company

Our Directors do not hold any qualification shares in our Company. For details of shareholding of our Directors in our Company, see section titled "*Capital Structure*" at page 63 of the Draft Red Herring Prospectus.



Service Contracts

Except as otherwise provided in this section, there are no service contracts entered into with any Directors for provision of benefits or payments of any amount upon termination of employment.

Interest of Directors

All of our Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of our Board or a committee thereof, as well as to the extent of other remuneration and reimbursement of expenses, if any, payable to them under our Articles, and to the extent of remuneration, if any, paid to them for services rendered as an officer or employee of our Company.

Our Directors may also be regarded as interested in Equity Shares, if any, held by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue. All our Directors 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.

Interest in promotion of our Company

Except for Rishi Kumar Bagla, who is our Promoter, none of our Directors have any interest in the promotion of our Company.

Interest in the property of our Company

Except as disclosed elsewhere in the Draft Red Herring Prospectus, our Directors do not have any interest in any property acquired by or proposed to be acquired by our Company in the last two years prior to filing of the Draft Red Herring Prospectus. Details in connection with property acquired by our Company with its Directors, in the last two Fiscals, if any, are disclosed in “*Related Party Transactions*” in “*Financial Statements*” on page 182 of the Draft Red Herring Prospectus.

Interest in transactions involving acquisition of land

Except as disclosed elsewhere in the Draft Red Herring Prospectus, our Directors do not have any interest in any transaction involving acquisition of land or land proposed to be acquired by our Company in the last two years prior to filing of the Draft Red Herring Prospectus. Details in connection with land acquired by our Company from our Directors, in the last two Fiscals, if any, are disclosed in “*Related Party Transactions*” in “*Financial Statements*” on page 182 of the Draft Red Herring Prospectus.

Interest in the business of our Company

Except as stated in the “*Related Party Transactions*” in “*Financial Statements*” on page 182 of the Draft Red Herring Prospectus and above, and to the extent of shareholding in our Company, our Directors do not have any other interest in the business of our Company.

Changes in our Board during the last three years

Name	Date of Appointment	Date of Cessation	Reason
Rishi Kumar Bagla	February 25, 2011		Re-appointment
Kilambi Raghavachary	July 10, 2010		Re-appointment
Late Raj Narayan Bagla		January 14, 2009	Death
Naina Krishna Murthy	September 9, 2011		Appointment
	September 23, 2011		Change in designation
Prem Lal Gairola	September 9, 2011	September 14, 2011	Appointment/Resignation
Mamta Bagla	September 1, 2011		Change in



Name	Date of Appointment	Date of Cessation	Reason
Ulhas Gaoli	September 14, 2011		designation
	September 23, 2011		Appointment
			Change in designation

Corporate Governance

The provisions of the Listing Agreements with respect to Corporate Governance and the SEBI Regulations in respect of corporate governance will be applicable to our Company immediately upon the listing of the Equity Shares on the Stock Exchanges. Our Company has complied with the corporate governance code in accordance with clause 49 of Listing Agreements, particularly, in relation to appointment of independent Directors on our Board and constitution of the Audit Committee, the Shareholders' Grievance Committee and the Remuneration Committee. The Board functions either as a full board or through various committees constituted to oversee specific operational areas. Our Company undertakes to take all necessary steps to continue to comply with all the requirements of clause 49 of the Listing Agreements.

Currently, our Board has eight Directors of which 4 are non-independent directors and 4 are independent directors.

In terms of the clause 49 of the Listing Agreements, our Company has constituted the following committees:

- (a) Audit committee;
- (b) Shareholders' grievance committee;
- (c) Remuneration committee; and
- (d) IPO committee.

Audit Committee

The audit committee was constituted by our Directors at the Board meeting held on August 04, 2006. Pursuant to resolution dated 22 September, 2011 passed by the directors of our Company, the Audit Committee got reconstituted comprising of the following members:

Sr. No	Name of the Member	Designation	Nature of Directorship
1.	Anant Kandoi	Chairman	Non Executive, Independent
2.	Navin Paul	Member	Non Executive, Independent
3.	Muneesh Chawla	Member	Non Executive, Non Independent, Nominee of Blue River Capital I LLC

Our Company Secretary is a secretary to the Audit Committee.

Scope and terms of reference: The Audit Committee will perform the following functions with regard to accounts and financial management:

- Overseeing the Company's financial reporting process and disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- Regular review of accounts, accounting policies, disclosures, etc.
- Regular review of the major accounting entries based on exercise of judgment by management.
- Qualifications in the draft audit report.
- Establishing and reviewing the scope of the statutory audit including the observations of the auditors and review of the quarterly, half-yearly and annual financial statements before submission to the Board, with particular reference to matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause 2(AA) of S.217 of the Companies Act, 1956, changes, if any, in the accounting policies and practices and reasons for the same, significant



adjustments made in the financial statements arising out of audit findings, and qualifications in the draft audit report.

- Discussion with statutory auditors before the audit commences, about the nature and scope of work as well as post audit discussions with the statutory auditors to ascertain any area of concern.
- Regular review of the performance of statutory and internal auditors together with the management.
- Discussion and follow up on any important findings with the internal auditors. In case there is a suspected case of fraud or irregularity, review of the findings of the internal auditors and reporting the matter to the board.
- Establishing the scope and frequency of internal audit, reviewing the findings of the internal auditors and ensuring the adequacy of internal control systems, if any, including structure of the internal audit department, reporting structure coverage, frequency of internal audit, staffing and seniority of the official heading the department. Review the functioning of the whistle blower mechanism, in case the same is existing.
- To look into reasons for substantial defaults in the payment to depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
- To look into the matters pertaining to the director's responsibility statement with respect to compliance with applicable accounting standards and accounting policies. 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.
- 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 and background, etc of the candidate
- Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- Compliance with stock exchange legal requirements (including listing requirements) concerning financial statements, to the extent applicable.
- The committee shall look into any related party transactions i.e., transactions of the company of material nature and disclose such transactions, with promoters or management, their subsidiaries or relatives etc., that may have potential conflict with the interests of company at large.
- Recommending to the Board the appointment, re-appointment, and, if required, replacement or removal of the statutory auditor and the fixation of audit fee.
- Approval of payment to the statutory auditors for any other services rendered by them.
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by the Audit Committee

Shareholders' Grievance Committee

The shareholders' grievance committee was constituted by our Directors, pursuant to a resolution dated September 22, 2011 comprising of the following members:

Sr. No	Name of the Member	Designation	Nature of Directorship
1.	Navin Paul	Chairman	Non Executive, Independent
2.	Anant Kandoi	Member	Non Executive, Independent
3.	Muneesh Chawla	Member	Non Executive, Non Independent,



Sr. No	Name of the Member	Designation	Nature of Directorship
			Nominee of Blue River Capital I LLC

Our Company Secretary is a secretary to the Audit Committee.

Scope and terms of reference: The Shareholders' Grievance Committee has been constituted to do the following acts:

- Investor relations and redressal of shareholders grievances in general and relating to non receipt of dividends, interest, non- receipt of balance sheet etc.
- Approve requests for share transfers and transmission and those pertaining to rematerialisation of shares/ sub-division/ consolidation/ issue of renewed and duplicate share certificates etc.
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee

Remuneration Committee

The remuneration committee was constituted by our Directors at the Board meeting held on March 7, 2007 ("**Remuneration Committee**") comprising of the following members:

Sr. No	Name of the Member	Designation	Nature of Directorship
1.	Anant Kandoi	Chairman	Non Executive, Independent
2.	Navin Paul	Member	Non Executive, Independent
3.	Muneesh Chawla	Member	Non Executive, Non Independent, Nominee of Blue River Capital I LLC

Our Company Secretary is a secretary to the Audit Committee.

Scope and terms of reference: The Remuneration Committee exercises powers in relation to the matters listed below:

- Framing suitable policies and systems to ensure that there is no violation, by an Employee of the Company of any applicable laws in India or overseas, including:
- The Securities and Exchange Board of India (Insider Trading) Regulations, 1992; or
- The Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities market) Regulations, 1995.
- Determine on behalf of the Board and the shareholders the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payments.
- Perform such functions as are required to be performed under Clause 5 of the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.
- Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee

IPO Committee

The IPO Committee was constituted by our Directors pursuant to a resolution dated September 22, 2011 by the board of directors of our Company ("**IPO Committee**"). The IPO Committee got comprises of the following members:

Sr. No	Name of the Member	Designation	Nature of Directorship
1.	Anant Kandoi	Chairman	Non Executive, Independent

Sr. No	Name of the Member	Designation	Nature of Directorship
2.	Rishi Kumar Bagla	Member	Chairman and Managing Director, Non Independent
3.	Muneesh Chawla	Member	Non Executive, Non Independent, Nominee of Blue River Capital I LLC

Scope and terms of reference: The Shareholders' Grievance Committee has been constituted to do the following acts:

- Positioning of the IPO including appointing all intermediaries for the IPO including book running lead managers to the IPO, ("BRLMs"), Domestic and International legal Counsels, IPO Grading Agency, Registrar to the Issue, Escrow Collection Banks, Printers, Advertising Agency, Underwriters etc;
- Finalizing the time-lines for the IPO in consultation with the BRLMs and other concerned intermediaries;
- Ensuring and finalizing all disclosures to be made in the Draft Red Herring Prospectus, the Red Herring Prospectus, and the Prospectus etc. to be filed with SEBI and the RoC as per the requirements of the SEBI Regulations, Companies Act and other applicable laws.
- Deciding the capital structure of the Company including the size of the IPO, composition of the IPO (primary or secondary), split of the nominal value of the Equity shares of the Company below ₹ 10 per share in consultation with the BRLMs etc.
- Deciding the objects of the Issue, the use of the IPO proceeds, the deployment of funds raised in the IPO and changes therein, if any etc.
- Deciding the size of the IPO, the Price Band and other terms of the Issue in consultation with the BRLMs.
- Finalizing Issue expenses in consultation with the BRLMs.
- Deciding the stock exchanges on which shares in the IPO will be listed, filing of applications to the stock exchanges for obtaining "In-Principle Approval", listing of the shares etc. and ensuring compliance with the Listing Agreement including constituting the various committees under clause 49 of the Listing Agreement with the stock exchange.
- Taking decisions on and resolving all such questions, difficulties on all matters in relation to the proposed IPO and Offer for Sale, issuing explanations and clarifications to SEBI, the RBI, the stock exchanges, the RoC, and all other regulatory authorities, government offices etc. in connection with any matter relating to disclosures in the Draft Red Herring Prospectus, the Red Herring Prospectus, and the Prospectus etc., or any other matter, issue, grievance related to or incidental with the IPO or listing of the shares of the Company etc.
- Generally doing all such acts, deeds, matters and things connected with or incidental to the IPO.

Other Committees

Except as provided above, there are no other Committees of our Company.

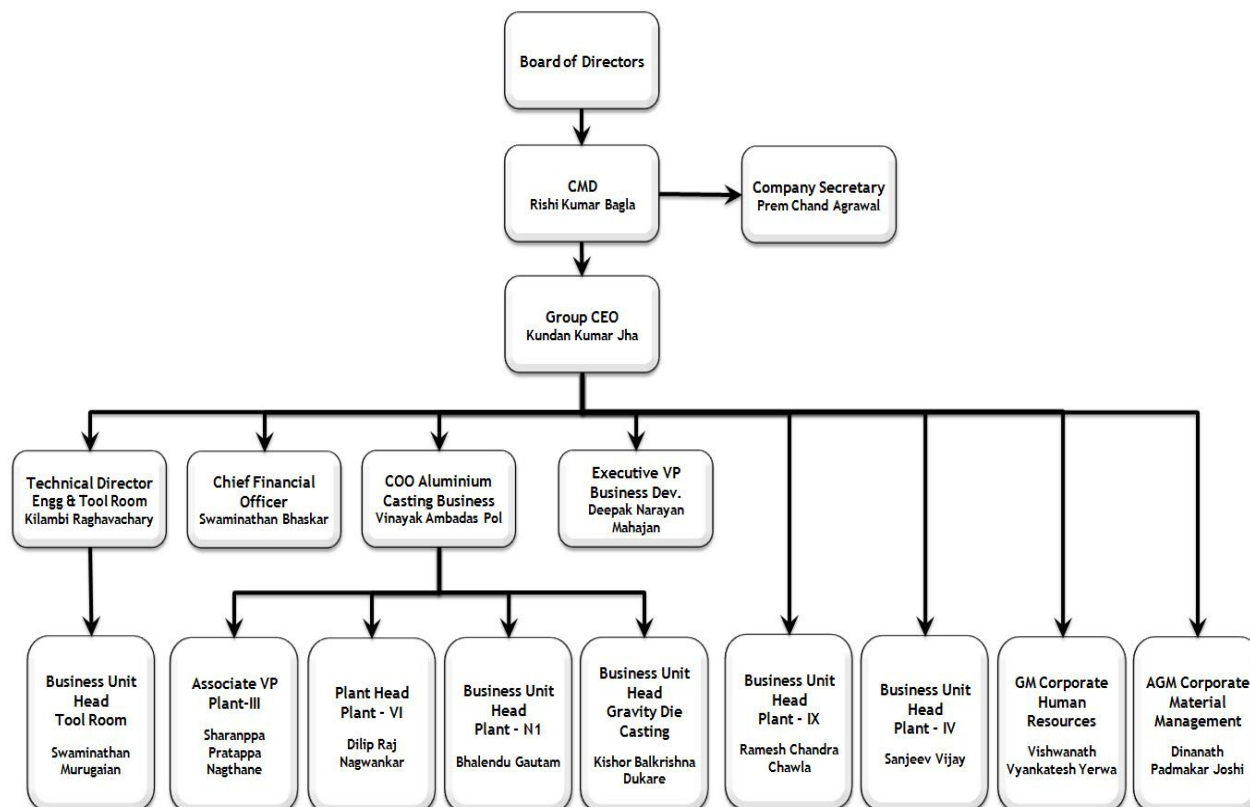
Borrowing powers of our Board

Pursuant to a resolution passed by the shareholders of our Company on February 25, 2006 and in accordance with provisions of the Companies Act and our Articles, our Board has been authorized to borrow from time to time, all such sums of money as they may deem requisite for the business of our Company, notwithstanding that moneys to be borrowed together with moneys already borrowed by our Company (apart from the temporary loans obtained from our Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of our Company and its free reserves, that is to say, reserves not so set apart for any specific



purposes, provided that the total amount upto which money may be borrowed by the Board of Directors shall not at any time exceed the limit of ₹ 25,000 Lacs. For details of the borrowing of our Company, see the section titled “*Financial Indebtedness*” at page 210 of the Draft Red Herring Prospectus.

Management Organisational Structure



Key Managerial Personnel

In addition to our Executive Directors, whose details have been provided under “Brief profile of our Directors”, the details of our other Key Managerial Personnel, as of the date of the Draft Red Herring Prospectus, are as follows:

Kundan Kumar Jha, aged 48, is the Group Chief Executive Officer of our Company. He is a graduate in mechanical engineering from Birla Institute of Technology. He has approximately 27 years of experience in the field of automotive component business. He has been associated with our Company since June 27, 2008. Prior to joining our Company, he has worked for Bharat Forge Limited, Sundaram Clayton Limited, Enkei Cast alloy Limited, Maruti Suzuki India Limited. He is presently involved in overall performance of the Group Companies. The total remuneration paid to him for Fiscal 2011 was ₹ 109.91 lacs.

Swaminathan Bhaskar, aged 40, is the Chief Financial Officer of our Company. He is a Chartered Accountant from Institute of Chartered Accountants of India. He has approximately 20 years of experience in the field of Finance and Accounts. He joined our Company on September 29, 2011. Prior to joining our Company, he has worked for Volkswagen India Private Limited, Skoda Auto India Private Limited, Sterlite Optical Technologies Limited, Indian Hotels Company Limited, NEPC Micon Limited, and American Express Bank Limited. He is presently involved in overall Finance and Accounts functions. No remuneration was paid to him for the Fiscal 2011.

Vinayak A. Pol, aged 45, is the Chief Operating Officer of our Company. He holds a diploma in mechanical engineering from Board of Technical Education, Mumbai and diploma in Electrical Engineering from Board of



Technical Education, Mumbai. He has approximately 26 years of experience in the field of Overall Business Operations and Project Management of Aluminium Die Casting. He has been associated with our Company since November 14, 2010. Prior to joining our Company, he has worked for Enkei Castalloy Limited, Atlas Automotive Components Limited, Voltas Limited, Jaya Hind Industries Limited, and Bharat Gears Limited. He is presently involved in overall business of aluminium die casting of our Company. The total remuneration paid to him for Fiscal 2011 was ₹13.05 lacs.

Deepak Mahajan, aged 45, is the Executive Vice President (Business Development and Sales) of our Company. He holds a degree in commerce from University of Pune and also holds a Masters degree in Business Administration with specialization in Marketing from University of Pune. He has approximately 23 years of experience in the field of Sales and Marketing. He has been associated with our Company since November 30, 2008. Prior to joining our Company, he has worked for Enkei Castalloy Limited, Kores (I) Limited, Aristocrat Marketing Limited. He is presently involved in Business Development in our Company. The total remuneration paid to him for Fiscal 2011 was ₹ 32.18 lacs.

Kishor Dukare, aged 40, is the Business Unit Head (Gravity Die Casting) of our Company. He holds a diploma in Metallurgy from Board of Technical Education, Mumbai. He has approximately 22 years of experience in the field of Manufacturing in Gravity Die Casting. He has been associated with our Company since August 1, 2008. Prior to joining our Company, he has worked for Bharat Forge Limited, Aurangabad Motor Manufacturing Private Limited, Enkei Castalloy Limited, and Atlas Automotive Components Limited. He is presently involved in Plant Operations of GDC Division of our Company. The total remuneration paid to him for Fiscal 2011 was ₹ 25.26 lacs.

Sanjeev Vjiay, aged 49, is the Business Unit Head (Plant IV) of our Company. He holds a B.Tech degree in Automobile Engineering from Madras Institute of Technology, Madras and post graduation in Business Administration with specialization in Marketing from Institute of Management Technology, Ghaziabad. He has approximately 25 years of experience in the field of Marketing and Plant Operations. He has been associated with our Company since July 1, 2007. Prior to joining our Company, he has worked for BG LI-IN Electricals Private Limited, Saks Ancillaries Limited (Group company of Mothersons), Shree Acids and Chemicals Limited, Willard Storage Battery Limited, Hero Honda Motor Limited. He is presently involved in Plant Operations – Plant IV of our Company. The total remuneration paid to him for Fiscal 2011 was ₹ 19.58 lacs.

Vishwanath Yerwa, aged 55, is the General Manager - Corporate HR of our Company. He holds a degree in Commerce from University of Pune, Degree in Laws from University of Pune and post graduation in Personnel Management from University of Pune. He has approximately 35 years of experience in the field of Personnel / Human Resource Management. He has been associated with our Company since February 1st 2008. Prior to joining our Company, he has worked for Flash Electronics (I) Private Limited, Minda Industries Limited, Chetan Foundries Limited, Kalyani Lemmerz Limited, Elpro International Limited, India Meteorological Department. He is presently involved in Corporate Human Resource Functions including legal and Statutory Compliances of our Company. The total remuneration paid to him for Fiscal 2011 was ₹ 13.93 lacs.

Prem Chand Agrawal, aged 51, is our Company Secretary of our Company. He holds a degree in commerce from University of Rajasthan, Degree in Laws from University of Rajasthan, CAIIB from The Indian Institute of Bankers, FCS from The Institute of Company Secretaries of India. He has approximately 31 years of experience in the field of Finance and Company Secretarial functions. He has been associated with our Company since October 1st 2003. Prior to joining our Company, he has worked for Dr. Desarada Group of Industries, Nath Group of Industries, Marathwada Refractories Limited, Modern Group of Industries, Bank of Baroda. He is presently involved in Company Secretarial Functions in our Company. The total remuneration paid to him for Fiscal 2011 was ₹ 12.60 lacs.

Swaminathan Murugaian, aged 46, is the Business Unit Head (Engineering and Tool Room) of our Company. He holds a Diploma in Tool Engineering from Government Technical Training Centre and Post Diploma in Plastic Mould Making from Central Institute of Plastics Engineering Technology. He has approximately 25 years of experience in the field of Design and Manufacture of high quality toolings. He has been associated with our Company since October 12, 2006. Prior to joining our Company, he has worked for Nypro Shenzhen Limited, Indo German Tool Room, VIP Industries, Jay Kay Industries. He is presently involved in overall Plant Operations of Engineering Tool Room in our Company. The total remuneration paid to him for Fiscal 2011 was ₹ 23.98 lacs.

Sharanppa Pratappa Nagthane, aged 51, is the Business Unit Head (Plant III) of our Company. He holds a diploma in Mechanical Engineering from Board of Technical Education, Mumbai. He has approximately 28



years of experience in the field of Plant Operations. He has been associated with our Company since May 27, 2009. Prior to joining our Company, he has worked for Enkei Castalloy Limited, Aurangabad Electricals Limited, Bajaj Tempo Limited, Greaves Cotton Limited. He is presently involved in overall plant operations of Plant III in our Company. The total remuneration paid to him for Fiscal 2011 was ₹ 18.50 lacs.

Dilip Raj Nagwankar, aged 54, is the Business Unit Head (Plant VI) of our Company. He holds a Diploma in Business Administration from Institute of Management Development and Research, Pune and A.M.I.E. from Institution of Engineers (India). He has approximately 32 years of experience in the field of Plant Operations. He has been associated with our Company since March 17, 2010. Prior to joining our Company, he has worked for Suyog Auto Cast Private Limited, Super Auto India Limited, Transparent Technologies Private Limited, Bajaj Auto Limited, Growel Times Limited, Tata Motors Limited. He is presently involved in Plant Operations – Plant VI of our Company. The total remuneration paid to him for Fiscal 2011 was ₹7.72 lacs.

Bhalendu Gautam, aged 38, is the Business Unit Head (Plant N-1) of our Company. He holds a B.Tech degree in Mechanical Engineering from Rajasthan University. He has approximately 16 years of experience in the field of Plant Operations, New Product Development, Project Management. He has been associated with our Company since September 1, 2011. Prior to joining our Company, he has worked for Sata Vikas India Private Limited, SPM Autocomp Systems Private Limited, Rico Auto Industries Limited, Techtronix India Limited, Sanden Vikas India Limited, Pegasus Castalloy Limited. He is presently involved in overall Plant Operations of Plant N-1 in our Company. No remuneration was paid to him for the Fiscal 2011.

Ramesh Chander Chawla, aged 46, is the Business Unit Head (Plant IX) of our Company. He holds a Diploma in Mechanical Engineering from Board of Technical Education, Haryana and A.M.I.E. from Institution of Engineers. He has approximately 26 years of experience in the field of Plant Operations especially in Fasteners. He has been associated with our Company since February 21, 2005. Prior to joining our Company, he has worked for Fastener World, Sterling Tools Limited, Laxmi Precision Screw Limited. He is presently involved in overall Plant Operations of Plant IX in our Company. The total remuneration paid to him for Fiscal 2011 was ₹ 21.96 lacs.

Dinanath Padmakar Joshi, aged 49, is the Assistant General Manager – Corporate Materials Management, of our Company. He is a diploma in Mechanical Engineering from Government Polytechnic, Jalgaon and graduate diploma in materials management from Indian Institute of Materials Management, Mumbai. He has approximately 28 years of experience in the field of Strategic Purchasing, Vendor Development and Supply Chain Management. He has been associated with our Company since May 22, 2009. Prior to joining our Company, he has worked for M/s Pricol Limited, Rinder (I) Private Limited, Advik Hi-Tech Private Limited, High Technology and Transmissions Systems Private Limited, Bajaj Auto Limited, Bharat Radiators Limited. He is presently involved in Purchasing and Supply Chain Management activities in our Company. The total remuneration paid to him for Fiscal 2011 was ₹ 9.6 lacs.

All Key Managerial Personnel are permanent employees of our Company. There is no specific tenure of any of our key managerial personnel.

Scheme of Employee Stock Option or Employee Stock Purchase

Our Company does not have an Employee Stock Option Scheme.

Relationships between Key Managerial Personnel

Except for the relationship between our Directors as disclosed above, none of our Key Managerial Personnel are related to each other.

Details of service contracts of our Key Managerial Personnel

Except for the appointment letters, our Key Managerial Personnel have not entered into any other contractual arrangements with our Company.

Further, all our Key Managerial Personnel mentioned above are officers of our Company vested with executive powers and function at a level immediately below the Board.



Interest of Key Managerial Personnel

None of our Key Managerial Personnel have any interest in our Company and/or our 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.

Shareholding of our Key Managerial Personnel

Other than the Equity Shares held by our Directors and as disclosed in the section titled “*Capital Structure*” on page 63 of the Draft Red Herring Prospectus, none of our Key Managerial Personnel have any shareholding in our Company.

Changes in our Key Managerial Personnel

The changes in our Key Managerial Personnel during the last three years are as follows:

S. No.	Name	Date of Joining	Date of Change/ Cessation	Reason (if any)
1.	Swaminathan Bhaskar	September 29, 2011		Appointment
2.	Bhalendu Gautam	September 1, 2011		Appointment
3.	Vinayak Pol	November 14, 2010		Appointment
4.	Dilip Raj Nagwankar	March 17, 2010		Appointment
5.	Pranab Ghosal	October 07, 2009		Appointment
6.	Sharanppa Nagthane	May 27, 2009		Appointment
7.	Deepak Mahajan	November 30, 2008		Appointment
8.	Kishor Dukare	August 1, 2008		Appointment
9.	Kundan Kumar Jha	June 27, 2008		Appointment
10.	Mahesh Kulkarni	June 23, 2008		Appointment
11.	Sambandam Venkatesan		August 31, 2011	Resignation
12.	Gyan Mishra		March 31, 2011	Resignation
13.	Anil Mali		January 20, 2011	Resignation
14.	Vishwanath Jalnapurkar		December 14, 2010	Resignation
15.	Subhash Patil		June 15, 2010	Resignation
16.	Pranab Ghosal		May 31, 2010	Resignation
17.	Mahesh Kulkarni		June 18, 2009	Resignation

Bonus or profit sharing plan for our Key Managerial Personnel

Our Company does not have a bonus or profit sharing plan for our key managerial personnel.

Scheme of employee stock option or employee stock purchase

Our Company does not have an employee stock option scheme.

Payment of benefit to officers of our Company (non-salary related)

No amount or benefit has been paid or given to any officer of our Company within the two preceding years from the date of filing of the Draft Red Herring Prospectus or is intended to be paid, other than in the ordinary course of their employment.

Except statutory benefits upon termination of their employment in our Company or superannuation, no officer of our Company is entitled to any benefit upon termination of such officer's employment in our Company or superannuation.

**Loans taken by Directors / Key Managerial Personnel**

Our Directors and Key Managerial Personnel have not taken any loan from our Company which are currently outstanding.

Arrangements and understanding with major shareholders

Except as disclosed above, none of our Directors or Key Managerial Personnel have been appointed as a director or member of senior management pursuant to any arrangement or understanding with our major shareholders, customers, suppliers or others.


OUR PROMOTERS AND GROUP COMPANIES

Promoters

Individuals

1. Rishi Kumar Bagla

The details of our Promoter are as provided below:

	Passport Number	F6819050
	Voter ID Number	NWT0472332
	Driving License Number	MH20/06/150654

Rishi Kumar Bagla, aged 52 years, is the Chairman and Managing Director of our Company. He holds a Bachelors degree in Commerce (Honors) from St. Xavier's, Kolkata. Rishi Kumar Bagla has approximately 25 years of experience in auto component industry. For further details relating to Rishi Kumar Bagla, including addresses, terms of appointment as our Director and other directorships, see the section titled “Our Management” on page 150 of the Draft Red Herring Prospectus.

Company

Aurangabad Motor Manufacturers Limited

Aurangabad Motor Manufacturers Limited (“AMML”) was incorporated on April 02, 1991 as Aurangabad Motor Manufacturers Private Limited. Pursuant to a certificate of incorporation dated April 2, 1991 bearing CIN U34300MH1991PLC061007 and registration number: 061007, AMML was deemed to be a public company and the name of the company was changed on November 24, 1991 to Aurangabad Motor Manufacturers Limited. In compliance with section 43A (4) of the Companies Act, 1956, the name of the company was further changed to Aurangabad Motor Manufacturers Private Limited on July 05, 2000. Pursuant to resolution passed on January 01, 2007 in terms of section 31 and 21 read with section 44 of the Companies Act, 1956, the name of the company was further changed to Aurangabad Motor Manufacturers Limited on April 11, 2007. The registered office of Aurangabad Motor Manufacturers Limited is located at Gut No. 65, Village Chitegaon, Taluka- Paithan, Aurangabad- 431105, Maharashtra. The object of the company is to carry out the business of manufacturing, repairing, processing, fabricating, designing, assembling, buying, selling, importing, exporting and dealing in engineering, electrical and electronic parts, spares, components, accessories, tools, instruments, apparatus, assemblies, sub-assemblies, motors and motor components required in and for automobile and other industries. Rishi Kumar Bagla is the promoter of AMML.

Equity shareholding pattern as on the date of the Draft Red Herring Prospectus

Name of Shareholder	No. of equity shares	Shareholding (%)
Late Raj Narayan Bagla*	75,610	10.62
Rishi Kumar Bagla	12,680	1.78
Mamta Bagla	107,500	15.10
Neha Aiyush Bhuwalka	61,310	8.61
Devanshi Akshat Jain	71,200	10.00
Deccan Carbon Products Limited	312,600	43.92
Waluj Investments and Trading Company Private Limited	70,900	9.96
Total	711,800	100.00

* Pursuant to a succession certificate dated March 18, 2011, the equity shares of AMML held by Late Mr. Raj Narayan Bagla are liable for succession by Mr. Rishi Kumar Bagla. The said succession certificate erroneously mentions the number of equity shares of AMML transmitted to Mr. Rishi Kumar Bagla as 46,010 equity shares,



whereas the number of equity shares of AMML transmitted ought to be 75,610 equity shares. Mr. Rishi Kumar Bagla has made an application to the Court of the Hon'ble Civil Judge, Aurangabad seeking a correction in the said succession certificate in this regard.

Directors of AMML as on the date of filing of the Draft Red Herring Prospectus are:

1. Rishi Kumar Bagla
2. Anant Kandoi
3. Omprakash Gangabishan Somani

Financial performance

The extract of audited financial statement of the company for the last three Fiscal are as follows:

	<i>(₹Lacs except per share data)</i>		
	March 31, 2011*	March 31, 2010*	March 31, 2009
Sales and other income	6,145.13	5,845.70	5,316.32
Equity share capital	71.18	71.18	71.18
Reserves (excluding revaluation reserves)	670.14	457.73	25.63
Net Asset Value per share	104.15	74.31	13.60
Profit After Tax ('PAT')	228.44	456.20	19.08
Earnings per share	32.09	63.28	2.68

The face value of each equity share is ₹10

**GDC Division of AMML was demerged into our Company with effect from October 1, 2009, and hence the figures are comparable subject to the same.*

We confirm that the PAN, bank account numbers, the company registration numbers and the addresses of the Registrar of Companies where our corporate Promoter, AMML, is registered will be submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus with the Stock Exchanges.

Other confirmations

There has been no change in control or management of AMML during the last three years.

AMML is an unlisted company and it has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of SICA, it is not under winding-up and does not have a negative net worth.

Interest of the Promoters

Interest in promotion of our Company

Our Company was incorporated by Rishi Kumar Bagla. For this purpose, he had subscribed to our Memorandum and Articles of Association of our Company and to the initial issue of our Equity Shares.

Interest in the property of our Company

Except as disclosed elsewhere in the Draft Red Herring Prospectus, our Promoters do not have any interest in any property acquired by or proposed to be acquired by our Company in the last two years prior to filing of the Draft Red Herring Prospectus. Details in connection with property acquired by our Company from our Promoters, in the last two Fiscals, if any, are disclosed in "Related Party Transactions" in "Financial Statements" on page 182 of the Draft Red Herring Prospectus.

Interest as member of our Company

Our Promoters, hold Equity Shares in our Company and are therefore interested to the extent of their shareholding and the dividend declared, if any, by our Company. Except to the extent of their shareholding in our Company, and benefits provided to them, as given in the section titled "Capital Structure" and "Our Management" at pages 63 and 150 respectively as disclosed in of the Draft Red Herring Prospectus they hold no other interest in our Company.



Interest as Director of our Company

Please refer to section titled “*Our Management*” on page 150 of the Draft Red Herring Prospectus.

Interest in transactions involving acquisition of land

Except as disclosed in the “*Related Party Transactions*” in “*Financial Statements*” on page 182 of the Draft Red Herring Prospectus, our Promoters are not currently interested in any transaction with our Company involving acquisition of land, construction of building or supply of any machinery.

Payment of benefits to our Promoters during the last two years

Except as stated in the “*Related Party Transactions*” in “*Financial Statements*” on page 182 of the Draft Red Herring Prospectus, there has been no payment of benefits to our Promoters or Promoter Group during the two years preceding the date of filing of the Draft Red Herring Prospectus.

Confirmations by the Promoters

Our Promoters, including relatives of our Promoters, have confirmed that they have not been detained as wilful defaulters by the RBI or any other Governmental authority and there are no violations of securities laws committed by them in the past or pending against them and our Promoters, including relatives of Promoter, have not been restricted from accessing the capital markets for any reasons, by SEBI or any other authorities.

Related party transactions

Except as disclosed below and in the section “*Related Party Transactions*” in “*Financial Statements*” at page 182 of the Draft Red Herring Prospectus, our Company has not entered into any related party transactions with the Promoters or Group Companies and entities.

Promoter Group

Promoter Group Individuals

The following natural persons (being the immediate relatives of our Promoters) form part of our Promoter Group:

Relatives of Rishi Kumar Bagla

Relationship	Name
Father	Late Raj Narayan Bagla
Mother	Late Ramadevi Bagla
Brother	None
Spouse	Mamta Bagla
Children	1. Neha Aiyush Bhuwalka 2. Devanshi Akshat Jain

Promoter Group companies and entities:

The companies and entities that form part of our Promoter Group are as follows:

S. No.	Name
1.	OMR Bagla Automotive Systems India Limited
2.	BG LI-IN Electricals Limited
3.	BG Appliances Private Limited
4.	Aurangabad Wheels and Rims Private Limited
5.	Deccan Carbon Products Limited
6.	Waluj Investments and Trading Company Private Limited
7.	Manshi Electronics Private Limited
8.	Haryana Auto Comp Private Limited



S. No.	Name
9.	Haryana Auto Components and Electricals Limited

Partnership Firms:

S. No.	Name
1.	Aurangabad Sales and Services

Hindu Undivided Family:

S. No.	Name
1.	R.K. Bagla (HUF)

Trusts:

S. No.	Name
1.	R N Bagla Foundation
2.	Marathawada Medical and Research Institute
3.	Aurangabad Vidya Mandir

Group Companies and entities

As specified in the SEBI Regulations, the companies, firms and other ventures, promoted by our Promoters, other than our associate companies, which form part of our Group Companies and entities, are as follows:

Companies:

The companies and entities that form part of our Group Companies are as follows:

S. No.	Name
1.	BG LI-IN Electricals Limited
2.	BG Appliances Private Limited
3.	Aurangabad Wheels and Rims Private Limited
4.	Deccan Carbon Products Limited
5.	Waluj Investments and Trading Company Private Limited
6.	Manshi Electronics Private Limited
7.	Haryana Auto Comp Private Limited
8.	Haryana Auto Components and Electricals Limited

Partnership Firms:

S. No.	Name
1.	Aurangabad Sales and Services

Hindu Undivided Family:

S. No.	Name
1.	R.K. Bagla (HUF)

Trusts where Rishi Kumar Bagla is a Trustee:

S. No.	Name
1.	R N Bagla Foundation
2.	Marathwada Medical and Research Institute
3.	Aurangabad Vidya Mandir

Unless otherwise stated, no equity shares of our Group Companies are listed on any stock exchange and they have not made any public or rights issue of securities in the preceding three years.



The details of our Top five Group Companies based on the turnover are as follows:

Companies:

1. OMR Bagla Automotive Systems India Limited

OMR Bagla Automotive Systems India Limited, (“**OMR Bagla**”), was incorporated under the Companies Act on August 4, 2006 as a public limited company under the name of Associated Brakes Limited. Subsequently, pursuant to a fresh certificate of incorporation dated December 19, 2007, its name was changed to OMR Bagla Automotive Systems India Limited bearing CIN: U31904PN2006PLC128851, and registration number: 128851. The registered office of OMR Bagla is at Plot No B -7, MIDC Chakan, Village Mahalunge, Taluka – Khed, Pune Maharashtra: 410501. The current business activities of this company are to manufacture aluminium die-casting, automotive systems, and other automotive ancillary components.

OMR Bagla Automotive Systems India Limited was an associate of our Company during April 1, 2007 to September 22, 2007, a subsidiary of our Company in the period between September 23, 2007 to November 16, 2007 and thereafter a joint venture of our Company from November 17, 2007 onwards.

Our Company has, pursuant to a subscription cum joint venture agreement dated November 17, 2007 with OMR Bagla, and OMR Holding SPA invested in 2,767,500 equity shares of ₹ 10 each of our Joint Venture OMR Bagla, representing 50% of the paid-up equity share capital thereof.

Pursuant to Business Transfer Agreement dated October 27, 2007 and resolution dated September 23, 2007 passed by the shareholders of our Company, our Company has transferred the business carried on by our Company at Plant VIII which includes manufacturing, assembling, processing, fabricating, buying, selling, importing, exporting and dealing in all types of parts, components, instruments, apparatus, assemblies and accessories whether electrical, mechanical or otherwise required for automobiles, engineering and other industries to OMR Bagla on as is where is basis and as a going concern along with the transferred assets which includes land and building and movable properties along with the business transactions carried out at Plant VIII.

Shareholding pattern

Set forth below is the shareholding pattern of OMR Bagla as on the date of filing of the DRHP:

Name of shareholder	Number of equity shares of ₹ 10 each	% of issued capital
Aurangabad Electricals Limited	2,767,440	50.00
OMR Holding Spa, Italy	2,767,500	50.00
Late Raj Narayan Bagla [#]	10	Negligible
Rishi Kumar Bagla [#]	10	Negligible
Mamta Bagla [#]	10	Negligible
Neha Aiyush Bhuwalka [#]	10	Negligible
Devanshi Akshat Jain [#]	10	Negligible
Anil Mali [#]	10	Negligible
Total	5,535,000	100.00

[#] Held Jointly with Aurangabad Electricals Limited

Board of directors

The board of directors of OMR Bagla as on the date of filing of the DRHP comprises of:

1. Rishi Kumar Bagla - Joint Managing Director;
2. Marco Bonometti - Joint Managing Director;
3. Mamta Bagla;
4. Muneesh Chawla;
5. Stefano Allocchio; and
6. Francesco Bonometti



Financial Performance

The extract of audited financial statement of the company for the last three Fiscals are as follows:

<i>(₹ in lacs, except per share data)</i>			
Particulars	Fiscal 2011	Fiscal 2010	Fiscal 2009
Sales and other income	6,249.38	5,468.26	5,478.79
Profit/ (Loss) after tax	128.70	(58.64)	(65.38)
Equity capital (par value ₹ 10 per share)	553.50	553.50	553.50
Reserves and Surplus (excluding revaluation reserves)	4165.77	4037.07	4095.71
Earnings/ (Loss) per share (basic) (₹)	2.33	(1.06)	(1.18)
Earnings/ (Loss) per share (diluted) (₹)	2.33	(1.06)	(1.18)
Net Asset Value per share	85.26	82.94	83.67

The face value of each equity share is ₹ 10

OMR Bagla is an unlisted company and has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of the SICA, it is not under winding up and does not have a negative net worth.

2. BG LI-IN Electricals Limited

BG LI-IN Electricals Limited, (“**BG LI-IN**”), was incorporated under the Companies Act on October 28, 1999 as a private limited company bearing CIN U31200MH1999PLC130298 and registration number 130298. Pursuant to a fresh certificate of incorporation dated August 2, 2010, it became a public limited company. BG LI-IN is a joint venture between Late Raj Narayan Bagla and LI-IN Electricals of Taiwan for manufacturing various types of flasher and relays. The current operations of BG LI-IN is to manufacture flashers and relays. The business and undertaking of BG-Dae-Lin Electronics Private Limited an erstwhile subsidiary of BG LI-IN was merged into business of BG LI-IN with effect from April 1, 2009 pursuant to a scheme to amalgamation and arrangement under sections 391 to 394 of the Companies Act.

Shareholding pattern

Set forth below is the shareholding pattern of BG LI-IN as on the date of filing of the DRHP:

Name of shareholder	Number of equity shares of ₹ 100 each	% of issued capital
Aurangabad Electricals Limited	70,100	49.16
Chang Nai Chien (representative of LI-IN Electricals of Taiwan)	49,520	34.73
Deccan Carbon Products Limited	8,105	5.68
Late Raj Narayan Bagla*	3,900	2.73
Aurangabad Motor Manufacturers Limited	3,425	2.40
Rishi Kumar Bagla	3,750	2.63
Mamta Bagla	2,600	1.82
R. N. Bagla (HUF)	500	0.35
Neha Aiyush Bhuwalka	400	0.28
R.K. Bagla (HUF)	250	0.18
Devanshi Akshat Jain	50	0.04
Total	1,42,600	100.00

* Pursuant to a succession certificate dated March 18, 2011, the equity shares of BG LI-IN held by Late Mr. Raj Narayan Bagla are liable for transmission to Mr. Rishi Kumar Bagla.



Board of directors

The board of directors of BG LI-IN as on the date of filing of the DRHP comprises of:

1. Rishi Kumar Bagla;
2. Mamta Bagla;
3. Devanshi Akshat Jain;
4. Chang Nai Chien;
5. Sudhir Sadashiv Thite; and
6. Vasudeo Ganpatdas Gujrathi.

Financial Performance

The extract of audited financial statement of the company for the last three Fiscals are as follows:

<i>(₹ in lacs, except per share data)</i>			
Particulars	Fiscal 2011	Fiscal 2010	Fiscal 2009
Sales and other income	3,481.92	2,137.07	1,141.57
Profit/ (Loss) after tax	312.76	133.35	79.56
Equity capital (par value ₹ 100 per share)	142.60	142.60	142.60
Reserves and Surplus (excluding revaluation reserves)	739.21	438.93	325.71
Earnings/ (Loss) per share (basic) (₹)	219.33	93.52	55.80
Earnings/ (Loss) per share (diluted) (₹)	219.33	93.52	55.80
Net Asset Value	618.38	407.81	328.41

The face value of each equity share is ₹100

BG LI-IN is an unlisted company and has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of the SICA, it is not under winding up and does not have a negative net worth.

3. BG Appliances Private Limited

BG Appliances Private Limited, ("BGAPL"), was incorporated under the Companies Act on May 22, 1998 as a private limited company bearing CIN U31404PN1998PTC012536 and registration number 012536. The current operation of BGAPL is to design, develop, manufacture, fabricate, assemble, repair, alter, test, calibrate, improve, buy, sell, exchange, hire, let on hire, import, export, dispose or otherwise deal in all kinds of electrical, non-electrical and electronic appliances and gadgets, consumer accessories, components, assemblies, tools, parts and allied items, intended for use in or along with all kinds of such products and services whether for domestic, industrial or commercial use.

Shareholding Pattern

Name of shareholder	Number of equity shares of ₹ 100 each	% of issued capital
Girdhar Kr. Sanganeria	30	0.01%
Navin Kumar Kazaria	30	0.01%
Aurangabad Auto Engineering Private Limited	70,000	24.99%
Sangkaj Steel Ltd	70,000	24.99%
Manshi Electronics Private Limited	140,060	50.00%
Total	280120	100.00%



Board of Directors

1. Anant Kandoi;
2. Girdhar Kumar Saganeria;
3. Naveen Kumar Kajaria; and
4. Omprakash Gangabishan Somani

Financial performance

The extract of audited financial statement of the company for the last three Fiscals are as follows:

<i>(₹lacs except per share data)</i>			
Particulars	Fiscal 2011	Fiscal 2010	Fiscal 2009
Sales and other income	3,332.18	2,789.79	1,758.19
Profit/ (Loss) after tax	5.27	10.53	(28.73)
Equity capital (par value ₹ 100 per share)	280.12	280.12	280.12
Reserves and Surplus (excluding revaluation reserves)	201.86	196.59	186.06
Earnings/ (Loss) per share (basic) (₹)	1.88	3.76	(10.26)
Earnings/ (Loss) per share (diluted) (₹)	1.88	3.76	(10.26)
Net Asset Value	172.06	170.18	166.42

The face value of each equity share is ₹100

BGAPL is an unlisted company and has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of the SICA, it is not under winding up and does not have a negative net worth.

4. Aurangabad Wheels & Rims Private Limited

Aurangabad Wheels & Rims Private Limited, (“AWRPL”), was incorporated under the Companies Act on March 5, 2003 as a private limited company bearing CIN U34300PN2003PTC017753 and registration number 017753 and having its registered office at Gokulnagar - B 1184/4, Fergusson College Road, Shivajinagar, Pune. AWRPL is engaged in the business of manufacturing of tools and dies. Our Promoters through their shareholding in our Company and other companies promoted by them namely Deccan Carbon Products Limited and Waluj Investments and Trading Company Private Limited have a controlling interest in AWRPL

Shareholding pattern

Set forth below is the shareholding pattern of AWRPL as on the date of filing of the DRHP:

Name of shareholder	Number of equity shares of ₹ 10 each	% of issued capital
Aurangabad Auto Ancillary Private Limited	355,000	41.76
Aurangabad Electricals Limited	290,000	34.12
Deccan Carbon Products Limited	85,000	10.00
K. B. Agrotech Private Limited	70,000	8.24
Waluj Investments and Trading Company Private Limited	50,000	5.88
Total	850,000	100.00

Board of directors

The board of directors of AWRPL as on the date of filing of the DRHP, comprises of:

1. Manoj Bishwanath Bazaz;



2. Anupras Manoj Bazaz; and
3. Praveen Tulshan.

Financial Performance

The extract of audited financial statement of the company for the last three Fiscal are as follows:

<i>(₹ in lacs, except per share data)</i>			
Particulars	Fiscal 2011	Fiscal 2010	Fiscal 2009
Sales and other income	210.64	162.58	148.61
Profit/ (Loss) after tax	12.43	(6.27)	(28.96)
Equity capital (par value ₹ 10 per share)	85.00	85.00	85.00
Reserves and Surplus (excluding revaluation reserves)	(17.98)	(30.41)	(24.14)
Earnings/ (Loss) per share (basic) (₹)	1.46	(0.74)	(2.84)
Earnings/ (Loss) per share (diluted) (₹)	1.46	(0.74)	(2.84)
Net Asset Value	7.88	6.42	7.16

The face value of each equity share is ₹10

AWRPL is an unlisted company and has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of the SICA, it is not under winding up and does not have a negative net worth.

5. Deccan Carbon Products Limited

Deccan Carbon Products Limited (“DCPL”) was incorporated under the Companies Act on February 27, 1991 as Deccan Carbon Products Private Limited pursuant to certificate of incorporation dated February 27, 1991 registration number 060509. Pursuant to fresh certificate of incorporation dated May 27, 2008, the name of the company was further changed to Deccan Carbon Products Limited bearing CIN U21098MH1991PLC060509. The registered office of the company is situated at B 1184/4, Fergusson College Road, Pune- 411005, Maharashtra. DCPL is engaged in the business of manufacture of sand cores.

Shareholding pattern

Set forth below is the shareholding pattern of DCPL as on the date of filing of the DRHP:

Name of shareholder	Number of equity shares of ₹ 10 each	% of issued capital
Late Raj Narayan Bagla*	51,000	21.15
Rishi Kumar Bagla	9,060	3.76
Mamta Bagla	16,000	6.64
Anil Mali	10	0.00
Sashi Jain	10	0.00
Pravin Raniwala	10	0.00
Aurangabad Motor Manufacturers Limited	60,000	24.89
Waluj Investments and Trading Company Private Limited	105,000	43.55
Total	241,090	100.00

* Pursuant to a succession certificate dated March 18, 2011, the equity shares of DCPL held by Late Mr. Raj Narayan Bagla are liable for succession by Mr. Rishi Kumar Bagla. The said succession certificate erroneously mentions the number of equity shares of DCPL transmitted to Mr. Rishi Kumar Bagla as 14,000 equity shares, whereas the number of equity shares of DCPL transmitted ought to be 51,000 equity shares. Mr. Rishi Kumar Bagla has made an application to the Court of the Hon’ble Civil Judge, Aurangabad seeking a correction in the said succession certificate in this regard.



Board of directors

The board of directors of DCPL as on the date of the Draft Red Herring Prospectus comprises of:

1. Rishi Kumar Bagla;
2. Kishor Dukare;
3. Mamta Bagla; and
4. Praveen Tulshan.

Financial Performance

The extract of audited financial statement of the company for the last three Fiscals are as follows:

<i>(₹ in lacs, except per share data)</i>			
Particulars	Fiscal 2011	Fiscal 2010	Fiscal 2009
Sales and other income	116.19	103.08	86.30
Profit/ (Loss) after tax	9.84	10.41	7.05
Equity capital (par value ₹ 10 per share)	24.11	24.11	24.11
Reserves and Surplus (excluding revaluation reserves)	152.40	145.37	137.78
Earnings/ (Loss) per share (basic) (₹)	4.08	4.32	2.92
Earnings/ (Loss) per share (diluted) (₹)	4.08	4.32	2.92
Net Asset Value per share	73.21	70.30	67.15

The face value of each equity share is ₹ 10

DCPL is an unlisted company and has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of the SICA, it is not under winding up and does not have a negative net worth.

The details of our other Group Companies are as follows:

Companies

Waluj Investments and Trading Company Private Limited

Waluj Investmenst and Trading Company Private Limited, (“WITCO”), was incorporated under the Companies Act on November 3, 1993, as a private limited company bearing CIN U67110PN1993PTC074896 and registration number 074896 and having its registered office at Gokulnagar - B 1184/4, Fergusson College Road, Gokulnagar, Pune . WITCO is engaged in the business of investment in shares of our group companies.

Shareholding pattern

Set forth below is the shareholding pattern of WITCO as on the date of filing of the DRHP:

Name of shareholder	Number of equity shares of ₹ 100 each	% of issued capital
Late Raj Narayan Bagla*	22,255	34.64%
Rishi Kumar Bagla	500	0.78%
Mamta Bagla	29,500	45.91%
Neha Aiyush Bhuwalka	9,100	14.16%
Devanshi Akshat Jain	100	0.16%
R N Bagla (HUF)	1,445	2.25%
Total	64,250	100.00%



** Pursuant to a succession certificate dated March 18, 2011, the equity shares of WITCO held by Late Mr. Raj Narayan Bagla are liable for succession by Mr. Rishi Kumar Bagla. The said succession certificate erroneously mentions the number of equity shares of AMML transmitted to Mr. Rishi Kumar Bagla as 12,205 equity shares, whereas the number of equity shares of AMML transmitted ought to be 22,255 equity shares. Mr. Rishi Kumar Bagla has made an application to the Court of the Hon'ble Civil Judge, Aurangabad seeking a correction in the said succession certificate in this regard.*

Board of directors

The board of directors of WITCO as on the date of filing of the DRHP, comprises of:

1. Rishi Kumar Bagla; and
2. Mamta Bagla

WITCO is an unlisted company and has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of the SICA, it is not under winding up and does not have a negative net worth.

Manshi Electronics Private Limited

Manshi Electronics Private Limited, (“MEPL”), was incorporated under the Companies Act on as a private limited company bearing CIN U51395MH2004PTC146495 and registration number. 146495. MEPL does not have any current active operations as such. However, the company under its main objects is authorised to produce, assemble, buy, sell, import, export, stock, deal in any electronic components required in televisions sets, other white line electronic goods and computers.

Shareholding pattern

Name of shareholder	Number of equity shares of ₹ 10 each	% of issued capital
Late. Raj Narayan Bagla	80,000	5.63%
Rishi Kumar Bagla	5,000	0.35%
Mamta Bagla	5,000	0.35%
Neha Aiyush Bhuwalka	100,000	7.04%
Devanshi Akshat Jain	10,000	0.70%
Bhanwar Lal Kandoi	250,000	17.61%
Anant Kandoi	285,000	20.07%
Sweta Kandoi	175,000	12.32%
Deccan Carbon Products Limited	90,000	6.34%
Waluj Investments and Trading Company Private Limited	420,000	29.58%
Total	1,420,000	100.00%

Board of Directors

The board of directors of MEPL as on the date of filing of the DRHP, comprises of:

1. Rishi Kumar Bagla;
2. Anant Kandoi

MEPL is an unlisted company and has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of the SICA, it is not under winding up and does not have a negative net worth.

Haryana Auto Comp Private Limited

Haryana Auto Comp Private Limited “HACPL”, a company incorporated on January 23, 2006 under the Companies Act as a private limited company bearing CIN U34300HR2006PTC036013 and registration number 036013 having its registered office at Plot No 175 Sector 25 Ballabgarh Faridabad is currently not engaged in any business activities.



Shareholding Pattern

The shareholding pattern of the aforesaid company is as follows:

Name of shareholder	Number of equity shares of ₹ 10 each	% of issued capital
Krishna Kumar Agrawal	100,010	50.01
Mamta Bagla	25,010	12.51
Late Raj Narayan Bagla*	25,000	12.50
Rishi Kumar Bagla	24,980	12.49
Devanshi Akshat Jain	12,500	6.25
Neha Aiyush Bhuwalka	12,500	6.25
Total	200,000	100.00

* Pursuant to a succession certificate dated March 18, 2011, the equity shares of HACPL held by Late Mr. Raj Narayan Bagla are liable for transmission to Mr. Rishi Kumar Bagla.

Board of Directors

The board of directors of HACPL on the date of filing of the Draft Red Herring Prospectus is:

1. Rishi Kumar Bagla; and
2. Mamta Bagla; .

HACPL is an unlisted company and has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of the SICA, it is not under winding up and does not have a negative net worth.

Haryana Auto Components & Electricals Limited

Haryana Auto Components & Electricals Limited “HACEL”, a company incorporated on December 4, 2007 under the Companies Act as a public limited company bearing CIN U34300PN2007PLC131072 and registration number 131072 and having its registered office at Plot No.B7, MIDC Chakan, Address 2: Village Mahalunge, Taluka Khed, Pune, Maharashtra – 410501 is currently not engaged in any business activities. HACEL was a subsidiary of our Company during the period between December 04, 2007 to March 30, 2008.

Shareholding Pattern

The shareholding pattern of the aforesaid company is as follows:

(₹ in lacs, except per share data)

Name of shareholder	Number of equity shares of ₹ 10 each	% of issued capital
Rishi Kumar Bagla	30,000	60.00
Late Raj Narayan Bagla	19,940	39.88
Mamta Bagla	10	0.02
Devanshi Akshat Jain	10	0.02
Neha Aiyush Bhuwalka	10	0.02
Anil Mali	10	0.02
Pravin Tulshan	10	0.02
Omprakash Gangabishan Somani	10	0.02
Total	50,000	100.00

Board of Directors

The board of directors of HACEL on the date of filing of the Draft Red Herring Prospectus is:



1. Rishi Kumar Bagla;
2. Mamta Bagla; and
3. Omprakash Gangabhishan Somani

HACEL is an unlisted company and has not made any public issue (including any rights issue to the public) in the preceding three years. It has not become a sick company under the meaning of the SICA, it is not under winding up and does not have a negative net worth.

Partnership Firm

Aurangabad Sales and Services, is a partnership firm established on May 13, 1997, bearing registration no. ABD/2675 issued by the Registrar of Firms, Aurangabad, and is engaged in the business of trading in shares, goods, industrial supply, commission agent, undertaking job work and contracts and all other allied activities. Rishi Kumar Bagla, Mamta Bagla, Devanshi Akshat Jain and Neha Aiyush Bhuwarka are the partners of the aforesaid firm.

Hindu Undivided Family

Rishi Kumar Bagla (HUF) is a Hindu – undivided family formed on January 1, 2001. Our Promoter Rishi Kumar Bagla is the karta of this HUF.

Trusts

Aurangabad Vidya Mandir

Aurangabad Vidya Mandir is a trust formed pursuant to a trust deed dated August 11, 1990 for the purpose of for setting up educational and vocational centres and also providing scholarships in the field of sports and cultural activities. Our Promoter Rishi Kumar Bagla is one of the trustees of Aurangabad Vidya Mandir.

Maratwada Medical and Research Institute

Maratwada Medical and Research Institute is a trust formed pursuant to a trust deed dated January 11, 1989 for the purpose of undertaking scientific research in the field of medicine and health care. Our Promoter Rishi Kumar Bagla is a trustee of Maratwada Medical and Research Institute.

R N Bagla Foundation

R N Bagla Foundation is a trust formed pursuant to a trust deed dated July 2, 2003 for the purpose of undertaking social and charitable activities. Our Promoter Rishi Kumar Bagla is a trustee of R N Bagla Foundation.

Companies from which our Promoters have disassociated

Our Promoter, Rishi Kumar Bagla has disassociated himself from Gran Electronics Private Limited in the year 2009, due to commercial reasons. Save as provided above, our Promoters have not disassociated themselves from any company or firm during the three years preceding the date of the filing of the Draft Red Herring Prospectus.

Common Pursuits/Conflict of Interest

The following Promoters/Group Companies, as disclosed in this chapter, are engaged in or are authorised under their memorandum of association to engage in business similar to that of our Company:

S. No.	Name
1.	Aurangabad Motor Manufacturers Limited
2.	Aurangabad Wheels and Rims Private Limited
3.	BG LI-IN Electricals Limited
4.	Haryana Autocomp Private Limited
5.	Haryana Auto Components & Electricals Limited



Except as disclosed in the Draft Red Herring Prospectus, we have not entered into any non-compete agreement with our Group Companies. To this extent, we may have a potential conflict of interest between the extant Group Companies and our Company.

Related Party Transactions

For details of the related party transactions, see the “*Related Party Transactions*” in “*Financial Statements*” at page 182 of the Draft Red Herring Prospectus.

Other confirmations

Interest in sales and purchases

Except as disclosed in “*Related Party Transactions*” in “*Financial Statements*” on page 182 of the Draft Red Herring Prospectus, there have been no sales and purchases between us and our Group Companies and entities, and associate companies, when such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of our Company.

Business Interests

Except as disclosed in the “*Related Party Transactions*” in “*Financial Statements*” on page 182 of the Draft Red Herring Prospectus, none of our Group Companies and entities/ associate companies have any business interests in our Company.

Defunct Group Companies

Innes Watson (Gujarat) Limited, has made an application for being struck off to the Registrar of Companies under Section 560 of the Companies Act, 1956.

Innes Watson and Company Private Limited and Rama Packagers Private Limited, which had been promoted by our Promoters, have been struck off from the records of the Registrar of Companies pursuant to the provisions of Section 560 of the Companies Act, 1956.

Except as disclosed above, none of our Group Companies is or has become defunct and no application has been made to the Registrar of Companies for striking off their name from the register of companies, during the five years preceding the date of filing of the Draft Red Herring Prospectus.

Interest in promotion of our Company

None of our Group Companies and entities were interested in the promotion of our Company.

Interest in the property of our Company

Except as disclosed elsewhere in the Draft Red Herring Prospectus, our Group Companies do not have any interest in any property acquired by or proposed to be acquired by our Company in the last two years prior to filing of the Draft Red Herring Prospectus. Details in connection with property acquired by our Company from any other Group Company, in the last two Fiscals, if any, are disclosed in “*Related Party Transactions*” in “*Financial Statements*” on page 182 of the Draft Red Herring Prospectus.

Interest in the transaction involving acquisition of land

None of our Group Companies and entities were interested in any transaction with our Company involving acquisition of land, construction of building or supply of any machinery.



RELATED PARTY TRANSACTIONS

For details on related party transactions of our Company (as per Accounting Standard 18 –“Related Party Disclosure” Notified by the Companies (Accounting Standard) Rules, 2006, (as amended), see the “*Related Party Transactions*” in “*Financial Statements*” on page 182 of the Draft Red Herring Prospectus.



DIVIDEND POLICY

Our Company does not have any formal dividend policy. The declaration and payment of dividend are governed by the applicable provisions of the Companies Act and the Articles of Association of our Company and will depend on a number of other factors, including but not limited to the results of operations, financial condition, capital requirements and surplus, contractual restrictions and other factors considered relevant by our Board.

The dividends declared by our Company in respect Equity Shares for the Fiscal 2011, 2010, 2009, 2008 and 2007 as per the restated financial statements of our Company, are as given below:

Particulars	Financial Performance (For the Fiscal)				
	2011	2010	2009	2008	2007
Face value per share (₹)	100	100	100	100	100
Dividend (₹ in lacs)	85.50	57.00	-	Nil	Nil
Dividend Tax (₹ in lacs)	14.20	9.47	-	-	-
Equity Share Capital (₹ in lacs)	1,140	1,140	1,140	1,140	1,140
Rate of dividend (%)	7.50%	5.00%	-	-	-

The dividends declared by our Company in respect Preference Shares for the Fiscal 2011, 2010, 2009, 2008, and 2007 as per the restated financial statements of our Company are as given below:

Particulars	Financial Performance (For the Fiscal)				
	2011	2010	2009	2008	2007
Face value per share (₹)	1	-	-	-	-
Dividend (₹)	7	-	-	-	-
Dividend Tax (₹)	2	-	-	-	-
Preference Share Capital (₹ in lacs)	0.86	-	-	-	-
Rate of dividend (%)	0.01%	-	-	-	-

The amount paid as dividend in the past is not necessarily indicative of the dividend policy or dividend amount, if any, in the future.



SECTION V – FINANCIAL INFORMATION

FINANCIAL STATEMENTS

S. No.	Particulars	Page
1	Auditors' Report on the restated financial statements of our Company as at and for the years ended March 31, 2011, 2010, 2009, 2008 and 2007.	F1-F3
2	Restated financial statements of our Company as at and for the years ended March 31, 2011, 2010, 2009, 2008 and 2007.	F4-F53

Auditors' report
(as required by Part II of Schedule II to the Companies Act, 1956)

To
The Board of Directors,
Aurangabad Electricals Limited,
Corporate Office,
Gut No 65, Village Chitegaon,
Tq. Paithan, Dist Aurangabad - 401105

Dear Sirs,

1. We have examined the attached restated financial information of Aurangabad Electricals Limited ('the Company') annexed to this report for the purpose of inclusion in the offer document prepared by the Company in connection with its proposed Initial Public Offer ('IPO'). Such financial information which has been approved by the Board of Directors of the Company has been prepared in accordance with the requirements of:
 - a. paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ('the Act'); and
 - b. relevant provision of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), Regulations 2009, as amended ('the Regulations') issued by the Securities and Exchange Board of India ('SEBI'), as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992.
2. We have examined such restated financial information taking into consideration:
 - a. the terms of reference vide our engagement letter dated August 29, 2011, requesting us to carry out work on such financial information, proposed to be included in the offer document of the Company in connection with its proposed IPO; and
 - b. the Guidance Note on Reports in Company Prospectuses (Revised) issued by the Institute of Chartered Accountants of India.
3. The Company proposes to make a IPO of equity shares having a face value of Rs.10 each, at an issue price to be arrived at by the book building process (referred to as the 'Offer'), as may be decided by the Board of Directors.

Financial information as per audited financial statements:

4. The restated financial information has been compiled by the management from the financial statements of the Company for the years ended March 31, 2011, 2010, 2009, 2008 and 2007 and approved by the Board of Directors. The audit for the year ended March 31, 2010 was conducted by previous auditors, S.R. Batliboi & Co. Firm Registration No. 324982E, and accordingly, reliance has been placed by us on the financial statements audited by them for the said year.

5. In accordance with the requirements of Paragraph B of Part II of Schedule II of the Act, the Regulations and terms of our engagement agreed with you, we further report that:
- a) Read with paragraph 4 above, the Restated Summary Statement of Assets and Liabilities, restated Summary Statement of Profit and Loss and Restated Cash Flow Statement ('Summary Statements') of the Company, including as at and for the years ended March 31, 2011, 2010, 2009, 2008 and 2007, examined by us after making adjustments and regrouping as in our opinion were appropriate and more fully described in Notes to Restated Summary Statements (Refer Annexure D and E)
 - b) Based on the above, we are of the opinion that the restated financial information has been made after incorporating:
 - The impact arising on account of changes in accounting policies adopted by the Company as at and for the year ended March 31, 2011 applied with retrospective effect in the summary statements;
 - Adjustments for the material amounts in the respective financial years to which they relate.
 - There are no extraordinary items which need to be disclosed separately in the summary statements; and
 - There are no qualifications in the auditors' reports, which require any adjustments to the summary statements.
- Further, the statement on matters specified in the Companies (Auditors' Report) Order, 2003 (as amended), annexed to the auditors' report on the financial statements for the year ended March 31, 2011, 2010, 2009, 2008 and 2007, included certain qualified statements which do not required any corrective adjustments in the restated financial statements. Such statements are included in paragraph 3(b) of Annexure E.
6. We have not audited any financial statements of the Company as of any date or for any period subsequent to March 31, 2011. Accordingly, we express no opinion on the financial position, results of operations or cash flows of the Company as of any date or for any period subsequent to March 31, 2011.

Other Financial Information:

7. At the Company's request, we have also examined the following financial information proposed to be included in the offer document prepared by the management and approved by the Board of Directors of the Company and annexed to this report relating to the Company, for the year ended March 31, 2011, 2010, 2009, 2008 and 2007.
- a. Restated Statement of Investments, enclosed as Annexure-F
 - b. Restated Statement of Inventory, enclosed as Annexure-G
 - c. Restated Statement of Sundry Debtors, enclosed as Annexure-H
 - d. Restated Statement of Loans and Advances, enclosed as Annexure-I
 - e. Restated Statement of Secured Loans, enclosed as Annexure-J
 - f. Restated Statement of Unsecured Loans, enclosed as Annexure-K
 - g. Restated Statement of Current Liabilities and Provisions, enclosed as Annexure-L
 - h. Restated Statement of Share Capital, enclosed as Annexure-M
 - i. Restated Statement of Other Income, enclosed as Annexure -N
 - j. Restated Summary of Dividend Declared, enclosed as Annexure-O
 - k. Restated Summary of Contingent Liabilities, enclosed as Annexure-P
 - l. Details of Transactions with Related Parties and Outstanding Balances, enclosed as Annexure-Q
 - m. Restated Summary of Accounting Ratios, enclosed as Annexure-R
 - n. Statement of Capitalization, enclosed as Annexure-S
 - o. Statement of Tax Shelters, enclosed as Annexure-T
8. In our opinion, the financial information as disclosed in the Annexures to this report, read with the respective significant accounting policies and notes disclosed in Annexure D and E, and after making adjustments and regroupings as considered appropriate and disclosed in Annexure E, has been prepared in accordance with Part II of Schedule II of the Act and the Regulations.

9. This report should not be in any way construed as a reissuance or redating of any of the previous audit reports issued by us or by other firm of Chartered Accountants, nor should this report be construed as a new opinion on any of the financial statements referred to herein.
10. We have no responsibility to update our report for events and circumstances occurring after the date of the report.
11. This report is intended solely for your information and for inclusion in the Offer Document in connection with the proposed IPO of the Company, and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For S.R. Batliboi & Co.
Firm Registration Number :- 301003E
Chartered Accountants

per Vijay Maniar
Partner
Membership No: 36738

Place: Mumbai

Date: September 26, 2011.

RESTATED SUMMARY STATEMENT OF ASSETS AND LIABILITIES

ANNEXURE-A

(Rs. In Lacs)

	Particulars	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
A.	Tangible and Intangible Fixed Assets					
	Gross Block	23,495.79	21,705.44	20,821.69	21,357.33	21,674.16
	Less: Accumulated Depreciation and amortization	12,884.14	10,870.50	8,517.35	6,883.45	5,675.56
	Net block	10,611.65	10,834.94	12,304.34	14,473.88	15,998.60
	Capital Work in Progress including capital advances	315.28	155.15	96.34	79.44	3,298.50
	Assets held for disposal	18.42	18.42	490.24	-	-
	Total	10,945.35	11,008.51	12,890.92	14,553.32	19,297.10
B.	Investments	1,736.43	1,736.43	1,723.21	1,730.98	85.48
C.	Current Assets, Loans and Advances					
	Inventories	3,133.09	2,707.01	2,357.84	3,006.01	3,840.23
	Sundry Debtors	7,113.48	5,935.21	3,627.67	5,663.37	5,795.73
	Cash and Bank Balances	403.81	202.41	1,036.13	1,045.45	1,100.44
	Loans and Advances	802.77	874.66	865.83	1,192.53	1,454.03
	Total	11,453.15	9,719.29	7,887.47	10,907.36	12,190.43
D.	Liabilities and Provisions					
	Secured Loans	6,450.01	8,797.73	9,207.09	10,998.17	14,381.38
	Unsecured Loans	-	22.75	-	870.00	1,043.98
	Deferred Sales Tax Liability	992.19	1,093.13	871.51	887.63	1,263.40
	Deferred Tax Liability (net)	313.25	467.98	346.07	807.33	1,120.78
	Current Liabilities	9,016.39	6,046.37	6,384.85	6,955.84	6,694.91
	Provisions	339.98	219.94	100.39	124.34	105.73
	Total	17,111.82	16,647.90	16,909.91	20,643.31	24,610.18
E.	Net Worth (A+B+C-D)	7,023.11	5,816.33	5,591.69	6,548.35	6,962.83
	Net Worth represented by:					
F.	Share Capital					
	Equity	1,140.00	1,140.00	1,140.00	1,140.00	1,140.00
	Preference	0.86	-	-	-	-
	Total	1,140.86	1,140.00	1,140.00	1,140.00	1,140.00
G.	Preference Share Suspense Account	-	0.86	-	-	-
H.	Reserves and Surplus					
	Securities Premium Account	4,260.16	4,260.16	4,260.16	4,260.16	4,260.16
	Capital Subsidy	80.00	80.00	80.00	50.00	50.00
	General Reserve	4.91	4.91	-	-	-
	Profit and Loss Account	1,537.18	330.40	111.53	1098.19	1,512.67
	Total	5,882.25	4,675.47	4,451.69	5,408.35	5,822.83
I.	Net Worth (F+G+H)	7,023.11	5,816.33	5,591.69	6,548.35	6,962.83

Note:

The above statement should be read with the significant accounting policy as in Annexure D and notes on restatements and changes to accounting policies as in Annexure E.

RESTATED SUMMARY STATEMENT OF PROFITS AND LOSSES

ANNEXURE-B

(Rs. In Lacs)

	Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007
A.	Income					
	Sales - Manufactured products (Gross)	53,645.76	36,234.95	40,876.47	41,457.62	36,873.70
	Less:- Excise Duty	3,329.23	1,987.40	4,069.95	4,866.68	4,908.19
	Sales -Manufactured products (Net)	50,316.53	34,247.55	36,806.52	36,590.94	31,965.51
	Sale of Electricity through wind power	125.92	116.01	184.53	125.03	154.00
	Job work Charges	276.56	444.07	622.25	957.04	1,658.92
	Other Income	172.53	439.20	227.64	753.08	417.04
	Total – A	50,891.54	35,246.83	37,840.94	38,426.09	34,195.47
B.	Expenditure					
	Material Consumed	34,739.79	22,996.53	27,402.33	25,277.18	23,671.38
	(Increase)/Decrease in Inventory	(199.35)	(291.88)	269.27	1,012.82	(800.91)
	Operating and Other Expenses	9,171.30	6,851.53	6,529.00	7,513.88	7,423.00
	Personnel Expenses	2,560.12	1,890.20	1,920.64	2,153.50	2,002.41
	Finance Cost	958.12	1,095.55	1,376.13	1,606.07	999.80
	Depreciation and Amortization	2,024.64	2,425.81	1,905.50	1,994.03	1,567.11
	Amortization of Miscellaneous expenditure	-	-	-	-	2.90
	Total	49,254.62	34,967.74	39,402.87	39,557.48	34,865.69
	Less : Expenses, included in above items, capitalized	311.71	137.78	123.52	416.96	651.59
	Total – B	48,942.91	34,829.96	39,279.35	39,140.52	34,214.10
C.	Net Profit/(Loss) before taxation and extraordinary items as restated - (A - B)	1,948.63	416.87	(1,438.41)	(714.43)	(18.63)
D.	Tax Expenses					
	-Current Tax	796.87	81.98	-	-	-
	-Deferred Tax (Credit)/Charge	(154.72)	121.91	(461.25)	(313.45)	(7.61)
	- MAT credit entitlement	-	(72.36)	-	-	-
	-Fringe benefit tax	-	-	0.50	0.50	0.50
	- Wealth Tax	-	-	9.00	13.00	11.50
	Total – D	642.15	131.53	(451.75)	(299.95)	4.39
E.	Net Profit/(Loss) before extraordinary items, as restated - (C - D)	1,306.48	285.34	(986.66)	(414.48)	(23.02)
F.	Extraordinary items	-	-	-	-	-
G.	Net Profit/(Loss) after extraordinary items, as restated - (E - F)	1,306.48	285.34	(986.66)	(414.48)	(23.02)

RESTATED SUMMARY STATEMENT OF PROFITS AND LOSSES

ANNEXURE-B CONTD...

(Rs. In Lacs)

	Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007
	Add : Surplus/(Deficit) brought forward from the Previous year	330.40	111.53	1,098.19	1,512.67	1,535.69
H.	Profit/(Loss) available for appropriations, as restated Appropriations :-	1,636.88	396.87	111.53	1,098.19	1,512.67
	Dividend on Preference Share	*	-	-	-	-
	Dividend on Equity Share	85.50	57.00	-	-	-
	Tax on dividend	14.20	9.47	-	-	-
I.	Balance carried forward, as restated	1,537.18	330.40	111.53	1,098.19	1,512.67

* Dividend amount - Rs.7.

Note:

The above statement should be read with the significant accounting policy as in Annexure D and notes on restatements and changes to accounting policies as in Annexure E.

RESTATED CASH FLOW STATEMENT

ANNEXURE-C

(Rs. In Lacs)

	Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007
A.	Cash Flow from Operating Activities					
	Net Profit/(Loss) before taxation, as restated:	1,948.63	416.87	(1,438.41)	(714.43)	(18.63)
	Adjustments for:					
	Depreciation and amortization	2,024.64	2,425.81	1,905.50	1,994.03	1,567.11
	(Profit)/Loss on sale of fixed asset (net)	0.71	(74.14)	(135.53)	(174.20)	(32.34)
	Provision for diminution in value of investments	-	9.50	-	-	0.02
	Foreign exchange fluctuation (gain)/loss, (net)	(47.94)	(29.87)	46.36	(61.81)	(42.22)
	Bad debts written off	1.36	0.62	-	-	-
	Dividend received	(3.53)	(0.06)	(0.06)	(0.06)	(0.06)
	Interest received	(29.65)	(26.65)	(11.78)	(45.82)	(44.32)
	Discount received on early repayment of sales tax deferral loan	-	-	-	(214.86)	(91.27)
	Interest on term loans, working capital and other loans	903.91	1,044.08	1,319.57	1,559.69	965.74
	Provision for doubtful advance	14.78	-	-	-	-
	Provision for doubtful debt	20.54	51.53	1.38	5.96	9.62
	Amortization of Miscellaneous expenditure	-	-	-	-	2.90
	Cash generated from operations before working capital changes	4,833.45	3,817.69	1,687.03	2,348.50	2,316.55
	Adjustments for:					
	(Increase)/Decrease in sundry debtors	(1,152.23)	(1,931.90)	1,987.96	188.22	(1,763.04)
	Increase/(Decrease) in current liabilities and provisions	3,035.87	(664.52)	(632.43)	339.32	2,013.08
	(Increase)/Decrease in inventories	(426.08)	(253.84)	648.17	834.23	(1,484.63)
	(Increase)/Decrease in loans and advances	(224.34)	30.59	356.54	261.65	(164.63)
	Cash generated from/(used in) Operations	6,066.67	998.02	4,047.27	3,971.92	917.33
	Direct taxes paid (net of refunds)	(515.42)	(2.32)	(9.35)	(13.66)	(63.64)
	Net Cash Flow from/(used in) Operating Activities	5,551.25	995.70	4,037.92	3,958.26	853.69
B.	Cash Flow from/(used in) Investing Activities					
	Purchase of fixed assets	(1,981.65)	(611.76)	(956.01)	(1,475.52)	(7,766.43)
	Sale of fixed assets	19.47	657.70	848.46	77.49	100.89
	Sale of business unit	-	-	-	4,321.95	-
	(Purchase)/Sale of investments	-	(22.72)	7.77	(1,645.50)	-
	Interest received	29.65	26.65	11.78	45.82	44.32
	Dividend received	3.53	0.06	0.06	0.06	0.06

RESTATED CASH FLOW STATEMENT

ANNEXURE-C CONTD...

(Rs. In Lacs)

	Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007
C.	Deposits (with maturity more than three months)	(154.23)	(53.10)	22.11	807.21	2,258.40
	Net Cash from/(used in) Investing Activities	(2,083.23)	(3.17)	(65.83)	2,131.51	(5,362.76)
	Cash Flow from/(used in) Financing Activities					
	Proceeds/(Repayment) of short term borrowings (net)	(61.96)	779.58	(1,643.46)	(661.94)	2,158.11
	Proceeds from long term borrowings	-	-	3815.00	1,914.99	5,020.69
	Repayment of long term borrowings	(2,409.45)	(1,608.37)	(4,848.74)	(4,971.14)	(1,982.12)
	Interest paid on term loans, working capital and other loans	(882.96)	(1,052.67)	(1,282.09)	(1,619.46)	(908.64)
	Dividend paid (including dividend distribution tax)	(66.47)	-	-	-	(65.72)
	Net Cash from/(used in) Financing Activities	(3,420.84)	(1,881.46)	(3,959.29)	(5,337.55)	4,222.32
	Net Increase/(Decrease) in Cash and Cash Equivalents	47.18	(888.93)	12.80	752.22	(286.75)
	Cash and Cash Equivalents at the beginning of the year	70.22	957.05	944.25	192.03	478.78
	Cash and Cash Equivalents at the end of the year	117.40	68.12	957.05	944.25	192.03
	Cash and Cash Equivalents taken over on merger	-	2.10	-	-	-
	Total Cash and Cash Equivalents at the end of the year	117.40	70.22	957.05	944.25	192.03
	Components of cash and cash equivalent at the end of each year					
	Cash on hand	0.84	0.99	1.35	2.29	1.84
	With Banks :-					
	in current accounts	116.56	69.23	955.70	941.97	190.19
	in deposit accounts	286.41	132.19	79.08	101.19	908.41
	Cash and Bank Balances as per Restated Statement of Assets and Liabilities.	403.81	202.41	1,036.13	1,045.45	1,100.44
	Less : Deposits not considered as cash equivalents.	286.41	132.19	79.08	101.20	908.41
	Cash and Cash Equivalents in Cash Flow Statement:	117.40	70.22	957.05	944.25	192.03

Notes:-

- 1) Figure in brackets indicate cash outflow.
- 2) The above statement should be read with the significant accounting policy as in Annexure D and notes on restatements and changes to accounting policies as in Annexure E.

Annexure D: - Significant Accounting Policies

A. Basis of Preparation:

The Restated Summary Statement of Assets and Liabilities, of the Company as at March 31, 2011, March 31, 2010, March 31, 2009, March 31, 2008, and March 31, 2007 and the Restated Summary Statement of Profits and Losses, and Restated Cash Flow Statement, for the years ended March 31, 2011, March 31, 2010, March 31, 2009, March 31, 2008 and March 31, 2007 (collectively, the “Summary Statements”) and Other Financial Information have been extracted by the management from the Audited Financial Statements of the Company for the years ended March 31, 2011, March 31, 2010, March 31, 2009, March 31, 2008 and March 31, 2007.

These Summary Statements have been prepared for the proposed Public Offer (referred to as the “Offer”), in accordance with the requirements of:

- a) paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 (“the Act”); and
- b) relevant provision of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), Regulations 2009, as amended (“the Regulations”) issued by the Securities and Exchange Board of India (‘SEBI’), as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992.

Other Financial Information has been prepared in accordance with SEBI Regulation.

Summary Statements has been made, after incorporating:

- a) The impact arising on account of changes in accounting policies adopted by the Company as at and for the year ended March 31, 2011, applied with retrospective effect in the Summary Statements;
- b) Adjustments for the material amounts in the respective financial years to which they relate;

The financial statements as at March 31, 2011 have been prepared to comply in all material aspects with the notified Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. These financial statements have been prepared under the historical cost convention on an accrual basis.

B. Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year. Although these estimates are based upon management’s best knowledge of current events and actions, actual results could differ from these estimates.

C. Revenue recognition:

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

i) *Sale of Goods*

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer which generally coincides with the dispatch of goods from factory and in case of goods sold outside India, on the bill of lading date.

Sales are inclusive of excise duty and net of sales returns, value-added tax, central sales tax and trade discounts.

ii) *Sale of Electricity*

Revenue is recognized in respect of the units of electricity sold, as per the power purchase agreement entered into with Maharashtra State Electricity Distribution Company Limited.

iii) *Job Work Charges*

Revenues from job work charges are recognised as and when services are rendered in accordance with the terms of the contract.

iv) *Interest*

Revenue is recognised on a time proportion basis taking into account the amount outstanding of deposits and the rate applicable.

v) *Dividend*

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.

D. Fixed assets and depreciation:

i) *Fixed assets :*

Fixed assets are stated at cost less accumulated depreciation/amortization. In case of acquired assets, cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.

In case of self constructed assets, cost comprise of directly attributable construction costs such as materials, labour and other allocable costs attributable to bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

ii) *Depreciation and amortization:*

Depreciation is provided on the straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 on all assets except for the following assets which are depreciated at the higher rates based on management's estimate of the useful life.

Dies and Jigs. Tools, Jigs and fixtures - 4 years each.

Leasehold land – over the period of lease

Intangible assets are amortized, based on management's estimate of its useful economic life, on pro-rata basis as under:

Technical Know-how fees- 4 years

SAP ERP – 5 Years

Software – 3 Years

E. Impairment:

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 recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value value using a pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

F. Investments:

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost, however, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

G. Leases :**Where the Company is the lessee**

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income.

If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

H. Inventories:

Inventories are valued as follows:

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a moving average basis.

Work-in-progress and Finished goods are valued lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined using moving average method. Cost of finished goods includes excise duty.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

I. Foreign currency transactions:

i) 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.

ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

iii) Exchange Differences

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise. Exchange differences arising in respect of fixed assets acquired from outside India are capitalized as a part of fixed asset.

iv) Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.

J. Employee benefits:

i) Retirement benefits in the form of Provident Fund and Family Pension Scheme are a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective fund.

ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

iii) Short term compensated absences are provided for on based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method

iv) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

K. Government grants and subsidies:

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset. Government grants of the nature of promoter's contribution are treated as capital reserves and treated as part of shareholders funds.

L. Income Taxes:

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognised deferred tax assets. It recognises unrecognised deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternative Tax (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 year. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India (ICAI), the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified year.

M. Segment Reporting Policies:

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on domestic and export sales.

Intersegment Transfers

The Company generally accounts for Intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

The Corporate and Other segment includes general corporate income and expense items which are not allocated to any business segment.

Segment Policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

N. Earnings per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

O. Provisions:

A provision is recognised when the Company has a present obligation as a result of past event; 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. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

P. Cash and Cash equivalents:

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

Q. Derivative Instruments:

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the income statement. Net gains are ignored.

Annexure E – Notes on Restatement and Changes to Significant Accounting Policies

1) Changes in Accounting Policies

The restated financial statements have not been adjusted for the effect of changes in accounting policies during the year 2007-08 as the accounting policy changes was due to technical corrections or where the impact for previous years were not material:

a) Determination of Cost on Moving Average Method from First in First out (FIFO) method for valuation of Raw Material, Components, and Stores and spares: -

Till March 31, 2007, the Company was determining cost of raw material, components, and stores and spares on the basis of FIFO Method. During the year 2007-2008, the Company has changed its policy from FIFO to Moving Average Method due to implementation of ERP system, the effect of such change is not material, hence ignored.

b) Determination of Cost on Moving Average Method from Retail method for valuation of Work in Progress and Finished Goods:-

Till March 31, 2007, the Company was determining cost of Work in progress and Finished Goods on the basis of Retail Method. During the year 2007-2008, the Company has changed its policy from Retail Method to Moving Average Method based on the implementation of ERP, the effect of such change is not material, hence ignored.

c) Adoption of Accounting Standard 15 (Revised) Employee Benefit:-

Till March 31, 2007, the Company was providing for gratuity on actuarial valuation as per actuary certificate. During the year 2007-2008, the Company has adopted the Accounting Standard 15 (revised) which is mandatory from accounting period commencing on or after form December 07, 2006. Accordingly, the Company has provided for gratuity based on actuarial valuation done as per projected unit credit method. As per the transitional provision no amount was adjusted from opening reserve since amount was not material.

2) Other Adjustments

a) Notes on Material adjustments :

Below mentioned is the summary of results of restatements made in the audited financial statements for the respective years and its impacts on the profit of the Company.

(Rs in Lacs)

Particulars	For the year Ended March 31, 2011	For the year Ended March 31, 2010	For the year Ended March 31, 2009	For the year Ended March 31, 2008	For the year Ended March 31, 2007
Net Profit/(Loss) after tax as per audited financial statements before adjustments including extra-ordinary items (A)	1,352.41	266.96	(1,160.47)	(220.43)	2.57
Adjustments : (B)	-	-	-	-	-
Net Profit/(Loss) after adjustment before tax impact C = (A-B)	1,352.41	266.96	(1,160.47)	(220.43)	2.57
Current Tax impact of adjustments (Refer Note 1)	6.13	(1.99)	-	-	(4.57)
Deferred Tax impact of adjustments (Refer Note 1)	(38.70)	88.59	173.81	(194.05)	(21.02)
MAT Credit Entitlement (Refer Note 2)	(13.36)	(68.22)	-	-	-
Total adjustments - D	(45.93)	18.38	173.81	(194.05)	(25.59)
Net Profit/(Loss), as restated - C+D	1,306.48	285.34	(986.66)	(414.48)	(23.02)

Notes:-

1. The Profit and Loss account of some years include amounts paid/provided for or refunded/written back in respect of shortfall/excess income tax arising out of assessments, appeals etc. which has now been adjusted in the respective years. Also, income tax (current tax and deferred tax) has been computed on adjustments made as detailed above and has been adjusted in the restated profits and losses for the year ended March 31, 2011, 2010, 2009, 2008 and 2007.
2. MAT credit has been taken in the year in which MAT liability arose with a corresponding adjustment in the subsequent years.

b) Material Regroupings:-

Appropriate adjustments have been made in the Restated Summary Statements of Assets and Liabilities, Profits and Losses and Cash Flows, 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 financial statements of the Company for the year ended March 31, 2011 and the requirements of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 and paragraph B (1) of Part II of Schedule II to the Companies Act, 1956.

3) Non - Adjustment Items

a) Excess balance written back.

The restated financial statements have not been adjusted for the effect of excess provision write back, grouped under miscellaneous income, since the impact for the year and previous year's were not material.

b) Audit qualification for the respective periods, which do not required any corrective adjustment in these restated summary statements are as follows.

Year Ended March 31, 2011

CARO Qualification:

Undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, service tax, wealth tax, custom duty, excise duty, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities *though there has been a slight delays in a few cases.*

Managements Comment:-

There had been certain delays in payments of provident fund, employee's state insurance, income tax and sales tax. Appropriate action is being taken by the managements for timely payments of the statutory dues.

CARO Qualification:

The Company is maintaining proper records of inventory. *Material discrepancies identified on physical verification, have been properly dealt with in the books of accounts.*

Managements Comment:-

The variance of 1.5% of material consumption is acceptable as per the industry norms, but we are improving on the same by updating the Bill of Material more frequently. This will help to minimize the differences identified during the physical verification.

Year Ended March 31, 2010

CARO Qualification:

The Company has internal audit systems, *the scope and coverage of which, in our opinion requires to be enlarged to be commensurate with the size and nature of its business.*

Managements Comment:-

The Company has since appointed an independent chartered accountant firm, as internal auditors and they have already started conducting audit as per the audit plan which covers all aspects of working of the Company.

Year Ended March 31, 2009

CARO Qualification:

The Company is maintaining proper records of inventory. *Material discrepancies identified on physical verification, have been properly dealt with in the books of accounts.*

Managements Comment:-

This was mainly due to implementation of SAP in the year which provide for consumption of raw material based on standard bill of material for goods produced. The discrepancy observed was due to incorrect booking of consumption based on bill of material.

Year Ended March 31, 2008**CARO Qualification: -**

Undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, service tax, custom duty, excise duty and cess have generally been regularly deposited with the appropriate authorities *though there has been delays in many cases of provident fund, employees' state insurance, income tax and sales tax.* There is no amount due for deposit with investor education and protection fund.

Managements Comment:-

There had been certain delays in payments of provident fund, employee's state insurance, income tax and sales tax. Appropriate action is being taken by the managements for timely payments of the statutory dues.

CARO Qualification:-

The Company is maintaining proper records of inventory and no material discrepancies were noticed on physical verification, *except for raw materials. Closing stock of raw materials and the resultant raw materials consumption is determined based on the periodic physical verification undertaken by the management and hence we are unable to determine the discrepancy, if any, between book balance of raw materials and balance verified physically.*

Managements Comment:-

The earlier software was having limitations to derive book stock hence to overcome this deficiency the Company has implemented SAP.

Year Ended March 31, 2007**CARO Qualification:-**

Except for delays ranging from 1 day to 62 days in repayment of dues of Rs.65.48 lacs, based on our audit procedures and as per the information and explanation given by the management, the Company has not defaulted in repayments of dues to any financial institution and bank. There were no such dues outstanding as on the date of balance sheet.

Managements Comment:-

There has been inadvertent delays in payments of dues of banks on account of interest which have been since paid.

4) Adjustment in opening balance of Profit and Loss account:-

Reconciliation of Profit and Loss Account as at 1st April, 2006

Particulars	Amount (Rs. In Lacs)
Balance of Profit and Loss account as per audited financial statement	1,462.31
Adjustments for :	
Excess Provision for Current Tax – Reversed	0.43
Short Provision for Deferred Tax – Now Recognised	(8.63)
MAT Credit Entitlement – Now Recognised	81.58
Total Adjustments	73.38
Balance of Profit and Loss account as per Restated Summary Statements	1,535.69

The effect of change on account of restatement pertaining to the year ended March 31, 2006 and earlier years has been adjusted to the opening balance of Profit and Loss account on April 01, 2006 is summarized in the table above.

5) Other Significant Notes

a) Change in Accounting Estimates:-

With effect from April 01, 2009, useful life of Dies and Jigs have been re-estimated from 10 years to 4 years. The net written down value of these assets are being depreciated over its revised remaining useful life of the assets. As a result of this change depreciation for the year ended March 31, 2010 is higher by Rs.680.06 lacs.

With effect from April 01, 2010, useful life of Tools, Jigs and Fixtures have been re-estimated from 10 years to 4 years. The net written down value of these assets are being depreciated over its revised remaining useful life of the assets. As a result of this change depreciation for the year ended March 31, 2011 is higher by Rs. 107.73 lacs.

b) Merger of Gravity Die Casting Division (GDC) of Aurangabad Motor Manufacturers Limited:-

During the year ended March 31, 2010, pursuant to the scheme of arrangement under Sections 391 to 394 of Companies Act 1956, (“the Scheme”) sanctioned by the Hon’ble High Court of Judicature at Bombay vide its order dated May 07, 2010, GDC Undertaking of Aurangabad Motor Manufacturers Limited (“the Demerged Company” or “AMML”) engaged in the manufacture of aluminum gravity die casting components has been demerged into the Company (“the Resulting Company” or “AEL”). The Scheme has become effective on June 03, 2010, the Appointed Date of the Scheme being October 01, 2009. In accordance with the said Scheme and as per the approval of the Hon’ble High Court;

- i) The assets, liabilities, rights and obligations of GDC undertaking of the demerged Company have been transferred to and vested with the Company with effect from October 01, 2009 and have been recorded at their respective book values as on that date is as under.

Particulars	Amount (Rs. In Lacs)
Assets Taken Over :-	
Fixed Assets	514.03
Current Assets	543.55
Subtotal (A)	1,057.58
Liabilities Taken Over :-	
Loan Funds	665.03
Current Liabilities and Provisions	386.78
Subtotal (B)	1,051.81
Excess of Assets Taken Over Liabilities (C) = (A) – (B)	5.77
Issue of Preference Shares (D)	0.86
Balance amount Credited to General Reserve (C) – (D)	4.91

- ii) As a part of consideration, 4 fully paid up Preference shares of Re.1 each of AEL were issued and allotted for every 100 equity/preference shares held in AMML. Hence 85,671 Preference Shares of Re.1 each fully paid up were issued to the equity shareholders and preference shareholders of the demerged company whose names were registered in the register of members on the Effective Date, without payment being received in cash. Pending allotment, the face value of such shares has been shown as “Preference Share Suspense”. The Company has since allotted the shares on June 03, 2010.
- iii) A sum of Rs.4.91 lacs, being the excess of the net assets transferred of the GDC undertaking of AMML to the Company as adjusted against the face value of Preference Shares issued as above has been credited to the General Reserve.
- iv) The book value of fixed assets of GDC undertaking as appearing in the books of the demerged Company has been considered as the Gross Block of the assets in the books of the Company for the purpose of adopting the straight line method (“SLM”) of depreciation in line with the accounting policy of the Company with effect from October 01, 2009. A technical estimate of the remaining useful life of the assets of GDC undertaking has been made by an independent technical valuer and the SLM depreciation rate has been determined accordingly.

c) Sale of Business Unit:-

On October 27, 2007, the Company entered into an agreement to transfer its Plant VIII to its then Subsidiary Company, Associated Brakes Limited (now known as OMR Bagla Automotive Systems India Limited or “OBASIL”) on going concern basis. On November 17, 2007, the Company entered into a Joint Venture agreement with Associated Brakes Limited and OMR Holding Spa Italy. Accordingly, all the assets of the Plant VIII (Fixed Assets and Current assets excluding sundry debtors and other excluded assets) were transferred to OBASIL at the closing of December 31, 2007 for a consideration of Rs.5,002.32 lacs.

d) Interest in Joint Venture:-

As stated above, the Company has entered into Joint Venture agreement with Associated Brakes Limited (now OMR Bagla Automotive Systems India Ltd or “OBASIL”) and OMR Holding Spa, Italy. OBASIL is a 50:50 Joint Venture between the Company and OMR Holding Spa. The Joint Venture Company is engaged in the manufacturing of aluminum pressure die casting components.

In compliance with Accounting Standard 27 on financial reporting of Joint Ventures, disclosure in respect of Companies’ share in the above Jointly Controlled Entity “OMR Bagla Automotive Systems India Limited” is as under:

Country of Incorporation: India

Percentage (%) of Share in Joint venture: 50%

(Rs. In Lacs)

Particular	As at and for the year ended March 2011	As at and for the year ended March 2010	As at and for the year ended March 2009	As at and for the year ended March 2008
	Audited	Audited	Audited	Audited
Fixed Assets including CWIP	3,017.26	3,337.15	3,826.68	2,455.53
Current Assets, Loan and Advances	1,533.14	1,259.87	1,478.87	1,133.91
Current Liabilities and Provisions	1,031.27	932.29	2,134.26	750.20
Income	3,124.69	2,734.13	2,748.72	503.84
Expenses	3,060.34	2,763.45	2,769.71	624.46
Capital Commitment (net of advances)	5.14	12.45	38.87	82.11
Profit /(Loss) before tax	64.35	(29.32)	(30.32)	(120.61)
Contingent Liability for export obligation	56.97	148.53	-	-
Claims against the Company not acknowledged as debts	52.11	-	-	-

e) Employee Benefits**Defined Contribution Plan**

(Rs. In lacs)

Particular	For the year Ended March 31, 2011	For the year Ended March 31, 2010	For the year Ended March 31, 2009	For the year Ended March 31, 2008
Contribution to employee provident fund	119.80	88.65	98.59	125.63

Defined Benefit Plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The scheme is funded with Life Insurance Corporation in the form of a qualifying insurance policy.

The following table summarizes the components of net benefit expense recognized in the profit and loss account and the funded status and amounts recognized in the balance sheet for the plan.

Profit and Loss account

(Rs. In lacs)

Particular	For the year Ended March 31, 2011	For the year Ended March 31, 2010	For the year Ended March 31, 2009	For the year Ended March 31, 2008
Current Service Cost	40.66	27.64	28.80	29.09
Add : Interest cost on benefit obligation	9.26	7.92	7.70	7.60
Less : Expected return on plan assets	(5.62)	(5.76)	(5.59)	(5.87)
Add : Net actuarial (gain) / loss recognized	41.46	(0.93)	(8.13)	(2.58)
Past service cost	-	-	-	-
Net benefit expense	85.76	28.87	22.78	28.24
Actual return on plan assets	5.75	5.65	5.40	-

Balance Sheet**(Rs. In lacs)**

Particular	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Defined benefit obligation	191.67	131.28	107.60	101.74
Less : Fair value of plan assets	74.82	63.22	68.40	54.67
Net	(116.85)	(68.06)	(39.20)	(47.07)
Less: Unrecognized past service cost	-	-	-	-
Plan asset / (liability)	(116.85)	(68.06)	(39.20)	(47.07)

Changes in the present value of the defined benefit obligation are as follows:**(Rs. In lacs)**

Particular	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Opening defined benefit obligation	131.28	107.60	101.74	122.04
Add : Interest cost	9.26	7.92	7.70	7.60
Add : Current service cost	40.66	27.64	28.80	29.09
Less : Benefits paid	(31.13)	(10.83)	(22.32)	(54.15)
Add : Actuarial (gains) / losses on obligation	41.60	(1.05)	(8.32)	(2.84)
Closing defined benefit obligation	191.67	131.28	107.60	101.74

Changes in the fair value of plan assets are as follows**(Rs. In lacs)**

Particular	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Opening fair value of plan assets	63.22	68.40	54.67	74.52
Add : Expected return	5.62	5.76	5.59	5.87
Less : Adjustment to Opening Fair Value of Planned Asset	(9.55)	-	-	-
Add : Contributions by employer	46.54	-	30.65	28.68
Less : Benefits paid	(31.13)	(10.83)	(22.32)	(54.14)
Add : Actuarial gains / (losses)	0.12	(0.11)	(0.19)	(0.26)
Closing fair value of plan assets	74.82	63.22	68.40	54.67

Particular	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Expected contribution to defined benefit plan	60.00	60.00	29.00	30.00

The major categories of plan asset as a percentage of the fair value of total plan asset are as follow

Particular	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Investment with insurer	100%	100%	100%	100%

The overall expected rate of return on asset is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is settled

The principal assumption used in determining gratuity obligation for the Company's plan are as follow

Particular	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Discount Rate	8.30%	8.00%	7.50%	8.50%
Expected rate of return on plan asset	9.15%	9.15%	9.00%	9.50%
Increase in compensation cost	6.75%	6.75%	6.75%	0.00%
Employee Turnover*	1-2%	1-2%	1-2%	1-2%

*Upto age of 44 – 2% and 45 and above 1%.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Amounts for the current year and last three years are as follows

(Rs. In Lacs)

Particular	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008
Defined benefit obligation	191.67	131.28	107.60	101.74
Plan assets	74.82	63.22	68.40	54.67
Surplus/(deficit)	(116.85)	(68.06)	(39.20)	(47.07)
Experience adjustments on plan liabilities	41.60	(1.05)	8.21	-
Experience adjustments on plan assets	(0.13)	(0.11)	(0.19)	-

f) Foreign Currency Exposure

Hedged foreign currency exposure as at Balance Sheet date

(Amounts In Lacs)

Particular	Currency	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
		Foreign Currency(FC)	Foreign Currency	Foreign Currency	Foreign Currency	Foreign Currency
Foreign Currency Term Loan	USD	-	-	-	11.49	3.08
Forward Contract (Import)	USD	3.78	-	-	-	-
Forward Contract (Import)	EURO	-	-	4.35	5.89	8.79
Forward Contract (Export)	EURO	-	-	4.35	5.89	10.53

Unhedged foreign currency exposures as at Balance Sheet date

(Amounts In Lacs)

Particular	Currency	As at March 31, 2011		As at March 31, 2010		As at March 31, 2009		As at March 31, 2008		As at March 31, 2007	
		FC	INR	FC	INR	FC	INR	FC	INR	FC	INR
Creditors and Advances from Debtors	USD	2.23	99.78	6.14	278.73	1.50	77.52	1.01	40.81	3.92	170.87
	EURO	-	-	-	-	0.07	5.06	0.32	20.60	0.11	6.22
	JYP	-	-	-	-	-	-	-	-	2.98	1.11
Debtors and Advance to Creditors	USD	-	-	-	-	-	-	0.14	5.54	0.05	2.35
	EURO	5.49	347.13	3.16	188.81	1.46	97.19	1.79	111.32	-	-
	JYP	19.47	10.52	1.96	0.96	-	-	-	-	-	-
	GBP	-	-	-	-	-	-	-	-	-	-
Buyers Credit/ Foreign Currency Term Loan	USD	4.71	210.67	3.43	157.80	-	-	-	-	11.11	484.44
	EURO	-	-	4.45	274.75	-	-	-	-	-	-

g) Deferred Tax Liability (net)

The Company has accounted for Income tax expense as per Accounting Standard – 22 “Accounting for Taxes on income” notified by Companies (Accounting Standards) Rules (as amended). Accordingly the Deferred Taxes have been accounted. The components of deferred tax are as under

(Rs. In lacs)

Particular	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
Deferred tax liabilities:					
Differences in depreciation and other differences in block of fixed assets as per tax books and financial books	443.86	584.90	1,101.56	1,330.04	1,377.36
Effect of lease accounting	-	-	1.05	2.69	3.50
Gross Deferred Tax Liabilities	443.86	584.90	1,102.61	1,332.73	1,380.86
Deferred tax assets:					
Unabsorbed depreciation	-	43.19	716.65	477.85	221.25
Effect of expenditure debited to profit and loss account in the current year but allowed for tax purposes in following years	96.13	50.98	34.13	42.26	35.59
Provision for doubtful debts	34.48	22.75	5.76	5.29	3.24
Gross Deferred Tax Assets	130.61	116.92	756.54	525.40	260.08
Net Deferred Tax Liability	313.25	467.98	346.07	807.33	1,120.78

h) The details of Operating and Other Expenses

(Rs. In Lacs)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2009	For the Year ended March 31, 2008	For the Year ended March 31, 2007
Labour and subcontracting	2,620.80	1,872.51	1,887.03	2,523.86	2,498.59
Power and fuel charges	2,107.63	1,604.26	1,564.79	1,638.25	1,744.22
Store, spares, and tools consumed	2,055.00	1,698.99	1,312.54	1,335.55	1,182.67
Repair and maintenance	735.26	368.55	354.71	415.22	541.35
Packing and forwarding	540.80	448.48	502.41	530.24	564.86
Professional/consultancy charges	165.28	107.96	150.34	173.39	132.35
Travelling and conveyance	266.63	210.33	199.97	236.67	201.49
Other expenses	679.90	540.45	557.21	660.70	557.47
Total	9,171.30	6,851.53	6,529.00	7,513.88	7,423.00

i) Segment Reporting:-

a) Business Segment

The Company organized its operations into two major businesses Auto Components which include auto electrical, aluminum die casting, wheel assembly, fasteners, rims, spokes, nipples etc and Power generation from windmills.

Particulars	For the year Ended March 31, 2011 (Rs in lacs)			For the year Ended March 31, 2010 (Rs in lacs)			For the year Ended March 31, 2009 (Rs in lacs)			For the year Ended March 31, 2008 (Rs in lacs)			For the year Ended March 31, 2007 (Rs in lacs)		
	Auto Compo	Wind Mill	Total	Auto Compo	Wind Mill	Total	Auto Compo	Wind Mill	Total	Auto Compo	Wind Mill	Total	Auto Compo	Wind Mill	Total
REVENUE															
External sales (gross)	53,646	126	53,772	36,235	116	36,351	40,877	185	41,062	41,458	125	41,583	36,874	154	37,028
Less: Excise Duty	3,329	-	3,329	1,987	-	1,987	4,070	-	4,070	4,867	-	4,867	4,908	-	4,908
External sales (Net)	50,317	126	50,443	34,248	116	34,364	36,807	185	36,992	36,591	125	36,716	31,966	154	32,120
Job Work Charges	277	-	2,77	444	-	444	622	-	622	957	-	957	1,659	-	1,659
Total Revenue	50,594	126	50,720	34,692	116	34,808	37,429	185	37,614	37,548	125	37,673	33,625	154	33,779
RESULT															
Segment Result	3,917	75	3,992	2,641	(22)	2,619	766	(15)	751	1,974	62	2,036	1,632	103	1,735
Unallocated Corporate Expenses(Net)	-	-	913	-	-	668	-	-	586	-	-	391	-	-	337
Unallocated Other Income	-	-	173	-	-	439	-	-	228	-	-	753	-	-	417
Finance Cost	-	-	958	-	-	1,096	-	-	1,376	-	-	1,606	-	-	1,000
Income Taxes	-	-	642	-	-	131	-	-	(452)	-	-	(300)	-	-	4
Net Profit	-	-	1,306	-	-	285	-	-	(987)	-	-	(414)	-	-	(23)
OTHER INFORMATION															
Segment assets	21,972	131	22,103	20,441	145	20,586	20,066	634	20,700	24,560	799	25,359	29,605	974	30,579
Unallocated Corporate assets	-	-	2,032	-	-	1,878	-	-	1,802	-	-	1,833	-	-	994
Total Assets	-	-	24,135	-	-	22,464	-	-	22,502	-	-	27,192	-	-	31,573
Segment Liabilities	10,596	66	10,662	7,718	109	7,827	7,698	5	7,703	8,211	564	8,775	8,492	693	9,185
Unallocated Corporate Liabilities	-	-	6,450	-	-	8,820	-	-	9,207	-	-	11,868	-	-	15,425
Total Liabilities	-	-	17,112	-	-	16,647	-	-	16,910	-	-	20,643	-	-	24,610
Capital Expenditure (Net of Sale of assets)	1,982	-	1,982	943	-	943	220	-	220	(317)	-	(317)	4,715	-	4,715
Depreciation and Amortisation	2,005	20	2,025	2,322	104	2,426	1,741	165	1,906	1,830	164	1,994	1,403	164	1,567

b) Geographical Segment

Since neither revenue from customers located abroad is more than 10 per cent of enterprise revenue nor the total carrying amount of segment assets is more than 10 percent of the total assets of all geographical segments, secondary segment information based on location of its customers or assets located abroad has not been disclosed.

j) The details of CIF value of import and earnings in foreign currency

(Rs. In Lacs)					
Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2009	For the Year ended March 31, 2008	For the year ended March 31, 2007
FOB value of Export	822.18	1,153.86	1,036.89	1,461.18	1,518.66
CIF value of Import :-					
CIF value of Raw material	663.20	1,910.05	579.66	455.36	252.58
CIF value of Capital Goods	532.34	-	72.77	273.06	1,900.58
Total CIF Value of Imports	1,195.54	1,910.05	652.43	728.42	2,153.16

k) Based on information available with the Company, there are no suppliers registered as micro, small or medium enterprise under “The Micro, Small and Medium Enterprise Development Act, 2006” (introduced in 2006-07) as at March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008. Hence disclosure, if any, relating to amounts unpaid as at the year end together with interest paid/payable as required under the above Act have not been given.

RESTATED STATEMENT OF INVESTMENTS

ANNEXURE- F

(Rs. In Lacs)

Particulars	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
Long Term Investments (At Cost)					
Trade (Unquoted) :					
i) BG LI - IN Electricals Limited (Formerly known as BG LI - IN Electricals Private Limited) 70,100 Equity Shares of Rs.100/- each	80.87	80.87	58.10	58.10	58.10
ii) Aurangabad Wheels and Rims Private Limited (AWRPL) 2,90,000 Equity Shares of Rs.10/- each	29.00	29.00	29.00	29.00	19.00
iii) OMR Bagla Automotive Systems India Limited 27,67,500 Equity Shares of Rs.10/- each	1,635.50	1,635.50	1,635.50	1,635.50	-
Other than Trade (Quoted):					
i) Value Industries Limited (Formerly known as Videocon Appliances Limited) 2,000 Equity Shares of Rs. 10/- each fully paid up	0.20	0.20	0.20	0.20	0.20
ii) Videocon Industries Limited 6 Equity Shares of Rs. 10/- each fully paid up	0.10	0.10	0.10	0.10	0.10
Other than Trade (Unquoted):					
i) Saraswat Cooperative Bank Limited 2,500 Equity Shares of Rs. 10/- each	0.25	0.25	0.25	0.25	0.25
ii) National Savings Certificate	0.01	0.01	0.06	0.06	0.06
iii) Unit Trust of India Bonds	-	-	-	7.77	7.77
Total	1,745.93	1,745.93	1,723.21	1,730.98	85.48
Less : Provision for diminution in value of Investments (AWRPL)	9.50	9.50	-	-	-
Total	1,736.43	1,736.43	1,723.21	1,730.98	85.48
Aggregate amount of :					
i) Unquoted investments (net of provision)	1,736.13	1,736.13	1,722.91	1,730.68	85.18
ii) Quoted investments	0.30	0.30	0.30	0.30	0.30
Total	1,736.43	1,736.43	1,723.21	1,730.98	85.48
Market Value of Quoted Investments	0.40	0.46	0.19	0.48	0.53

Notes:-

1. The figures disclosed above are based on the Restated Summary Statements of Assets and Liabilities of the Company.
2. Number of share given in the above schedule represents number of share held as on March 31, 2011.
3. Provision for diminution in value of investments represents investments in Aurangabad Wheels and Rims Private Limited.
4. OMR Bagla Automotive Systems India Limited was a subsidiary during September 23, 2007 to November 16, 2007 and thereafter joint venture from November 17, 2007 onwards.

RESTATED STATEMENT OF INVENTORY

ANNEXURE- G

(Rs. In Lacs)

Particulars	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
(at cost or net realisable value, whichever is lower)					
Raw materials	1,226.07	1,077.26	972.77	1,368.26	1,292.32
Stores, tools and consumables	561.49	405.73	430.09	397.17	280.77
Work in progress	815.58	721.66	632.29	826.54	1,796.67
Finished goods	529.95	502.36	322.69	414.04	470.47
Total	3,133.09	2,707.01	2,357.84	3,006.01	3,840.23

Note:

The figures disclosed above are based on the Restated Summary Statements of Assets and Liabilities of the Company.

RESTATED STATEMENT OF SUNDRY DEBTORS

ANNEXURE- H

(Rs. In Lacs)

Particulars	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
(Unsecured)					
Debts outstanding for a period exceeding six months					
- considered good	12.39	83.80	287.18	216.31	176.80
- considered doubtful	89.02	68.50	16.96	15.58	9.62
Others					
- considered good	7,101.09	5,851.40	3,340.49	5,447.06	5,618.93
Total	7,202.50	6,003.70	3,644.63	5,678.95	5,805.35
Less: Provision for doubtful debts	89.02	68.49	16.96	15.58	9.62
Total	7,113.48	5,935.21	3,627.67	5,663.37	5,795.73

Amounts due from Promoters/Promoter Group Companies/Directors/Relatives of Directors/Joint Ventures/Associate Companies.

(Rs. In Lacs)

Particulars	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
OMR Bagla Automotive Systems India Limited	113.73	84.56	119.03	228.05	-
BG-Lin Electricals Limited	-	2.41	0.13	0.04	-
Aurangabad Motor Manufacturer Limited	0.90	13.61	7.47	7.15	4.98
Deccan Carbon Products Limited (Formerly known as Deccan Carbon Products Private Limited)	0.05	1.82	-	-	-
BG DALIN Electricals Private Limited	-	-	1.16	-	-
Total	114.68	102.40	127.79	235.24	4.98

Notes:

1. The figures disclosed above are based on the Restated Summary Statements of Assets and Liabilities of the Company.
2. The list of persons/entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the management and relied upon by the auditors. The auditors have not performed any procedure to determine whether this list is accurate and complete.

RESTATED STATEMENT OF LOANS AND ADVANCES

ANNEXURE- I

(Rs. In Lacs)

Particulars	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
(Unsecured)					
Advances recoverable in cash or in kind or for value to be received					
Others					
- considered good	450.98	359.92	439.87	665.58	652.90
- considered doubtful	14.78	-	-	-	-
Balance with Central Excise Department	28.43	10.94	14.71	138.93	454.15
Security Deposits	222.59	193.78	181.15	172.89	164.08
MAT credit entitlement	153.94	153.94	81.58	81.58	81.58
Less:- MAT credit utilized	(153.94)	-	-	-	-
Advance tax (Net of provisions)	100.77	156.08	148.52	133.55	101.32
Total	817.55	874.66	865.83	1,192.53	1,454.03
Less: Provision for doubtful advances	14.78	-	-	-	-
Total	802.77	874.66	865.83	1,192.53	1,454.03

Amounts due from Promoters/Promoter Group Companies/Directors/Relatives of Directors/Joint Ventures/Associate Companies.

(Rs. In Lacs)

Particulars	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
OMR Bagla Automotive Systems India Limited	9.90	18.32	16.98	147.92	1.20
Aurangabad Wheels and Rims Private Limited	-	22.82	11.02	5.89	-
Aurangabad Motor Manufacturer Private Limited	2.69	-	-	-	-
Deccan Carbon Products Limited (Formerly known as Deccan Carbon Products Private Limited)	-	-	1.12	0.10	-
BG-Dae-Lin Electronics Private Limited	-	-	-	0.32	-
Total	12.59	41.14	29.12	154.23	1.20

Notes:

1. The figures disclosed above are based on the Restated Summary Statements of Assets and Liabilities of the Company.
2. The list of persons/entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the management and relied upon by the auditors. The auditors have not performed any procedure to determine whether this list is accurate and complete.

RESTATED STATEMENT OF SECURED LOANS

ANNEXURE- J

(Rs. In Lacs)

Particulars	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
Term Loans :-					
From Banks	2,793.07	5,027.50	6,188.68	7,326.48	10,067.19
From Others	35.91	110.00	183.33	63.16	217.70
Working Capital Loans from banks :-					
Cash Credit Facility	317.56	761.72	940.69	155.06	331.79
Buyer's Credit (Short Term)	379.25	432.55	-	-	-
Bills Discounted	2,924.22	2,465.96	1,894.39	3,453.47	3,764.70
Total	6,450.01	8,797.73	9,207.09	10,998.17	14,381.38

Notes:-

1. The figures disclosed above are based on the Restated Summary Statements of Assets and Liabilities of the Company.
2. There is no amount due to Promoters/Promoter Group Companies/Directors/Relatives of Directors/Joint Ventures/Associate Companies.
3. The list of persons/entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the management and relied upon by the auditors. The auditors have not performed any procedure to determine whether this list is accurate and complete.

STATEMENT OF PRINCIPAL TERMS OF SECURED LOANS AS ON MARCH 31, 2011.

Name of the Lender(s)	Loan Agreement Dated	Amount Outstanding	Interest Rate (p.a.)	Repayment Terms	Security
Secured Term Loan From Banks (A):					
Saraswat Co-Operative Bank Limited	June 6, 2008	1,108.75	PLR minus 2% p.a. with monthly rests, or at such rates as may be prescribed in future by the bank from time to time. Bank has the right to change both the base rate i.e. PLR and mark up percentage. Effective Rate 12.00%	Monthly Rs. 41.25 lacs.	Hypothecation of plant and machinery and other fixed assets of Company's Plant-IX . Equitable Mortgage of land and building and other immovable property of Company's Land Gut No. 104, (Northern Part), admeasuring 2 Hecter and 37 R. i.e. 5 Acres and 35 Gunthas i.e. 23,700 Square Meters situated within village and Grampanchayat limit at Pharola, Taluka Paithan, Aurangabad. Equitable Mortgage of land Gut No. 103, admeasuring 5 Hecter and 67 R. i.e. 14 Acres and 18 Gunthas i.e. 56700 Sq. Mtrs situated within village and Grampanchayat limit at Pharola, Taluka Paithan, Aurangabad.
Saraswat Co-Operative Bank Limited	March 26, 2007	383.69	PLR minus 2% p.a. with monthly rests, or at such rates as may be prescribed in future by the bank from time to time. Bank has the right to change both the base rate i.e. PLR and mark up percentage. Effective rate 12.00%	Monthly Rs. 13.33 lacs.	Additional equitable mortgage charge over land and building of Plant III and Hypothecation of Plant and Machinery and Other Fixed assets to be purchased.
Saraswat Co-Operative Bank Limited	July 30, 2009	23.00	PLR minus 2% p.a. with monthly rests, or at such rates as may be prescribed in future by the bank from time to time. Bank has the right to change both the base rate i.e. PLR and mark up percentage. Effective rate 12.00%	Monthly Rs. 6.25 lacs.	Equitable mortgage of land and Building and Hypothecation of Windmill equipments at Supa, Ahmednagar.

Name of the Lender(s)	Loan Agreement Dated	Amount Outstanding	Interest Rate (p.a.)	Repayment Terms	Security
Saraswat Co-Operative Bank Limited	December 29, 2008	139.05	PLR minus 2% p.a. with monthly rests, or at such rates as may be prescribed in future by the bank from time to time. Bank has the right to change both the base rate i.e. PLR and mark up percentage. Effective rate 12.0%	Monthly Rs. 8.68 lacs	Equitable mortgage over factory Land and Building and Hypothecation of Plant and Machinery and other fixed assets of Gravity Die Casting Division.
State Bank of India	September 13, 2006	464.00	SBAR minus 2%, minimum 9.50% p.a. with monthly rests Effective rate 13.00%	Monthly Rs. 5.00 lacs	First charge on entire fixed assets of plant at Pantnagar, Uttrakhand.
	September 13, 2006	132.00	SBAR minus 1.50%, minimum 9.50% p.a. with monthly rests Effective rate 13.00%	Monthly Rs. 66.00 lacs	Primary: Nil Collateral Extension of charge on entire fixed Assets of the Company at Pantnagar, Uttrakhand.
Industrial Development Bank of India	February 4, 2010	22.22	BBR plus 3.50% p.a. payable monthly. Effective Rate 13.00%	Monthly Rs. 11.66 lacs	Second charge on Fixed Assets of Plant III Situated at Pangara Taluka.Paithan Aurangabad.
		125.00	BBR plus 3.75% p.a. payable monthly. Effective Rate 13.25%	Quarterly Rs 41.66 lacs	First charge on block of Assets of Plant VI Situated at Plot No.B-7 MIDC Chakan,Village Mahalunge, Taluka .Khed,Pune.
		114.11	BBR plus 5.75% p.a. payable monthly, Effective Rate 15.25%	Quarterly Rs 38.03 lacs	First charge on block of Assets of Plant VI Situated at Plot No.B-7 MIDC Chakan,Village Mahalunge,Taluka Khed,Pune.
ING VYSYA Bank Ltd	June 16, 2009	281.25	Secured Corporate Loan: IVRR minus 2.25% p.a. Effective Rate 15.25%	Repayable in 16 equal quarterly installments of Rs 46.88 lacs	Exclusive charge on the fixed assets of Plant VII located at Waluj, Aurangabad. Further Personal Guarantee of Director R.K.Bagla.
Total (A)		2,793.07			

Name of the Lender(s)	Loan Agreement Dated	Amount Outstanding	Interest Rate (p.a.)	Repayment Terms	Security
Term Loans from Others (B)					
GE Capital Services India	September 19, 2008	35.91	3 month Reuters Commercial Paper (CP) Benchmark plus bps payable; monthly in arrears. The interest rate will be reset quarterly (Jan 01, April 01, July 01, October 01). The CP linked interest rate will be set 3 business days prior to each draw down/reset at the average of CP rate prevalent 3 business days prior to date of setting up the CP linked interest rate. Effective Rate 13.57%	Repayable in 36 equal monthly installments of Rs 6.11 lacs each starting from October 23, 2008	Exclusive first charge on entire movable fixed assets on Borrower's properties situated at Plant IV.
Total (B)		35.91			
Total Term Loans (C = (A) + (B))		2,828.98			
Bill Discounting					
Saraswat Co-Operative Bank Limited	June 16, 2008	714.85	PLR minus 4% p.a. with monthly rests or at such rates as may be prescribed in future by the bank from time to time. Bank has the right to change both the base rate i.e. PLR and mark up percentage. Effective rate 10.00%.	Maturity of Bill	Bills drawn on Bajaj Auto Limited.
	December 30, 2006	663.25	PLR minus 4% p.a. with monthly rests or at such rates as may be prescribed in future by the bank from time to time. Bank has the right to change both the base rate i.e. PLR and mark up percentage. Effective rate 10.00%	Maturity of Bill	Exclusive first charge by way of Hypothecation over tangible movable property belonging to the Borrower at Plant-III at Gut No. 120/122, Village Pangara, Taluka. Paithan, Aurangabad (Maharashtra)
	June 16, 2008	128.15	-----do-----	Maturity of Bill	First charge on entire current assets of GDC Division Aurangabad.

Name of the Lender(s)	Loan Agreement Dated	Amount Outstanding	Interest Rate (p.a.)	Repayment Terms	Security
State Bank of India	September, 13, 2006	698.66	Interest as per cash credit rate for usance period plus collection charges as applicable Effective Rate 11.15%	Maturity of Bill	Exclusive First charge on entire current assets of plant at Pantnagar and extension of charge on the fixed assets of Pantnagar.
Industrial Development Bank of India	February 4, 2010	719.31	To be mutually decided at the time of discounting of Invoices/ To be payable upfront. Effective Rate 12.00%	Maturity of Bill	Exclusive first charge by way of hypothecation on the Borrower's entire stocks including book-debts and Exclusive first charge on entire movable fixed assets (by way of hypothecation) on Borrower's properties situated at Plant VI.
Total Bills Discounted (D)		2,924.22			
Buyers Credit					
Industrial Development Bank of India	February 4, 2010	168.59	As may be agreed with Bank from time to time Effective Rate 5.50% depending upon Libor.	Various but maximum tenure is 180 days	Exclusive first charge on the current Assets of Plant VI Situated at plot No.B-7,MIDC Chakan,Village Mahalunge, Taluka Khed, Pune Collateral : Exclusive first charge on block of Assets of Plant VI Situated at Plot No.B-7,MIDC Chakan,Village Mahalunge, Taluka Khed,Dist. Pune
Saraswat Co-Operative Bank Limited	November 27, 2010	210.66	As may be agreed with Bank from time to time Effective Rate 5.50% depending upon Libor.	Various but maximum tenure is 180 days	Hypothecation of goods imported under letter of credit and document of title to goods
Total Buyers Credit (E)		379.25			

Name of the Lender(s)	Loan Agreement Dated	Amount Outstanding	Interest Rate (p.a.)	Repayment Terms	Security
Cash Credit Facilities					
Saraswat Co-Operative Bank Limited	June 16, 2008	317.56	PLR minus 2.5% p.a. with monthly rests, or at such rates as may be prescribed in future by the Bank from time to time. Bank has the right to change both the base rate i.e. PLR and mark up percentage. Effective rate 11.5%	Payable on demand	Hypothecation of Stocks less sundry creditors and advances from customers Debtors (within 90 days)
Total Cash Credit Facility (F)		317.56			
Total Secured Loans = (C)+(D)+(E)+(F)		6,450.01			

RESTATED STATEMENT OF UNSECURED LOANS**ANNEXURE- K****(Rs. In Lacs)**

Particulars	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
Loan from Body Corporate	-	22.75	-	870.00	1,043.98
Total	-	22.75	-	870.00	1,043.98

Amounts due to Promoters/Promoter Group Companies/Directors/Relatives of Directors/Joint Ventures/Associate Companies.**(Rs. In Lacs)**

Particulars	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
Deccan Carbon Products Limited (Formerly known as Deccan Carbon Products Private Limited)	-	22.75	-	-	-
Total	-	22.75	-	-	-

Deferred Sales Tax Liability**(Rs. In Lacs)**

Particulars	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
Deferred Sales Tax Liability	992.19	1,093.13	871.51	887.63	1,263.40
Total	992.19	1,093.13	871.51	887.63	1,263.40

Statement of Principal Terms of Deferred Sales Tax Liability Outstanding as on March 31, 2011.

Name of the Lender(s)	Loan Agreement Dated	Amount (Rs. In Lacs)	Interest Rate (p.a.)	Repayment Terms
Deferred Sales Tax Liability (As per the scheme of Government of Maharashtra)	Various Dates	992.19	Interest Free	Repayable after 10 years, from the year of collection in equal annual installments based on the order.
Total		992.19		

Notes:-

1. The figures disclosed above are based on the Restated Summary Statements of Assets and Liabilities of the Company.
2. The list of persons/entities classified as 'Promoters' and 'Promoter Group Companies' has been determined by the management and relied upon by the auditors. The auditors have not performed any procedure to determine whether this list is accurate and complete.

RESTATED STATEMENT OF CURRENT LIABILITIES AND PROVISIONS

ANNEXURE- L

(Rs. In Lacs)

Particulars	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
Current Liabilities					
Acceptances	1,025.32	98.39	519.52	419.86	276.35
Sundry Creditors for Materials and Services	7,532.11	5,538.12	4,836.21	5,902.76	5,834.79
Advance from Customers	230.44	191.87	768.87	151.12	111.81
Other Liabilities	198.40	166.92	200.62	459.95	390.04
Interest Accrued but not due on loans	30.12	51.07	59.63	22.15	81.92
Total Current Liabilities	9,016.39	6,046.37	6,384.85	6,955.84	6,694.91
Provisions					
Retirement Benefits					
- Gratuity	116.85	68.06	39.20	47.07	47.52
- Compensated Absences	123.43	85.41	61.19	77.27	58.21
Proposed Dividend	85.50	57.00	-	-	-
Tax on Dividend	14.20	9.47	-	-	-
Total Provisions	339.98	219.94	100.39	124.34	105.73

Note: The figures disclosed above are based on the Restated Summary Statements of Assets and Liabilities of the Company.

RESTATED STATEMENT OF SHARE CAPITAL

ANNEXURE- M

(Rs. In Lacs)

Particulars	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
Authorised Share Capital :					
Equity Share Capital					
12,50,000 Equity Shares of Rs.100 each	1,250.00	1,250.00	1,250.00	1,250.00	1,250.00
Preference Share Capital					
1,00,000 Preference Shares of Rs.1 each	1.00	1.00	-	-	-
Total	1,251.00	1,251.00	1,250.00	1,250.00	1,250.00
Issued, Subscribed and fully Paid-Up :					
Equity Share Capital					
11,40,000 Equity Shares of Rs.100 each fully paid up (Refer Note 1 below)	1,140.00	1,140.00	1,140.00	1,140.0	1,140.00
Preference Share Capital					
85,671 Preference Shares of Rs.1 each fully paid up (Refer Note 2 below)	0.86	-	-	-	-
Total	1,140.86	1,140.00	1,140.00	1,140.00	1,140.00

Notes:-

1. Includes 6,72,000 shares allotted as fully paid bonus shares by way of Capitalisation of Accumulated Profits of Rs.67.20 lacs, during the years 1994, 1995 and 2004.
2. 0.01% Non Cumulative Redeemable Preference Shares of Rs.1 each fully paid up (Redeemable at the end of 2 years from the date of allotment i.e. June 03, 2012 or at the option of the Company to redeem at any time after June 03, 2011.)
3. Number of share given in the above schedule represents number of share as on March 31, 2011.
4. Subsequent to March 31, 2011, the Board of Directors and Shares holders has passed a resolution on September 22, 2011 and September 23, 2011, respectively, to increase and sub-divide authorized equity share capital of the Company from 1,250,000 equity shares of Rs 100 each to 15,000,000 equity shares of Rs.10 each. In view of the above, issued, subscribed and paid-up equity share capital of the Company post March 31, 2011 is revised from 1,140,000 equity shares of Rs.100 each to 11,400,000 equity shares of Rs.10 each.
5. The figures disclosed above are based on the restated Summary Statements of Assets and Liabilities of the Company.

RESTATED STATEMENT OF OTHER INCOME

ANNEXURE- N

(Rs. In Lacs)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007	Nature of Income (Recurring/ Non recurring)	Related or not related to business activity
Interest on Fixed Deposits with banks	13.45	13.76	4.96	31.38	40.58	Recurring	Related
Interest received from others	16.20	12.89	6.82	14.43	3.76	Recurring	Related
Rent Receipts	8.46	7.09	7.39	9.19	12.05	Recurring	Non Related
Dividend received	3.53	0.06	0.06	0.06	0.06	Recurring	Non Related
Export benefit under DEPB	17.26	26.53	21.23	79.29	32.48	Recurring	Related
Foreign exchange fluctuation gain (net)	47.94	29.87	-	61.81	42.22	Recurring	Related
Profit of sale of fixed assets (net)	-	74.14	135.53	174.20	32.34	Non Recurring	Non Related
Sale of sales tax incentives	-	-	-	141.67	135.00	Non Recurring	Related
Discount received on pre payment of Sales Tax liability (As per Deferral Scheme)	-	-	-	214.86	91.27	Non Recurring	Related
Compensation received (Refer note 3)	-	225.50	-	-	-	Non Recurring	Related
Miscellaneous receipts	65.69	49.36	51.65	26.19	27.28	Recurring	Related
Total	172.53	439.20	227.64	753.08	417.04		

Notes:

1. The figures disclosed above are based on the Restated Summary Statements of Profits and Losses of the Company.
2. The classification of income as recurring/non recurring and related/not related to business activity is based on the current operation and business activity of the Company as determined by the Management.
3. The Company had received compensation of Rs.225.50 lacs from Bajaj Auto Limited, towards loss of future business and capacities reserved, remaining idle.

RESTATED SUMMARY OF DIVIDEND DECLARED

ANNEXURE- O

(Rs. In Lacs)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007
Equity Dividend					
-Equity Share Capital	1,140.00	1,140.00	1,140.00	1,140.00	1,140.00
-Rate of Dividend	7.50%	5.00%	-	-	-
-Amount of Dividend	85.50	57.00	-	-	-
Preference Dividend					
-Preference Share Capital	0.86	-	-	-	-
-Rate of Dividend	0.01%	-	-	-	-
-Amount of Dividend	*	-	-	-	-
Tax on Dividend (Preference and Equity Shares)	14.20	9.47	-	-	-

* Dividend amount - Rs.7.

Notes:

1. The amount paid as dividend is not indicative of the dividend policy in the future.
2. The figures disclosed above are based on the Restated Summary Statements of Assets and Liabilities of the Company.

RESTATED SUMMARY OF CONTINGENT LIABILITIES

ANNEXURE- P

(Rs. In Lacs)

Particulars	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
EPCG Obligation *	2,497.00	3,035.00	3,459.00	3,902.00	5,934.00
Excise Duty and Service Tax	146.02	155.07	140.49	114.20	116.45
Sales Tax	15.53	42.24	-	-	-
Employees State Insurance Corporation	7.12	7.12	7.12	7.12	7.12
Provident Fund	9.44	9.44	9.44	9.44	9.44
Income Tax	192.23	122.18	83.42	-	-
Total	2,867.34	3,371.05	3,699.47	4,032.76	6,067.01

* The outstanding amount pertains to, import of Capital Goods under the Export Promotion Capital Goods Scheme (“EPCG” or “Scheme”) of the Government of India at concessional rates of duty on an undertaking to fulfill quantified exports. The Company has met obligations for each of the above years. Non fulfillment of obligations as per the Scheme, entails options/rights to the Government to confiscate capital goods imported and other penalties under the scheme.

DETAILS OF TRANSACTIONS WITH RELATED PARTIES AND OUTSTANDING BALANCES

ANNEXURE- Q

Restated statements of Related Party Transaction (As per Accounting Standard 18-“Related Party Disclosure “Notified by Companies (Accounting Standard) Rules, 2006 (as amended))

I) NAME OF THE RELATED PARTIES AND THERE RELATIONSHIP

Relationship	Name Of The Party
Associates and Joint Ventures	(i) OMR Bagla Automotive Systems India Limited. (Formerly known as Associated Brakes Limited) * (ii) BG-LI IN Electricals Ltd (Formerly known as BG-LI IN Electricals Private Limited) (iii) Aurangabad Wheels and Rims Private Limited
Key Management Personnel and their relative	(i) Mr. Rajnarayan Bagla (expired on January 13, 2009) - Chairman and Managing Director (upto January 13, 2009) (ii) Mr. Rishikumar Bagla – - Joint Managing Director (Upto January 13, 2009) - Chairman and Managing Director (from January 14, 2009) (iii) Ms. Mamta Rishikumar Bagla -Wholetime Director (iv) Mr. Raghavachary Kilambi – Wholetime Director (from July 10, 2007) (v) Ms. Neha Bhuwalka (earlier Ms. Neha Rishi Kumar Bagla) - Relative of Directors (vi) Ms. Devanshi Jain (earlier Ms. Devanshi Rishi Kumar Bagla) - Relative of Directors
Enterprises owned or significantly influenced by the key management personnel or their relatives	(i) B.G. Appliances Private Limited (ii) OMR Bagla Automotive Systems India Limited (Formerly known as Associated Brakes Limited) * (ii) Aurangabad Motor Manufacturers Limited (iii) Deccan Carbon Products Limited (Formerly known as Deccan Carbon Products Private Limited) (iv) Aurangabad Carbon Products Private Limited (v) BG-Dae-Lin Electronics Private Limited** (vi) Rama Packagers Private Limited (vii) Haryana Auto Components and Electricals Limited *** (vii) Waluj Investments and Trading Company Limited

* The Company was an associate during April 01, 2007 to September 22, 2007, subsidiary during September 23, 2007 to November 16, 2007 and thereafter joint venture from November 17, 2007 onwards.

**The Company was merged with BG-LI-IN Electricals Limited from April 01, 2009 onwards.

*** The Company was a subsidiary during December 04, 2007 to March 30, 2008.

DETAILS OF TRANSACTIONS WITH RELATED PARTIES AND OUTSTANDING BALANCES

ANNEXURE- Q CONTD...

II) TRANSACTIONS WITH RELATED PARTIES

(Rs. In Lacs)

Name of Party and Nature of Transactions	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007
(A) Associates & Joint Ventures					
(i) BG-LI IN Electricals Limited					
Purchases of Material	51.57	35.97	16.70	19.08	8.04
Sale of Scrap	-	-	0.10	-	-
Sale of Capital Goods	-	2.26	-	-	-
Reimbursement of expenses paid	0.26	-	-	-	-
Reimbursement of expenses received	0.61	0.63	-	-	-
(ii) Aurangabad Wheels and Rims Private Limited					
Contribution to Equity Share Capital (Investment)	-	-	-	10.00	-
Purchase of Capital Goods	-	-	1.83	-	-
Purchases of Material	2.64	1.31	1.06	5.71	94.88
Job work charges paid	-	-	8.38	1.36	105.30
Interest Received	-	-	-	-	0.74
Rent Received	3.76	3.76	3.51	3.41	3.16
Reimbursement of expenses Paid	5.96	-	-	-	-
Reimbursement of expenses received	8.42	7.13	-	-	-
(iii) OMR Bagla Automotive Systems India Limited					
Contribution to equity share capital (Investment)	-	-	-	1,630.50	-
Sale of business	-	-	-	5,002.32	-
Advances paid	-	-	-	1.20	1.20
Sale of Material	514.75	231.65	838.62	307.02	-
Sale of Capital Goods	9.54	1.81	21.50	23.75	-
Sale of Scrap	0.32	0.12	-	1.41	-
Labour Charges Received	99.97	85.72	11.62	3.78	-
Purchases of Material	107.70	86.42	20.05	103.45	-
Labour Charges Paid	-	-	34.11	24.38	-
Reimbursement of expenses received	14.55	0.02	-	-	-
Reimbursement of expenses paid	6.41	13.57	-	-	-

DETAILS OF TRANSACTIONS WITH RELATED PARTIES AND OUTSTANDING BALANCES

ANNEXURE- Q CONTD...

II) TRANSACTIONS WITH RELATED PARTIES

(Rs. In Lacs)

Name of Party and Nature of Transactions	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007
(B) Key Management Personnel and their relatives					
(i) Mr. Rajnarayan Bagla					
Remuneration paid	-	-	23.12	24.09	24.00
Sale of investment in shares	-	-	-	1.99	-
Purchase of shares	-	-	-	1.00	-
(ii) Mr. Rishikumar Bagla					
Remuneration paid	24.09	24.13	24.09	24.09	24.00
Sale of investment in shares	-	-	-	3.00	-
Allotment of Preference Shares	0.08	-	-	-	-
Purchase of Shares	-	-	-	1.00	-
(iii) Mrs. Mamta Rishikumar Bagla					
Remuneration paid	19.89	19.93	19.89	19.89	19.89
Allotment of Preference Shares	0.04	-	-	-	-
Purchase of shares	-	-	-	1.00	-
(iv) Mr. Raghavachary Kilambi					
Remuneration paid	39.72	33.60	33.47	24.17	-
(v) Mrs. Neha Bhuwarka					
Rent paid	0.96	0.96	0.96	0.96	0.96
Allotment of Preference Shares	0.04	-	-	-	-
Purchase of shares	-	-	-	1.00	-
(vi) Mrs. Devanshi Jain					
Rent paid	0.96	0.96	0.96	0.56	-
Allotment of Preference Shares	0.03	-	-	-	-
Purchase of shares	-	-	-	1.00	-
(C) Enterprises owned or significantly influenced by the key management personnel or their relatives					
(i) B.G. Appliances Private Limited.					
Purchase of packing material	13.35	2.59	-	-	0.03
Job charges paid	-	-	0.65	0.07	-
(ii) Aurangabad Motor Manufacturers Limited					
Sales of Material	-	33.30	10.27	13.58	7.03
Sale of Capital Goods	2.14	1.98	-	14.03	2.83
Sale of Scrap	-	0.26	-	-	-
Job Work Charges paid	-	0.36	-	53.49	11.01
Job Work Charges received	-	1.94	-	17.67	31.43
Purchases of Material	65.56	1,044.74	1,073.78	915.96	777.69
Purchases of Capital goods	-	-	-	10.42	7.31
Reimbursement of expenses received	2.46	-	-	-	-

DETAILS OF TRANSACTIONS WITH RELATED PARTIES AND OUTSTANDING BALANCES

ANNEXURE- Q CONTD...

II) TRANSACTIONS WITH RELATED PARTIES

(Rs. In Lacs)

Name of Party and Nature of Transactions	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007
Reimbursement of expenses paid	0.64	-	-	-	-
Purchase of Business	-	0.86	-	-	-
(iii) Deccan Carbon Products Limited					
Job charges paid	-	-	-	5.39	6.34
Job Charges Received	0.85	-	-	-	-
Lease rent received	-	0.01	-	-	-
Loan Taken	-	22.75	-	-	-
Loan Repaid	22.75	-	-	-	-
Sales of Material	13.34	1.83	-	-	-
Rent Received	2.12	1.94	-	-	-
Rent Paid	4.41	4.27	-	-	-
Allotment of Pref. Shares	0.19	-	-	-	-
Purchase of Shares of BG-Li In -Electricals Private Limited	-	22.77	-	-	-
Purchases of Material	132.74	104.06	-	-	-
Expenses reimbursement received	2.13	-	-	-	-
Allotment of Preference Shares	0.19	-	-	-	-
(iv) Aurangabad Carbon Products Private Limited					
Sale of investment	-	-	-	-	1.25
(v) BG-Dae-Lin Electronics Private Limited					
Purchase of Capital Goods	-	-	-	-	0.69
Sales of material	-	-	1.75	-	-
(vi) Rama Packagers Private Limited					
Investment written off	-	-	-	-	0.02
(viii) Haryana Auto Components and Electrical Limited					
Contribution to equity (Investment)	-	-	-	4.99	-
(ix) Waluj Investments and Trading Company Limited					
Allotment of Pref. Shares	0.03	-	-	-	-

DETAILS OF TRANSACTIONS WITH RELATED PARTIES AND OUTSTANDING BALANCES

ANNEXURE- Q CONTD...

III) OUTSTANDING BALANCES (Net)

(Rs. In Lacs)

Related parties	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007
Associated and Joint Venture					
(i) OMR Bagla Automotive Systems India Limited. (Formerly known as Associated Brakes Limited)	98.68	102.88	133.46	363.33	1.20
(ii) BG-LI IN Electricals Limited (Formerly known as BG-LI IN Electricals Private Limited)	(4.09)	(4.17)	0.13	(4.92)	(0.44)
(iii) Aurangabad Wheels and Rims Private Limited	24.61	22.82	11.02	5.89	(13.61)
Key Managerial Personnel and their Relative					
(i) Ms Devanshi Jain	-	-	-	(0.56)	-
Enterprise over which individual having significant influence in the Company have substantial control					
(i) B.G. Appliances Private Limited	(1.59)	(1.37)	(0.27)	(0.07)	-
(ii) Aurangabad Motor Manufacturers Limited	4.90	(114.63)	(84.30)	(116.75)	(152.12)
(iii) Deccan Carbon Products Limited (Formerly known as Deccan Carbon Products Private Limited)	(12.89)	(38.73)	1.12	0.10	(8.88)
(iv) Aurangabad Carbon Products Private Limited	-	-	-	-	(0.18)
(v) BG-Dae-Lin Electronics Private Limited	-	-	1.16	0.32	(0.69)

RESTATED SUMMARY OF ACCOUNTING RATIOS

ANNEXURE- R

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007
Earnings per Share (EPS) - Basic and Diluted - Rs. (Face Value Rs. 100 each)	114.60	25.03	(86.55)	(36.36)	(2.02)
<i>*Adjusted Earnings per Share (EPS) - Basic and Diluted - Rs. (Face Value Rs.10 each)</i>	<i>11.46</i>	<i>2.50</i>	<i>(8.66)</i>	<i>(3.64)</i>	<i>(0.20)</i>
Net Asset Value (NAV) per equity share- Rs. (Face Value Rs.100 each)	615.99	510.20	490.50	574.42	610.77
<i>*Adjusted Net Asset Value (NAV) per equity share- Rs. (Face Value Rs.10 each)</i>	<i>61.60</i>	<i>51.02</i>	<i>49.05</i>	<i>57.44</i>	<i>61.08</i>
Return on Net Worth - %	18.60%	4.91%	(17.65%)	(6.33%)	(0.33%)
Weighted Average number of Equity shares outstanding during the year considered for Basic and Diluted EPS and for Net Asset Value per Share	1,140,000	1,140,000	1,140,000	1,140,000	1,140,000
<i>* Adjusted Weighted Average number of Equity shares outstanding during the year considered for Basic and Diluted EPS and for Net Asset Value per Share</i>	<i>11,400,000</i>	<i>11,400,000</i>	<i>11,400,000</i>	<i>11,400,000</i>	<i>11,400,000</i>

**Adjusted EPS, Adjusted NAV per equity share and adjusted Weighted Average number of Equity Shares is calculated after considering sub division of equity shares (change in face value of equity shares from Rs.100 to Rs.10 and consequently change in number of outstanding shares from 1,140,000 to 11,400,000) based on the resolution passed by the Board of Directors on September 22, 2011 and share holders meeting held on September 23, 2011.*

Notes:-

- The ratios have been computed as below

Basic and Diluted Earnings per share (Rs.) = Net Profit after Tax, as restated less preference dividend and dividend tax thereon

Weighted Average Number of Equity Shares outstanding during the year

Net Asset Value per equity share (Rs.) = Net worth excluding Revaluation Reserve and Preference Share Capital
Number of Equity Shares outstanding during the year

Return on Net Worth (%) = Net Profit after Tax after Extraordinary Items
Net worth excluding Revaluation Reserve

Net Worth = Equity Share Capital + Reserves and Surplus (Excluding revaluation reserve, if any) – Miscellaneous Expenditure

RESTATED SUMMAY OF ACCOUNTIG RATIOS

ANNEXURE- R CONTD...

2. The Company had issued 0.01% Non Cumulative Redeemable Preference Shares of Rs.1 each fully paid up (Redeemable at the end of 2 years from the date of allotment i.e. June 03, 2012 or at the option of the Company to redeem at any time after June 03, 2011.)
3. The figures disclosed above are based on the Restated Summary Statements of Assets and Liabilities of the Company.

STATEMENT OF CAPITALIZATION

ANNEXURE- S

(Rs. In Lacs)

Particulars	Pre-Issue	Post Issue
	as at March 31, 2011	Refer note 5 below
Debt as at March 31, 2011		
Short Term Debt (Refer note 1 below)	3,621.03	-
Long Term Debt (A)	3,821.17	-
Total Debt	7,442.20	-
Shareholders' Funds		
Share Capital		
-Equity Share Capital	1,140.00	-
-Preference Share Capital	0.86	-
Reserve and Surplus, as restated		
-Securities Premium Account	4,260.16	-
-Capital Subsidy	80.00	-
-General Reserve	4.91	-
-Profit and Loss Account	1,537.18	-
Total Shareholders' Funds (B)	7,023.11	-
Long term Debt/Shareholders' Funds (A/B)	0.54	-

Notes:-

- Working capital loans has been considered as short term debt since they are payable on demand.
- The figures disclosed above are based on the Restated Summary Statements of Assets and Liabilities of the Company.
- Long term Debt/ Shareholders' Funds =
$$\frac{\text{Long Term Debt}}{\text{Total Shareholders' Funds}}$$
- Subsequent to March 31, 2011, the Board of Directors and Shares holders has passed a resolution on September 22, 2011 and September 23, 2011, respectively, to increase and sub-divide authorized equity share capital of the Company from 1,250,000 equity shares of Rs 100 each to 15,000,000 equity shares of Rs.10 each. In view of the above, issued, subscribed and paid-up equity share capital of the Company post March 31, 2011 is revised from 1,140,000 equity shares of Rs.100 each to 11,400,000 equity shares of Rs.10 each.
- The Statement for the Post Issue period will be made on conclusion of the Issue process.

STATEMENT OF TAX SHELTERS

ANNEXURE- T

(Rs. In Lacs)

Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007
Profit/(Loss) before tax but after Extraordinary items as per books (A)	1,948.63	416.87	(1,438.41)	(714.43)	(18.63)
Tax Rate (B)	33.2175%	33.99%	33.99%	33.99%	33.66%
Tax at notional rate on profits (C)	647.28	141.69	(488.92)	(242.83)	(6.27)
Adjustments:					
Discount received on prepayment of sales tax liability under the deferral scheme	-	-	-	(214.86)	(91.27)
Dividend exempt u/s 10(33), 10(34) and 10(35) of the Income Tax Act, 1961.	(3.53)	(0.06)	(0.06)	(0.06)	(0.06)
Amortisation of leasehold land	-	5.33	-	-	1.78
Disallowance in respect of expenditure incurred to earn exempt income u/s 14A of the Income Tax Act, 1961.	4.50	4.49	4.00	4.54	4.92
Other disallowances/(allowances) under the Income Tax Act, 1961 (Net)	28.23	(4.22)	3.71	10.59	16.36
Total Permanent Differences (D)	29.20	5.54	7.65	(199.79)	(68.27)
Difference between tax depreciation and book depreciation	427.30	1,071.21	452.52	(320.44)	(649.04)
Provision for doubtful debts and advances	35.32	51.53	1.38	5.95	9.62
Profit on sale of fixed assets as per books of accounts. (Net)	-	(74.14)	(135.53)	(174.20)	(32.34)
Deemed Short Term Capital Gains u/s 50 of the Income Tax Act, 1961.	-	440.62	448.60	639.28	19.20
Provision for diminution in value of investments	-	9.50	-	-	-
Other disallowances/(allowances) under the Income Tax Act, 1961 (Net)	88.52	57.28	(38.77)	15.07	82.15
Total Timing Differences (E)	551.14	1,556.00	728.20	165.66	(570.41)
Income under the head Capital Gains (F)	-	4.52	-	-	-
Brought forward unabsorbed tax depreciation set off in the year (G)	(130.02)	(1,978.40)	-	-	-
Long Term capital loss set- off in the year (H)	-	(4.52)	-	-	-

STATEMENT OF TAX SHELTERS

ANNEXURE- T CONTD...

	(Rs. In Lacs)				
Particulars	For the year ended March 31, 2011	For the year ended March 31, 2010	For the year ended March 31, 2009	For the year ended March 31, 2008	For the year ended March 31, 2007
Net Adjustments (I=D+E+F+G+H)	450.32	(416.86)	735.85	(34.13)	(638.68)
Tax Saving thereon (J=I*B)	149.59	(141.69)	250.12	(11.60)	(214.98)
Tax liability net of savings (K=C+J)	796.87	-	-	-	-
Tax Liability as per Minimum Alternate Tax under section 115JB of Income Tax Act, 1961 (L)	395.41	81.98	-	-	-
Net Tax Liability (M=Higher of K and L)	796.87	81.98	-	-	-
MAT credit entitlement (N)	-	72.36	-	-	-
Net tax expenses (M-N)	796.87	9.62	-	-	-

Notes:-

- 1 The aforesaid Statement of Tax Shelters has been prepared as per the Restated Summary Statement of Profits and Losses as in Annexure-B.
- 2 The permanent/timing differences have been computed as per the income tax returns/assessments orders/orders giving effect to appellate orders for each of the respective years presented in the aforesaid statement. However, discount received on prepayment of sales tax liability under the deferral scheme has been claimed as a deduction in the computation of income based on certain judicial precedents.
The Company has disclosed the tax liability on such items as contingent under Annexure P as the appeal filed by the Company is pending before higher authorities.
- 3 The net tax expense does not include the fringe benefit tax paid for the respective years.
- 4 The figures for the year ended March 31, 2011, are based on the provisional computation of total income prepared by the Company, and are subject to changes that might be considered by the Company at the time of filing its return of income.



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

You should read the following discussion and analysis of our financial condition and results of operations together with our restated financial statements as at and for the years ended March 31, 2011, March 31, 2010, March 31, 2009 and March 31, 2008 which have been prepared in accordance with the Companies Act and restated in accordance with the SEBI Regulations, including the schedules, Annexures and notes thereto and the reports thereon, included in the section titled "Financial Information" beginning on page 182 of the Draft Red Herring Prospectus. Unless otherwise stated, the financial information used in this section is derived from our restated financial statements.

You should also read the section titled "Risk Factors" beginning on page 14 of the Draft Red Herring Prospectus, which discusses a number of factors and contingencies that could impact our financial condition, results of operations and cash flows. The following discussion is based on our restated financial statements under section titled "Financial Information" beginning on page 182 of the Draft Red Herring Prospectus.

The following discussion is also based on internally prepared statistical information and on publicly available information. Our financial year ends on March 31, so all references to a particular financial year are to the twelve-month period ended March 31.

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 the sections titled "Risk Factors" and "Forward Looking Statements" beginning on pages 14 and 13, respectively.

Certain industry, technical and financial terms used in this discussion shall have the meanings ascribed to them in the chapter titled "Definitions and Abbreviations" on page 1 of the Draft Red Herring Prospectus.

In this section, unless the context otherwise requires, a reference to the "Company", "we", "us" and "our" is a reference to Aurangabad Electricals Limited.

Business Overview of our Company

Our Company along with our joint venture company, namely, OMR Bagla Automotive Systems India Limited, ("OBASIL") and our associates and BG LI-IN Electricals Limited, ("BG LI-IN") and Aurangabad Wheels and Rims Private Limited ("AWRPL"), is a recognized automotive component manufacturing company with capabilities of manufacturing a diverse range of products such as fully-finished and semi-finished aluminium castings, high tensile steel fasteners and auto electrical components.

Incorporated in the year 1985, our Company commenced operations by manufacturing of magnetos and other electrical components for two wheelers, in its initial years. Over the last two decades we have evolved from an automotive electrical component manufacturing company to a solution provider across a wide range of automotive products which without limitation include the following:

1. aluminium die-casting products, such as high-pressure, and gravity die-castings for two, three wheeler automobiles, passenger cars and commercial vehicles;
2. a range of high tensile steel fasteners for various automotive applications; and
3. auto electrical components ranging from magnetos, regulators, ignition coils and starter motors to relays sensors and switches.

Over the years, we have developed various capabilities to meet the requirements of our customers, which includes in-house designing and manufacturing of dies, high pressure and gravity die-casting supported by state-of-the-art technology and machine shop, machining and surface treatments, sub-assembly



manufacturing, manufacturing high tensile fasteners and manufacturing auto electrical components. Our inter-alia capabilities include:

Aluminum Casting

- Die designing and manufacturing
- High pressure and gravity die casting
- Machining
- Heat-treatment and surface-treatment
- Painting
- Sub-assembly

High Tensile Steel Fasteners

- Die designing and manufacturing
- Cold forging
- Machining
- Heat-treatment and surface treatment

Auto Electricals

- Multi pole spindle winding
- Vacuum potting
- Machining and assembly
- Powder coating

We own and operate eight manufacturing facilities, all of which are located in the major automotive manufacturing hubs in the country. Each of our facilities are designed, equipped and operated to deliver quality products within defined cost and delivery parameters. Seven out of our eight manufacturing units operate in consonance with the industry accepted ISO/TS-16949 standards. We sell our products and solutions to OEMs and Tier I suppliers of two and three wheelers, passenger cars, and light, medium and heavy commercial vehicles.

The income from our various lines of businesses including intra sales in Fiscal 2011, 2010 and 2009 is summarized in the table below:

Line of Business	Income (₹ in lacs)		
	Fiscal 2011	Fiscal 2010	Fiscal 2009
Aluminium Castings	43,507.81	28,001.73	25,161.75
Fasteners	6,788.69	5,043.03	4,629.78
Auto Electricals	1,875.36	1,724.78	1,689.99
Others*	143.47	2,414.78	10,344.55

* Others include income from wheel assembly, wind mill business, and miscellaneous income.

Our Company's business is further augmented by our strategic investments in our Joint Venture namely, OBASIL and our associate companies AWRPL and BG LI-IN. While OBASIL primarily manufactures high pressure die-casting products for four wheeler automobiles, BG LI-IN Electricals Limited, which is a collaboration with LI-IN Electricals of Taiwan, manufactures wide range of auto electrical components such as flashers, ignition coils, sensors and relays for automobiles. AWRPL, which currently provides back end support to our Company in designing and manufacturing of dies.

We cater to the requirements of OEMs as well as Tier I suppliers to OEMs in India as well as abroad. Our single largest customer has been Bajaj Auto Limited whom we have been catering to since our inception till date. OEM sales to Bajaj Auto Limited represented approximately 85% to 78% of our gross sales for



Fiscals 2011, 2010 and 2009. In the recent times, we have also secured significant orders from recognized automobile OEM manufacturers such as, Fiat, India and Mahindra Two Wheelers Limited. We have also secured repeat orders from various Tier I suppliers such as Hero Motor Limited, India; Magna Rico, India, Magna, Canada and OMR Italy. Some of our key customers are as follows:

- Brembo Brake India Private Limited, India;
- Fiat India Automobiles Limited, India;
- Hero Motors Limited, India;
- Ina Bearing India Private Limited, India;
- Magna Powertrain, Canada;
- Magna Rico Powertrain Private Limited, India;
- Mahindra Navistar Engines Private Limited, India;
- Mahindra Two Wheelers Limited, India;
- Officine Meccaniche Rezzatesi, Italy;
- Rhodes India Automotive Private Limited; and
- Bajaj Auto Limited
- Behr India Limited
- Knorr – Bremse Systems for Commercial Vehicles India Private Limited
- Other OEMs in the United States

Our individual promoter Rishi Kumar Bagla has over two decades of experience in the automotives components sector and has been instrumental in the formulation of plans and policies for our growth and evolution along with his father late Raj Narayan Bagla.

Our total income for the past five Fiscals, from Fiscal 2007 through Fiscal 2011, grew at a CAGR of 10.45%, from ₹ 34,195.47 lacs to ₹ 50,891.54 lacs. During the aforementioned periods, our net profit grew from ₹ (23.02) lacs for the Fiscal 2007 to ₹ 1,306.48 lacs in the Fiscal 2011.

We have exported and continue to export to various OEMs and Tier-I suppliers to various OEMs. The Free on Board (FOB) value of exports is ₹ 822.18 lacs for Fiscal 2011 which represents 1.62% of our total income, which includes other income for Fiscal 2011.

Our Company has been recognized by various awards and accolades which include third prize in the BAVA Kaizen Competition in 2011, 2010 and 2009, the Knorr Bremse Appreciation Award in 2010, various quality awards from Bajaj Auto Limited and the CCQC- Excellence Performance 2008 from the Quality Circle Forum of India in 2008.

Significant developments after period ended March 31, 2011 that affect our future results of operations

In the opinion of our Directors, there have not arisen any circumstances since the date of the last financial statement as disclosed in the Draft Red Herring Prospectus which materially and adversely affect or is likely to affect the trading or profitability of our Company, or the value of our assets, or our ability to pay its liability within the next twelve months.

Factors affecting our results of operations and financial condition

We believe that the following factors have significantly affected our results of operations and financial condition during the periods under review, and may continue to affect our results of operations and financial condition in the future.

Demand and purchasing power from our principal customers

The purchasing patterns of our principal customers have a significant impact on our results of operations. Our sales are particularly affected by the inventory and production levels of our principal customers. We cannot predict when our customers will decide to either build or reduce inventory levels or whether new inventory levels will approximate historical inventory levels. This may result in variability in our sales.



Uncertainty regarding inventory levels may be exacerbated by favourable consumer financing programs initiated by manufacturers which may accelerate sales that otherwise would occur in future periods. We have historically experienced sales declines due to manufacturers scheduled shutdowns or shutdowns resulting from unforeseen events. The effect of changes in purchasing patterns may be further heightened by the fact that, consistent with the practices of the automotive component industry, we do not typically enter into firm commitment long-term agreements with our customers and instead rely on purchase orders to govern the volume and other terms of sale of our products. Any changes in purchasing patterns may require immediate changes in our own production processes.

Sales to our top five customers represented approximately 90% to 95% of our gross sales for Fiscal 2011 and Fiscal 2010 with our largest customer, Bajaj Auto Limited representing approximately 78% to 82% of our gross sales for Fiscal 2011 and Fiscal 2010.

We continue to seek to diversify our customer base. We believe that our strong relationships with our principal customers and our design and development capabilities enables us to participate in new product development activities of the customer at an “early stage”. Certain of our customers have approached us to assist them in the development of new products. Such engagement with customers, provides visibility of future business pipeline to us. Further, it helps help us build stability in future orders. In addition, for certain of our principal customers, we are single source of supply for a number of products and we believe that we are responsible for producing the entire requirement of a particular product, which reduces the uncertainty in the purchasing patterns.

Macroeconomic Conditions and Trends and Conditions in the Automotive Industry

We are affected by the general macroeconomic conditions in India and, in particular, trends and conditions in the automotive industry. We believe that economic growth will propel demand for automotive components in the future. See “*Industry Overview*” on page 97 of the Draft Red Herring Prospectus, for a discussion on macroeconomic conditions in India and a more detailed description of the automotive and automotive components industries in the markets that we operate.

Automotive sales is cyclical in nature and subject to many factors beyond our control, including, but not limited to, consumer confidence, employment levels, fuel prices, interest rates, labour relations issues, technological developments, regulatory requirements, trade agreements and other factors.

Our business has benefited from a period of sustained economic growth in India. According to the Reserve Bank of India, India's real Gross Domestic Product (“GDP”) was 8.50% for Fiscal Year 2011. (Source: RBI ‘*Macroeconomic and Monetary Developments - First Quarter Review 2011-12*’ dated July 25, 2011 and ‘*RBI ‘Bulletin’*’ dated August 11, 2011). However, in the second half of 2008, the growth of India's economy slowed significantly due to a decline in business and consumer confidence and spending as a result of the global economic and financial crisis. According to the Reserve Bank of India, India's real GDP increased by 6.7% and 7.4% in Fiscal Years 2009 and 2010, respectively. (Source: Reserve Bank of India Annual Report, 2009-2010)

This led to a decline in the number of passenger vehicles manufactured by our customers, which resulted in a decline in our total income, from ₹ 38,426.09 lacs for Fiscal Year 2008 to ₹ 37,840.94 lacs in Fiscal Year 2009. We expect that macroeconomic conditions, particularly changes in consumer confidence and spending on passenger vehicles, to have a significant impact on our business and results of operations in future periods.

OEMs and suppliers are continuing to implement various cost-cutting strategies, which include the restructuring of operations, relocation of production to low-cost regions, vendor rationalisation and sourcing on a global basis. We believe that our operations, our strong relationships with many of our customers and our ability to produce diverse range of products across a number of geographies will allow us to take advantage of such cost-cutting strategies.

Our business remains particularly dependent on the performance of the automotive sector in India, particularly the two-wheeler market. Sales of two-wheeler components accounted for 92%, 94% and 90% of our Gross sales for the fiscal years 2009, 2010, and 2011, respectively. While we have expanded our



operations to passenger vehicles and to customers outside India, our products portfolio has been and continues to be concentrated on providing components for two-wheeler manufacturers in India. As a result, our business and results of operations have been and will continue to be significantly dependent on the performance of, and the prevailing conditions affecting, the two wheeler market in India.

Price of raw materials

Commodity prices, especially prices for aluminum, other ferrous and non-ferrous metals and fuel, also have an impact on our results of operations. Our materials costs accounted for and 73.13%, 64.42% and, 67.87% of our total income, which includes other income for the fiscal years 2009, 2010 and 2011 respectively. Commodity prices are influenced by, among other factors, changes in global economic conditions, industry cycles, demand-supply dynamics, attempts by individual producers to capture market share and speculation in the market

Technological Advances and Competition

The development of products in the automotive components industry is closely linked to technological advances. Our success will substantially depend on our ability to anticipate technological development trends and our ability to identify, develop and commercialise newer and more advanced technologies and products that our customers may demand in the future, in a timely and cost-effective manner.

We work closely with our customers to develop new products to meet the changing industry trends and patterns. We have an in-house division which designs and manufactures dies for our high pressure and gravity die-cast products. Our design and development capabilities are supplemented by the back-end tooling and machining capabilities of our associate AWRPL which has a die manufacturing and tooling and machining facility in close proximity to one of our manufacturing facilities in Aurangabad. The aforementioned design and development capabilities enable us to develop new products and modify our existing range of products to meet the requirements of our customers and the automotive industry in general. Our in-house design capabilities and die manufacturing facility, allows us to:

- Optimise the design of casting and gating systems;
- Develop know-how in the design and development of dies and core boxes;
- Develop know-how in the foundry processes;
- Keep such know-how confidential; and
- Maintain lead time

We also design and manufacture dies for cold forging of high tensile steel fasteners. The Engineering department of our auto electrical business designs and develops auto electrical and electronic components.

From time-to-time we have enhanced our development capabilities through technological collaborations with and assistance from overseas entities such as OMR, Italy for high pressure die-cast products for passenger cars and commercial vehicles and LI-IN Electricals, Taiwan for electrical components.

Our Current Funding and Availability of Cost Effective Funding

We have relied on capital contributions from our shareholders, third-party debt and cash generated from our operations to fund our working capital and capital expenditure requirements. As of August 31, 2011, we had an aggregate outstanding indebtedness of ₹ 6444.91 lacs, under our financing agreements. For further details see “*Financial Indebtedness*” on page 210 of the Draft Red Herring Prospectus. Our Finance cost was ₹ 1,376.13 lacs, ₹ 1,095.55 lacs and ₹ 958.12 lacs for the fiscal years 2009, 2010 and 2011, respectively.

Our debt service costs, as well as our overall cost of funding, depend on many external factors, including developments in the regional credit markets and, in particular, interest rate movements and the existence of adequate liquidity in the debt markets. We believe that the future availability of cost effective funding will be crucial and the non-availability of such funding at favourable terms could affect our business, financial condition and results of operations.



Regulatory Regime

Existing regulations and policies in India, including regulations pertaining to tariffs and taxes, foreign trade, foreign investments, import and export license requirements have a material impact on our results of operations.

The excise duty regime in India has a significant impact on our results of operations. During the fiscal years 2009, 2010 and 2011, excise duty paid by us aggregated to ₹ 4,069.95 lacs, ₹ 1,987.40 lacs and ₹ 3,329.23 lacs, representing 11.06%, 5.80% and 6.62% of our net sales, respectively.

We take advantage of a number of incentive schemes offered by the Government of India and the state governments, including state industrial policies and incentive schemes, concessions on import duty and incentives relating to Duty Entitlement Pass Book licenses (“**DEPB Licenses**”) and under the Export Promotion Capital Goods Scheme (the “**EPCG Scheme**”) of the Government of India. Changes in these underlying policies may have an effect on our results of operations.

Our operations are also subject to labor legislation. For example, India has stringent labor legislation that protects the interests of workers. As of 2011, 339 of our employees which are members of labor unions. In addition, many of our customers and supplies have unionized workforces. Our results of operation would continue to be affected by our and our customers’ ability to maintain healthy relationships with our workers.

Significant Accounting Policies

Our financial statements are prepared under the historical cost convention in accordance with Indian GAAP and the relevant provisions of the Companies Act. The Draft Red Herring Prospectus includes our restated financial statements for Fiscal 2007, 2008, 2009, 2010 and 2011 in accordance with the SEBI Regulations.

Basis of Preparation:

- A. The Restated Summary Statement of Assets and Liabilities, of the Company as at March 31, 2011, March 31, 2010, March 31, 2009, March 31, 2008, and March 31, 2007 and the Restated Summary Statement of Profits and Losses, and Restated Cash Flow Statement, for the years ended March 31, 2011, March 31, 2010, March 31, 2009, March 31, 2008 and March 31, 2007 (collectively, the “Summary Statements”) and Other Financial Information have been extracted by the management from the Audited Financial Statements of the Company for the years ended March 31, 2011, March 31, 2010, March 31, 2009, March 31, 2008 and March 31, 2007.

These Summary Statements have been prepared for the proposed Public Offer (referred to as the “**Offer**”), in accordance with the requirements of:

- a) paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 (“the Act”); and
- b) relevant provision of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements), Regulations 2009, as amended (“the Regulations”) issued by the Securities and Exchange Board of India (“SEBI”), as amended from time to time in pursuance of the Securities and Exchange Board of India Act, 1992.

Other Financial Information has been prepared in accordance with SEBI Regulation.

Summary Statements has been made, after incorporating:

- a) The impact arising on account of changes in accounting policies adopted by the Company as at and for the year ended March 31, 2011, applied with retrospective effect in the Summary Statements;



- b) Adjustments for the material amounts in the respective financial years to which they relate;

The financial statements as at March 31, 2011 have been prepared to comply in all material with the notified Accounting Standards notified by Companies (Accounting Standards) Rules, 2006, (as amended) and the relevant provisions of the Companies Act, 1956. These financial statements have been prepared under the historical cost convention on an accrual basis.

B. Use of estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the results of operations during the reporting year. Although these estimates are based upon management's best knowledge of current events and actions, actual results could differ from these estimates.

C. Revenue recognition:

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

i) Sale of Goods

Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer which generally coincides with the dispatch of goods from factory and in case of goods sold outside India, on the bill of lading date.

Sales are inclusive of excise duty and net of sales returns, value-added tax, central sales tax and trade discounts.

ii) Sale of Electricity

Revenue is recognized in respect of the units of electricity sold, as per the power purchase agreement entered into with Maharashtra State Electricity Distribution Company Limited.

iii) Job Work Charges

Revenues from job work charges are recognised as and when services are rendered in accordance with the terms of the contract.

iv) Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding of deposits and the rate applicable.

v) Dividend

Revenue is recognised when the shareholders' right to receive payment is established by the balance sheet date.

D. Fixed assets and depreciation:

i) Fixed assets :

Fixed assets are stated at cost less accumulated depreciation/amortization. In case of acquired assets, cost comprises the purchase price and any attributable cost of bringing the asset to its working condition for its intended use.



In case of self constructed assets, cost comprise of directly attributable construction costs such as materials, labour and other allocable costs attributable to bringing the asset to its working condition for its intended use. Borrowing costs relating to acquisition of fixed assets which takes substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

ii) *Depreciation and amortization:*

Depreciation is provided on the straight line method at the rates and in the manner prescribed in Schedule XIV to the Companies Act, 1956 on all assets except for the following assets which are depreciated at the higher rates based on management's estimate of the useful life.

Dies and Jigs. Tools, Jigs and fixtures - 4 years each.

Leasehold land – over the period of lease

Intangible assets are amortized, based on management's estimate of its useful economic life, on pro-rata basis as under:

Technical Know-how fees- 4 years

SAP ERP – 5 Years

Software – 3 Years

E. Impairment:

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 recognized wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risk specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

F. Investments:

Investments that are readily realisable and intended to be held for not more than a year are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost, however, provision for diminution in value is made to recognise a decline other than temporary in the value of the investments.

G. Leases :

Where the Company is the lessee

Finance leases, which effectively transfer to the Company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets. Lease payments are apportioned between the finance charges and reduction of the lease liability based on the implicit rate of return. Finance charges are charged directly against income.



If there is no reasonable certainty that the Company will obtain the ownership by the end of the lease term, capitalized leased assets are depreciated over the shorter of the estimated useful life of the asset or the lease term.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the Profit and Loss account on a straight-line basis over the lease term.

H. Inventories:

Inventories are valued as follows:

Raw materials, components, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a moving average basis.

Work-in-progress and Finished goods are valued lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined using moving average method. Cost of finished goods includes excise duty.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

I. Foreign currency transactions:

i) 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.

ii) Conversion

Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction; and non-monetary items which are carried at fair value or other similar valuation denominated in a foreign currency are reported using the exchange rates that existed when the values were determined.

iii) Exchange Differences

Exchange differences arising on the settlement of monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise. Exchange differences arising in respect of fixed assets acquired from outside India are capitalized as a part of fixed asset.

iv) Forward Exchange Contracts not intended for trading or speculation purposes

The premium or discount arising at the inception of forward exchange contracts is amortized as expense or income over the life of the contract. Exchange differences on such contracts are recognised in the statement of profit and loss in the year in which the exchange rates change. Any profit or loss arising on cancellation or renewal of forward exchange contract is recognised as income or as expense for the year.



J. Employee benefits:

i) Retirement benefits in the form of Provident Fund and Family Pension Scheme are a defined contribution scheme and the contributions are charged to the Profit and Loss Account of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective fund.

ii) Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

iii) Short term compensated absences are provided for on based on estimates. Long term compensated absences are provided for based on actuarial valuation. The actuarial valuation is done as per projected unit credit method

iv) Actuarial gains/losses are immediately taken to profit and loss account and are not deferred.

K. Government grants and subsidies:

Grants and subsidies from the government are recognized when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with.

When the grant or subsidy relates to an expense item, it is recognized as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate. Where the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset. Government grants of the nature of promoter's contribution are treated as capital reserves and treated as part of shareholders funds.

L. Income Taxes:

Tax expense comprises of current and deferred tax. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Indian Income Tax Act, 1961 enacted in India. Deferred income taxes reflects the impact of current year timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that they can be realised against future taxable profits.

At each balance sheet date the Company re-assesses unrecognized deferred tax assets. It recognises unrecognized deferred tax assets to the extent that it has become reasonably certain or virtually certain, as the case may be that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each balance sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain or



virtually certain, as the case may be, that sufficient future taxable income will be available.

Minimum Alternative Tax (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 year. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the recommendations contained in Guidance Note issued by the Institute of Chartered Accountants of India (ICAI), the said asset is created by way of a credit to the profit and loss account and shown as MAT Credit Entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that Company will pay normal Income Tax during the specified year.

M. Segment Reporting Policies:

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on domestic and export sales.

Intersegment Transfers

The Company generally accounts for Intersegment sales and transfers as if the sales or transfers were to third parties at current market prices.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Unallocated items

The Corporate and Other segment includes general corporate income and expense items which are not allocated to any business segment.

Segment Policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

N. Earnings per Share:

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

O. Provisions:



A provision is recognised when the Company has a present obligation as a result of past event; 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. Provisions are not discounted to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

P. Cash and Cash equivalents:

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short-term investments with an original maturity of three months or less.

Q. Derivative Instruments:

As per the ICAI Announcement, accounting for derivative contracts, other than those covered under AS-11, are marked to market on a portfolio basis, and the net loss after considering the offsetting effect on the underlying hedge item is charged to the income statement. Net gains are ignored.

Results of Operations

The following table sets out selected income statement data from our restated financial information for Fiscal Years 2011, 2010, 2009, 2008 and 2007. The percentages indicated reflect a percentage of total revenue for the periods presented.

(₹ in Lacs except %)

Particulars	For 12 months ending									
	March 31, 2011	% of Total Income	March 31, 2010	% of Total Income	March 31, 2009	% of Total Income	March 31, 2008	% of Total Income	March 31, 2007	% of Total Income
INCOME										
Sales										
Manufactured products (Gross)	53,645.76	105.41%	36,234.95	102.80%	40,876.47	108.02%	41,457.62	107.89%	36,873.70	107.83%
Less:- Excise Duty	3,329.23	6.54%	1,987.40	5.64%	4,069.95	10.76%	4,866.68	12.67%	4,908.19	14.35%
Sales	50,316.53	98.87%	34,247.55	97.16%	36,806.52	97.27%	36,590.94	95.22%	31,965.51	93.48%
Manufactured products (Net)										
Sale of Electricity through wind power	125.92	0.25%	116.01	0.33%	184.53	0.49%	125.03	0.33%	154.00	0.45%
Job work Charges	276.56	0.54%	444.07	1.26%	622.25	1.64%	957.04	2.49%	1,658.92	4.85%
Other Income	172.53	0.34%	439.20	1.25%	227.64	0.60%	753.08	1.96%	417.04	1.22%
Total Income	50,891.54	100.00%	35,246.83	100.00%	37,840.94	100.00%	38,426.09	100.00%	34,195.47	100.00%
EXPENDITURE										
Material Consumed	34,739.79	68.26%	22,996.53	65.24%	27,402.33	72.41%	25,277.18	65.78%	23,671.38	69.22%
(Increase)/Decrease in Inventory	(199.35)	(0.39)%	(291.88)	(0.83)%	269.27	0.71%	1,012.82	2.64%	(800.91)	(2.34)%
Operating and Other Expenses	9,171.30	18.02%	6,851.53	19.44%	6,529.00	17.25%	7,513.88	19.55%	7,423.00	21.71%
Personnel Expenses	2,560.12	5.03%	1,890.20	5.36%	1,920.64	5.08%	2,153.50	5.60%	2,002.41	5.86%
Finance Cost	958.12	1.88%	1,095.55	3.11%	1,376.13	3.64%	1,606.07	4.18%	999.80	2.92%
Depreciation and Amortization	2,024.64	3.98%	2,425.81	6.88%	1,905.50	5.04%	1,994.03	5.19%	1,567.11	4.58%
Amortization of	-	-	-	-	-	-	-	-	2.90	0.01%
Miscellaneous expenditure										
Total	49,254.62	96.78%	34,967.74	99.21%	39,402.87	104.13%	39,557.48	102.94%	34,865.69	101.96%



Particulars	For 12 months ending									
	March 31, 2011	% of Total Income	March 31, 2010	% of Total Income	March 31, 2009	% of Total Income	March 31, 2008	% of Total Income	March 31, 2007	% of Total Income
Less : Expenses, included in above items, capitalized	311.71	0.61%	137.78	0.39%	123.52	0.33%	416.96	1.09%	651.59	1.91%
Total Expenditure	48,942.91	96.17%	34,829.96	98.82%	39,279.35	103.80%	39,140.52	101.86%	34,214.10	100.05%
Net Profit/(loss) before taxation and extraordinary items as restated	1,948.63	3.83%	416.87	1.18%	(1,438.41)	(3.80)%	(714.43)	(1.86)%	(18.63)	(0.05)%
Tax Expenses										
Current Tax	796.87	1.57%	81.98	0.23%	-	0.00%	-	0.00%	-	0.00%
Deferred Tax (Credit)/ Charge	(154.72)	(0.30)%	121.91	0.35%	(461.25)	(1.22)%	(313.45)	(0.82)%	(7.61)	(0.02)%
MAT credit entitlement	-	-	(72.36)	(0.21)%	-	0.00%	-	0.00%	-	0.00%
Fringe benefit tax	-	-	-	0.00%	0.50	0.00%	0.50	0.00%	0.50	0.00%
Wealth Tax	-	-	-	0.00%	9.00	0.02%	13.00	0.03%	11.50	0.03%
Total Tax	642.15	1.26%	131.53	0.37%	(451.75)	(1.19)%	(299.95)	(0.78)%	4.39	0.01%
Net Profit /(Loss) before extraordinary items, as restated	1,306.48	2.57%	285.34	0.81%	(986.66)	(2.61)%	(414.48)	(1.08)%	(23.02)	(0.07)%

Fiscal 2011 compared to Fiscal 2010

Income

Total income increased by ₹ 15,644.71 lacs, or 44.39%, to ₹ 50,891.54 lacs in Fiscal 2011 from ₹ 35,246.83 lacs in Fiscal 2010, primarily due to an increase in net sales by 46.92% and sale of electricity through windmill by 8.54% and there is reduction in income from Job work charges by 37.72% and other income by 60.72%.

Sales – Manufactured products (Gross)

Sales – Manufactured products (Gross) increased by ₹ 17,410.81 lacs or 48.05% to ₹ 53,645.76 lacs in Fiscal 2011 from ₹ 36,234.95 lacs in Fiscal 2010, primarily due to an increase in sales from Auto components and Fastener sales to our major customer Bajaj Auto Ltd. (BAL). BAL introduced new vehicle Discover 100 and Discover 150 in its Pantangar and Waluj plant.

Excise Duty

Our excise duty increased by ₹ 1,341.83 lacs or 67.52% to ₹ 3,329.23 lacs in Fiscal 2011 from ₹ 1,987.40 lacs in Fiscal 2010. The increase was on account of an increase in sales and increase in average excise duty rate on net sales from 5.80% to 6.62%.

Sales – Manufactured products (Net)



Sales – Manufactured products (Net) increased by ₹ 16,068.98 lacs or 46.92% to ₹ 50,316.53 lacs in Fiscal 2011 from ₹ 34,247.55 lacs in Fiscal 2010, primarily due to increase in volume growth. Net sales of our manufacturing business contributed 98.87% and 97.16% of our total income in Fiscal 2011 and 2010, respectively.

Income from Sale of Electricity through Wind Power business increased by ₹ 9.91 lacs or 8.54% to ₹ 125.92 lacs in Fiscal 2011 from ₹ 116.01 lacs in Fiscal 2010. Sale of electricity through our Wind Power business contributed 0.25% and 0.33% of our total income in Fiscal 2011 and 2010, respectively.

Income from Job work charges decreased by ₹ 167.51 lacs or 37.72% to ₹ 276.56 lacs in Fiscal 2011 from ₹ 444.07 lacs in Fiscal 2010. Net sales from Job work charges contributed 0.54% and 1.26% of our total income, which includes other income in Fiscal 2011 and 2010, respectively.

Other income

Other income decreased by ₹ 266.67 lacs, or 60.72%, to ₹ 172.53 lacs in Fiscal 2011 from ₹ 439.20 lacs in Fiscal 2010, primarily due to one time compensation of ₹ 225.50 lacs received in Fiscal 2010. The decrease was also on account of decrease in Profit of sale of fixed assets by ₹ 74.14 lacs in Fiscal 2010

Other income contributed 0.34% and 1.25% of our total income in Fiscal 2011 and 2010, respectively.

Expenditure

Total expenditure increased by ₹ 14,112.95 lacs, or 40.52%, to ₹ 48,942.91 lacs in Fiscal 2011 from ₹ 34,829.96 lacs in Fiscal 2010.

Material Consumption

Consumption of raw material (without considering increase/decrease in inventory) increased by ₹ 11,743.26 lacs, or 51.07%, to ₹ 34,739.79 lacs in Fiscal 2011 from ₹ 22,996.53 lacs in Fiscal 2010, primarily due to increased volumes and due to increase in cost of raw materials mainly Aluminium. Closing stock (of work-in- progress and finished goods) increased by ₹ 121.51 lacs, or 9.93 %, (including change in excise duty on finished goods) to ₹ 1,345.53 lacs in Fiscal 2011 from ₹ 1,224.02 lacs in Fiscal 2010. Closing stock of raw material, stores, spare parts and components increased by ₹ 304.57 lacs, or 20.54%, to ₹ 1,787.56 lacs in Fiscal 2011 from ₹ 1,482.99 lacs in Fiscal 2010.

Expressed as a percentage of total income, which includes other income, material consumed (including increase and decrease in inventory) increased to 67.87% in Fiscal 2011 from 64.42% in Fiscal 2010.

Operating and other expenses

Our operating and other expenses increased by ₹ 2,319.77 lacs, or 33.86%, to ₹ 9,171.30 lacs in Fiscal 2011 from ₹ 6,851.53 lacs in Fiscal 2010 primarily due to increased volumes.

Labour and subcontracting charges increased by ₹ 748.29 lacs, or 39.96%, to ₹ 2,620.80 lacs in Fiscal 2011 from ₹ 1,872.51 lacs in Fiscal 2010 primarily due to increased volumes.

Power and fuel charges increased by ₹ 503.37 lacs, or 31.38%, to ₹ 2,107.63 lacs in Fiscal 2011 from ₹ 1,604.26 lacs in Fiscal 2010 primarily due to increased volumes.

Store, spares, and tools consumed increased by ₹ 356.01 lacs, or 20.95%, to ₹ 2,055.00 lacs in Fiscal 2011 from ₹ 1,698.99 lacs in Fiscal 2010 primarily due to increased volumes.

Repair and maintenance increased by ₹ 366.71 lacs, or 99.50%, to ₹ 735.26 lacs in Fiscal 2011 from ₹ 368.55 lacs in Fiscal 2010 primarily due to increased volumes.



Packing and forwarding increased by ₹ 92.32 lacs, or 20.59%, to ₹ 540.80 lacs in Fiscal 2011 from ₹ 448.48 lacs in Fiscal 2010 primarily due to increased volumes.

Professional/consultancy charges increased by ₹ 57.32 lacs, or 53.09%, to ₹ 165.28 lacs in Fiscal 2011 from ₹ 107.96 lacs in Fiscal 2010. The cost increased mainly due to increase in consultancy charges to implement TPM in the company.

Charges related to Travelling and conveyance increased by ₹ 56.30 lacs, or 26.77%, to ₹ 266.63 lacs in Fiscal 2011 from ₹ 210.33 lacs in Fiscal 2010. Other expenses increased by ₹ 139.45 lacs, or 25.80%, to ₹ 679.90 lacs in Fiscal 2011 from ₹ 540.45 lacs in Fiscal 2010.

Expressed as a percentage of total income, which includes other income, operating and other expenses decreased to 18.02% in Fiscal 2011 from 19.44% in Fiscal 2010.

Personnel expenses

Our Personnel expenses increased by ₹ 669.92 lacs, or 35.44%, to ₹ 2,560.12 lacs in Fiscal 2011 from ₹ 1,890.20 lacs in Fiscal 2010.

Salaries, wages and bonus increased by ₹ 538.55 lacs, or 30.90%, to ₹ 2,281.49 lacs in Fiscal 2011 from ₹ 1,742.94 lacs in Fiscal 2010. The increase in cost is mainly due to increase in number of employees and average salary per employee. Our Company has given maximum bonus during Fiscal 2011 instead minimum bonus paid in Fiscal 2010.

Gratuity expenses increased by ₹ 56.91 lacs, or 197.17%, to ₹ 85.77 lacs in Fiscal 2011 from ₹ 28.86 lacs in Fiscal 2010.

Contribution to provident fund and other Funds increased by ₹ 31.15 lacs, or 35.14%, to ₹ 119.80 lacs in Fiscal 2011 from ₹ 88.65 lacs in Fiscal 2010.

Workmen and staff welfare expenses increased by ₹ 43.30 lacs, or 145.52%, to ₹ 73.05 lacs in Fiscal 2011 from ₹ 29.75 lacs in Fiscal 2010. Increase in expenses is due to increase in training cost, recruitment expenses, etc.

Expressed as a percentage of total income which includes other income, Personnel expenses decreased to 5.03% in Fiscal 2011 from 5.36% in Fiscal 2010.

Finance Cost

Our finance cost decreased by ₹ 137.43 lacs, or 12.54%, to ₹ 958.12 lacs in Fiscal 2011 from ₹ 1,095.55 lacs in Fiscal 2010, primarily due to decrease in loans outstanding. Interest charges on bank loans decreased by ₹ 153.31 lacs, or 15.47%, to ₹ 837.50 lacs in Fiscal 2011 from ₹ 990.80 lacs in Fiscal 2010 which was partially offset by increase in loans from others by ₹ 13.13 lacs, or 24.64%, to ₹ 66.41 lacs in Fiscal 2011 from ₹ 53.28 lacs in Fiscal 2010. Bank Charges increased by ₹ 2.74 lacs, or 5.33%, to ₹ 54.21 lacs in Fiscal 2011 from ₹ 51.47 lacs in Fiscal 2010.

Depreciation and amortization

Our depreciation and amortization expense decreased by ₹ 401.17 lacs, or 16.54%, to ₹ 2,024.64 lacs in Fiscal 2011 from ₹ 2,425.81 lacs in Fiscal 2010, primarily due to changing the estimated life of Dies and Jigs from 10 years to 4 years. The impact of the same was ₹ 680 lacs charged extra to Profit and Loss Account for Fiscal 2010.

Profit before tax and extraordinary items



Profit before tax and extraordinary items increased by ₹ 1,531.76 lacs, or 367.44%, to ₹ 1,948.63 lacs in Fiscal 2011 from ₹ 416.87 lacs in Fiscal 2010.

Taxation

Our tax expense increased by ₹ 510.62 lacs, or 388.22%, to ₹ 642.15 lacs in Fiscal 2011 from ₹ 131.53 lacs in Fiscal 2010. The increase was primarily due to tax on increased profits.

Profit/ (loss) after tax as restated

Consequently, our profit after tax increased by ₹ 1,021.14 lacs, or 357.87%, to ₹ 1,306.48 lacs in Fiscal 2011 from ₹ 285.34 lacs in Fiscal 2010.

Fiscal 2010 compared to Fiscal 2009

Income

Total income decreased by ₹ 2,594.11 lacs, or 6.86%, to ₹ 35,246.83 lacs in Fiscal 2010 from ₹ 37,840.94 lacs in Fiscal 2009, primarily due to decrease in net sales by 6.95% , Income from sale of electricity through wind power by 37.13% , which was compensated to some extent by increase in other income by 92.94%.

Sales – Manufactured products (Gross)

Sales – Manufactured products (Gross) decreased by ₹ 4,641.52 lacs or 11.35% to ₹ 36,234.95 lacs in Fiscal 2010 from ₹ 40,876.47 lacs in Fiscal 2009, primarily due to discontinuing the operations of Plant VII which was mainly into manufacturing of Nipple, Rim, Spokes and wheel assembly. The Aluminium Die Casting sales increased mainly due to addition of GDC plant since 01.10.2009 and also due to increase in sales to our major customer, Bajaj Auto Ltd. (BAL).

Excise Duty

Our excise duty decreased by ₹ 2,082.55 lacs or 51.17% to ₹ 1,987.40 lacs in Fiscal 2010 from ₹ 4,069.95 lacs in Fiscal 2009. The decrease can be attributed to decrease in sales and decrease in average excise duty rate on net sales from 11.06% to 5.80%.

Sales – Manufactured products (Net)

Sales – Manufactured products (Net) decreased by ₹ 2,558.97 lacs or 6.95% to ₹ 34,247.55 lacs in Fiscal 2010 from ₹ 36,806.52 lacs in Fiscal 2009, primarily due to discontinuing the operations of Plant VII which was mainly into manufacturing of Nipple, Rim, Spokes and wheel assembly. Net sales of our manufacturing business contributed 97.16% and 97.27% of our total income, which includes other income in Fiscal 2010 and 2009, respectively.

Income from our Sale of Electricity through Wind Power business decreased by ₹ 68.52 lacs or 37.13% to ₹ 116.01 lacs in Fiscal 2010 from ₹ 184.53 lacs in Fiscal 2009, primarily due to sale of 1 windmill of 1,250 KW during the year. Net sales of our Wind Power business contributed 0.33% and 0.49% of our total income, which includes other income in Fiscal 2010 and 2009, respectively.

Income from Job work charges decreased by ₹ 178.18 lacs or 28.63% to ₹ 444.07 lacs in Fiscal 2010 from ₹ 622.25 lacs in Fiscal 2009. Net sales from Job work charges contributed 1.26% and 1.64% of our total income which includes other income in Fiscal 2010 and 2009, respectively.

Other income

Other income increased by ₹ 211.56 lacs, or 92.94%, to ₹ 439.20 lacs in Fiscal 2010 from ₹ 227.64 lacs in Fiscal 2009, primarily due to one time compensation received of ₹ 225.50 lacs from Bajaj Auto Limited towards loss of future business and capacities reserved, remaining idle in Fiscal 2010 . The increase was



also on account of increase in Foreign exchange fluctuation gain by ₹ 29.87 lacs in Fiscal 2010. The same was offset by decrease in Profit on sale of fixed assets by ₹ 61.39 lacs to ₹ 74.14 lacs in Fiscal 2010 from 135.53 lacs in Fiscal 2009.

Other income contributed 1.25% and 0.60% of our total income, which includes other income in Fiscal 2010 and 2009, respectively.

Expenditure

Total expenditure decreased by ₹ 4,449.39 lacs, or 11.33%, to ₹ 34,829.96 lacs in Fiscal 2010 from ₹ 39,279.35 lacs in Fiscal 2009.

Material consumption

Consumption of raw material (without considering increase/decrease in inventory) decreased by ₹ 4,405.80 lacs, or 16.08%, to ₹ 22,996.53 lacs in Fiscal 2010 from ₹ 27,402.33 lacs in Fiscal 2009, primarily due discontinuing the operations of Plant VII which was mainly into manufacturing of Nipple, Rim, Spokes and wheel assembly having high RMC cost. Closing stock (of work-in- progress and finished goods) increased by ₹ 269.04 lacs, or 28.17%, to ₹ 1,224.02 lacs in Fiscal 2010 from ₹ 954.98 lacs in Fiscal 2009. Closing stock of raw material, stores, spare parts and components increased by ₹ 80.13 lacs, or 5.71%, to ₹ 1,482.99 lacs in Fiscal 2010 from ₹ 1,402.86 lacs in Fiscal 2009.

Expressed as a percentage of total income, which includes other income, material consumed (including increase and decrease in inventory) decreased to 64.42% in Fiscal 2010 from 73.13% in Fiscal 2009.

Operating and other expenses

Our operating and other expenses increased by ₹ 322.53 lacs, or 4.94%, to ₹ 6,851.53 lacs in Fiscal 2010 from ₹ 6,529.00 lacs in Fiscal 2009.

Labour and subcontracting charges decreased by ₹ 14.52 lacs, or 0.77%, to ₹ 1,872.51 lacs in Fiscal 2010 from ₹ 1,887.03 lacs in Fiscal 2009.

Power and fuel charges increased by ₹ 39.47 lacs, or 2.52%, to ₹ 1,604.26 lacs in Fiscal 2010 from ₹ 1,564.79 lacs in Fiscal 2009 due to increase in volume of business for Aluminium Die Casting division and Fasteners division.

Store, spares, and tools consumed increased by ₹ 386.45 lacs, or 29.44%, to ₹ 1,698.99 lacs in Fiscal 2010 from ₹ 1,312.54 lacs in Fiscal 2009 due to increased sales volume and various reconditioning work carried during Fiscal 2010.

Repair and maintenance increased by ₹ 13.84 lacs, or 3.90%, to ₹ 368.55 lacs in Fiscal 2010 from ₹ 354.71 lacs in Fiscal 2009.

Packing and forwarding decreased by ₹ 53.93 lacs, or 10.73%, to ₹ 448.48 lacs in Fiscal 2010 from ₹ 502.41 lacs in Fiscal 2009 due to discontinuing the operations of Plant VII which was mainly into manufacturing of Nipple, Rim, Spokes and wheel assembly.

Professional/consultancy charges decreased by ₹ 42.38 lacs, or 28.19%, to ₹ 107.96 lacs in Fiscal 2010 from ₹ 150.34 lacs in Fiscal 2009 due to recruitment charges paid of ₹ 29.44 lacs in Fiscal 2009 Also ₹ 14 lacs paid for Marketing and Commercial consultancy in Fiscal 2009.

Charges related to Travelling and conveyance increased by ₹ 10.36 lacs, or 5.18%, to ₹ 210.33 lacs in Fiscal 2010 from ₹ 199.97 lacs in Fiscal 2009. Other expenses decreased by ₹ 16.76 lacs, or 3.01%, to ₹ 540.45 lacs in Fiscal 2010 from ₹ 557.21 lacs in Fiscal 2009.

Expressed as a percentage of total income, which includes other income, operating and other expenses



increased to 19.44% in Fiscal 2010 to 17.25% in Fiscal 2009.

Personnel expenses

Our Personnel expenses decreased by ₹ 30.44 lacs, or 1.58%, to ₹ 1,890.20 lacs in Fiscal 2010 from ₹ 1,920.64 lacs in Fiscal 2009.

Salaries, wages and bonus decreased by ₹ 18.73 lacs, or 1.06%, to ₹ 1,742.94 lacs in Fiscal 2010 from ₹ 1,761.67 lacs in Fiscal 2009.

Gratuity expenses increased by ₹ 6.08 lacs, or 26.71%, to ₹ 28.86 lacs in Fiscal 2010 from ₹ 22.78 lacs in Fiscal 2009.

Contribution to PF and other Funds decreased by ₹ 9.94 lacs, or 10.08%, to ₹ 88.65 lacs in Fiscal 2010 from ₹ 98.59 lacs in Fiscal 2009.

Workmen and staff welfare expenses decreased by ₹ 7.83 lacs, or 20.84%, to ₹ 29.75 lacs in Fiscal 2010 from ₹ 37.59 lacs in Fiscal 2009.

Expressed as a percentage of total income which includes other income, Personnel expenses increased to 5.36% in Fiscal 2010 from 5.08% in Fiscal 2009.

Finance cost

Our finance cost decreased by ₹ 280.58 lacs, or 20.39%, to ₹ 1,095.55 lacs in Fiscal 2010 from ₹ 1,376.13 lacs in Fiscal 2009, primarily due to decrease in loans outstanding. Interest charges on bank loans decreased by ₹ 266.53 lacs, or 21.20%, to ₹ 990.80 lacs in Fiscal 2010 from ₹ 1257.33 lacs in Fiscal 2009 which was partially offset by decreased in loans from others by ₹ 8.96 lacs, or 14.39%, to ₹ 53.28 lacs in Fiscal 2010 from ₹ 62.24 lacs in Fiscal 2009. Bank Charges decreased by ₹ 5.09 lacs, or 9.00%, to ₹ 51.47 lacs in Fiscal 2010 from ₹ 56.56 lacs in Fiscal 2009.

Depreciation and amortization

Our depreciation and amortization expense increased by ₹ 520.31 lacs, or 27.31%, to ₹ 2,425.81 lacs in Fiscal 2010 from ₹ 1,905.50 lacs in Fiscal 2009, primarily due Change in estimated life of Dies and Jigs from 10 years to 4 years. The impact of the same was ₹ 680 lacs charged extra to Profit and Loss Account in Fiscal 2010.

Profit before tax and extraordinary items

Profit before tax and extraordinary items was ₹ 416.87 lacs in Fiscal 2010, as compared to loss of ₹ 1,438.41 lacs in Fiscal 2009.

Taxation

Our tax expense for Fiscal 2010 was ₹ 131.53 lacs in Fiscal 2010, as compared to a credit of ₹ 451.75 lacs in Fiscal 2009.

Profit/ (loss) after tax as restated

Consequently, our profit after tax for Fiscal 2010 was ₹ 285.34 lacs, or as compared to loss of ₹ 986.66 lacs in Fiscal 2009.

Fiscal 2009 compared to Fiscal 2008



Income

Total income decreased by ₹ 585.15 lacs, or 1.52%, to ₹ 37,840.94 lacs in Fiscal 2009 from ₹ 38,426.09 lacs in Fiscal 2008, primarily due to decrease by ₹ 334.79 lacs or 34.98% in income from job work charges. Other income decreased by ₹ 525.44 lacs or 69.77%.

Sales – Manufactured products (Gross)

Sales – Manufactured products (Gross) decreased by ₹ 581.15 lacs or 1.40% to ₹ 40,876.47 lacs in Fiscal 2009 from ₹ 41,457.62 lacs in Fiscal 2008

Excise Duty

Our excise duty decreased by ₹ 796.73 lacs or 16.37% to ₹ 4,069.95 lacs in Fiscal 2009 from ₹ 4,866.68 lacs in Fiscal 2008. The decrease can be attributed to decrease in sales & decrease in average excise duty rate on net sales from 13.30% to 11.06%.

Sales – Manufactured products (Net)

Sales – Manufactured products (Net) increased by ₹ 215.58 lacs or 0.59% to ₹ 36,806.52 lacs in Fiscal 2009 from ₹ 36,590.94 lacs in Fiscal 2008. Net sales of our manufacturing business contributed 97.27% and 95.22% of our total income, which includes other income in Fiscal 2009 and 2008, respectively.

Income from Sale of Electricity through Wind Power business increased by ₹ 59.50 lacs or 47.59% to ₹ 184.53 lacs in Fiscal 2009 from ₹ 125.03 lacs in Fiscal 2008, Net sales of our Wind Power business contributed 0.49% and 0.33% of our total income, which includes other income in Fiscal 2009 and 2008, respectively.

Income from Job work charges decreased by ₹ 334.79 lacs or 34.98% to ₹ 622.25 lacs in Fiscal 2009 from ₹ 957.04 lacs in Fiscal 2008. Net sales from Job work charges contributed 1.64% and 2.49% of our total income, which includes other income in Fiscal 2009 and 2008, respectively.

Other income

Other income decreased by ₹ 525.44 lacs, or 69.77%, to ₹ 227.64 lacs in Fiscal 2009 from ₹ 753.08 lacs in Fiscal 2008, The decrease was also on account of decrease in Foreign exchange fluctuation gain by ₹ 61.81 lacs in Fiscal 2009. There was one time item in the form of sales of sales tax incentive or ₹ 141.67 lacs in Fiscal 2009 and decrease in discount received on pre repayment of sales tax deferral by ₹ 214.86 lacs in Fiscal 2009. Other income contributed 0.60% and 1.96% of our total income in Fiscal 2009 and 2008, respectively.

Expenditure

Total expenditure increased by ₹ 138.83 lacs, or 0.35%, to ₹ 39,279.35 lacs in Fiscal 2009 from ₹ 39,140.52 lacs in Fiscal 2008.

Material consumption

Consumption of material (without considering increase/decrease in inventory) material increased by ₹ 2,125.15 lacs, or 8.41%, to ₹ 27,402.33 lacs in Fiscal 2009 from ₹ 25,277.18 lacs in Fiscal 2008, Closing stock (of work-in- progress and finished goods) decreased by ₹ 285.60 lacs, or 23.02%, to ₹ 954.98 lacs in Fiscal 2009 from ₹ 1,240.58 lacs in Fiscal 2008. Closing stock of raw material, stores, spare parts and components decreased by ₹ 362.57 lacs or 20.54%, to ₹ 1,402.86 lacs in Fiscal 2009 from ₹ 1,765.43 lacs in Fiscal 2008.

Expressed as a percentage of total income, which includes other income, raw material consumed (including



increase and decrease in inventory) increased to 73.13% in Fiscal 2009 from 68.42% in Fiscal 2008.

Operating and other expenses

Our operating and other expenses decreased by ₹ 984.88 lacs, or 13.11%, to ₹ 6,529.00 lacs in Fiscal 2009 from ₹ 7,513.88 lacs in Fiscal 2008.

Labour and subcontracting charges decreased by ₹ 636.83 lacs, or 25.23%, to ₹ 1887.03 lacs in Fiscal 2009 from ₹ 2523.86 lacs in Fiscal 2008

Power and fuel charges decreased by ₹ 73.46 lacs, or 4.48%, to ₹ 1564.79 lacs in Fiscal 2009 from ₹ 1638.25 lacs in Fiscal 2008.

Store, spares, and tools consumed decreased by ₹ 23.01 lacs, or 1.72%, to ₹ 1312.54 lacs in Fiscal 2009 from ₹ 1335.55 lacs in Fiscal 2008.

Repair and maintenance decreased by ₹ 60.51 lacs, or 14.57%, to ₹ 354.71 lacs in Fiscal 2009 from ₹ 415.22 lacs in Fiscal 2008.

Packing and forwarding decreased by ₹ 27.83 lacs, or 5.25%, to ₹ 502.41 lacs in Fiscal 2009 from ₹ 530.24 lacs in Fiscal 2008

Professional/consultancy charges decreased by ₹ 23.05 lacs, or 13.29%, to ₹ 150.34 lacs in Fiscal 2009 from ₹ 173.39 lacs in Fiscal 2008

Charges related to Travelling and conveyance decreased by ₹ 36.70 lacs, or 15.51%, to ₹ 199.97 lacs in Fiscal 2009 from ₹ 236.67 lacs in Fiscal 2008. Other expenses decreased by ₹ 103.49 lacs, or 15.66%, to ₹ 557.21 lacs in Fiscal 2009 from ₹ 660.71 lacs in Fiscal 2008.

Expressed as a percentage of total income, which includes other income, operating and other expenses decreased to 17.25% in Fiscal 2009 to 19.55% in Fiscal 2008.

Personnel expenses

Our Personnel expenses decreased by ₹ 232.86 lacs, or 10.81%, to ₹ 1920.64 lacs in Fiscal 2009 from ₹ 2153.50 lacs in Fiscal 2008.

Salaries, wages and bonus decreased by ₹ 186.47 lacs, or 9.57%, to ₹ 1761.67 lacs in Fiscal 2009 from ₹ 1948.14 lacs in Fiscal 2008.

Gratuity expenses decreased by ₹ 5.46 lacs, or 19.33%, to ₹ 22.78 lacs in Fiscal 2009 from ₹ 28.23 lacs in Fiscal 2008.

Contribution to PF and other Funds decreased by ₹ 27.04 lacs, or 21.52%, to ₹ 98.59 lacs in Fiscal 2009 from ₹ 125.63 lacs in Fiscal 2008.

Workmen and staff welfare expenses decreased by ₹ 13.92 lacs, or 27.03%, to ₹ 37.59 lacs in Fiscal 2009 from ₹ 51.51 lacs in Fiscal 2008.

Expressed as a percentage of total income, which includes other income, Personnel expenses increased to 5.08% in Fiscal 2009 from 5.60% in Fiscal 2008.

Finance cost

Our Finance cost decreased by ₹ 229.94 lacs, or 14.32%, to ₹ 1376.13 lacs in Fiscal 2009 from ₹ 1606.07 lacs in Fiscal 2008, primarily due to decrease in loans outstanding. Interest charges on bank loans decreased by ₹ 126.04 lacs, or 9.11%, to ₹ 1,257.33 lacs in Fiscal 2009 from ₹ 1,383.38 lacs in Fiscal 2008



which was partially offset by decreased in loans from others by ₹ 114.06 lacs, or 64.70%, to ₹ 62.24 lacs in Fiscal 2009 from ₹ 176.30 lacs in Fiscal 2008. Bank Charges increased by ₹ 10.17 lacs, or 21.92%, to ₹ 56.56 lacs in Fiscal 2009 from ₹ 46.39 lacs in Fiscal 2008.

Depreciation and amortization

Our depreciation and amortization expense decreased by ₹ 88.53 lacs, or 4.44%, to ₹ 1905.50 lacs in Fiscal 2009 from ₹ 1,994.03 lacs in Fiscal 2008,

Profit before tax and extraordinary items

Loss before tax and extraordinary items was ₹ 1,438.41 lacs in Fiscal 2009, as compared to loss of ₹ 714.43 lacs in Fiscal 2008.

Taxation

Our tax expense for Fiscal 2009 was ₹ 451.75 lacs in Fiscal 2009, as compared to ₹ 299.95 lacs in Fiscal 2008.

Profit/ (loss) after tax as restated

Consequently, our Net Loss after tax before extraordinary items for Fiscal 2009 was ₹ 986.66 lacs, or as compared to loss of ₹ 414.48 lacs in Fiscal 2008.

Liquidity and Capital Resources

Historically, our primary liquidity requirements have been to finance our working capital requirements. To fund these costs, we have relied primarily on cash generated from operations and secured revolving credit lines from banks and financial institutions. As of March 31, 2011 our cash and bank balance was ₹ 403.81 lacs.

Cash Flows

The following table sets forth certain information relating to our cash flows for the periods indicated on a basis:

Particulars	Year ended March 31,		
	2011	2010	2009
	(₹ in Lacs)		
Net cash from (used in) operating activities	5,551.25	995.70	4,037.92
Net cash used in investment activities	(2,083.23)	(3.17)	(65.83)
Net cash from financing activities	(3,420.84)	(1,881.46)	(3,959.29)
Net increase (decrease) in cash and cash equivalents	47.18	(888.93)	12.80

Operating activities

Net cash Flow from/(used in) operating activities in Fiscal 2009 was ₹ 4,037.92 lacs resulting from operating profit before working capital changes of ₹ 1,687.03 lacs, primarily as a result of net loss before tax and extraordinary items of ₹ 1,438.41 lacs, depreciation of ₹ 1,905.50 lacs, foreign exchange fluctuation of ₹ 46.36 lacs, provision for doubtful debt of ₹ 1.38 lacs and interest income of ₹ 11.78 lacs, which were partly off-set by interest payments of ₹ 1,319.57 lacs, dividend income of ₹ 0.06 lacs and profit on sale of fixed assets of ₹ 135.53 lacs. Our working capital adjustments for Fiscal 2009 were on account of decrease in sundry debtors of ₹ 1,987.96, inventories of ₹ 648.17 lacs and loans and advances of ₹ 356.54 lacs,



which were partly off-set by decrease in current liabilities and provisions of ₹ 632.43 lacs.

Net cash Flow from/(used in) operating activities in Fiscal 2010 was ₹ 995.70 lacs resulting from operating profit before working capital changes of ₹ 3,817.69 lacs, primarily as a result of net profit before tax and extraordinary items of ₹ 416.87 lacs, depreciation of ₹ 2,425.81 lacs, provision for diminution in value of investments of ₹ 9.50 lacs, bad debts written off of ₹ 0.62 lacs, provision for doubtful debt of ₹ 51.53 lacs and interest income of ₹ 26.65 lacs, which were partly off-set by interest payments of ₹ 1,044.08 lacs, dividend income of ₹ 0.06 lacs, foreign exchange fluctuation of ₹ 29.87 lacs and profit on sale of fixed assets of ₹ 74.14 lacs. Our working capital adjustments for Fiscal 2010 were on account of increase in sundry debtors of ₹ 1,931.90, inventories of ₹ 253.84 lacs and current liabilities and provisions of ₹ 664.52 lacs, which were partly off-set by decrease in loans and advances of ₹ 30.59 lacs.

Net cash Flow from/(used in) operating activities in Fiscal 2011 was ₹ 5,551.25 lacs resulting from operating profit before working capital changes of ₹ 4,833.45 lacs, primarily as a result of net profit before tax and extraordinary items of ₹ 1,948.63 lacs, depreciation of ₹ 2,024.64 lacs, bad debts written off of ₹ 1.36 lacs, provision for doubtful advance of ₹ 14.78 lacs, provision for doubtful debt of ₹ 20.54 lacs and interest income of ₹ 29.65 lacs, which were partly off-set by interest payments of ₹ 903.91 lacs, dividend income of ₹ 3.53 lacs, foreign exchange fluctuation of ₹ 47.94 lacs and loss on sale of fixed assets of ₹ 0.71 lacs. Our working capital adjustments for Fiscal 2011 were on account of increase in sundry debtors of ₹ 1,152.23 lacs, inventories of ₹ 426.08 lacs and, loans and advances of ₹ 224.34 lacs which were partly off-set by increase in current liabilities and provisions of ₹ 3,035.87 lacs.

Investing Activities

Net cash used in investing activities in Fiscal 2009 was ₹ 65.83 lacs, resulting primarily from purchase of fixed assets of ₹ 956.01 lacs, which were partly off-set from sale of fixed assets ₹ 848.46 lacs, interest received of ₹ 11.78 lacs, dividend received of ₹ 0.06 lacs, decrease in deposits (with maturity more than three months) of ₹ 22.11 lacs and the sale of investments of ₹ 7.77 lacs.

Net cash used in investing activities in Fiscal 2010 was ₹ 3.17 lacs, resulting primarily from purchase of fixed assets of ₹ 611.76 lacs, increase in deposits (with maturity more than three months) of ₹ 53.10 lacs and purchase of investments of ₹ 22.72 lacs, which were partly off-set from sale of fixed assets ₹ 657.70 lacs, interest received of ₹ 26.65 lacs and dividend received of ₹ 0.06 lacs.

Net cash used in investing activities in Fiscal 2011 was ₹ 2,083.23 lacs, resulting primarily from purchase of fixed assets of ₹ 1,981.65 lacs and increase in deposits (with maturity more than three months) of ₹ 154.23 lacs, which were partly off-set from sale of fixed assets of ₹ 19.47 lacs, interest received of ₹ 29.65 lacs and dividend received of ₹ 3.53 lacs.

Financing activities

Net cash used in financing activities in Fiscal 2009 was ₹ 3,959.29 lacs, resulting from a decrease in short term borrowings of ₹ 1,643.46 lacs, long term borrowings of ₹ 1,033.74 lacs and interest paid on term loans, working capital and other loans of ₹ 1,282.09 lacs.

Net cash used in financing activities in Fiscal 2010 was ₹ 1,881.46 lacs, resulting from a decrease in long term borrowings of ₹ 1,608.37 lacs and interest paid on term loans, working capital and other loans of ₹ 1,052.67 lacs which was partly off-set by increase in short term borrowings of ₹ 779.58 lacs

Net cash used in financing activities in Fiscal 2011 was ₹ 3,420.84 lacs, resulting from a decrease in short term borrowings of ₹ 61.96 lacs, long term borrowings of ₹ 2,409.45 lacs, interest paid on our borrowings of ₹ 882.96 lacs and dividend and tax on dividend paid of ₹ 66.47 lacs.



Financing Arrangements

The following table provides certain information relating to our total indebtedness as of March 31, 2011:

Particulars	Total indebtedness as of March 31, 2011	Payment due by			
		Less than 1 year	2-3 years	3-5 years	More than 5 years (₹ in lacs)
Secured – Term Loan	2,828.98	1,859.00	969.98	Nil	
Secured – Vehicle Loan	Nil	Nil	Nil	Nil	Nil
Unsecured	Nil	Nil	Nil	Nil	Nil
Estimated interest payment	Nil	218.72	65.79	Nil	Nil

Most of our current financing arrangements are secured by our current assets, including a charge on our equipment and machinery. Some of our current financing agreements also include various conditions and covenants that require our Company to obtain lender consents prior to carrying out certain activities and entering into certain transactions, including , incurring additional debt, issuance of equity, changing the capital structure, increase or modify capital expenditure plans, undertake any expansion, provide additional guarantees, or merge with or acquire other companies whether or not there is any failure by such entities to comply with the other terms of such agreements. Any failure to comply with the requirement to obtain a consent, or other condition or covenant under our financing agreements that is not waived by our lenders or is not otherwise cured by us, may lead to a termination of our credit facilities and/or acceleration of all amounts due under such facilities and may affect our ability to conduct our business and operations or implement our business plans.

We are in compliance with the terms and conditions of our current financing arrangements.

For further information, see “*Financial Indebtedness*” beginning on page 210.

Capital Expenditure

Capital expenditures represent the increase in the value of our fixed assets plus changes in capital work in progress (i.e., expenses incurred in relation to work in progress but not capitalized) plus changes in Assets held for disposal. Our capital expenditures (including capital work in progress and asset held for disposal) was reduced (net of sale of assets) of ₹ 28.50 lacs and increased (net of sale of assets) in 2010 and 2011 by ₹ 470.74 lacs and ₹ 1,950.50 lacs, respectively. These capital expenditures were incurred primarily towards expanding our manufacturing facility, purchasing equipment and machinery and purchase of motor vehicles. We expect to incur capital expenditures of approximately ₹ 4,907.02 lacs from the Net Proceeds of the Issue through Fiscal 2012 and 2013, primarily relating to further expanding our manufacturing facility. We intend to meet our proposed capital expenditures primarily through proceeds of this Issue and internal accruals. For further information see “*Objects of the Issue*” on page 79.

We believe that our anticipated cash flows from operations, together with the Net Proceeds of this Issue, our existing cash and certain additional future borrowings will be sufficient to meet our working capital and capital expenditure requirements over the next 12 months.

Restated Statement of Secured Loan

The following table sets forth our secured debt position as at March 31, 2011, 2010 and 2009



(₹ In Lacs)

Parameters	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Term Loans :-			
From Banks	2,793.07	5,027.50	6,188.68
From Others	35.91	110.00	183.33
Working Capital Loans from banks :-			
Cash Credit Facility	317.56	761.72	940.69
Buyer's Credit (Short Term)	379.25	432.55	-
Bills Discounted	2,924.22	2,465.96	1,894.39
Total	6,450.01	8,797.73	9,207.09

Restated Statement of Unsecured Loans

The following table sets forth our unsecured debt position as at March 31, 2011, 2010 and 2009

(₹ In Lacs)

Parameters	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Loan from Body Corporate	-	22.75	-
Total	-	22.75	-

Amounts due to Promoters/Promoter Group Companies/Directors/Relatives of Directors/Joint Ventures/Associate Companies.

(₹ In Lacs)

Parameters	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009
Deccan Carbon Products Limited (Formerly known as Deccan Carbon Products Private Limited)	-	22.75	-
Total	-	22.75	-

Contingent Liabilities and Off Balance Sheet Arrangements

The following table sets forth the principal components of our contingent liabilities as of March 31, 2011:

Particulars	Amount
	(₹ in lacs)
EPCG Obligation *	2,497.00
Excise Duty and Service Tax	146.02
Sales Tax	15.53
Employees State Insurance Corporation	7.12
Provident Fund	9.44
Income Tax	192.23
Total	2,867.34

* The outstanding amount pertains to, import of Capital Goods under the Export Promotion Capital Goods Scheme ("EPCG" or "Scheme") of the Government of India at concessional rates of duty on an undertaking to fulfill quantified exports. The Company has met obligations for each of the above years. Non fulfillment of obligations as per the Scheme, entails options/rights to the Government to confiscate



capital goods imported and other penalties under the scheme.

There are no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, revenues or expenses, results of operations, liquidity, capital expenditures or capital resources that we believe are material to investors.

Related Party Transactions

We have entered into and expect to enter into transactions with a number of related parties, including our Promoters, Promoter Group, Associates and Joint Ventures. For further information regarding our related party transactions, see “*Related Party Transactions*” in “*Financial Statements*” at page 182 of the Draft Red Herring Prospectus in respect of transactions during the last five years.

Quantitative and Qualitative Disclosures about Market Risk

Market risk is the risk of loss related to adverse changes in market prices, including interest rates and foreign exchange rates, of financial instruments. We are exposed to various types of market risk, including changes in foreign currency exchange rates, interest rates and commodity prices, in the ordinary course of business.

Exchange Rate Risk

Changes in currency exchange rates affect our results of operations. Although most of our income is denominated in Indian rupees, currently a small percentage of our income, relating to income from sales of our products outside India is denominated in U.S. dollars and Euro. We expect the percentage of income generated in currencies other than Indian rupees to increase in the future with the expansion of our manufacturing business. In addition, a portion of our expenditure and those relating to purchase of raw materials are denominated in U.S. dollars and Euro. We also expect our future capital expenditure in connection with our proposed manufacturing facilities to include expenditure in foreign currencies for imported equipment and machinery. Depreciation of the Indian rupee against the U.S. dollar and other relevant foreign currencies may adversely affect our results of operations by increasing the cost of procurement of raw materials imported by us for our manufacturing operations or any proposed capital expenditure in foreign currencies.

We selectively enter into foreign exchange forward contracts to hedge our exposure to fluctuations in foreign exchange rates. There can however be no assurance that such measures will enable us to avoid the effect of any adverse fluctuations in the value of the Indian rupee against the U.S. dollar, Euro or other relevant foreign currencies.

Interest Rate Risk

Changes in interest rates could affect our financial condition and results of operations. As of March 31, 2011, all of our long-term borrowings were at floating rates of interest linked to the benchmark prime lending rate. If the interest rates for our existing or future borrowings increase significantly, our cost of funds will increase. This may adversely impact our results of operations, planned capital expenditures and cash flows.

Commodity Price Risk

Our revenue is exposed to the market risk of price fluctuations related to the price of our raw material and other components. Market forces generally determine prices for our raw materials and components which we use for the purposes of manufacturing, which in turn affects the price of our products. These prices may be influenced by factors such as global supply and demand global and Indian economic conditions and growth. Adverse changes in any of these factors may result in a decrease in the revenue that we earn from the sale of our products.

Unusual or infrequent events or transactions



Other than as described in the Draft Red Herring Prospectus, there have been no events or transactions which may be described as unusual or infrequent.

Known Trends or Uncertainties

Other than as described in the section titled “*Risk Factors*” on page 14, and this section, to the best of our knowledge, there are no known trends or uncertainties that have had, or are expected to have, a material adverse impact on our revenues or income from continuing operations.

New product or business segment

Other than as described in the section titled “*Our Business*” beginning on page 113, we do not have new products or business segments.

Seasonality of business

Our business is not seasonal. For more details please refer to the section titled “*Our Business*” beginning on page 113 of the Draft Red Herring Prospectus.

Dependence on a single or few suppliers or customers

We derive a significant portion of our Gross sales from a limited number of large customers. For the periods ended March 31, 2011, March 31, 2010 and March 31, 2009, our top five customers accounted for approximately 90% to 95%, of our restated Gross sales. None of the above customers are/were related to the Promoters, Group Companies or Directors. In Fiscal 2011, our largest customer, Bajaj Auto Limited contributed approximately 80% of our restated Gross sales. For further information, see section titled “*Risk Factors*”, “*Our Business*” and “*History and Certain Corporate Matters*” beginning on pages 14, 113 and 142, respectively.

Competitive Conditions

We expect competition in the automotive manufacturing business from existing and potential competitors to continue. For further information, see section titled “*Risk Factors*”, “*Our Business*” and “*Industry Overview*” beginning on pages 14, 113 and 97, respectively.

Future Relationship between Costs and Income

Other than as described in the sections titled “*Risk Factors*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*”, on pages 14 and 183, respectively, of the Draft Red Herring Prospectus, to our knowledge, there are no known factors which will have a material adverse impact on our operations and finances.

Reason for material increase in net sales

We have witnessed major increase in our net sales during Fiscal 2011 due to increase in sales to our major customer i.e. Bajaj Auto Ltd. (BAL). BAL introduced new vehicle Discover 100 and Discover 150 in its Pantangar and Waluj plant.

Total Turnover of Each Major Industry Segment

We predominantly operate in a single segment and hence no separate industry segment is required to be reported. We are engaged mainly in the business of manufacturing a diverse range of products such as fully-finished and semi-finished aluminum castings, high tensile steel fasteners and auto electrical components.

Significant developments after March 31, 2011 that may affect our future results of operation

Except as stated in the Draft Red Herring Prospectus, to our knowledge no circumstances have arisen since



the date of the last financial statements as disclosed in the Draft Red Herring Prospectus, which materially and adversely affect or are likely to affect, our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next 12 months.

Effect of New Accounting Pronouncements

There are no recent accounting pronouncements that were not yet effective as of March 31, 2011 that will result in a change in our significant accounting policies.



FINANCIAL INDEBTEDNESS

Set forth below is a brief summary of the aggregate borrowings of our Company as on August 31, 2011:

(₹ in lacs)

Name of the Banks	Working Capital		Term Loan		Total	
	Sanctioned*	Outstanding	Sanctioned*	Outstanding	Sanctioned*	Outstanding
The Saraswat Co-operative Bank Limited	3,968.00	2,891.16	3,128.00	1,329.52	7,096.00	4,220.68
State Bank of India	700.00	691.23	1,000.00	309.09	1,700.00	1,000.32
IDBI Bank Limited	1,900.00	1,007.13	1,000.00	79.70	2,900.00	1,086.83
ING VYSYA Bank Limited	13.00	0.00	750.00	137.08	763.00	137.08
Total	6,581.00	4,589.52	5,878.00	1,855.39	12,459.00	6,444.91

* Sanction Amounts are as per original sanction letters.

As on August 31, 2011, the aggregate outstanding borrowings of our Company based on our financial statements were as follows:

(₹ In lacs)

S. No.	Nature of Borrowing	Amount
1.	Secured Borrowings	6444.91
2.	Unsecured Borrowings*	0.00

* Excluding liability under the Sales Tax Deferral Scheme availed by our Company.

Secured Loans

As on August 31, 2011, the aggregate outstanding borrowings of our Company based on the bank confirmations are as follows:

I. The Saraswat Cooperative Bank Limited. (Total sanctioned amount of ₹ 7095.89 lacs)

Sanction letters dated March 23, 2011, November 30, 2010, September 22, 2010, July 26, 2010; May 28, 2008; March 5, 2007; September 4, 2006, January 27, 2006 and August 08, 2005; June 16, 2008; June 6, 2008 and March 26, 2007; recording letter dated June 6, 2008; deeds of hypothecation dated August 4, 2010, June 16, 2008, June 6, 2008, March 26, 2007 and December 30, 2006; mortgage deed dated March 26, 2007

(₹ In lacs)

Sanctioned amount	Amount outstanding as on August 31, 2011	Interest	Purpose of Loan/Repayment/Security
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Fund Based



Sanctioned amount	Amount outstanding as on August 31, 2011	Interest	Purpose of Loan/Repayment/Security
Cash Credit against Debtors (M/s BAL)- Plant IX: ₹ 1100.00	₹ 740.32	PLR - 4% p.a. with monthly rests or at such rates as may be prescribed in future by the bank from time to time. Bank has the right to change both the base rate i.e. PLR and mark up percentage.	<ul style="list-style-type: none"> The purpose of this facility is bills of discounting/supply bills for Plant IX (in the form of cash credit limit against debtors- M/s Bajaj Auto Limited.)- working capital The facility is repayable on demand The facilities have been secured by bills drawn on M/s Bajaj Auto Limited.
Cash Credit with inner limit: ₹ 500.00	₹ 165.23	PLR -2.50% p.a. with monthly rests or at such rates as may be prescribed in future by the Bank from time to time. Bank has the right to change both the base rate i.e. PLR and mark up percentage. PLR on the date of the sanction letter was 13%. This rate is subject to change depending upon the conditions in the money market; the rate is also dependent on the credit rating of the borrower's account (this rating is done annually by the lender bank)	<ul style="list-style-type: none"> The purpose of this facility is cash credit for Plant IX The cash credit facility is repayable on demand, renewal every year within a maximum period of six months from the close of the accounting year of the company. The facilities have been secured by: <ul style="list-style-type: none"> a) Hypothecation of stocks less sundry creditors and advances from customer b) Debtors (within 90 days)
Cash Credit against Debtors: ₹ 900.00	₹ 569.76	PLR - 4% p.a. with monthly rests or at such rates as may be prescribed in future by the bank from time to time. Bank has the right to change both the base rate i.e. .PLR and mark up percentage.	<ul style="list-style-type: none"> The purpose of these facilities is to fulfil working capital requirements These facilities are repayable on demand and have been secured by exclusive first charge by way of hypothecation over tangible movable property belonging to the Company at Plant-III at Gut No. 120/122, Village Pangara, Tq. Paithan , Aurangabad (Maharashtra)



Sanctioned amount	Amount outstanding as on August 31, 2011	Interest	Purpose of Loan/Repayment/Security
Bill Discounting other than Bajaj Auto Limited: ₹ 100.00	₹ 33.22	PLR – 4%	
Bill Discounting for Bajaj Auto Limited: ₹ 150.00	₹ 118.63	PLR - 4% p.a. with monthly rests or at such rates as may be prescribed in future by the bank from time to time. Bank has the right to change both the base rate i.e. PLR and mark up percentage.	<ul style="list-style-type: none"> This facility is for the GDC division and the charge has been created in the name of AMML. It's purpose is bill discounting for working capital requirements The facility is repayable on demand and has been secured by first charge on the entire current assets of the GDC division
Term Loans:			
₹ 1425.00	₹ 651.66	PLR– 2.00% p.a. with monthly rests, or at such rates as may be prescribed in future by the bank from time to time. Bank has the right to change both the base rate i.e. PLR and mark up percentage.	<ul style="list-style-type: none"> As per sanction letter dated May 28, 2008, the sanctioned amount in respect of these two term loans is stated as a single figure of ₹ 1975.00; however charges have been created independently for these two loans. The purpose of these term loans is capital expenditure of Plant IX The term loans sanctioned are to be utilized within a maximum period of 12 months after the first disbursement and is repayable within 60 months from the date of disbursement by way of 47 monthly instalments of ₹ 41.25 each and remaining instalments of ₹ 36.25 each (moratorium period of 12 months) The term loan of ₹ 1425.00 has been secured by: <ul style="list-style-type: none"> a) Equitable Mortgage of the property situated at Gut no. 104, Village Pharola, Aurangabad b) Hypothecation of Plant and Machinery c) Hypothecation of other fixed assets The term loan of ₹ 550.00 has been secured by: <ul style="list-style-type: none"> a) Equitable Mortgage of land and building and other immovable property of Company's Land Gut No. 104, (Northern Part), admeasuring 2 Hector
₹ 550.00	₹ 260.16		



Sanctioned amount	Amount outstanding as on August 31, 2011	Interest	Purpose of Loan/Repayment/Security
			and 37 R. i.e. 5 Acres and 35 Gunthas i.e. (23700 Sq. Mtrs situated within village and Grampanchayat limit at Pharola, Taluka Paithan, Aurangabad. b) Equitable Mortgage of land Gut No 103, admeasuring 5 Hector and 67 R. i.e. 14 Acres and 18 Gunthas i.e. (56700 Sq. Mtrs situated within village and Grampanchayat limit at Pharola, Taluka Paithan, Aurangabad.
₹ 680.00	₹301.57	PLR -2% p.a. with monthly rests, or at such rates as may be prescribed in future by the bank from time to time. Bank has the right to change both the base rate i.e. PLR and mark up percentage.	<ul style="list-style-type: none">• The purpose of these loans is to meet capital expenditure requirements• As per original sanction letter dated March 5, 2007 the tenure of both loans is 5 years and they are repayable in 60 monthly instalments; However, as per letter dated March, 30, 2008 bank has re-scheduled the instalment payment for further 5 years starting from March 2008. As per the revised schedule the monthly instalment amount payable is - Ist Year ₹ 10 lacs, IInd Year ₹ 9.66 lacs, IIIrd and IVth Year 13.33 lacs and Vth year 12.83 lacs, the rounding off difference is adjusted in last instalment of every year.• These facilities have been secured by additional equitable mortgage charge over land and building of Plant III and hypothecation of plant and machinery and other fixed assets to be purchased.
₹ 45.00	₹ 18.70		
₹ 318.00	₹ 87.02	PLR-2.00% p.a. with monthly rests or at such rates as may be prescribed in future by the bank from time to time. Bank has the right to change both the base rate i.e. PLR and mark up percentage.	<ul style="list-style-type: none">• These two facilities are long term loans for the GDC division• These term loans are repayable in 60 monthly instalments and are secured by equitable mortgage over factory land and buildings, and hypothecation of plant and machinery and other fixed assets of GDC division
₹ 110.00	₹10.41		
Non Fund Based			
Inland/ Import Letter of Credit: ₹ 1600.00	₹ 782.90	Import Bills: For Sight Bills under import letters of credit, PLR- 2.50% p.a. from the date of debit to the lender's account till the date of crystallization and	<ul style="list-style-type: none">• The purpose of this facility is procurement of raw material (with sub-limit of ₹ 500.00 for capital goods• The tenure of the letter of credit facility is 60/90 days for inland and 180 days for import DA/DP for raw material and for capital goods and a maximum of 270 days for usance period ; repayable on demand
Buyer's	₹ 398.45		



Sanctioned amount	Amount outstanding as on August 31, 2011	Interest	Purpose of Loan/Repayment/Security
Credit cum Bills Purchased and discounting facility inner limit of Letter of Credit: ₹600.00		thereafter an additional 2% till the date of retirement; For usance bills under import letters of credit remaining unpaid on the date of maturity, additional 2% from the date of maturity till the date of retirement ; <i>Inland Bills:</i> For bills under inland letters of credit (usance) interest will be recovered by the beneficiary/beneficiary's bankers at the rate for the period specified by them, in the absence of instructions to the contrary, additional 2% from the date of maturity till the date of retirement ;	<ul style="list-style-type: none"> The facilities have been secured by hypothecation of goods purchased/imported under letter of credit (DA basis) and document of title to goods (sight basis); further, immovable property located at Aurangabad is collateral security
Bank Guarantee : ₹117.89	82.66		<ul style="list-style-type: none"> The purpose of the bank guarantee is for security deposit, earnest money deposit, performance, retention money, customs, central excise, sales tax etc.: to be furnished to MSEB in lieu of security deposit. The tenure of the bank guarantee is 10 years This facility has been secured by a further charge on current assets/movable fixed assets of Plant III, IX and XII (GDC); further, immovable property located at Aurangabad is collateral security

The following restrictive covenants are also applicable in relation to the above facilities availed of by the Company from Saraswat Cooperative Bank Limited.:

During the tenure of facilities, the Company:

- (a) shall not, without the prior written permission of the Bank:
- resort to any outside borrowing, such as hundi finance of any kind;
 - conclude any fresh borrowing arrangement either secured or unsecured with any other Bank or Financial Institutions, borrower or otherwise, nor create any fixed charge over its fixed assets;
 - formulate any scheme of amalgamation with any other borrower or reconstruction; or acquire any borrower



- iv. invest by way of share capital in or lend or advance to or place deposits with any other concern (normal trade credit or security deposit in the routine course of business can, however be extended);
 - v. undertake guarantee obligations on behalf of any borrower or any third party
- (b) shall not, without the prior permission of the Bank:
- i. declare any dividend for any year except out of profits relating to that year after making all due and necessary provisions provided that no default had occurred in any repayment obligation
 - ii. make any repayment of the loans and deposits and discharge other liabilities except those shown in the funds flow statement submitted from time to time
 - iii. appoint any directors in the Company or change the constitution of the Company
- (c) shall route all banking transactions through the accounts with the Bank only, unless specifically allowed to bank with other banks under multiple/consortium arrangement or otherwise
- (d) shall not undertake any new project or expansion or make any investments or additional borrowings/leases

II. State Bank of India (Total sanctioned amount of ₹1345 lacs as per sanction letter dated April 30, 2011; this is revised from earlier sanction letter dated March 10, 2010 of ₹2306 lacs ; as per sanction letter dated August 21, 2006, the total sanctioned amount was ₹3400 lacs; this was later revised to ₹3325 lacs vide letter dated July 16, 2008)

Sanction letter dated April 30, 2011 and March 10, 2010, facility agreement dated September 13, 2006, deed of hypothecation dated September 13, 2006, letter of modification dated April 06, 2009.

(₹ In lacs)			
Sanctioned amount	Amount outstanding as on August 31, 2011	Interest	Purpose of Loan/Repayment/Security
Fund Based			
Bill Discounting with inner limit: ₹ 700.00	₹693.29	2.90% above Base Rate	<ul style="list-style-type: none"> For discounting of bills drawn by company and accepted for payment on due dates by customer(s). The maximum tenor of bills discounting is 90 days. The purpose of the cash credit facility is bill discounting against supplies to Bajaj Auto Limited at Pantnagar, Uttarakhand The maximum tenure of the cash credit facility is 90 days and is repayable on demand The facilities have been secured by: <ul style="list-style-type: none"> a) Documents of title to goods and Exclusive 1st charge on entire current assets of plant N1 and extension of charge on the fixed assets of N1.
Demand Cash Credit as a sublimit of Bill Discounting: ₹ 100.00	₹ (2.06)	2.90% above Base Rate	
Term Loan: ₹ 539.00-as per sanction letter dated March 10, 2010;	₹309.09	4.75% above Base Rate with monthly rests on reset	<ul style="list-style-type: none"> The purpose of the term loan was setting up a complete facility at Pantnagar, Uttarakhand The term loan is repayable 19 monthly instalments of ₹ 5.00 lacs each from January 2010 to July 2011; 11 monthly instalments of ₹ 45.00 lacs each and one instalment of ₹ 35.60 lacs (as restructured



by the Bank vide its letter dated April 6, 2009, with respect to amount outstanding at the end of March, 2008 by providing a repayment holiday of 9 months from April, 2009 to December, 2009)

- The facilities have been secured by:
First charge on entire fixed assets of the Company at Pantnagar, Uttarakhand
-

The following restrictive covenants are also applicable in relation to the above facilities availed of by the Company from State Bank of India:

During the currency of the loan, the Company shall not:

- i. Induct into its Board a person whose name appears on the wilful defaulters list of RBI/CIBIL (other than as a nominee/professional/honorary director); in case such a person is already on the Board of the borrower Company, it would take expeditious and effective steps for removal of that person from the Board;
- ii. effect any change in its capital structure; in all cases of term loans, where there is a condition prohibiting disinvestments by promoters of their quota in the equity of the borrower company, without prior approval of the Bank, all the promoters of the Company should furnish an undertaking on the lines specified for this purpose. On the basis of this letter of undertaking, promoters should also furnish in the first week of April, the latter's confirmation together with the chartered accountants certificate as on 31st March every year for record of the Bank;
- iii. formulate any scheme of amalgamation or reconstruction;
- iv. undertake any new project, implement any scheme of expansion or acquire fixed assets except those indicated in the funds flow statement submitted to the Bank from time to time and approved by the Bank;
- v. invest by way of share capital in or lend or advance funds to or place deposits with any other concern (including group companies); normal trade credit or security deposits in the normal course of business or advances to employees can however be extended;
- vi. enter into borrowing arrangement either secured or unsecured with any other bank, financial institution, company or otherwise or accept deposits apart from arrangement indicated in the funds flow statements submitted to the Bank from time to time and approved by the Bank;
- vii. declare dividends for any year out of the profits relating to that year or of the previous years. It is however necessary for the borrower to ensure first that provisions are made and that no repayment obligations remain unmet at the time of making the request for bank's approval for declaration of dividend;
- viii. undertake any guarantee obligations on behalf of any other company (including group companies);
- ix. create any charge, lien or encumbrance over its undertaking or any part thereof in favour of any financial institution, bank, company, firm or persons;
- x. sell, assign. Mortgage or otherwise dispose off any of the fixed assets charged to the Bank;
- xi. enter into any contractual obligation of a long-term nature or affecting the Company financially to a significant extent;
- xii. change the practice with regard to remuneration of directors by means or ordinary remuneration or commission, scale of sitting fees etc.;
- xiii. undertake any trading activity other than the sale of products arising out of its own manufacturing operations;
- xiv. permit any transfer of the controlling interest or make any drastic change in the management set-up;
- xv. repay monies brought in by the promoters/directors/principal shareholders and their friends and relatives by way of deposits/loans/advances. Further the rate of interest, if any, payable on such deposits/loans/advances should be lower than the rate of interest charged by the Bank on its term loan and payment of such interest will be subject to regular payment of instalments under term loans granted/deferred payment guarantees executed by the Bank or other repayment obligations, if any, due from the Company to the Bank. All unsecured



loans/deposits raised by the Company for financing a project are always subordinate to the loans of the banks/financial institutions and should be permitted to be repaid only with the prior approval of the banks and the financial institutions concerned;

- xvi. enter into any lease and or hire/purchase agreements without satisfying itself about the financial status of the lessees and/or hirers and their capacity to pay instalments and without verifying the statements made by the lessees and/or hirers in their proposal forms. The Company shall give the hypothecated assets on leases and/or hire purchases only after obtaining from the lessees and/or hirers the proposal forms and the agreements of lease and/or hire purchase duly signed by them. The Company shall not vary the terms or wording of the proposal form and/or the lease agreements and/or the hire purchase agreements without the prior consent of the Bank.
- xvii. For all the Term Loans, Borrower shall pay penal interest at applicable rates as indicated on the total outstanding in the event of any one or more of the following defaults during the currency of the loan for the relevant period as mentioned there against:
- a) Any adverse deviation by more than 20% from the levels stipulated as below in respect of any two of the following items for a minimum period of one year (at 1% p.a.)

Sr.NO.	Financial Year	2010-11	2011-12
i)	Current Ratio	0.75	0.95
ii)	Total Debt Gearing i.e. TOL/TNW of	2.04	1.26
iii)	Interest Coverage Ratio (PBDIT/Int.)	4.70	11.13

- b) Default in payment of interest or instalment to the bank for the period of such default (@2% pa)
- c) Default in payment of interest and/or instalment on due dates to any other lender for the period of such default (@2% pa)

III. IDBI Bank Limited (Total sanctioned amount of ₹ 2353 lacs-as per sanction letter November 8, 2010; as per sanction letter dated January 14, 2010, the total sanctioned amount was ₹2506 lacs.)

Letter dated January 1, 2011 and Sanction letters dated November 8, 2010 and January 14, 2010; memorandum of entry dated June 8, 2010; facility agreement and deed of hypothecation dated February 4, 2010; letter of modification dated July 7, 2009

(₹ In lacs)

Sanctioned amount	Amount outstanding as on August 31, 2011	Interest	Purpose of Loan/Repayment/Security
Fund Based			
Invoice Discounting for supplies to Bajaj Auto Limited ₹ 800.00	₹578.12	To be mutually decided at the time of discounting of Invoices/ to be payable upfront.	<ul style="list-style-type: none"> The purpose of the invoice discounting/Export Credit (EPC)/PCFC/FBN/FBP/FBD/EBR Buyers' credit and Bank Guarantee is fulfillment of working capital requirement. The purpose of Letter of Credit is fulfillment of working capital requirement/capital expenditure. The purpose of LER limit is booking Forwards only.



Export Packing Credit/PCFC/FBN/FBP/FBD/EBR (Inner Limit to Invoice Discounting) Limit: ₹ 800.00	Nil	EPC: Bank base rate + 2.25% PCFC/FBN/FBP/FBD/FBR : As per RBI guidelines	<ul style="list-style-type: none"> The purpose of Term loan I and converted FCTL tied loan is General Capital Expenditure and Working Capital Margin. The tenure of working capital requirements is as under: <ul style="list-style-type: none"> a) Invoice Discounting not to exceed 60 days/One year. b) EPC not to exceed 180 days/12 months line. c) PCFC as per RBI guidelines/ 12 months line. d) FBN/FBP/FBD/EBR as per RBI guidelines e) Buyers' credit not to exceed 180 days/12 months line f) LC (RM)- Max. 180 days; LC /(Capex)- Max. 360 days; g) Bank Guarantee- PBG not to exceed 60 months inclusive of claim period/12 months line)
Rupee Loan-I: 169.00-as per sanction letter dated November 8, 2010; according to sanction letter dated January 14, 2010- the revised limit for this loan is ₹ 250 lacs.	₹ 41.67	BBR + 3.75%	
Converted FCTL 191.00- as per sanction letter dated November 8, 2010; according to sanction letter dated January 14, 2010- the revised limit for this loan is ₹ 228 lacs.	₹ 38.04	BBR + 5.75%	<ul style="list-style-type: none"> Rupee term loans I and Converted FCTL loan are repayable in 6 quarterly instalments of ₹ 41.67 lacs each and ₹ 38.04 lacs each respectively, both commencing from July 1, 2010 and ending on October 1, 2011; these are the repayment terms as rescheduled by the bank vide letter dated July 7, 2009. The LER limit is unsecured The facilities provided by IDBI Bank Limited have been secured by: <ul style="list-style-type: none"> Working Capital Facilities including Non Fund Based limits: First charge on the current assets and on block of assets of Plant VI located at village Mahalunge, Tal. Khed, dist. Pune. Term Loan I and Converted FCTL: First charge on block of assets of Plant VI located at village Mahalunge, Tal. Khed, District Pune.
Non Fund Based			
Buyers' Credit: ₹ 1000	₹ 177.24		
Inner limit to buyers' credit (LC-RM/Capex; Bank Guarantee): ₹ 800.00	₹ 234.78		
LER limit: ₹ 100.00	16.99		



The following restrictive covenants are applicable during the currency of the facility agreement in relation to the above facility availed of by the Company from IDBI Bank Limited:

- (a) The Company shall:
 - i. not, without the prior written consent of the bank, declare any dividend on its share capital, if it fails to meet its obligations to pay interest and/or commission and/or installment and/or other moneys payable to the bank, so long as it is in default;
 - ii. not deal with the goods, movables and other assets and documents of title thereto or the goods, movables and other assets covered by the documents except under and in accordance with instructions of the bank;
 - iii. not divert working capital funds for payment of cost of acquisition of fixed assets/long term uses;
 - iv. not effect/permit withdrawals of deposits or withdrawals by family members, friends or directors without the prior approval of the bank;
 - v. not make any alterations in its controlling ownership or any other material change in its management or in the nature of its business or operations, without prior written notice to the bank at least one month in advance
 - vi. deal exclusively with member banks
 - vii. keep the bank informed of the happening of any event likely to have a substantial effect on the Company's profits or business
 - viii. undertake that none of its affiliates/group concerns are classified as willful defaulters by other banks/financial institutions
 - ix. not induct into its Board a person who has been identified as a wilful defaulter (or is a director on the Board of a company which has been identified as a wilful defaulter); in case such a person is already on the Board of the borrower Company, it would take expeditious and effective steps for removal of that person from the Board within 30 days of such fact coming to its notice;

IV. ING Vysya Bank (Total sanctioned amount of ₹750 lacs)

As per letter dated April 18, 2011 and renewal letter dated January 21, 2011 and Sanction letter dated August 4, 2008, facility agreement dated August 13, 2008 memorandum of entry dated June 16, 2009, mortgage agreement/deed of hypothecation dated August 13, 2008, guarantee bond (by Rishi Kumar Bagla) dated August 13, 2008

(₹ In lacs)

Sanctioned amount	Amount outstanding as on August 31, 2011	Interest	Purpose of Loan/Repayment/Security
<u>Fund Based</u>			
Secured Corporate Loan: ₹ 750.00 according to renewal letter dated January 21, 2011- the revised present limit for this loan is ₹ 375 lacs, which was	₹137.08	IVRR-2.25% p.a.	<ul style="list-style-type: none"> The purpose of this loan is to augment the working capital requirements. The tenure of the loan is four years from the date of first disbursement and it is repayable in 16 quarterly instalments of ₹ 46.88 lacs each The facility has been secured by: <ol style="list-style-type: none"> a) Exclusive charge on the fixed assets of Plant VII ; and b) Personal guarantee of director Rishi KumarBagla



Sanctioned amount	Amount outstanding as on August 31, 2011	Interest	Purpose of Loan/Repayment/Security
originally sanctioned for '750 as per letter dated August 4, 2008.			
Non Fund Based: Bank Guarantee); ₹ 13.00	Nil		<ul style="list-style-type: none"> • The tenure of the BG is Nine years from the date of issue • The facility has been secured by 100% Fixed Deposit placed under lien with the bank. •

The following restrictive covenants are applicable in relation to the above facility availed of by the Company from ING Vysya Bank Limited:

- (a) The Company shall not without the consent of the lender:
- change the Company's constitution, management and controlling pattern;
 - permit transfer of any controlling interest or make any drastic changes in the management set-up;
 - undertake guarantee obligations on behalf of any other company;
 - raise additional loans from other banks/financial institutions without the lender's no-objection certificate
 - deviate from the sanction terms and conditions;
 - withdraw moneys or funds brought into the business of the Company by the Company, principal shareholders, directors, partners and/or depositors of the Company;
 - take substantial capex programme; the Company further undertakes not to go for capex without tying up long term funding arrangement;
 - escrow it's future cash flows or create any charge or lien or interest of whatsoever nature thereon;



SECTION VI – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Except as stated below (i) there are no outstanding litigations, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, show cause notices or legal notices pending against our Company, Directors, Promoters and Group Companies and entities or against any other company whose outcome could have a materially adverse effect on the business, operations or financial position of our Company, and (ii) there are no defaults including non-payment or overdue of 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, Promoters and Group Companies and entities, defaults in creation of full security as per the terms of issue/other liabilities, 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 (1) of Part I of Schedule XIII of the Companies Act) other than unclaimed liabilities of our Company except as stated below, and (iii) no disciplinary action has been taken by SEBI or any stock exchange against our Company, Promoters, Group Companies and entities or Directors.

Further, (i) neither our Company nor our Promoters, relatives of Promoters, members of our Promoter Group, Group Companies and entities, and Directors, have been declared as wilful defaulters by the RBI or any other governmental authority and, (ii) except as disclosed in this section, there are no violations of securities laws committed by them or penalties imposed on them there under in the past or pending against them, and adverse findings regarding compliance with securities laws.

Unless stated to the contrary, the information provided below is as of the date of the Draft Red Herring Prospectus.

I. Contingent liabilities

Our contingent liabilities not provided for and outstanding guarantees (as disclosed in our restated financial statements) as of the dates indicated below include:

(₹ in lacs)

Particulars	As at March 31, 2011	As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007
EPCG Obligation*	2,497.00	3,035.00	3,459.00	3,902.00	5,934.00
Corporate guarantees	-	-	-	-	-
Letter of credit	-	-	-	-	-
Excise Duty and Service Tax	146.02	155.07	140.49	114.20	116.45
Sales Tax	15.53	42.24	-	-	-
Employees State Insurance Corporation	7.12	7.12	7.12	7.12	7.12
Provident Fund	9.44	9.44	9.44	9.44	9.44
Income Tax	192.23	122.18	83.42	-	-
Total	2,867.34	3,375.05	3,699.47	4,032.76	6,067.01

*The outstanding amount pertains to, import of Capital Goods under the Export Promotion Capital Goods Scheme (“EPCG” or “Scheme”) of the Government of India at concessional rates of duty on an undertaking to fulfill quantified exports. The Company has met obligations for each of the above years. Non fulfillment of obligations as per the Scheme, entails options/rights to the Government to confiscate capital goods imported and other penalties under the scheme.



I. Litigation involving our Company and material developments

A. Outstanding litigation

(a) Litigations/Proceedings pending against our Company

Criminal Cases

There are no criminal proceedings initiated against our Company.

Civil Cases

1. M/s Interarch Building Products Private Limited, (“**Plaintiff**”), has initiated proceedings against our Company before the High Court of Delhi, (vide CS (OS) 942 of 2009), in connection with alleged non-payment of dues by our Company, wherein the Plaintiff has prayed for, inter alia, (a) payment of ₹ 41,64,170 as the balance amount payable by our Company in relation to the purchase order placed by our Company with the Plaintiff. The matter is pending hearing and final disposal.
2. Hira Tanneries Private Limited, and others, (collectively the “**Appellants**”), have preferred an appeal before the High Court of Bombay, at Aurangabad, (first appeal no. 418 of 2011) against our Company and another, (collectively, the “**Respondents**”), seeking to set aside the order passed by the Court of the Joint Civil Judge Senior Division at Aurangabad, (“**CJJD**”), wherein the CJJD dismissing the appellant’s claim for perpetual injunction and declaration of title with respect to the property located at block no.118 village Pangra, Taluka Paithan, district Aurangabad, (“**Impugned Order**”). The Appellants have filed their written statement, wherein they have inter-alia prayed , that the Impugned Order is bad in law as the CJJD did not consider the provisions of Transfer of Property Act, 1882 and the Companies Act, 1956. Further, the High Court of Bombay has passed an order dated July 27, 2011, restraining our Company from alienating, creating third party interest or change in the nature of the suit property. Further, by an order dated August 24, 2011, passed by the High Court of Bombay, the injunction is continued and restricted from alienating, creating third party interest or change in the nature of the suit property. The appeal is pending hearing and final disposal.

Labour related matters

- a. Sanjay Ramnaresh Sahi and others, (collectively the “**Complainants**”), initiated proceedings against our Company and Automax Engineers, (collectively the “**Respondents**”), before the Industrial Court at Aurangabad, (complaint number ULP No. 81 of 2009), in connection with alleged unfair trade practices under the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act (India) Act, 1971, wherein the Complainants have prayed for, inter alia: (a) declare that the Respondents jointly and severally have engaged in unfair trade practices, (b) direct the Respondents not to shift, alienate, dispose of, transfer in any manner the plant, machineries, goods, material and assets lying on Plant VII, (c) direct the Respondents not to lay off the Complainants, and, (d) direct the Respondents to pay the Complainants a compensation of ₹ 50,000. The Respondents have filed a written statement wherein they have sought, inter alia, the following reliefs: (a) declare that the Respondents have not engaged in any unfair trade practices, (b) dismiss the complaint with costs as the Complainants have failed to exhibit prima facie grounds of alleged unfair labour practices by the Respondents. The matter is pending hearing and final disposal.
- b. Pathan Khayyum and others, (collectively the “**Applicants**”), initiated proceedings against our Company before the Court of Commissioner for Workmen’s Compensation, Aurangabad, (A/W.C./25/2010), in relation to alleged non-payment of compensation under the Workmen’s Compensation Act, 1928, wherein the Applicants have prayed for, inter alia (a) payment of compensation of ₹ 4,91,328 in connection with the injury caused to the Applicants on our Company’s premises; (b) payment of ₹ 2,45,664 as penalty; and; (c) payment of an interest at the



rate of 12%. Our Company has filed their written statement in relation to the abovementioned application, wherein they have prayed for, inter alia, to dismiss the abovementioned application as our Company has already deposited the compensation amount due to the Applicants. The matter is pending hearing and final disposal.

- c. Raju Satwaji Sadawarte and others, (collectively the **“Complainants”**), initiated proceedings against our Company and Automax Engineers, (collectively the **“Respondents”**), before the Industrial Court at Aurangabad, (complaint number ULP No. 84 of 2009), in connection with alleged unfair trade practices under the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act (India) Act, 1971, wherein the Complaints have prayed for, inter alia(a) direct the Respondents not to shift, alienate, dispose of, transfer in any manner the plant, machineries, goods, material and assets lying on Plant VII, (c) direct the Respondents not to lay off the Complainants, and, (d) payment of a compensation of ₹ 50,000 the Complainants. The Respondents have filed a written statement wherein they have prayed for, inter alia,: (a) declare that the Respondents have not engaged in any unfair trade practices, (b) dismiss the complaint with costs as the Complainants have failed to exhibit prima facie grounds of alleged unfair labour practices by the Respondents. The matter is pending hearing and final disposal.
- d. Dattu Radhakisan Shelar and others, (collectively the **“Complainants”**), initiated proceedings against our Company and Automax Engineers, (collectively the **“Respondents”**), before the Industrial Court at Aurangabad, (complaint number ULP No. 71 of 2009), in connection with alleged unfair trade practices under the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act (India) Act, 1971, wherein the Complaints have prayed for, inter alia(a) direct the Respondents not to shift, alienate, dispose of, transfer in any manner the plant, machineries, goods, material and assets lying on Plant VII, (c) direct the Respondents not to lay off the Complainants, and, (d) payment of a compensation of ₹ 50,000 the Complainants. The Respondents have filed a written statement wherein they have sought, inter alia, the following reliefs: (a) declare that the Respondents have not engaged in any unfair trade practices, (b) dismiss the complaint with costs as the Complainants have failed to exhibit prima facie grounds of alleged unfair labour practices by the Respondents. The matter is pending hearing and final disposal.
- e. Ramnath Shamrao Galdhar and others, (collectively the **“Complainants”**), initiated proceedings against our Company and others, (collectively the **“Respondents”**), before the Industrial Court at Aurangabad, (complaint number ULP No. 81 of 2005), in connection with alleged unfair trade practices under the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act (India) Act, 1971. The Respondents have filed a written statement wherein they have sought, inter alia, the following reliefs: (a) declare that the Respondents have not engaged in any unfair trade practices, (b) dismiss the complaint with costs as the Complainants have failed to exhibit prima facie grounds of alleged unfair labour practices by the Respondents. The matter is pending hearing and final disposal.
- f. Aurangabad Mathadi Board, (**“Complainant”**), has initiated proceedings against our Company before the Labour Court, at Aurangabad, (case no. Mathadi/06/2007), in connection with alleged violations under the Maharashtra Mathadi Hamal and other Manual Workers, (Regulation of Employment and Welfare) Act, 1969, (**“Act”**). Our Company has filed a written statement in connection with the abovementioned complaint, wherein they have prayed, inter alia, (a) there has been no violation of the provisions of the Act, by the Company, as they have deposited the amount in due time with the Applicant, and (b) dismiss the complaint as the provisions of the Act are not applicable to our Company. The matter is pending final hearing and disposal.
- g. Shivnath s/o Ankush Dhakne, (**“Applicant”**), initiated proceedings against our Company before the Court of Commissioner for Workmen’s Compensation, Labour Court at Aurangabad, (W.C. Application number 82 of 2004), in relation to alleged non-payment of compensation under the Workmen’s Compensation Act, 1928, wherein the Applicant has prayed for, inter alia (a) payment of compensation of ₹ 4,00,378 in connection with the injury caused to the Complainants on our Company’s premises during course of employment; (b) payment of ₹ 2,00,439 as penalty



and; (b) payment of an interest at the rate of 12%. Our Company has filed their written statement in relation to the abovementioned complaint, wherein they have prayed for, inter alia, to dismiss the application as the Applicant did not suffer any permanent or partial disability and thereby would not be entitled to any compensation under the Workmen's Compensation Act, 1928. The matter is pending hearing and final disposal.

- h. Shriniwas s/o Sadashiv Patil, ("**Applicant**"), has filed an application for condonation of delay before the Labour Court at Aurangabad, (Misc/W.C./Delay/56/2006), in connection with alleged payment of compensation to the Applicant on account of the permanent disability caused to the Applicant during course of employment. The Applicant has prayed for, inter alia, condonation of delay for a period of 68 days. Our Company has filed a written statement wherein they have inter alia prayed for dismissal of the application as the same was barred by limitation. The matter is pending hearing and final disposal.

Tax Related Proceedings

- (i) The Commissioner of Central Excise and Customs, Aurangabad had filed an appeal (First Appeal no. 430/2006) before the High Court of Bombay, Aurangabad Bench ("**Court**") dated March 17, 2006 against our Company and CESTAT seeking to set aside the order of the CESTAT (A/1014/WZB/Mum/05/C-III/EB) dated September 12, 2005, in connection with payment of ₹ 493,612 and penalty of ₹ 493,612 towards recovery of differential amount of duty not adjusted and imposing penalty. Our Company has prayed to the Court that the present appeal be dismissed for being barred by the law of limitation. The appeal is pending final disposal.
- (ii) The Directorate of Revenue Intelligence has issued a show cause notice dated July 21, 2011, demanding the Company to show cause (i) the re-determination of assessable value for the SAP software imported by the Company, (ii) the SAP software imported by the Company should not be held liable for confiscation under the relevant sections of the Customs Act and (iii) demand duty payable at ₹ 751,060 and a differential customs duty of ₹ 750,923 should not be demanded under the provisions of the Customs Act and (iii) applicable interest and penalty not be demand from the Company. Our company has filed a reply dated August 26, 2011 stating that customs duty amounting to ₹ 137 on the assessable value of ₹ 1685/- is correct and there is no additional liability of notice on subject import. The matter is pending disposal.
- (iii) The office of the Assistant Commissioner of Income Tax, Circle -8 Pune, has issued a notice dated July 21, 2011, under sub-section (1) of section 142 of the Income Tax Act, 1961 to furnish details /documents as indicated in connection with the assessment proceedings for the A.Y. 2009-10. Our company has complied with the notice and the matter is pending assessment.
- (iv) The Income Tax Office TDS, Pune has issued a Demand Notice dated January 25, 2011, ("**Notice**") for a demand amounting to ₹ 9.53 lacs in connection with short deduction of TDS ₹ 7.08 lacs and interest amounting to ₹ 2.45 lacs for the assessment year 2008-09. Our Company is in the process of filling a revised return.

Assessment Year 2008-09

- (v) The Office of the Deputy Commissioner of Income Tax Circle-8, Pune has issued a notice dated June 13, 2011, initiating penalty proceedings under the provisions of section 274 read with section 271(1)(c) of the Income Tax Act, 1961. Our Company by its reply dated June 3, 2011, has stated that an appeal is pending hearing and final disposal before the Commissioner of Appeals, Aurangabad ("**CIT (A)**"), against the quantum order, and have requested to keep the penalty proceedings in abeyance till the decision of CIT (A).



Assessment Year 2007-08

- (vi) The Office of the Deputy Commissioner of Income Tax Circle-8, Pune has issued a notice dated June 18, 2010, initiating penalty proceedings under the provisions of section 274 read with section 271(1)(c) of the Income Tax Act, 1961. Our Company by its reply dated March 25, 2011, has stated that an appeal is pending hearing and final disposal before the Commissioner of Appeals, Aurangabad (“**CIT (A)**”), against the quantum order, and have requested to keep the penalty proceedings in abeyance till the decision of CIT (A).

Assessment Year 2006-07

- (vii) The Assistant Commissioner of Income Tax, Circle-8, Pune, (“**Assessing Officer**”) by assessment order dated December 18, 2008 (“**Assessment Order**”) made an addition towards discount on early repayment of deferred sales tax loan amounting to ₹295.00 lacs which is treated by our Company as a capital receipt and the guarantee commission amounting to ₹ 36.90 lacs paid to the directors of our Company for the personal guarantee in respect of the loans taken by the Company. Our Company had filed an appeal before the Commissioner of Income Tax Appeals (“**CIT (A)**”). The CIT appeals by an order dated July 23, 2010 (“**CIT (A) order**”) granted partial relief to our Company. Against the CIT (A) order the Assessing Officer has filed an appeal before the Income Tax Appellate Tribunal (“**ITAT**”). The appeal is pending before the ITAT. The tax liability in dispute is ₹ 12.42 lacs.

Assessment Year 2005-06

- (viii) The Assistant Commissioner of Income Tax, Circle-8, Pune, (“**Assessing Officer**”) by assessment order dated November 29, 2007 (“**Assessment Order**”) made an addition towards discount on early repayment of deferred sales tax loan amounting to ₹57.19 lacs which is treated by our Company as a capital receipt and the guarantee commission amounting to ₹ 16.57 lacs paid to the directors of our Company for the personal guarantee in respect of the loans taken by the Company. Our Company had filed an appeal before the Commissioner of Income Tax Appeals (“**CIT (A)**”). The CIT appeals by an order dated February 17, 2010 (“**CIT (A) order**”) granted partial relief to our Company. Against the CIT (A) order the Assessing Officer has filed an appeal before the Income Tax Appellate Tribunal (“**ITAT**”). The appeal is pending before the ITAT. The tax liability in dispute is ₹8.34 lacs.

Assessment Year 2004-05

- (ix) The Assistant Commissioner of Income Tax, Circle-8, Pune, (“**Assessing Officer**”) by assessment order dated December 28, 2006 (“**Assessment Order**”) made an addition towards discount on early repayment of deferred sales tax loan amounting to ₹67.34 lacs which is treated by our Company as a capital receipt. Our Company had filed an appeal before the Commissioner of Income Tax Appeals (“**CIT (A)**”). The CIT appeals by an order dated August 30, 2007 (“**CIT (A) Order**”) confirmed the Assessment Order. Further, our Company filed an appeal against the CIT (A) order with the Income Tax Appellate Tribunal (“**ITAT**”). The ITAT by an order dated March 30, 2011 (“**ITAT Order**”) vacated the Assessment Order and the CIT (A) Order. Against the ITAT order the Assessing Officer has filed an appeal dated August 24, 2011, before the High Court of Bombay. The appeal is pending before the High Court. The tax liability in dispute is ₹22.66 lacs.

(b) Proceedings initiated by our Company

Criminal Cases

There are no criminal proceedings which have been initiated by our Company.



Civil Cases

1. Our Company has filed an application bearing no. 96 of 2011, before the Civil Judge Junior Division, Paithan, Aurangabad, against Satyapal Kamble and others. The application is made under section 94, 039 R1 read with section 151 of Civil Procedure Code, 1908, for temporary injunction against the Defendants, their supporters agents or anybody claiming through them may be restrained (i) from cresting any disturbances in the premises of our Company and within the area of 500 mts., of the Company premises till the disposal of the suit; (ii) putting and installing any flags and banners over the premises of our Company at Gut no. 104 Pharola, Taluka Paithan, District Aurangabad. The matter is pending hearing and final disposal.
2. Our Company has filed a petition bearing no.2750 of 2006 before the High Court of Bombay, against the Union of India (“**Respondent 1**”), the Assistant Provident Fund Commissioner (“**Respondent No. 2**”), and the Presiding officer Employee Provident Fund Appellate Tribunal, New Delhi (“**Respondent No. 3**”) in connection with the impugned order dated September 22, 2000, passed by Respondent No. 2 holding that the our factory at Pangra village is not in entitled to avail infancy benefit and Respondent 2 directed our Company to pay ₹ 944,035 for the period 3/1995 to 5/1999. Our Company has *inter- alia* prayed for (i) to set aside impugned order dated September 22, 2000 passed by Respondent No.2; (ii) set aside the execution and operation of the impugned order dated September 22, 2000 passed by Respondent No.2, and (iii) stay the execution and operation of the impugned order dated September 22, 2000, passed by Respondent No.2 by way of interim relief during the pendency and final disposal of this writ petition. The matter is pending hearing and final disposal.
3. Our Company has initiated proceedings against the State of Maharashtra and another, (collectively, the “**Respondents**”), before the Hon’ble Special Land Acquisition, Special Unit at Aurangabad, (L.A.R. no. 200331 of 2006), in connection with inadequate compensation paid to our Company for the land acquired by the Respondents from our Company under the Land Acquisition Act, wherein our Company has prayed for, inter alia, (a) referral of the present proceeding to civil court for determining adequate compensation of the acquired land of our Company, (b) payment of enhanced compensation of ₹ 11,46,000, (c) payment of solatium amount at the rate of 30% on the enhanced compensation amount, (d) payment of additional compensation at the rate of 12% per annum from the date of possession of the land by the Respondents, and, (e) interest at the rate of 9% per annum for the period of one year from the date of possession of the land and 15% thereafter. The matter is pending hearing and disposal.
4. Our Company along with one of our group company namely OMR Bagla Automotive Systems India Private Limited has filed a writ petition bearing no 5777 of 2011 before the High court of Bombay against the State of Maharashtra (“**Respondent No.1**”), Deputy General and Controller of Stamps (“**Respondent No. 2**”), Joint District Registrar (“**Respondent No. 3**”) and Sub-Registrar Paithan (“**Respondent No. 4**”) collectively “**Respondents**”, seeking to set aside the order dated July 13, 2011 passed by Respondent No. 4 impounding the deed of conveyance executed between our Company and OMR Bagla Automotive Systems India Private Limited. Respondent No.2 issued a demand letter dated June 22, 2011 demanding ₹ 1,04,22,183/- on account of deficit stamp duty payable on the conveyance deed executed between the Company and OMR Bagla Automotive Systems India Private Limited. We have prayed for the following relief (i) to set aside the impugned order dated July 13, 2011; and (ii) pending hearing and decision of the present petition the impugned order be stayed. The matter is pending hearing and final disposal.
5. Our Company has filed a suit bearing no SPL. C. S. No. 360/2006 against the Maharashtra State Electricity Board, (“**Defendant**”), before the Civil Judge Junior Division, Aurangabad, for declaration that the letter dated October 25, 2001, issued by the Defendant is null and void; and (ii)for perpetual injunction restraining the Defendant from disconnecting electricity supply to the premises of our Company. The matter is pending hearing and final disposal.



Labour related matters

There are no labour proceedings initiated by our Company.

Tax related proceedings

1. Our Company has filed a Writ of Petition dated February 24, 2009 bearing no. 6397 of 2011 against State of Maharashtra (“**Respondent 1**”), The Director General of Maharashtra Energy Development Agency (“**Respondent No. 2**”), The Commissioner of Sales Tax (“**Respondent No. 3**”), the Joint Commissioner of Sale Tax (“**Respondent No. 4**”) and the Assistant Commissioner of Sales Tax (“**Respondent No. 5**”) under Article 226 of the Constitution of India, 1950 before the Bombay High Court, Mumbai (“**High Court**”). Our Company requested the Court to direct Respondent 3 to cancel certificate no. 431107/S/20/WMP/ENTRY-2/LM/199(I) dated July 20, 2005 (“**Certificate**”), wherein the exemption which was previously granted to our Company vide Resolution no. NCP 1097/CR57/Energy-7 dated March 12 1998 (“**Resolution**”) was not allowed for the year June 1, 2005 to March 31, 2006. As per the Resolution issued by Respondent 1 in order to promote generation of electricity through non-conventional sources, certain benefits were granted and the same was to be spread over a continuous period of six years. An order dated February 11, 2010 was passed by the High Court, setting aside of the decision taken by the Additional Secretary, of the Respondent No. 2 dated July 07, 2007. Pursuant to the order of the High Court the Respondent No. 1 has vide a letter (No. WPT-2009/C.R. 1503/NRG-7) dated June 26, 2010 rejected the claim of our Company for extension of the sales tax benefits beyond the eligibility period of six years as there was no such provision under the Resolution by which extension of the time subsequent to or after the lapse of six years that could be granted. Our Company has prayed to (i) to quash the impugned order dated June 26, 2010, and (ii) pending admission, hearing and final disposal of the petition the Respondent authorities be restrained from collecting sales tax amounting to ₹ 1,66,66,666.
2. Our Company has preferred an appeal against the Order-in-original No 162/NFR/STC/2010 dated December 7, 2010 issued by the Commissioner Central Excise, Pune I Commissionerate, Service Tax Cell, Pune, with respect to payment of disputed tax of ₹ 26,694, (i.e. service tax of ₹ 25,916 education cess of ₹ 519 and secondary and higher education cess of ₹ 259) by our Company in connection with alleged rent received. By an order dated April 11, 2011 of the CIT (Appeals), the appeal is partly allowed and the matter is pending final disposal.
3. Our Company has preferred an appeal before the Commissioner of Central Excise and Customs (Appeals), dated August 20, 2009 seeking to set aside the order (PI/Div-II/75/08-09/CEX/2009-10) passed by the Assistant Commissioner of Central Excise, Pune – II Division (“**Respondent**”), dated May 25, 2009, (“**Impugned Order**”), whereby our Company was required to pay a differential duty of ₹ 235,309 and a penalty of ₹ 235,309, along with a interest of ₹ 4,204 on account of interest in connection with recovery of interest on delayed payment of duty on supplementary invoices raised during the relevant period. The Commissioner of Central Excise and Customs (Appeals) by an order September 25, 2009 has set aside the Impugned Order, and our Company has made a payment towards duty of ₹ 235,309 and interest of ₹ 4,204. Further the penalty amounting to ₹ 235,309 are outstanding. The matter is pending final disposal.
4. Our Company had preferred an appeal before the Office of the Commissioner (Appeals) of Central Excise and Customs, Aurangabad, seeking to set aside the order (29/CEX/JC/2007) passed by the Assistant Commissioner (Service Tax), Central Excise, Customs and Service Tax, Aurangabad, dated August 31, 2007 whereby our Company was required to pay ₹948,210 towards excise duty, ₹ 948,210 towards interest, penalty of 948,210 vide 11AC(1), 11AC and 11AB of the Central Excise Act, 1944 respectively. The Office of the Commissioner (Appeals) of Central Excise and Customs, Aurangabad, vide the order (RKR (29) 286/08) dated January 16, 2008 has remanded the matter to the lower authority to verify and recalculate the service tax payable.
5. Our Company has preferred an appeal before the Customs Excise and Service Tax Appellate Tribunal, “**Tribunal**”, bearing no **E/58** /2008/Mum, against the Order in appeal No. RKR (204) 192/07 dated September 28, 2007, passed by the Office of the Commissioner Appeals of Central



Excise and Customs. The alleged order upholds the demand of duty short paid amounting to ₹843,089, passed in the order in original of the Joint Commissioner of Central Excise. Our Company has claimed a relief to set aside the order of the Tribunal and pending the hearing and final disposal of this appeal, the Tribunal may be pleased to stay the operation of the order in original and dispense with deposit of above said duty and penalty, thereon. The matter is pending.

6. Our company has preferred an appeal against the order in original bearing No 23/CEX/2009 dated August 7, 2009 issued by the Assistant Commissioner (“**Assessing Officer**”), Central Excise before the Central Excise Service Tax and Appellate Tribunal (“**CESTAT**”) for time barred demand of interest of ₹ 3,41, 907. The Assistant Commissioner Central Excise Pune V- Division had issued a show cause notice bearing no. F. No. V (84)15-64/wmmr/adj/2008 dated August 11, 2009 in connection with the transaction value due to increase in price with retrospective effect. The matter is pending.
7. Our Company has filed appeal before the Joint Commissioner (Appeals), Sales Tax, Aurangabad in connection with the sales tax payable under the Bombay Sales Tax Act, 1959 “BST” and the Central Sales Tax Act, 1956 “CST” for the year 2001-02. The tax payable along with applicable penalty and interest for treating purchase return as sales is amounting to ₹ 499,814 under the BST and ₹ 449,515 under the CST. Our Company has prayed (i) that the assessing officer has erred in forfeiting ₹ 1,580,877 without considering the credits and the working of the tax credits and (ii) the set off of ₹ 6,345,043 be allowable. The matter is pending for hearing.
8. The Deputy Commissioner of Sales Tax (Assistant) (“**Assessing Officer**”), Aurangabad, by an order dated March 31, 2009 (“**Assessment Order**”) for the period 2002-03, assessed the sales tax liability to ₹ 603,218 in connection with the non-submission of Form-C for the sales tax payable on manufacture of electric goods, general fabrics, accessories, water purifier etc. Our Company has filed an appeal before the Joint Commissioner of Sales Tax (Appeals), Aurangabad (“**CIT (A)**”) and has prayed to allow the appeal and grant further time to produce C form and interest applicable thereto be deleted. The matter is pending hearing.

Assessment year 2008-09

9. The Deputy Commissioner of Income Tax Circle -8, Pune (“**Assessing Officer**”) by assessment order dated December 31, 2010 (“**Assessment Order**”) made an addition on account of disallowance of inter alia expenditure/ adding income of ₹ 21,939,589 to the net loss to be carried forward. Our Company has filed an appeal against the Assessment Order before the Commissioner of Income Tax Appeals (“**CIT (A)**”). The appeal is pending hearing. The tax liability is ₹70.04 lacs.

Assessment year 2007-08

10. The Deputy Commissioner of Income Tax Circle -8, Pune (“**Assessing Officer**”) by assessment order dated December 31, 2009 (“**Assessment Order**”) made an addition on account of disallowance of discount on early repayment of deferred sales tax loan amounting to ₹91.27 lacs, disallowance u/s 14A of ₹ 4.92 lacs and share issue expenses of ₹ 18.94 lacs under section 35D. Our Company filed an appeal against the Assessment Order before the Commissioner of Income Tax Appeals (“**CIT (A)**”). The appeal is pending hearing. The tax liability is ₹38.76 lacs

Assessment year 2006-07

11. The Commissioner of Income Tax Appeals (“**CIT (A)**”) by an order dated July 23, 2010 (“**CIT (A) order**”) disallowed to our Company discount on early repayment of deferred sales tax loan amounting to ₹295.00 lacs which is treated by our Company as a capital receipt and the share issue expenses amounting to ₹1,894,491 under section 35 D. Our Company has filed an appeal before the Income Tax Appellate Tribunal, Pune (“**ITAT**”). The appeal is pending before the ITAT. The tax liability is ₹77.04 lacs.



Assessment year 2005-06

12. The Commissioner of Income Tax Appeals (“CIT (A)”) by an order dated February 17, 2010 (“CIT (A) order”) disallowed to our Company discount on early repayment of deferred sales tax loan amounting to ₹57.19 lacs which is treated by our Company as a capital receipt and sundry debit balances written off amounting to ₹ 8.44 lacs and other miscellaneous disallowances. Our Company has filed an appeal before the Income Tax Appellate Tribunal, Pune (“ITAT”). The appeal is pending before the ITAT. The tax liability of ₹24.25 lacs is already deposited with the Assistant Commissioner of Income Tax, Circle-8, Pune.

B. Proceedings initiated against our Company for economic offences

There are no proceedings initiated against our Company for any economic offences.

C. Past penalties imposed on our Company

There are no past penalties imposed on our Company.

D. Potential litigation against our Company

There are no potential litigations against our Company that we are currently aware of or in connection with which, we have received notice, except as provided below:

- (i) The Office Assistant Commissioner of Customs and Central Excise, Aurangabad has issued a show cause notice cum demand bearing no 42/AC/C.Ex/2010 dated February 5, 2010 in relation to CENVAT credit amounting to ₹ 5,357 vide section 11A of the Central Excise Act, 1944 (“Act”) read with rule 14 of the Central Credit Rules, 2004 (“Rules”), interest under section 11AB of the Act read with rule 14 of the Rules and penalty under section 11AC of the Act read with rule 15 of the Rules.
- (ii) The Office of the Commissioner of Customs and Central Excise Aurangabad issued a Show Cause notice bearing no.F.No.v(Ch.87)15-30/Adj/AE/2008 dated June 23, 2009 in connection to the Payment of Central Excise duty amounting to ₹42,94,545 along with interest and penalty applicable thereon. Our Company has filed a reply dated August 16, 2009 praying to quash the above named show cause notice and refrain from imposing any penalty. The matter is pending for hearing.
- (iii) Our Company has received various notices under the Maharashtra Value Added Tax and the Central Sales Tax (Bombay) from the Assistant Commissioner of Sales Tax, Refund and Refund Audit and the Deputy Commissioner Sales tax, with respect to assessment for the year 2005-06, 2006-07, 2007-08 and 2008-09 demanding the books of accounts and other information. Our Company has complied with the notices. The proceedings are pending further action.
- (iv) The Assistant Commissioner Provident Fund (“Assessing Officer”), has issued a show cause notice dated September 15, 2011 to our Company, directing to show as why proceedings under section 7 of the Employees Provident Fund and Miscellaneous Provisions, Act, 1952 not be initiated against our Company for short in payment of ₹ 137,176 for the year 2009-10. Our Company by its reply dated September 21, 2011, has stated that there is no short payment for the year 2009-10, along with provident fund reconciliation statement for the relevant period. There has been no further correspondence.

E. Material developments since the last balance sheet date

Except as disclosed in the section titled “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” at page 183 of the Draft Red Herring Prospectus, in the opinion of our Board, there have not arisen, since the date of the last financial statements disclosed



in the Draft Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect our profitability taken as a whole or the value of its assets or its ability to pay its material liabilities within the next 12 months.

F. Outstanding dues to small scale undertaking(s) or any other creditors

There are no outstanding dues above ₹ 100,000 to small scale undertaking(s) or any other creditors by our Company, for more than 30 days.

G. Outstanding litigation against other companies whose outcome could have an adverse effect on our Company

There is no outstanding litigation, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, prosecution under any enactment in respect of Schedule XIII of the Companies Act, show cause notices or legal notices pending against any company whose outcome could affect the operation or finances of our Company or have a material adverse effect on the position of our Company.

H. Adverse findings against any persons/entities connected with our Company as regards non compliance with securities laws

There are no adverse findings involving any persons/entities connected with our Company as regards non compliance with securities law.

I. Disciplinary action taken by SEBI or stock exchanges against our Company

There is no disciplinary action taken by SEBI or stock exchanges against our Company.

III. Litigations involving the Directors of our Company

A. Outstanding litigation against our Directors

Except as described below, there is no 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/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 paragraph (1) of part I of Schedule XIII of the Companies Act).

Criminal Cases

NIL

Civil Cases

Mamta Bagla

Shantabai (the “**Plaintiff**”), has filed a suit for partition and separate possession, before the Civil Judge (Junior. Division), Paithan, against our Director Mamta Bagla. The suit is filed in connection with a piece of land located at Gut No.15, village Khandewadi, Taluka Paithan, Aurangabad, which was purchased by Mamta Bagla pursuant to a sale deed executed with one Sunderbai the absolute owner of the property. The plaintiff has claimed that Sunderbai was not the absolute owner of the property to execute the sale deed and that Mamta Bagla is not a bonafide purchaser of the said property. The suit is pending hearing final disposal.



Muneesh Chawla

1. Mr. R.S. Sandhu, and five others have filed a company petition bearing company petition no. 69 of 2009, under section 397-398 of the Companies Act, 1956 before the Company Law Board, Mumbai Bench against, Wilson Sandhu Logistics (India) Limited, Ares Investments, our Director Mr. Muneesh Chawla and Blue River Capital (India) Private Limited. Pursuant to the aforesaid petition, the petitioners has sought injunctive orders against the respondents for restraining the respondents from conversion of certain preference shares of Wilson Sandhu Logistics (India) Limited, under the terms of investment agreement dated September 13, 2007. The value of the impugned preference shares is ₹3,600 lacs. The aforesaid petition is pending hearing and final disposal.
2. Ares Investments has preferred an appeal bearing appeal no 4 of 2011, before the Hon'ble High Court of Bombay, against Wilson Sandhu Logistics (India) Limited and Nine other respondents including our Director Mr. Muneesh Chawla. Pursuant to the aforesaid appeal the appellant has sought to quash and order dated November 24, 2010, issued by the Company Law Board, Mumbai bench in connection with an application for relief under section 8 of the Arbitration and conciliation Act, 1996, whereby Ares Investments had sought to refer the disputes between the parties to arbitration in relation to an investment agreement September 13, 2007. The Hon'ble High Court of Bombay has admitted the appeal and the said appeal is pending hearing and final disposal.

B. Outstanding litigation filed by our Directors

There are no pending litigations, including disputed outstanding litigations and material developments/proceeding filed by our Directors, except as provided below:

Muneesh Chawla

Ares Investments through our Director Mr. Muneesh Chawla has lodged a criminal complaint under section 409, 420, 465, 467, 468, 471, 477A, 474 read with sections 120 B and 34 of the Indian Penal Code against Mr. R.S. Sandhu and others, before the Court of the Metropolitan Magistrate, Railway Mobile Court, Andheri, Mumbai. The magistrate has issued an order dated September 17, 2011, for issuing process against the accused. The matter is pending hearing and final disposal.

C. Defaults/ Past penalties imposed on our Directors

Except as disclosed below there are no defaults/past penalties imposed on our Directors.

Muneesh Chawla

Muneesh Chawla a Non- executive and Non-Independent director on our Board is in default for not filing Balance Sheet/annual return in connection with the following company:

Sr. No	Name of the Company	Year
1.	Wilson (Sandhu) Logistics India Limited	2009-10

Naina Krishna Murthy

Naina Krishna Murthy an independent director on our Board is in default for not filling Balance sheet/ annual returns in connection with the directorships held in the following companies:

Sr. No	Name of the Company	Year
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Sr. No	Name of the Company	Year
1.	MMRS Adhoc Services Private Limited	2007-08, 2008-2009 and 2009-10
2.	Focus Suites Solutions & Services Private Limited	2007-08
3.	Net Miner Services Private Limited	2007-2008, 2008-09 and 2009-10
4.	Athena Investment Services Private Limited	2009-10

D. Proceedings initiated against our Directors for economic offences

There are no proceedings initiated against our Directors for any economic offences.

E. Tax proceedings initiated against our Directors

There are no tax proceedings initiated against our Directors towards tax liabilities as on the date of filing the Draft Red Herring Prospectus, except as provided below:

IV. Litigation involving the Promoters of Our Company

A. Outstanding litigation against our Promoters

Except for the litigations disclosed under the heading ‘Litigations involving the Directors of our Company’ above, there is no outstanding litigation involving our Promoters, including criminal prosecutions or civil proceedings involving our Promoters, and there are no material defaults, non-payment of statutory dues, over dues to banks/financial institutions or defaults against banks/financial institutions by our Promoters (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (1) of part I of Schedule XIII of the Companies Act), except as stated below:

Criminal Proceedings:

NIL

Civil Proceedings

Aurangabad Motor Manufacturers Limited

1. Vasant Ramrao Shinde (“**Applicant**”), employed with AMML had made an application bearing no 87 of 2005, before the Hon’ble Commissioner of Workmen’s Compensation and the Judge Labour Court at Aurangabad (“**Court**”), in connection with the payment of compensation amounting to ₹ 200,000 for the injury caused to the applicant in the course of his employment. AMML has filed a say and written statement praying *inter alia* (i) the application for compensation be dismissed, (ii) that the Applicant is not entitled to the said compensation payable with interest and penalty and (iii) that the injury caused to the Applicant is due gross negligence on his part. The Court by an order dated August 16, 2011, has directed our Company to pay an amount of ₹ 7,574 towards balance compensation payable within a period of one month from the date of the order. Our Company complied with the said order and the aforesaid amount was paid vide a cheque dated September 28, 2011.

B. Outstanding litigation filed by our Promoters

There are no pending litigations, including disputed outstanding litigations and material developments/proceeding filed by our Promoters.

C. Past cases where a penalties was imposed on our Promoters



There are no past cases where a penalty was imposed on our Promoters.

D. Proceedings initiated against our Promoters for economic offences

There are no proceedings initiated against our Promoters for economic offences.

E. Tax proceedings initiated against our Promoters

There are no tax proceedings initiated against our Promoters.

F. Litigations/defaults in respect of companies/firms/ventures with which our Promoters were associated in the past

There are no litigations/defaults in respect of companies/firms/ventures with which our Promoters were associated in the past.

G. Adverse findings against any persons/entities connected with our Promoters as regards non compliance with securities laws

There are no adverse findings involving any persons/entities connected with our Promoters with regard to non compliance with securities law.

H. Litigation against our Promoters for violation of statutory regulations

There are no proceedings initiated against our Promoters for violation of statutory regulations as on the date of filing the Draft Red Herring Prospectus.

V. Litigation involving Group Companies and entities

A. Outstanding litigation against our Group Companies and entities

There are no pending litigations, including disputed outstanding litigations and material developments/proceeding filed against our Group Companies and entities

Proceedings initiated against our Group Companies

Proceedings initiated against OMR Bagla Automobile Systems India Limited, (“OBASIL”), our Group Company.

1. Sominath Karbhari Kale, (“**Complainant**”), had made an application under section 30 (2) of the Maharashtra Recognition of Trade Unions Act and Prevention of Unfair Labor Practices Act, 1971, (“**Act**”) before the Hon’ble Member Industrial Court at Aurangabad (“**Court**”) (vide complaint number ULP No. 59 of 2011). The Complainant has alleged unfair labor practices under item 7, 9 and 10 of the Act, against OBASIL in connection with the domestic enquiry conducted by OBASIL against the Complainant for misconduct of absenteeism. The Complainant had made an application to the enquiry officer for the appointment of a defense representative, which was rejected by the said enquiry officer. The Court by its order dated June 10, 2011, has allowed the application of the Complainant and has also granted the appointment of a defense representative to complete the domestic enquiry initiated by OBASIL. The matter is pending hearing and final disposal.
2. Babasaheb Sitaram Dhanwate, (“**Complainant**”), had made an application under section 30 (2) of the Maharashtra Recognition of Trade Unions Act and Prevention of Unfair Labor Practices Act, 1971, (“**Act**”) before the Hon’ble Member Industrial Court at Aurangabad (“**Court**”) (vide complaint number ULP No. 61 of 2011). The Complainant has alleged unfair labor practices under item 7, 9 and 10 of the Act, against OBASIL in connection with the domestic enquiry conducted by OBASIL against the Complainant for misconduct of absenteeism. The Complainant had made an application to the enquiry officer for the appointment of a defense representative, which was rejected by the said enquiry officer. The Court by its order dated June 10, 2011, has allowed the



application of the Complainant and has also granted the appointment of a defense representative to complete the domestic enquiry initiated by OBASIL. The matter is pending hearing and final disposal.

3. Namdeo Sarjerao Garad, (“**Complainant**”), had made an application under section 30 (2) of the Maharashtra Recognition of Trade Unions Act and Prevention of Unfair Labor Practices Act, 1971, (“**Act**”) before the Hon’ble Member Industrial Court at Aurangabad (“**Court**”) (vide complaint number ULP No. 63 of 2011). The Complainant has alleged unfair labor practices under item 7, 9 and 10 of the Act, against OBASIL in connection with the domestic enquiry conducted by OBASIL against the Complainant for misconduct of absenteeism. The Complainant had made an application to the enquiry officer for the appointment of a defense representative, which was rejected by the said enquiry officer. The Court by its order dated June 10, 2011, has allowed the application of the Complainant and has also granted the appointment of a defense representative to complete the domestic enquiry initiated by OBASIL. The matter is pending hearing and final disposal.
4. Shivaji Pundalik Parkale, (“**Complainant**”), had made an application under section 30 (2) of the Maharashtra Recognition of Trade Unions Act and Prevention of Unfair Labor Practices Act, 1971, (“**Act**”) before the Hon’ble Member Industrial Court at Aurangabad (“**Court**”) (vide complaint number ULP No. 64 of 2011). The Complainant has alleged unfair labor practices under item 7, 9 and 10 of the Act, against OBASIL in connection with the domestic enquiry conducted by OBASIL against the Complainant for misconduct of absenteeism. The Complainant had made an application to the enquiry officer for the appointment of a defense representative, which was rejected by the said enquiry officer. The Court by its order dated June 10, 2011, has allowed the application of the Complainant and has also granted the appointment of a defense representative to complete the domestic enquiry initiated by OBASIL. The matter is pending hearing and final disposal.
5. Yuvraj Raosaheb Tupe, (“**Complainant**”), have initiated proceedings before the Hon’ble Member Industrial Court at Aurangabad (vide complaint number ULP No. 148 of 2010) against OBASIL, in connection with alleged unfair labour practices under the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act (India) Act, 1971 wherein the Complainant has prayed for, inter alia; (a) declare that OBASIL has engaged in and is engaging in unfair labour practices; (b) direct OBASIL to not change the service conditions of the Complainant; and (c) interim relief in connection with the abovementioned. OBASIL have filed a written statement in relation to the abovementioned complaint, wherein, they have prayed for, inter-alia, dismissing the complaint, as the same was barred by limitation. The matter is pending hearing and final disposal.
6. Yuvraj Raosaheb Tupe, (“**Complainant**”), have initiated proceedings before the Hon’ble Member Industrial Court at Aurangabad (vide complaint number ULP No. 149 of 2009) against OBASIL and others, (“collectively the “**Respondents**”), in connection with alleged unfair labour practices under the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act (India) Act wherein the Complainant has prayed for, inter alia: (a) declare that Respondents have engaged in and are engaging in unfair labour practices; and (b) restrain Respondents from initiating any domestic enquiry against the Complainant, pending the disposal and hearing of the complaint and the interim application. The Respondents have filed a written statement in relation to the abovementioned complaint, wherein the Respondents have prayed for summary proceedings to consider maintainability of the abovementioned complaint. The matter is pending hearing and final disposal.
7. Mangesh Daga Mali, (“**Complainant**”), have initiated proceedings before the Hon’ble Member Industrial Court at Aurangabad (vide complaint number ULP No. 149 of 2010) against OBASIL, in connection with alleged unfair labour practices under the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act (India) Act, 1971 wherein the Complainant has prayed for, inter alia; (a) declare that OBASIL has engaged in and is engaging in unfair labour practices; (b) direct OBASIL to not change the service conditions of the Complainant; and (c) interim relief in connection with the abovementioned. OBASIL have filed a written statement in



- relation to the abovementioned complaint, wherein, they have prayed for, inter-alia, dismissing the complaint, as the same was barred by limitation. The matter is pending hearing and final disposal.
8. Bhagwan s/o Ramdas Sonawane and others, (collectively, the “**Complainants**”), have initiated proceedings before the Hon’ble Member Industrial Court at Aurangabad (vide complaint number ULP No. 127 of 2008) against OBASIL, in connection with alleged unfair labour practices under the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act (India) Act, 1971 wherein the Complainant has prayed for, inter alia: (a) declare that OBASIL has engaged in and is engaging in unfair labour practices; (b) regularization of the Complainants’ employment; (c) payments as per the provisions and rates as statutorily applicable. The matter is pending hearing and final disposal.
 9. Bhagwan Ramdas Sonawane, (“**Petitioner**”), has filed a writ petition before the Hon’ble High Court of Bombay (Aurangabad Bench), (vide W.P 8756 of 2009), against OBASIL and others (collectively, the “**Respondents**”), seeking to set aside the order passed by the Hon’ble Member, Industrial Court at Aurangabad in connection with the complaint (ULP number 148 of 2009) filed by the Petitioners before the Industrial Court, (“**Impugned Order**”). The Petitioner in their Petitioner have prayed for, inter alia, (a) set aside the Impugned Order as the Impugned Order is bad in law and in violation of principles of equity, (b) restrain the Respondents from initiating any domestic/departmental enquiry against the Petitioners, and (c) stay the enforcement of the Impugned Order. The matter is pending hearing and final disposal.
 10. Yuvraj s/o Raosaheb Tupe, and others, (collectively, the “**Complainants**”), have initiated proceedings against OBASIL before the Hon’ble Member Industrial Court at Aurangabad, (ULP 126 of 2008), in connection with alleged unfair labour practices under the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act (India) Act, 1971 wherein the Complainants prayed for, inter alia, (i) regularization of the Complainants’ employment, (ii) payments as per the provisions and rates as statutorily applicable, and, (iii) interim relief in relation to the abovementioned reliefs. OBASIL has filed a written statement in connection with the above complaint, wherein OBASIL has prayed for, inter alia, (a) hold that OBASIL has not engaged in any unfair labour practices, and (b) dismiss the complaint as well as the application for interim relief filed by the Complainants. These proceedings are pending hearing and final disposal.
 11. Tanaji s/o Kisanrao Dhokane and others, (collectively, the “**Complainants**”), have initiated proceedings against OBASIL before the Hon’ble Member Industrial Court at Aurangabad, (ULP 23 of 2009), in connection with alleged unfair labour practices under the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act (India) Act, 1971 wherein the Complainants have prayed for, inter alia, (a) regularization of the Complainants’ employment, (b) payments as per the provisions and rates as statutorily applicable, and, (c) interim relief in relation to the abovementioned reliefs. OBASIL has filed a written statement in connection with the above complaint, wherein OBASIL has prayed for, inter alia, (a) hold that OBASIL has not engaged in any unfair labour practices, and (b) dismiss the complaint as well as the application for interim relief filed by the Complainants. These proceedings are pending hearing and final disposal.
 12. Gopal Govindrao Chawan and others, (collectively, the “**Complainants**”), have initiated proceedings against OBASIL before the Hon’ble Member Industrial Court at Aurangabad, (ULP 159 of 2008), in connection with alleged unfair labour practices under the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act (India) Act, 1971 wherein the Complainants have prayed for, inter alia, (a) regularization of the Complainants’ employment, (b) payments as per the provisions and rates as statutorily applicable, and, (c) interim relief in relation to the abovementioned reliefs. OBASIL has filed a written statement in connection with the above complaint, wherein OBASIL has prayed for, inter alia, (a) hold that OBASIL has not engaged in any unfair labour practices, and (b) dismiss the complaint as well as the application for interim relief filed by the Complainants. These proceedings are pending hearing and final disposal.



13. Aurangabad Mazdoor Unions, ("**Complainant**"), have initiated proceedings against OBASIL before the Hon'ble Member Industrial Court at Aurangabad, (ULP 87 of 2009), in connection with alleged unfair labour practices under the Maharashtra Recognition of Trade Unions and Prevention of Unfair Labour Practices Act (India) Act, 1971, wherein the Complainant has prayed for, inter alia, (a) declare that OBASIL has engaged in and is engaging in unfair trade practices, (b) direct OBASIL not to negotiate with any other union or enter into any agreement in relation to rights and privileges of the permanent workmen of OBASIL during the pendency of the proceedings, and, (c) interim relief in relation to the abovementioned reliefs. OBASIL has filed a written statement in connection with the above complaint, wherein OBASIL has prayed for, inter alia, (a) hold that OBASIL has not engaged in any unfair labour practices, and (b) dismiss the complaint as well as the application for interim relief application as the Complainant lacks authority to initiate these proceedings against OBASIL. These proceedings are pending hearing and final disposal.
14. Vithal s/o Vasanthrao Bhojane, ("**Petitioner**"), has filed a writ petition before the Hon'ble High Court of Bombay (Aurangabad Bench), (vide W.P 8757 of 2009), against OBASIL and others, (collectively, the "**Respondents**"), seeking to set aside the order passed by the Hon'ble Member, Industrial Court at Aurangabad in connection with the complaint (ULP number 147 of 2009) filed by the Petitioners before the Industrial Court, ("**Impugned Order**"). The Petitioner in their petition have prayed for, inter alia, (a) issue a writ or certiotari to set aside the Impugned Order as the Impugned Order is bad in law and in violation of principles of equity , (b) restrain the Respondents from initiating any domestic/departmental enquiry against the Petitioners, and (c) stay the enforcement of the Impugned Order. The matter is pending hearing and final disposal.
15. Dilip s/o Sonaji Kale, ("**Petitioner**"), has filed a writ petition before the Hon'ble High Court of Bombay, (Aurangabad Bench), (vide W.P 8753 of 2009), against OBASIL and others, (collectively, the "**Respondents**"), seeking to set aside the order passed by the Hon'ble Member, Industrial Court at Aurangabad, in connection with the complaint (ULP number 146 of 2009) filed by the Petitioners before the Industrial Court, ("**Impugned Order**"). The Petitioner in their petition have prayed for, inter alia, (a) issue a writ or certiotari to set aside the Impugned Order as the Impugned Order is bad in law and in violation of principles of equity, (b) restrain the Respondents from initiating any domestic/departmental enquiry against the Petitioners, and (c) stay the enforcement of the Impugned Order. The matter is pending hearing and final disposal.
16. Mangesh s/o Daga Mali, ("**Petitioner**"), has filed a writ petition before the Hon'ble High Court of Bombay, (Aurangabad Bench), (vide W.P 8755 of 2009), against OBASIL and others, (collectively, the "**Respondents**"), seeking to set aside the order passed by the Hon'ble Member, Industrial Court at Aurangabad, in connection with the complaint (ULP number 150 of 2009) filed by the Petitioners before the Industrial Court, ("**Impugned Order**"). The Petitioner in their petition have prayed for, inter alia, (a) issue a writ or certiotari to set aside the Impugned Order as the Impugned Order is bad in law and in violation of principles of equity, (b) restrain the Respondents from initiating any domestic/departmental enquiry against the Petitioners, and (c) stay the enforcement of the Impugned Order. The matter is pending hearing and final disposal.
17. Nitin Ashokrao Phopase, ("**Petitioner**"), has filed a writ petition before the Hon'ble High Court of Bombay, (Aurangabad Bench), (vide W.P 8754 of 2009), against OBASIL and others, (collectively, the "**Respondents**"), seeking to set aside the order passed by the Hon'ble Member, Industrial Court at Aurangabad, in connection with the complaint (ULP number 151 of 2009) filed by the Petitioners before the Industrial Court, ("**Impugned Order**"). The Petitioner in their petition have prayed for, inter alia, (a) issue a writ or certiotari to set aside the Impugned Order as the Impugned Order is bad in law and in violation of principles of equity, (b) restrain the Respondents from initiating any domestic/departmental enquiry against the Petitioners, and (c) stay the enforcement of the Impugned Order. The matter is pending hearing and final disposal.
18. Yuvraj Tupe, ("**Petitioner**"), has filed a writ petition before the Hon'ble High Court of Bombay (Aurangabad Bench), (vide W.P 8758 of 2009), against OBASIL and others (collectively, the "**Respondents**"), seeking to set aside the order passed by the Hon'ble Member, Industrial Court at



Aurangabad, in connection with the complaint (ULP number 149 of 2009) filed by the Petitioners before the Industrial Court, (“**Impugned Order**”). The Petitioner in their petition have prayed for, inter alia, (a) issue a writ or certiorari to set aside the Impugned Order as the Impugned Order is bad in law and in violation of principles of equity, (b) restrain the Respondents from initiating any domestic/departmental enquiry against the Petitioners, and (c) stay the enforcement of the Impugned Order. The matter is pending hearing and final disposal.

B. Proceedings initiate by our Group Company

Proceedings initiated by OMR Bagla Automobile Systems India Limited, (“OBASIL”), our Group Company.

1. OBASIL has made an application (Application (I.D) No. 1/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Lalbahadur Vishvanath Yadav (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on April 15, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated April 15, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
2. OBASIL has made an application (Application (I.D) No. 2/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Babasaheb Rangnath Kolte (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on April 15, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated April 15, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
3. OBASIL has made an application (Application (I.D) No. 3/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Uddhav Anasaheb Bhakare (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on April 15, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated April 15, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
4. OBASIL has made an application (Application (I.D) No. 4/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Nitin Ashok Phophase (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on April 15, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated April 15, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
5. OBASIL has made an application (Application (I.D) No. 5/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of



- Turner Dyaneshwar Venkat (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on April 15, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated April 15, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
6. OBASIL has made an application (Application (I.D) No. 6/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Rahul Panjabrao Wankhede (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on April 15, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated April 15, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
 7. OBASIL has made an application (Application (I.D) No. 7/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Nikam Sandeep Janardhan (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on April 15, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated April 15, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
 8. OBASIL has made an application (Application (I.D) No. 8/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of More Santosh Baburao (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on April 15, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated April 15, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
 9. OBASIL has made an application (Application (I.D) No. 9/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Suryawanshi Lakshman Narayan (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on April 15, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated April 15, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
 10. OBASIL has made an application (Application (I.D) No. 10/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Sonawane Bhagwan Ramdas (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on April 15, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the



- Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated April 15, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
11. OBASIL has made an application (Application (I.D) No. 11/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Bhanuse Sitaram Baburao (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on April 15, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated April 15, 2011 , and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
 12. OBASIL has made an application (Application (I.D) No. 12/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Patil Kailash Pandurang (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on April 15, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated April 15, 2011 , and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
 13. OBASIL has made an application (Application (I.D) No. 13/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Kale Sandeep Lakshman (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on April 15, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated April 15, 2011 , and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
 14. OBASIL has made an application (Application (I.D) No. 14/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Rathod Rajesh Hiralal (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on April 15, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated April 15, 2011 , and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
 15. OBASIL has made an application (Application (I.D) No. 15/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Mangesh Daga Mali (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on April 15, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated April 15, 2011 , and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.



16. OBASIL has made an application (Application (I.D) No. 16/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Kale Dilip Sonaji (**“Opponent”**). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on April 15, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated April 15, 2011 , and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
17. OBASIL has made an application (Application (I.D) No. 17/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Kuluwar Shivanand Ramdas (**“Opponent”**). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
18. OBASIL has made an application (Application (I.D) No. 18/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Magar Kailash Gambhir (**“Opponent”**). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
19. OBASIL has made an application (Application (I.D) No. 19/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Kale Babusaheb Ashok (**“Opponent”**). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
20. OBASIL has made an application (Application (I.D) No. 20/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Bharhate Jitendra Kashinath (**“Opponent”**). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
21. OBASIL has made an application (Application (I.D) No. 21/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of



- Mahajan Rupesh Tukaram (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
22. OBASIL has made an application (Application (I.D) No. 22/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Kulkarni Nitin Subhash (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
23. OBASIL has made an application (Application (I.D) No. 23/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Ghusale Dili Babanrao (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
24. OBASIL has made an application (Application (I.D) No. 24/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Gadhave Bhagwan Dattu (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
25. OBASIL has made an application (Application (I.D) No. 25/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Chavan Gopal Govindrao (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
26. OBASIL has made an application (Application (I.D) No. 26/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Kamal Dineshchandra Dhaniram (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After



- conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
27. OBASIL has made an application (Application (I.D) No. 27/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Gadekar Ravindra Ashok (**"Opponent"**). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
28. OBASIL has made an application (Application (I.D) No. 28/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Kale Narayan Uttam (**"Opponent"**). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
29. OBASIL has made an application (Application (I.D) No. 29/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Borase Chandrabhan Ramhari (**"Opponent"**). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
30. OBASIL has made an application (Application (I.D) No. 30/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Dere Gajanan Suryakant (**"Opponent"**). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
31. OBASIL has made an application (Application (I.D) No. 31/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Bhosale Sanjay Dattopant (**"Opponent"**). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal



- dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
32. OBASIL has made an application (Application (I.D) No. 32/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Lonar Shilan Raghunath (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
33. OBASIL has made an application (Application (I.D) No. 33/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Gundale Sharvan Shankarao (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
34. OBASIL has made an application (Application (I.D) No. 34/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Jawalkar Prakash Narharirao (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
35. OBASIL has made an application (Application (I.D) No. 35/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Bhojane Vithal Vasant (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
36. OBASIL has made an application (Application (I.D) No. 36/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Asabe Vilash Santosh (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.



37. OBASIL has made an application (Application (I.D) No. 37/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Wadgaonkar Kalyan Sudhakar (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
38. OBASIL has made an application (Application (I.D) No. 38/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Ukarde Vishnu Ramkrishna (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011 , and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
39. OBASIL has made an application (Application (I.D) No. 39/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of More Ravindra Vithal (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
40. OBASIL has made an application (Application (I.D) No. 40/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Pawar Kashinath Sambhaji (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
41. OBASIL has made an application (Application (I.D) No. 41/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Patil Yogesh Ganpat (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011 , and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
42. OBASIL has made an application (Application (I.D) No. 42/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Ade Raju Shankar (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got



- involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
43. OBASIL has made an application (Application (I.D) No. 43/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Bhale Upendra Shashikant (**“Opponent”**). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
44. OBASIL has made an application (Application (I.D) No. 44/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Poul Vajinath Mahadeo (**“Opponent”**). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
45. OBASIL has made an application (Application (I.D) No. 45/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Ugale Jalindar Bhausahab (**“Opponent”**). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
46. OBASIL has made an application (Application (I.D) No. 46/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Tupe Shivaji Ramdas (**“Opponent”**). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
47. OBASIL has made an application (Application (I.D) No. 47/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Patil Kiran Prakash (**“Opponent”**). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the



- application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
48. OBASIL has made an application (Application (I.D) No. 48/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Sontakke Dyananad Dashrath (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
49. OBASIL has made an application (Application (I.D) No. 49/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Sudame Shrihari Vithalrao (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
50. OBASIL has made an application (Application (I.D) No. 50/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Margal Kundalik Namdeo (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
51. OBASIL has made an application (Application (I.D) No. 51/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Suryavenshi Balaji Marotrao (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011 , and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
52. OBASIL has made an application (Application (I.D) No. 1/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Uphad Devidas Tukaram (“**Opponent**”). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March



- 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
53. OBASIL has made an application (Application (I.D) No. 1/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Nikam Sandeep Janardan (**“Opponent”**). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
54. OBASIL has made an application (Application (I.D) No. 1/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Agale Ashok Rambhau (**“Opponent”**). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
55. OBASIL has made an application (Application (I.D) No. 1/2011), before the Assistant Commissioner of Labor and Conciliation Officer at Aurangabad, for approval of dismissal of Chavan Sardarshing Gulabsingh (**“Opponent”**). The Opponent on January 30, 2011, with other workmen got involved in serious and grave misconduct of assault, manhandling the managerial and executive personnel of the company and damaged the property of the company. After conducting an enquiry into the matter, OBASIL dismissed the services of the Opponent on March 30, 2011. In the application made under the provisions of sub-section 2(b) of section 33 of the Industrial Dispute Act, OBASIL had inter alia prayed for (a) approval of the action of dismissal dated March 30, 2011, and, (b) allow the application made, with appropriate order. The matter is pending hearing and final disposal.
56. OBASIL has initiated proceedings against Balu s/o Tukaram Gaekward and others, (collectively, the **“Defendants”**), before the Hon’ble Civil Judge Junior Division at Paithan, Aurangabad (R.C.S. number 298/2008), wherein OBASIL has inter alia, prayed for, (a) perpetual injunction on the Defendants, their agents, or anybody claiming through them from creating nuisance within the premises of OBASIL, and, (b) perpetual injunction on the Defendants, their agents and their supporters from installing any flags or banners on the premises of OBASIL. The matter is pending hearing and final disposal.
57. Ajay Kumar Tannu, in his capacity as a President of OBASIL, (**“Applicant”**) has filed a contempt petition bearing no. 5 of 2011, before the Hon’ble Judge Labour Court at Aurangabad, against Udhav Ashurba Bhavalkar, (**“Respondent”**) for the disobedience of the order dated May 16, 2009, (**“Order”**) of the Industrial Court, Aurangabad, in the ULP. No 48 of 2009. The said Order restrained the Respondent from raising slogans within 100 mts. of the main gate of OBASIL and entering the premises of OBASIL. The Respondent on December 20, 2010 disobeyed the order and raised slogans before the gate of the company. The applicant has inter alia prayed (i) that the contempt application be allowed and (ii) the Respondent be fined and imprisoned under section 48 of the Maharashtra Recognition of Trade Unions Act and the Prevention of Unfair Labor Practices, Act 1971. The matter is pending hearing and final disposal.



Civil Proceedings

1. OBASIL has initiated proceedings against Vinod s/o Surajlal Jaiswal and others, (collectively, the **“Defendants”**), before the Hon’ble Civil J Junior Division at Paithan, Aurangabad (R.C.S. number 279/2008), wherein OBASIL has inter alia, prayed for, (a) perpetual injunction on the Defendants, their agents, or anybody claiming through them from creating nuisance within the premises of OBASIL, and, (b) perpetual injunction on the Defendants, their agents and their supporters from installing any flags or banners on the premises of OBASIL. The matter is pending hearing and final disposal.
2. OBASIL along with our Company has filed a writ petition bearing no5777 of 2011 before the High court of Bombay against the State of Maharashtra (**“Respondent No.1”**), Deputy General and Controller of Stamps (**“Respondent No. 2”**), Joint District Registrar (**“Respondent No. 3”**) and Sub-Registrar Paithan (**“Respondent No. 4”**) collectively **“Respondents”**, seeking to set aside the order dated July 13, 2011 passed by Respondent No. 4 impounding the deed of conveyance executed between our Company and OBASIL. Respondent No.2 issued a demand letter dated June 22, 2011 demanding ₹ 10,422,183/- on account of deficit stamp duty payable on the conveyance deed executed between the Company and OBASIL. We have prayed for the following relief (i) to set aside the impugned order dated July 13, 2011; and (ii) pending hearing and decision of the present petition the impugned order be stayed. The matter is pending hearing and final disposal.

Taxation related proceedings

1. The Assistant Commissioner of Income Tax, Circle 1, Aurangabad (**“Assessing Officer”**) raised a demand by order dated December 27, 2010, (**“Assessment Order”**) on the grounds of disallowance under Section 14A read with Section 37 (1) of the Income tax Act. OBASIL has filed an appeal against the Assessment Order before the Commissioner of Income Tax (Appeals) Aurangabad, (**“CIT Appeal”**) on the grounds inter alia alleging that the Assessing Officer erred in (i) reducing the actual cost of the assets of ₹ 64,228,528; (ii) in reducing the amount allowable as depreciation by ₹ 4,905,328 (iii) disallowing the payment of provident fund amounting to ₹ 892,554. The matter is pending for further proceedings.

Notices

- i. The Employee State Insurance Corporation (**“ESIC”**), has issued a show cause notice dated January 21, 2011 (Ins I (1)/2500001804000699/11/15788) (**“Show Cause Notice”**) for non compliance with the requirement of the ESI Act, 1948 (**“Act”**) against our Promoter, in his capacity as the principal employer of the factory of M/S OMR Bagla Automotive Systems India Limited, in connection with alleged failure to obtain requisite particulars as required and non submission of the same to the branch office of ESIC at Aurangabad, and thereby was criminally liable under section 85 (g) of the Act.
- ii. The Office of the ESI Corporation, Aurangabad had issued a notice of recovery dated August 8, 2011, to OBASIL for an amount of ₹ 19,862, in connection with the short payment for the period from April, 2006 to September 2010 and contribution payable on the repair and maintenance of building and machines works. OBASIL by a letter dated September 22, 2011, has provided supporting challans in connection with the payment of the dues and has requested that the notice be dropped. There has been no further correspondence.
- iii. The Assistant Director, ESI Corporation (**“ESIC”**) has issued a show cause notice (No. INS. I (3)/25000016960000606/I-18/10/9150) dated October 7, 2010 under section 40 read with section 39 of The Employees State Insurance Act, 1948 (**“ESI Act”**) against Deccan Carbon Product Private Limited (**“DCPL”**), in relation to the statutory dues under the ESI Act amounting to ₹ 93,364 payable by DCPL as interest on account of late payment of contribution for the period of October 2004 to August 2005. An order passed by the Assistant Director Sub-Regional Office dated April 6, 2010 in respect to the aforementioned notice, has confirmed a sum of ₹ 143, 623 as



statutory due as arrears of contributions and payable by DCPL in respect of the said claim of the Show Cause Notice.

C. Past penalties imposed on our Group Companies and entities

There have been no past penalties imposed on our Group Companies and entities.

D. Proceedings initiated against our Group Companies and entities for economic offences

There have been no proceedings initiated against our Group Companies and entities for economic offences.

E. Adverse findings against any persons/entities connected with our Group Companies and entities as regards non compliance with securities laws

There have been no adverse findings against any persons/entities connected with our Group Companies and entities as regards non compliance with securities laws.

F. Proceedings against our Group Companies and entities with respect to default/over dues

Except as disclosed below, there are no pending litigation against our Group Companies and entities with respect to default/over dues as on the date of filing the Draft Red Herring Prospectus:

- i. BG LI-IN Electricals Limited (“**BG LI-IN**”) vide a letter dated December 29, 2010 to the Income Tax Officer, Bangalore (“**Department**”) has requested the Department to rectify the mistake under Section 154 of the Income Tax Act in relation to computation of income in the assessment order.



GOVERNMENT AND OTHER APPROVALS

We have received the necessary permissions/approvals/no-objections/certifications/registrations, (collectively “Authorisations”), from GoI and various governmental agencies required for our present business and except as disclosed in the Draft Red Herring Prospectus no further approvals are required for carrying on our present business. The objects clause and objects incidental to the main objects of the Memorandum of Association enable our Company to undertake its existing activities. It must be distinctly understood that in granting these approvals, the GoI, RBI or any other authority does not take responsibility for the financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf.

A. Approvals in relation to the Issue

- The Board of Directors has, pursuant to a resolution dated September 22, 2011, authorized the Issue.
- The Shareholders of the Company have pursuant to a resolution passed at their general meeting held on September 23, 2011, authorized this Issue under section 81 (1A) of the Companies Act.
- The Company has obtained in-principle listing approvals dated [●] and [●] from the BSE and the NSE, respectively.
- NSDL/CDSL: ISIN No.:INE 052M01018

B. Approvals relating to Offer for Sale

- The Selling Shareholder has obtained approval for the Offer for Sale pursuant to its board resolution dated September 27, 2011.
- Pursuant to a letter dated [●], 2011, we have applied to the RBI for its approval for the sale of the Equity Shares by the Selling Shareholder as a part of the Issue.

C. Authorisations for our Operations:

1. **Authorizations obtained by the Company:** The following authorizations have been obtained by the Company and continue to be effective as on the date of the Draft Red Herring Prospectus:

i. General Authorisations

S. No.	Type of Authorisation	Description/Purpose	Authority	Issue date	Expiry
1.	Certificate of Incorporation	Certificate of Incorporation bearing No. 37539 of 1985 issued under the Companies Act, 1956.	Additional Registrar of Companies, Maharashtra, Mumbai	September 23, 1985	NA
2.	Certificate change of name	Name of the Company changed from Aurangabad Electricals Private Limited to Aurangabad Electricals Limited.	Asst. Registrar of Companies, Maharashtra, Pune	March 2, 2006	NA



S. No.	Type of Authorisation	Description/Purpose	Authority	Issue date	Expiry
3.	Permanent Account Number "PAN"	PAN AACCA2867L is allotted to our Company.	Income tax Department, Government of India	February 8, 2000	NA
4.	Tax Deduction Account Number "TAN"	TANNSKA03151B is allotted to our Company	Income tax Department, Government of India	May 25, 2005	NA
5.	Importer Exporter Code "IEC"	IEC bearing number 0394058780 is allotted to our Company	Foreign Trade Development Officer, Ministry of Commerce and Industry	December 28, 1994	NA
6.	Enrolment number	Enrolment no. 03800692 issued by the Office of the Zonal Joint Director General of Foreign Trade	Foreign Trade Development Officer, Zonal Joint Director General of Foreign Trade	September 23, 2002	NA
7.	Certificate of Registration	Certificate of Registration bearing no 431133C 3 under the Central Sales Tax (Registration and Turnover) Rules, 1957 bearing no ABS/06/01/2424/95-98 for use in the execution of Contracts.	Assistant Commercial Tax Officer, Aurangabad	April 1, 1996	NA
8.	Certificate of Registration	Certificate of Registration bearing no 431133S920 issued under Section 22/22A of the Bombay Sales Tax Rules, 1959	Sales Tax Officer	January 27, 1999	NA
9.	Import License	Export Import License bearing no 0330008522/3/11/00 for EPCG 5% FOB basis issued under the Foreign Trade Regulation	Foreign trade development officer	May 2, 2005	May 1, 2013
10.	Import License	Export Import License bearing no 0330010564/3/11/00 for EPCG 5% FOB basis issued under the Foreign Trade Regulation	Foreign trade development officer	October 17, 2006	October 16, 2014
11.	Import License	Export Import License bearing no 0330012916/3/11/00 for EPCG 5% FOB basis issued under the Foreign Trade Regulation	Foreign trade development officer	August 17, 2006	August 16, 2014
12.	Import License	Export Import License bearing no 0330011589/3/11/00 for EPCG 5% FOB basis issued under the Foreign Trade Regulation	Foreign trade development officer	March 31, 2006	March 30, 2014
13.	Import License	Export Import License bearing no 0330009164/3/11/00 for EPCG 5% FOB basis issued under the Foreign Trade Regulation	Foreign trade development officer	July 12, 2005	July 11, 2013



S. No.	Type of Authorisation	Description/Purpose	Authority	Issue date	Expiry
		Regulation			
14.	Import License	Export License bearing no 0330010067/3/11/00 for EPCG 5% FOB basis issued under the Foreign Trade Regulation	Foreign trade development officer	October 20, 2005	October 19, 2013
15.	Import License	Export License bearing no 0330010564/3/11/00 for EPCG 5% FOB basis issued under the Foreign Trade Regulation	Foreign trade development officer	December, 20, 2005	December 19, 2013
16.	Import License	Export License bearing no 0330010767/3/11/00 for EPCG 5% FOB basis issued under the Foreign Trade Regulation	Foreign trade development officer	January 9, 2006	January 8, 2014
17.	Import License	Export License bearing no 0330008366/3/11/00 for EPCG 5% FOB basis issued under the Foreign Trade Regulation	Foreign trade development officer	April 5, 2005	April 4, 2013
18.	Import License	Export License bearing no 0330007581/3/11/00 for EPCG 5% FOB basis issued under the Foreign Trade Regulation	Foreign trade development officer	January 5, 2005	January 4, 2013
19.	Import License	Export License bearing no 0330006643/3/11/00 for EPCG 5% FOB basis issued under the Foreign Trade Regulation	Foreign trade development officer	September 17, 2004	September 16, 2012
20.	Import License	Export License bearing no 0330005406/3/11/00 for EPCG 5% FOB basis issued under the Foreign Trade Regulation	Foreign trade development officer	March 15, 2004	March 14, 2012
21.	Import License	Export License bearing no 0330013624/3/11/00 for EPCG 5% FOB basis issued under the Foreign Trade Regulation	Foreign trade development officer	October 17, 2006	October 16, 2014
22.	Import License	Export License bearing no 0330014275/3/11/00 for EPCG 5% FOB basis issued under the Foreign Trade Regulation	Foreign trade development officer	December 8, 2006	December 7, 2014
23.	Import License	Export License bearing no 0330027379/2/12/00 for Zero Duty EPCG Scheme issued under the Foreign Trade Regulation	Foreign trade development officer	October 4, 2010	October 3, 2016



ii. *Authorisation in connection with our Plant III*

S. No.	Type of Authorisation	Description/Purpose	Authority	Issue date	Expiry
1.	Grant of Permission from MSEB.	Permission granted for enhancement in C.D. from 400 to 650 KVA and connected load from 587 to 776 KW.	Maharashtra State Electricity Board (O and M) Circle, Aurangabad.	January 12, 2001; w.e.f. November 7, 2000.	N.A
2.	Certificate for Quality Management System - ISO/TS 16949: 2009	Certificate bearing no. 20000242TS09 for Quality Management System - ISO/TS 16949: 2009 with respect to the manufacture of High Pressure Aluminium Die Cast machined and painted parts and their assemblies.	UL DQS Inc Management Systems Solutions	November 11, 2010	November 1, 2011
3.	Certificate of Weights and Measurement	Certificate bearing no. M.H 465 issued under Weights and Measurements Rules, 1985 and Maharashtra Weights and Measurement rules, 1987 and Amendment Rules, 2000.	Supervisor, Weights and Measure Laboratory Division Paithan	March 21, 2011	March 21, 2012
4.	Furnace Oil Licence	Certificate bearing No.A/P/WC/M/15/279 (P270228) issued by Ministry of Commerce and Industry Petroleum and Explosive Safety Organisation.	Joint Chief Controller of Explosives	May 24, 2011	NA
5.	No Objection Certificate	No objection Certificate for installation of Diesel Generating Set	Superintending Officer Maharashtra State Electricity Board Aurangabad Zone Aurangabad	January 12, 2001	NA
6.	Sanction of Power load from Maharashtra State Electricity Board	Sanction for enhancement of Power in Connected Demand and Connected Load to 1297 Kw	Maharashtra State Electricity Board Aurangabad (O and M) Rural Circle	March 2003	6, NA
7.	Factory license	Factory license bearing registration No 231/2(M) (1)/Aurangabad issued by Joint Director Industrial Health and Safety under the Factories Act, 1948.	Joint Director Industrial Health and Safety Aurangabad	July 2006	25, December 31, 2011
8.	Certificate of registration for contract labour	Certificate of Registration bearing no AWB/756/2004 under the Contract Labour (Regulation and Abolition), Act, 1970	Contract Registering Officer under Contract Labour (Regulation and Abolition) Act, 1970	June 14, 2004	December 31, 2011



S. No.	Type of Authorisation	Description/Purpose	Authority	Issue date	Expiry
9.	Letter from Employee Provident Fund certificate	Allotment of Employee Provident Fund no. MH/AB/80793 under the Employees Provident Fund and Miscellaneous provisions Act, 1952 and the Scheme framed there under.	Assistant Provident Fund Commissioner (Compliance) sub Regional Provident Fund Office, Aurangabad	June 29, 1998 w.e.f. March 22, 1995	NA
10.	Profession Certificate	Tax Certificate of Registration bearing no PT/R/3/1/11/1/218 under Section 5 (1) of the Maharashtra State Tax on Professions, Trade and Calling and Employments, Act, 1975	Professional Tax Officer (1) Aurangabad	January 2, 2002 w.e.f. April 1, 1995	NA
11.	Maharashtra Welfare Fund Return	Establishment Code number-31FA31325 granted to the Company for contribution towards Maharashtra Welfare fund, under the Bombay Labour welfare fund Act. Return filed for the period up to December, 2010.	Maharashtra Labour Welfare Board	NA	NA
12.	Consent to Operate	Consent to operate u/s 26 of the Water (Prevention and Control of Pollution) Act, 1974 and u/s 21 of the Air (Prevention and Control of Pollution) Act, 1981 and Authorization/Renewal of Authorization under Rule 5 of the Hazardous Wastes (Management Handling and Transboundary Movement) Rules 2008 and Amendment Rules thereto.	Maharashtra Pollution Control Board, Mumbai	May 3, 2010	December 31, 2012
13.	Membership Certificate	Membership Certificate bearing No MEPL/CAA0018 for Common Hazardous Waste Treatment, Storage and Disposal Facility (CHWTSDf)	Maharashtra Environ Power Limited	December 15, 2007	December 14, 2012

iii. Authorisation in connection with our Plant IV

S. No.	Type of Authorisation	Description/Purpose	Authority	Issue date	Expiry
1.	Allotment of PF code	Allotment of PF Code No. MH/AB/80901 under Employees Provident Funds and Miscellaneous Provisions Act, 1952.	Office of the Asstt. Provident Fund Commissioner.	Letter dt. 6/10/99 w.e.f. March 20, 1999.	NA
2.	Allotment of Assessee Code Number "ECC"	ECC bearing Code no 1308010812 issued by the Office of the Pay and Accounts Officer, Central Excise and Customs.	Assistant Accounts Officer, Central Excise and Customs Aurangabad	February 19, 1999	NA



S. No.	Type of Authorisation	Description/Purpose	Authority	Issue date	Expiry
3.	Consent to Operate	Consent to operate u/s 26 of the Water (Prevention and Control of Pollution) Act, 1974 and u/s 21 of the Air (Prevention and Control of Pollution) Act, 1981 and Authorization/Renewal of Authorization under Rule 5 of the Hazardous Wastes (Management and handling) Rules 1989 and Amendments, 2003.	Maharashtra Pollution Control Board, Sub- Regional Officer Aurangabad-I	February 26, 2009	June 30, 2014
4.	Certificate for Quality Management System - ISO/TS 16949: 2002	Certificate bearing no. 20000244TS2 for Quality Management System ISO/TS 16949: 2002 with respect to design and manufacture of Electrical/ Electronic devices, control units and switches for automotive applications.	UL DQS Inc Management Systems solutions	December 30, 2009	February 15, 2012
5.	Certificate for Quality Management System - ISO 9001: 2000	Certificate bearing no. 20000244 QM for Quality Management System ISO 9001:2000 with respect to design and manufacture of Electrical/ Electronic devices, control units and switches for automotive applications.	UL DQS Inc Management Systems solutions	December 30, 2009	February 15, 2012
6.	Certificate of Registration	Certificate of Registration bearing no AWB/642/2001 under the Contract Labour (Regulation and Abolition), Act, 1970	Registering Officer under Contract Labour (Regulation and Abolition), Act, 1970, Aurangabad	November 9, 2001	NA
7.	Registration Membership Certificate	cum Registration certificate bearing no.RCMC:B:MFG:9337:2009-10 issued by the EEPCINDIA (formerly Engineering Export Promotion Council) for registration as Manufacturer Exporter	Assistant Director, EEPCINDIA (formerly Engineering Export Promotion Council) sponsored by Ministry of Commerce and Industry Government of India	June 15, 2009	March 31, 2014
8.	Building Completion Certificate	Building Completion Certificate for the building constructed in Plot No. M-135, 136 in Waluj Industrial Area, Aurangabad.	Kishore Deshpande, Planners and Engineers	August 19, 1999	NA
9	Allotment of "ESI" Code number	Allotment of ESI code bearing no. 25-1691-64 by Sub Regional Office, Employee State Insurance Corporation, Aurangabad	Joint Director, Sub Regional, Office Employee State Insurance Corporation,	October 6, 2005 w.e.f. October 1, 2004	NA



S. No.	Type of Authorisation	Description/Purpose	Authority	Issue date	Expiry
			Aurangabad		
10.	Professional Certificate	Tax Certificate of Registration under section 5 (1) of the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975	Profession Tax Officer (2) Aurangabad	April 1, 2005	NA

iv. Authorisations in connection with Plant V

S. No.	Type of Authorisation	Description/Purpose	Authority	Issue date	Expiry
1.	Permission for transfer of ownership	Permission for transfer of ownership of 2.00MW (2x1000KW) wind farm project.	General Manager, Maharashtra Energy Development Agency, Pune	March 29, 2002	NA
2.	Permission for commissioning project.	Wind farm for commissioning of 2.0 MW (2x1000 KW) WTG in Ahmednagar Dist. is issued to our company	General Manager (Projects) Maharashtra Energy Development Authority, Pune	March 29, 2002	NA
3.	Permission to commission and connect	Permission to commission and to connect the 01x1000kw wind mill generation to MSEB grid for evacuation of power generated by the Company at location M-52 Kavdya Dongar Shahajanpur, Taluka Parner, to connect at 132 KV Supa S/Stn. Tal. Parner, Dist. Ahmednagar.	Superintending Engineer (ANRC) Maharashtra State Electricity Board, O and M Circle Office, Ahmednagar.	March 30, 2002	NA
4.	Registration of Generating Sets	Registration nos. E/AN/72 (i) and (ii) assigned for the two Suzlon make generating sets installed in the Company premises under the provisions of Rule No. 4 (i) of the Bombay Electricity Duty Rules 1962.	Office of the Chief Engineer (Electrical), Public Works Department, Government of Maharashtra.	October 9, 2002	NA



v. Authorisation in connection with our Plant VI

S. No.	Type of Authorisation	Description/Purpose	Authority	Issue date	Expiry
1.	Sales Tax Registration	Certificate of Registration as a dealer bearing no 410501/S/902 issued under Section 22/22A of the Bombay Sales Tax Act, 1959.	Sales Tax Officer, Pune	March 24, 2003 w.e.f. January 28, 2003	NA
2.	Professional Registration	Tax Certificate of Registration bearing No. PT/R/ 2/2/3/6396 issued under the Section 5(1) of the Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975	Profession Tax Officer(2), Pune	February 10, 2003	NA
3.	Provident Registration	Fund Allotment of Separate code number MH/PUN/34953 under the Employee's Provident Fund and Miscellaneous Provisions Act, 1952.	Regional Provident Fund Commissioner, Sub Regional Office, Pune	June 17, 2003 w.e.f. May 1, 2003	NA
4.	Central Registration Certificate	Excise Certificate of Registration bearing no AACCA2867LXM006 issued under Rule 9 of the Central Excise Rules, 2002	Assistant Commissioner of Central Excise, Pune	January 23, 2003	NA
5.	Certificate of Completion	Certificate of Completion for Factory Building located at Chakan	Associated Engineering Consultants, Pune	March 29, 2003	NA
6.	Certificate of Structural Stability	Certificate of Structural Stability for safe structural performance of the building for which it is intended.	V.M. Consultants Structural Consultants, Pune.	March 1, 2005	NA
7.	Consumer License	License bearing no Solvent/Pune- 46/2007 issued under the Maharashtra Solvent, Raffinate and Slop (Licensing) Order, 2007	District Supply Officer, Pune	July 16, 2007	NA
8.	Approval from Petroleum and Explosives Safety Organisation	Approval for Storage of Furnace Oil/ LDO under the Rule 140 of Petroleum Rules 2002.	Joint Chief Controller of Explosives West Circle, Navi Mumbai	June, 14, 2007	NA

vi. Authorisations in connection with our Plant IX

Sr. No.	Type of License/ Certificates	Details of the License	Authority	Issue date	Date of Expiry
1.	Certificate of Centralized Registration under Section 69 of the	Service Tax Code AACCA2867 LST006 for the following taxable services	Office of the Commissioner of Central Excise and Customs Service	January 3, 2008	NA



Sr. No.	Type of License/ Certificates	Details of the License	Authority	Issue date	Date of Expiry
	Finance Act, 1994 ("Service Tax Code")	<ul style="list-style-type: none"> Transport of Goods by Road Business Auxiliary services. 	Tax Cell Aurangabad, Maharashtra		
2.	Central Excise Registration Certificate	Certificate of registration bearing no. AACCA2867LXM009 under Rule 9 of the Central Excise Rules, 2002	Assistant Commissioner of Central Excise and Customs, Aurangabad – III Division	July 12, 2006	NA
3.	Membership Certificate	Membership Certificate bearing no MEPL/CAA0016 of Common Hazardous Waste Treatment, Storage and Disposal Facility (CHWTSDF)	Maharashtra Enviro Power Limited	December 15, 2007	December 14, 2012
4.	Certificate of Registration	Certificate of Registration bearing no PT/R/3/1/11/1/-256 under section 5 (1) of the Maharashtra State Tax on professions, Trades, Callings and Employments Act, 1975	Profession Tax Officer (2) Aurangabad	October 14, 2005 w.e.f. April 1, 2005	NA
5.	Letter from the Employee's Provident Fund Organisation	Allotment of Sub-Code no. MH/AB/80793-C under the Employees Provident Fund and Miscellaneous provisions Act, 1952 and the Scheme framed thereunder.	Assistant Provident Fund Commissioner (Compliance) Sub Regional Office, Aurangabad	April 17, 2006 w.e.f. March 1, 2006	NA
6.	Certificate registration	Certificate of Registration bearing no AC013/832/05 under the Contract Labour (Regulation and Abolition), Act, 1970	Contract Registering Officer under Contract Labour (Regulation and Abolition) Act, 1970	November 25, 2005	December 31, 2011
7.	Construction Permission Letter	Construction Permission Letter under Mumbai Gram Panchayat Act, 1985	Gram Panchayat Pharola Taluka Paithan, Dist. Aurangabad	October 3, 2005	NA
8.	Factory Approval	Approval granted to factory plan under the Factories Act, 1948	Joint Director Industrial Safety and Health Marathwada region, Aurangabad.	June 8, 2006	NA



Sr. No.	Type of License/ Certificates	Details of the License	Authority	Issue date	Date of Expiry
10.	Stability certificate	Certificate of stability dated February 06, 2007	Abhinav Engineering Works	February 06, 2007	NA
11.	Factory license (Local language)	Factory License bearing no 987/2(M)(1)Aurangabad	Director for Industrial health and Safety Maharashtra State, Mumbai	July 26, 2006	December 31, 2011
12.	Sanction for Power Loan from MSEDCL	Sanction of fresh power Supply at 33KV level to plant IX	Superintending Engineering Maharashtra State Electricity Distribution Company Limited O and M Rural Circle, Aurangabad.	January 21, 2006	NA
14.	Certificate of Registration ISO/TS 16949:2002	Certificate bearing no. 0059046 for Quality Management System ISO/TS 16949: 2002 with respect to manufacture of Fasteners.	Underwriters Laboratories Inc Management Systems solutions	November 01, 2007	October 7, 2013

vii. Authorisation in connection with our Plant N1

S. No.	Type of Authorisation	Description/Purpose	Authority	Issue date	Expiry
1.	Centralized Registration under Section 69 of the Finance Act, 1994 (“Service Tax Code”)	Service TaxCode AACCA2867LST010 for the following taxable services: <ul style="list-style-type: none"> Transport of goods by road Business Auxiliary services 	Office of the Assistant Commissioner Customs Excise and Service Tax Division, Rampur, Uttar Pradesh	February 19, 2008	NA
2.	Certificate of VAT Registration	Certificate of Registration bearing No. 05006382528 under Uttarakhand Value Added Tax Ordinance, 2005	Assistant Commissioner Department of Commercial Tax, Rudrapur	June 19, 2006 w.e.f. May 30, 2006	NA
3.	Licence to import and store petroleum in installation	License bearing no P/HQ/UC/15/549(P192380) issued by the Ministry of Commerce and Industry Petroleum and Explosives Safety Organisation	Controller of Explosives for the Chief Controller of Explosives	January 28, 2010.	December 31, 2012.
4.	Possession Certificate	Possession certificate with respect to Plot No.6 in Sector 10 situated in Integrated Industrial Estate Pantnagar U.S. Nagar	Regional Manager, Integrated Industrial Estate (State	June 12, 2006.	NA



S. No.	Type of Authorisation	Description/Purpose	Authority	Issue date	Expiry
		issued by State Industrial Development Corporation of Uttaranchal Limited to our Company.	Industrial Development Corporation of Uttaranchal Limited)		
5.	Certificate to commence commercial production of Automobile Parts	General Manager, District Industries Centre, Udham Singh Nagar	April 2, 2007	NA	NA
6.	Approval of plan and structure of Factory building	Chief factory/Boiler Inspector, Uttarakhand Shram bhavan, Haldwani, Nainital	February 2, 2001	NA	NA

viii. Government Approvals for Gravity Die Casting Division located at Gut no. 65, Chitegaon, Taluka – Paithan, District Aurangabad, Maharashtra.

Sr. No.	Type of License/ Certificates	Details of the License	Authority	Issue date	Date of Expiry
1.	Building approval plan	Approval of plan including drawing, construction of building and additional work for the factory bearing no. 52-94/7621/23	Additional Director, Industrial Safety and Health, Aurangabad	September 08, 1994	N.A.
2.	No objection certificate	No objection certificate from Gram Panchayat, Chittegaon, giving no objection for commencement of production	Secretary, Gram Panchayat, Chittegaon, Aurangabad	June 15, 1998	N.A.
3.	Building completion certificate	Building completion certificate as per the drawing submitted for the factory along with the shed	Secretary and Sarpanch, Gram Panchayat, Chittegaon, Aurangabad	February 24, 1997	N.A.
4.	Factory license	Factory license bearing no. 57100 Regn. No. 483/2(M)(1)/Aurangabad taken under Rule 6 and Rule 8 of the Maharashtra Factory Rules, 1963	Chief Inspector, Factories, Maharashtra State, Mumbai	February 12, 2002	December 31, 2013
5.	Certificate stability of	Certificate of stability issued to the Company for the factory located in the GDC division under rule 3A of the Maharashtra Factory Rules, 1963.	Abhinav Engineering Works (Certifying authority)	February 07, 2007	-
6.	Certificate registration of	Certificate of registration for contract labour bearing no. AWB/391/94 under rule 18 (1) of the Contract Labour (Regulation and Abolition) Central Rules, 1971 and section 7 (2) of Maharashtra Contract Labour (Regulation and Abolition) Act, 1970.	Registering officer, Contract Labour (Regulation and Abolition) Act, Government of Maharashtra	January 1, 2011	December 31, 2011



Sr. No.	Type of License/ Certificates	Details of the License	Authority	Issue date	Date of Expiry
7.	Implementation of ESI Act, 1948 – Registration of factories.	Allotment of ESI code number bearing number 25-1720-67 under section 2(12)(a) and 1(3) of ESI Act, 1948 vide notification no. S.38013/70/2004-S.S.1	Joint Directors, Sub Regional Office, Employee State Insurance Corporation, Aurangabad	October 28, 2005 w.e.f. October 1, 2004	N.A
8.	Consent to operate	Consent to operate bearing number MPCB/ROA/ABD/R/CC - 08/75 under section 26 of the Water (Prevention and Control of Pollution) Act and under section 21 of the Air (prevention and Control of Pollution) Act, 1981, and Authorization/ Renewal of Authorization under rule 5 of Hazardous Wastes (Management and Handling) Rules, 1989 for manufacture of	Maharashtra Pollution Control Board, Sub regional Officer Aurangabad-I	January 21, 2010	September 30, 2012
9.	Coverage of Provident Fund Act	Letter for coverage of the factory under Provident Fund Act bearing number MH/AB/80584/APP/96/SRG/243	Assistant Commissioner , Sub regional Provident Fund Office, Aurangabad	November 06, 1996; applicable from January 01, 1996	N.A.
10.	Sanction of Additional Power from Supply MSEDCL	Sanction of load enhancement in Contract Demand and Connected Load at 33 KV level for 2500 KW.	Superintendent Engineer, Maharashtra State Electricity Distribution Company Limited. O and M Rural Circle, Aurangabad.	November 3, 2010	NA
11.	Certificate for ISO 9001:2008	Certificate bearing no. 20000248 QM 08 for Quality Management System ISO 9001:2008 with respect to the manufacture of Gravity Die Cast Components for Automotive applications.	UL DQS Inc Management Systems solutions	July, 19, 2010	September 3, 2012
12.	Certificate for ISO/TS 16949:2009	Certificate bearing no. 20000248 for Quality Management System ISO/TS 16949: 2009 for manufacture of Gravity Die Cast Components for Automotive applications.	UL DQS Inc Management Systems solutions	July 19, 2010	September 3, 2012



Sr. No.	Type of License/ Certificates	Details of the License	Authority	Issue date	Date of Expiry
13.	Consumer Registration Certificate	Certificate bearing No 34/2008, of Maharashtra Solvent Raffinate and Slop (Licensing), Order 2007.	District Supply Officer Aurangabad	March 15, 2008	December 31, 2012.
14.	Consent from MPCB	Consent to operate bearing number MPCB/ROA/ABD/R/CC - 08/75 under section 26 of the Water (Prevention and Control of Pollution) Act and under section 21 of the Air (prevention and Control of Pollution) Act, 1981, and Authorization/ Renewal of Authorization under rule 5 of Hazardous Wastes (Management and Handling) Rules, 1989 for manufacture of	Maharashtra Pollution Control Board, Sub Regional Officer Aurangabad-I	January 1, 2011	December 31, 2011

ix. Authorizations in connection with OMR Bagla Automotive Systems India Limited

Sr. No	Type of License/ Certificates	Details of the License	Authority	Issue date	Date of Expiry
1.	Certificate of Incorporation	Certificate of Incorporation bearing CIN no. U31904PN2006PLC128851 issued to the Company in the name of erstwhile Associated Brakes Limited.	Registrar of Companies, Maharashtra, Pune.	August 2006	4, NA
2.	Fresh Certificate of Incorporation	Fresh certificate of Incorporation consequent upon change of name issued to the Company	Registrar of Companies, Maharashtra, Pune.	December 19, 2007	NA
3.	Permanent Account Number "PAN"	PAN AAFA8402N is allotted to our Company.	Income tax Department, Government of India	September 23, 1985	NA
4.	Value Added Tax ("VAT") registration	VAT TIN 27950634727V is allotted to the company under Maharashtra Value Added Tax, 2002	Sales Tax Department Government of Maharashtra, Aurangabad	December 2007	6, NA
5.	Central Excise registration Certificate of	Certificate of Registration bearing no. AAFA8402NXM001 under the Central Excise and Customs, Rules, 2002	Office of the Assistant Commissioner of Central Excise and	December 27, 2007	NA



Sr. No	Type of License/ Certificates	Details of the License	Authority	Issue date	Date of Expiry
			Customs Aurangabad III Division-		
6.	Tax Deduction Account Number "TAN"	TAN PNEA08575A is allotted to the Company	Income tax Department, Government of India	May 25, 2005	NA
7.	Certificate of Importer Exporter Code "IEC"	IEC bearing number 3107015644 is allotted to the Company	Foreign Trade Development Officer, Regional Jt. DGFT	December 5, 2007	NA
8.	Professional Tax Certificate	Certificate of Enrolment bearing no 3.1.9.18.10901 under section 5 (2) or (2A) of the Maharashtra State Tax on professions, Trades, Callings and Employments Act, 1975	Professional Tax Officer (1) Aurangabad	December 6, 2007	NA
9.	Centralized Registration under Section 69 of the Finance Act, 1994 ("Service Tax Code")	Service Tax Code AAFC8402NST001 is allotted to the Company for the following services: <ul style="list-style-type: none"> • Transport of goods by road • Consulting Engineer 	Office of the Commissioner of Central excise and Customs Service Tax Cell Aurangabad, Maharashtra	December 28, 2007	NA
10.	Certificate of Registration for ISO/TS 16949: 2002	Certificate bearing no. 0079582 for Quality Management System ISO/TS 16949: 2002	Underwriters Laboratories Inc	March 1, 2009	February 28, 2012
11.	Certificate of Registration for ISO/TS 9001: 2000	Certificate for Quality Management System ISO 9001:2000 with respect to Manufacture of high pressure aluminium die casting, machined and surface coated parts and their assemblies for industrial applications	Underwriters Laboratories Inc	March 1, 2009	February 28, 2012
12.	Consent from MPCB	Consent to operate bearing number MPCB/ROA/ABD/R/CC - 08/75 under section 26 of the Water (Prevention and Control of Pollution) Act and under section 21 of the Air (prevention and Control of Pollution) Act, 1981, and Authorization/ Renewal of	Maharashtra Pollution Control Board, Sub regional Officer Aurangabad-I	January 1, 2010	December 31, 2011



Sr. No	Type of License/ Certificates	Details of the License	Authority	Issue date	Date of Expiry
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Authorization under rule 5 of Hazardous Wastes (Management and Handling) Rules, 1989 for manufacture of

D. Applications made in relation to which approvals are pending

Sr. No	Licenses and Approvals	Expiry date	Whether applied for yes/no?
1.	Consent under Disposal of Hazardous Waste and Management Rules, Air Water Consent- Plant N1	March 31, 2011	March 25, 2011
2.	Factory License - Plant VI	December 31, 2010	Renwal Application submitted on October 25, 2010.
3.	Registration Certificate for hiring contract labour - Plant VI	December 31, 2010	Renwal Application submitted on November 27, 2010
4.	Consent from MPCB - Plant VI	September 30, 2010	Renwal Application submitted on August 23, 2010
5.	Zilla Panchayat NOC –Plant N1	March 31, 2011	Renewal application submitted on March 31, 2011
6.	Payment of Gram Panchayat Tax vide receipt no. 053 for the years 2009-10 and 2010-11-Noc- Plant GDC	March 31, 2011	Nil
7.	Payment of non agricultural tax under Rule 5 (Form 1) of Finance Act for 2011-12. –Plant GDC	March 31, 2011	Nil

Application for registration of Trademark, pending receipt of registration certificate:

Sr. No	Trademark	Class and Goods Description	Authority before which it is pending	Application Number	Date of Application
1.	Logo	Class 4	Trade Mark Registry	2210646	September 22, 2011
2.	Logo	Class 6	Trade Mark Registry	2210647	September 22, 2011
3.	Logo	Class 7	Trade Mark Registry	2210648	September 22, 2011
4.	Logo	Class 8	Trade Mark Registry	2210649	September 22, 2011
5.	Logo	Class 9	Trade Mark Registry	2210650	September 22, 2011



Sr. No.	Trademark	Class and Goods Description	Authority before which it is pending	Application Number	Date of Application
6.	Logo	Class 12	Trade Mark Registry	2210651	September 22, 2011
7.	Logo	Class 16	Trade Mark Registry	2210652	September 22, 2011
8.	Logo	Class 35	Trade Mark Registry	2210653	September 22, 2011
9.	Logo	Class 37	Trade Mark Registry	2210654	September 22, 2011
10.	Logo	Class 40	Trade Mark Registry	2210655	September 22, 2011
11.	Logo	Class 42	Trade Mark Registry	2210656	September 22, 2011



SECTION VII -OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for this Issue

Corporate Approvals

- Our Board has, pursuant to its resolution dated September 22, 2011, authorised this Fresh Issue, subject to the approval by the shareholders of our Company under Section 81(1A) of the Companies Act.
- The shareholders of our Company have authorised this Fresh Issue by their special resolution passed pursuant to Section 81(1A) of the Companies Act, at its EGM held on September 23, 2011 and authorised the Board to take decisions in relation to this Issue.
- The Selling Shareholder has obtained approval for the Offer for Sale pursuant to its board resolution dated September 27, 2011.
- The Company received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.
- The Selling Shareholder has confirmed that it has held the Equity Shares proposed to be offered and sold in the Issue for more than one year prior to the date of filing of the Draft Red Herring Prospectus and that the Selling Shareholder has not been prohibited from dealings in securities market and the Equity Shares offered and sold are free from any lien, encumbrance or third party rights.
- Further, our Board has approved the Draft Red Herring Prospectus through its resolution dated September 30, 2011.
- Pursuant to a letter dated [●], 2011, we have applied to the RBI for its approval for the sale of the Equity Shares by the Selling Shareholder as a part of the Issue.

Prohibition by RBI

None of our Company, the Selling Shareholder, our Directors, our Promoters, relatives of Promoters, our Promoter Group, and our Group Companies have been declared as wilful defaulters 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.

Prohibition by SEBI or governmental authorities

We confirm that our Company, the Selling Shareholder, Promoters, persons in control of our 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 the SEBI. Further, the SEBI has not initiated any action against the entities associated with the securities market and with which our Directors are associated.

None of our Directors are associated with the securities market in any manner.

Eligibility for this Issue

Our Company is an unlisted company, complying with the conditions specified in Regulation 26(1) of the SEBI Regulations in the following manner:

- Our Company has net tangible assets of at least ₹ 300 lacs in each of the preceding three full years (of 12 months each), of which not more than 50% are held in monetary assets;
- Our Company has a track record of distributable profits in accordance with Section 205 of the Companies Act, for at least three out of the immediately preceding five years;
- Our Company has a net worth of at least ₹ 1000 lacs in each of the three preceding full years (of 12 months each);
- The aggregate of the proposed Fresh Issue and all previous issues made in the same financial years in terms of the issue size is not expected to exceed five times the pre-Issue net worth of our Company; and
- Our Company has not changed its name in the last Fiscal.



Our Company's net profit, dividend, net worth, net tangible assets and monetary assets derived from its restated financial statements for Fiscal 2011, 2010, 2009, 2008 and 2007, are set forth below:

(₹In lacs)

Particulars	Fiscal 2011	Fiscal 2010	Fiscal 2009	Fiscal 2008	Fiscal 2007
Distributable Profits ⁽¹⁾	1,636.88	396.87	111.53	1,098.19	1,512.67
Net Worth ⁽²⁾	7,022.25	5,816.33	5,591.69	6,548.35	6,962.83
Net Tangible assets ⁽³⁾	5,549.14	4,460.62	4,104.41	5,476.07	7,944.23
Monetary assets ⁽⁴⁾	117.40	70.22	957.05	944.26	192.03
Monetary assets as a percentage of the net tangible assets	2.12%	1.57%	23.32%	17.24%	2.42%

(1) 'Distributable profits' have been defined in terms of Section 205 of the Companies Act, 1956.

(2) 'Net worth' means the aggregate of the paid up share capital, securities premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of the miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance in the profit and loss account.

(3) 'Net tangible assets' means the sum of all net assets of our Company excluding intangible assets as defined in Accounting Standard 26 notified under Companies (Accounting Standards) Rules, 2006.

(4) Monetary assets comprise of cash, and bank balances public deposit accounts with the Government.

In accordance with Regulation 26(4) of the SEBI Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be allotted shall not be less than 1,000; otherwise the entire application money will be refunded. In case of delay, if any, in refund our Company shall pay interest on the application money at the rate of 15% per annum for the period of delay.

This Issue is being made for at least 25% of the post-Issue capital pursuant to Rule 19(2) (b) (ii) of the SCRR read with Regulation 41(1) of the SEBI Regulations. Our Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI Regulations. Further, this Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be available for allocation to QIBs on a proportionate basis. Our Company and the Selling Shareholder may, in consultation with the Book Running Lead Managers, allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder shall be available for allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. Further, not less than 15% of the Issue will be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue will be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. For further details, see "Issue Procedure" on page 287 of the Draft Red Herring Prospectus.

Our Company is in compliance with the following conditions specified under Regulation 4(2) of the SEBI Regulations:

- (a) Our Company, the Selling Shareholder, our Directors, our Promoters, the members of our Promoter Group, the persons in control of our Company and the companies with which our Directors, Promoters or persons in control are associated as directors or promoters or persons in control have not been prohibited from accessing or operating in the capital markets under any order or direction passed by SEBI;
- (b) Our Company has applied to the NSE and the BSE for obtaining their in-principle listing approval for listing of the Equity Shares under this Issue through its applications dated [●] and [●],



respectively and has received the in-principle approvals from the NSE and the BSE pursuant to their letters dated [●] and [●], respectively. For the purposes of this Issue, BSE shall be the Designated Stock Exchange;

- (c) Our Company and the Registrar to the Issue has entered into agreements dated April 6, 2011 and March 30, 2011, with NSDL and CDSL respectively, for dematerialisation of the Equity Shares; and
- (d) The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing the Draft Red Herring Prospectus.

We propose to meet our expenditure towards the objects of the Issue entirely out of the proceeds of the Issue and hence, no amount is proposed to be raised through any other means of finance. Accordingly, Clause VII C of Part A of Schedule VIII of the SEBI Regulations (which requires firm arrangements of finance through verifiable means for 75% of the stated means of finance, excluding the amount to be raised through the proposed issue) does not apply. For further details in this regard, see “*Objects of the Issue*” on page 79 of the Draft Red Herring Prospectus.

Disclaimer Clause of SEBI

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED 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 THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BRLMS, ANAND RATHI ADVISORS LIMITED AND EQUIRUS CAPITAL PRIVATE LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH 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 AND THE SELLING SHAREHOLDER ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BRLMS, ANAND RATHI ADVISORS LIMITED AND EQUIRUS CAPITAL PRIVATE LIMITED ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITIES ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMS, ANAND RATHI ADVISORS LIMITED AND EQUIRUS CAPITAL PRIVATE LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 30, 2011 WHICH READS AS FOLLOWS:

WE, THE BOOK RUNNING LEAD MANAGERS 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, CIVIL DISPUTES AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS (“DRHP”) 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 AND SELLING SHAREHOLDER;

WE CONFIRM THAT:

- (A) THE DRAFT RED HERRING PROSPECTUS FILED WITH SEBI 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 SEBI, THE GOVERNMENT OF INDIA AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
 - (C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**
- 3. WE CONFIRM THAT ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE SEBI, AND THAT TILL DATE SUCH REGISTRATION IS VALID.**
 - 4. WHEN UNDERWRITTEN, WE WILL SATISFY OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS. - NOTED FOR COMPLIANCE**
 - 5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN, SHALL NOT BE DISPOSED/SOLD/TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRHP WITH THE SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.**
 - 6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.**
 - 7. WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE SEBI. 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**



COMPANY ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE.

- 8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.**
- 9. WE CONFIRM THAT NECESSARY ARRANGEMENTS WILL BE MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THIS ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SECTION 73(3) OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT TO BE 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 DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. – NOT APPLICABLE**

AS THE OFFER SIZE IS MORE THAN ₹ 10 CRORES, UNDER SECTION 68B OF THE COMPANIES ACT, 1956, THE EQUITY SHARES ARE TO BE ISSUED IN DEMAT 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 DRAFT RED HERRING PROSPECTUS:**
 - (A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER; AND**
 - (B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.**
- 13. WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.**
- 14. WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S EXPERIENCE, ETC.**
- 15. WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS)**



REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.”

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE OUR COMPANY AND THE SELLING SHAREHOLDER FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BRLMS, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

All legal requirements pertaining to this Issue will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 60B of the Companies Act. All legal requirements pertaining to this Issue will be complied with at the time of registration of the Prospectus with the RoC in terms of Sections 56, 60 and 60B of the Companies Act.

Disclaimer from our Company, our Directors, the Selling Shareholder and the Book Running Lead Managers

Our Company, our Directors, the Selling Shareholder and the BRLMs accept no responsibility for statements made otherwise than those contained in the Draft Red Herring Prospectus or in any advertisements or any other material issued by or at our Company's instance. Anyone placing reliance on any other source of information, including our Company's website, www.aurangabadelectricals.co.in, our Promoters, Promoter Group, Group Company or of any affiliate or associate of our Company, would be doing so at his or her own risk.

Caution

The BRLMs accept no responsibility, save to the limited extent as provided in the Issue Agreement and the Underwriting Agreement to be entered into between the Underwriters, our Company, the Selling Shareholder and Registrar to the Issue.

All information shall be made available by our Company, the Selling Shareholder and the BRLMs to the public and investors at large and no selective or additional information would be made available for a section of investors in any manner whatsoever including at road show presentations, in research or sales reports, at Bidding Centres or elsewhere.

Neither our Company, nor the Selling Shareholder, nor any member of the Syndicate shall be liable to Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholder and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and that they shall not issue, sell, pledge or transfer the Equity Shares to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholder, the Underwriters and their respective directors, officers, agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares.

The BRLMs and their respective affiliates may engage in transactions with, and perform services for, our Company and its Group Companies or affiliates or the Selling Shareholder in the ordinary course of business and have engaged, or may in the future engage, in transactions with our Company and its Group Companies or affiliates or the Selling Shareholder, for which they have received, and may in the future receive, compensation.



Jurisdiction

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

Disclaimer in Respect of Jurisdiction

This Issue is being made in India to persons resident in India, including Indian national residents in India who are majors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in shares, Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI's permission), or trusts under applicable trust law and who are authorised under their constitution to hold and invest in shares, public financial institutions as specified in Section 4A of the Companies Act, state industrial development corporations, insurance companies registered with the IRDA, provident funds (subject to applicable law) with minimum corpus of ₹ 2500 lacs and pension funds with minimum corpus of ₹ 2500 lacs, VCFs, the National Investment Fund, insurance funds set up and managed by the army, navy or air force of the Union of India or by the Department of Posts, India and permitted Non-Residents including FIIs, their Sub-Accounts, FVCIs, multilateral and bilateral financial institutions and Eligible NRIs and other eligible foreign investors, if any, provided that they are eligible under all applicable laws and regulations to purchase the Equity Shares.

The Draft Red Herring Prospectus will not, however, constitute an offer to sell or an invitation to subscribe for Equity 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 the Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in 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 the Draft Red Herring Prospectus has been filed with the SEBI for its observations and SEBI shall give its observations in due course. Accordingly, the Equity Shares represented hereby may not be offered or sold, directly or indirectly, and the Draft Red Herring Prospectus may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of the Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of our Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States, or to, or for the account or benefit of, "U.S. Persons" (as defined the Regulation S under the Securities Act). Accordingly, the Equity Shares are only being offered or sold outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions 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 Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Further, each Bidder where required must agree in the CAN that such Bidder will not sell or transfer any Equity Shares or 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 form, or in a transaction not subject to, the registration requirements of the Securities Act.



Disclaimer Clause of the BSE

As required, a copy of the Draft Red Herring Prospectus shall be submitted to the BSE. The disclaimer clause as intimated by the BSE to us, post scrutiny of the Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing the same with the RoC.

Disclaimer Clause of the NSE

As required, a copy of the Draft Red Herring Prospectus shall be submitted to the NSE. The disclaimer clause as intimated by the NSE to us, post scrutiny of the Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to filing the same with the RoC.

Disclaimer Clause of IPO Grading Agency

[●]

Filing of the offer document with SEBI and the RoC

A copy of the Draft Red Herring Prospectus will be filed with the SEBI at the Securities and Exchange Board of India, SEBI Bhavan, G Block, third Floor, Bandra Kurla Complex, Bandra (E), Mumbai 400 051, Maharashtra.

A copy of the Red Herring Prospectus, along with the other documents required to be filed under Section 60B of the Companies Act, will be delivered for registration with the RoC located at the address mentioned below. Further, a copy of the Prospectus required to be filed under Section 60 of the Companies Act will be delivered for registration with the RoC located at the address mentioned below:

PMT Building,
Pune Stock exchange,
3rd Floor, Deccan Gymkhana,
Pune-411004
Phone: 020-25530042
Facsimile: 020-25521376
Email: roc.pune@mca.gov.in

Listing

Applications have been made to the Stock Exchanges for permission to deal in, and for an official quotation of the Equity Shares. The BSE will be the Designated Stock Exchange with which the 'Basis of Allotment' will be finalised.

If permissions to deal in and for an official quotation of the Equity Shares are not granted by any of the Stock Exchanges, our Company and the Selling Shareholder will forthwith repay, without interest, all moneys received from the applicants in pursuance of the Red Herring Prospectus. As prescribed under Section 73 of the Companies Act, if such money is not repaid within **eight days** after our Company and the Selling Shareholder become liable to repay it, i.e. from the date of refusal of permission from the Stock Exchanges or within 15 days from the Bid Closing Date, whichever is earlier, then our Company, the Selling Shareholder and every Director who is an officer in default shall, on and from such expiry of eight days, be jointly and severally liable to repay the money, with interest at the rate of 15% p.a. on application money.

Our Company and the Selling Shareholder shall 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 twelve Working Days from the Bid/Issue Closing Date.



Impersonation

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

“Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscription, for, any shares therein, or
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years.”

Consents

Consents in writing of (a) the Selling Shareholder, our Directors, our Company Secretary and Compliance Officer, the BRLMs, the lenders to our Company, the domestic legal counsel to our Company and to the Underwriters, the Bankers to our Company, the Registrar to the Issue have been obtained; and consents in writing of (b) the IPO Grading Agency, the Syndicate Members, the Escrow Collection Banks and the Bankers to the Issue to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under Sections 60 and 60B of the Companies Act. Further, such consents will not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act and the SEBI Regulations, M/s. S.R. Batliboi & Co, Chartered Accountants have given their written consent for inclusion of their name, examination report on the restated financial statements and their report relating to the possible general and special tax benefits, as applicable, in the Draft Red Herring Prospectus in the form and context in which they appear in the Draft Red Herring Prospectus.

[●], the IPO Grading Agency, will give its written consent for inclusion of their report in the form and context in which it will appear in the Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus for registration with the RoC.

Expert Opinion

Except for the report provided by the IPO Grading Agency (a copy of which report will be annexed to the Red Herring Prospectus), furnishing the rationale for its grading of this Issue, pursuant to the SEBI Regulations, we have not obtained any other expert opinions.

Issue Related Expenses

Other than listing fees, which will be paid by the Company, all expenses with respect to the Issue will be shared between the Selling Shareholder and the Company, in the proportion to the Equity Shares offered for sale or issued, as the case may be in the Issue.

The estimated Issue expenses are as under:

S. No.	Activity Expense	Amount* (in ₹ lacs)	Percentage of Total Issue Expenditure*	Percentage of Issue Size*
1.	Fees of the Lead Managers, underwriting commission, brokerage and selling	[●]	[●]	[●]



S. No.	Activity Expense	Amount* (in ₹ lacs)	Percentage of Total Issue Expenditure*	Percentage of Estimated Issue Size*	Percentage of Issue
	commission (including commission to SCSBs for ASBA Applications)				
2.	Fees to the Bankers to Issue	[●]	[●]	[●]	[●]
3.	Advertising and marketing expenses, printing and stationery, distribution, postage etc.	[●]	[●]	[●]	[●]
4.	Registrar to the Issue	[●]	[●]	[●]	[●]
5.	Other expenses (Grading Agency, Legal Advisors, Auditors and other Advisors etc:)	[●]	[●]	[●]	[●]
	Total Estimated Issue Expenditure	[●]	[●]	[●]	[●]

**To be completed after finalization of the Issue Price*

Fees, Brokerage and Selling Commission Payable to the Book Running Lead Managers and the Syndicate Members

The total fees payable to the BRLMs and the Syndicate Members (including underwriting commission, selling commission and reimbursement of their out-of-pocket expense) will be as stated in the engagement letters among our Company, the Selling Shareholder, the BRLMs, copies of which will be made available for inspection at our Registered Office from 10.00 am to 4.00 pm on Working Days from the date of the Draft Red Herring Prospectus until the Bid Closing Date.

Fees Payable to the Registrar to the Issue

The fees payable by our Company and the Selling Shareholder to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as per the agreement dated September 27, 2011 entered into, between our Company, the Registrar to the Issue and the Selling Shareholder, a copy of which is available for inspection at the Registered Office.

The Registrar to the Issue will be reimbursed for all out-of-pocket expenses including cost of stationery, postage, and stamp duty and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable it to send refund in any of the modes described in the Red Herring Prospectus or Allotment Advice by registered post/speed post/under certificate of posting.

IPO grading

This Issue has been graded by [●] and has been assigned the grade of [●] indicating [●], through its letter dated [●], which is valid for a period of [●]. The IPO grading is assigned on a five point scale from 1 to 5 wherein an “IPO Grade 5” indicates strong fundamentals and an “IPO Grade 1” indicates poor fundamentals. A copy of the report provided by [●] will be made available for inspection at our Registered Office. For details in relation to rationale furnished by [●], see “*Annexure I*” of the Draft Red Herring Prospectus.

Public or Rights Issues during the last five years

Our Company has not made any previous public issue (including any rights issue to the public) in the five years preceding the date of the Draft Red Herring Prospectus.



Previous Issues of securities otherwise than for cash

Other than as disclosed in the section titled “*Capital Structure*” on page 63 of the Draft Red Herring Prospectus, our Company has not issued any securities for consideration other than cash.

Public Issues in the last three years

Neither our Company nor our Group Companies or Associate Companies, have made any public issue (including any rights issue to the public) in the last three years.

Performance vis-à-vis Objects

There has been no public issue (including any rights issue to the public) by our Company, Group Companies and entities or our Associate Companies.

Underwriting Commission, Brokerage and Selling Commission on Previous Issues

There has been no public issue of the Equity Shares in the past. Thus, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since our Company's inception.

Outstanding Debentures or Bond Issues or Preference Shares

Except as stated in the section titled “*Capital Structure*” on page 63 of the Draft Red Herring Prospectus, our Company has no outstanding debentures or bonds or redeemable preference shares or other instruments as of the date of the Draft Red Herring Prospectus.

Stock Market Data of the Equity Shares

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

Other Disclosures

Except as disclosed in the section titled “*Capital Structure*” on page 63 of the Draft Red Herring Prospectus, none of our Directors, Promoters, the respective directors of our Promoters and/or the members of our Promoter Group have purchased or sold any securities of our Company, during a period of six months preceding the date of filing the Draft Red Herring Prospectus with SEBI.

SEBI has not initiated any action against any entity associated with the securities market, with which our Directors are associated.

Mechanism for Redressal of Investor Grievances

The agreement between the Registrar to the Issue, our Company and the Selling Shareholder will provide for retention of records with the Registrar to the Issue for a period of at least three years from the last date of dispatch of the letters of Allotment, or refund orders, demat credit or, where refunds are being made electronically, giving of refund instructions to the clearing system, to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

All grievances relating to this Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the applicant, application number, number of Equity Shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the relevant Designated Branch or collection centre of SCSB where the physical ASBA Bid cum Application Form was submitted by an ASBA Bidder.



Disposal of Investor Grievances by our Company

Our Company estimates that the average time required by our Company or the Registrar to the Issue for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of complaints that are not routine or where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Prem Chand Agrawal, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. He can be contacted at the following address:

Aurangabad Electricals Limited,
Gut No.65, Village Chitegaon
Taluka Paithan,
Aurangabad -431105.
India
Telephone: +02431-251482
Facsimile: +02431-251488
E-mail:compliance@aurangabadelectricals.co.in;

Disposal of investor grievances by listed companies under the same management within the meaning of Section 370(1B) of the Companies Act

We do not have any listed companies under the same management within the meaning of Section 370(1B) of the Companies Act and therefore there are no investor complaints pending against our companies.

Change in Auditors

Except as disclosed in “*History and Certain Corporate Matters*” on page 142 of the Draft Red Herring Prospectus there has been no change in the Auditors of our Company in the last three years:

Capitalisation of Reserves or Profits

Our Company has not capitalised its reserves or profits at any time in the last five years immediately preceding the date of the Draft Red Herring Prospectus.

Revaluation of Assets

Our Company has not revalued its assets since its incorporation.



SECTION VIII – ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued and transferred pursuant to the Issue are subject to the provisions of the Companies Act, our Memorandum and Articles, the terms of the Red Herring Prospectus, the Prospectus, the Bid cum Application Form, the ASBA Bid cum Application Form, the Revision Form, the CAN, the Listing Agreements to be entered with the Stock Exchanges and other terms and conditions as may be incorporated in the Allotment Advices and other documents or certificates that may be executed in respect of this Issue. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by the SEBI, the GoI, the Stock Exchanges, the RoC, the RBI and/or other authorities, as in force on the date of this Issue and to the extent applicable.

Authority for the Issue

The Issue has been authorised by a resolution of the Board of Directors dated September 22, 2011, subject to the approval of shareholders of the Company through a special resolution to be passed pursuant to Section 81 (1A) of the Companies Act.

The Shareholders of the Company have authorised the Issue by a special resolution passed pursuant to Section 81(1A) of the Companies Act, passed at the EGM of the Company held on September 23, 2011.

The Selling Shareholder has authorised the Offer for Sale of the Equity Shares held by it pursuant to the terms of a resolution of their board of directors dated September 27, 2011.

The Company received in-principle approvals from the BSE and the NSE for the listing of the Equity Shares pursuant to letters dated [●] and [●], respectively.

The Selling Shareholder has confirmed that it has held the Equity Shares proposed to be offered and sold in the Issue for more than one year prior to the date of filing of the Draft Red Herring Prospectus and that the Selling Shareholder has not been prohibited from dealings in securities market and the Equity Shares offered and sold are free from any lien, encumbrance or third party rights.

Pursuant to a letter dated [●], 2011, we have applied to the RBI for its approval for the sale of the Equity Shares by the Selling Shareholder as a part of the Issue.

Ranking of Equity Shares

The Equity Shares being issued and transferred in the Issue shall be subject to the provisions of the Companies Act, our Memorandum and Articles and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividend. The Allottees will be entitled to dividends and other corporate benefits, if any, declared by our Company after the date of Allotment. See section titled “*Main Provisions of the Articles of Association*” on page 328 of the Draft Red Herring Prospectus for a description of significant provisions of our Articles.

Mode of Payment of Dividend

Our Company shall pay dividends, if declared, to shareholders of our Company as per the provisions of the Companies Act, Articles of Association and the provisions of the Listing Agreements. In relation to the Offer for Sale, the dividend for the entire year shall be payable to the transferees.



Face Value and Issue Price

The face value of the Equity Shares is ₹ 10 each. The Floor Price of Equity Shares is ₹ [●] per Equity Share and the Cap Price is ₹ [●] per Equity Share. The Anchor Investor Issue Price is ₹ [●] per Equity Share.

At any given point of time there shall be only one denomination for the Equity Shares.

Compliance with Regulations issued by SEBI

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

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and the provisions of our Articles, the equity shareholders of our Company shall have the following rights:

- The right to receive dividends, if declared;
- The right to attend general meetings and exercise voting powers, unless prohibited by law;
- The right to vote on a poll either in person or by proxy;
- The right to receive offers for rights shares and be allotted bonus shares, if announced;
- The right to receive any surplus on liquidation subject to any statutory and other preferential claims being satisfied;
- The right to freely transfer their Equity Shares; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the Listing Agreements executed with the Stock Exchanges, and our Memorandum and Articles.

For a detailed description of the main provisions of our Articles relating to voting rights, dividend, forfeiture and lien, transfer and transmission, and/ or consolidation/ splitting, see “*Main Provisions of the Articles of Association*” on page 328 of the Draft Red Herring Prospectus.

Market Lot, Trading Lot and Option to receive Equity Shares in Dematerialised Form

Pursuant to Section 68B of the Companies Act, the Equity Shares shall be Allotted only in dematerialised form. Hence, the Equity Shares being offered through the Red Herring Prospectus can be applied for in the dematerialised form only.

Further, as per the provisions of the SEBI Regulations, the trading of our Equity Shares shall only be in dematerialised form, consequent to which, the tradable lot is one Equity Share. Allotment of Equity Shares will be only in electronic form in multiples of [●] Equity Shares, subject to a minimum Allotment of [●] Equity Shares.

The Price Band and the minimum Bid lot will be decided by our Company and the Selling Shareholder, in consultation with the BRLMs, including the relevant financial ratios computed for both the Cap Price and the Floor Price, which shall be published in English and Hindi national newspapers, and one Marathi newspaper, each with wide circulation, being the newspapers in which the pre-Issue advertisements were published, at least two Working Days prior to the Bid Opening Date.

Joint Holders

Subject to provisions contained in our Articles, where two or more persons are registered as the holders of any Equity Share, they shall be deemed to hold the same as joint tenants with benefits of survivorship.

Jurisdiction



Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, India only.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States. Accordingly, the Equity Shares are only being offered and sold outside the United States in reliance on Regulation S under the Securities Act.

Nomination facility to investors

In accordance with Section 109A of the Companies Act, the sole or First Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of the sole Bidder or in case of joint Bidders, the death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of death of the original holder(s), shall be entitled to the same advantages to which such person would be entitled if such person 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 the Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale, transfer 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 Registered Office or with the Registrar to the Issue and transfer agents of our Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of Section 109A of the Companies Act as mentioned above, shall, upon the production of such evidence as may be required by our Board, elect either:

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

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment will be made only in dematerialised form, there shall be no requirement for a separate nomination with our Company. Nominations registered with the respective Depository Participant of the applicant will prevail. If the investors require to change their nomination, they are requested to inform their respective Depository Participant.

Minimum Subscription

In the event our Company does not receive a minimum subscription of 90% of the Fresh Issue, including devolvement to the Underwriters within 60 days from the Bid Closing Date, we 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, we shall pay such interest prescribed under Section 73 of the Companies Act.

The requirement for minimum subscription is not applicable to the Offer for Sale. In case of under-subscription in the Issue, the Equity Shares in the Fresh Issue will be issued prior to the Equity Shares in the Offer for Sale.

Further, in accordance with Regulation 26(4) of the SEBI Regulations, our Company shall ensure that the number of prospective allottees to whom the Equity Shares will be Allotted will be not less than 1,000.

Application by Eligible NRIs, FIIs and Sub-Accounts



It is to be distinctly understood that there is no reservation for NRIs and FIIs, Sub-Accounts or FVCIs and other Non-Residents. Such Eligible NRIs, FIIs, Sub-Accounts or FVCIs and other Non-Residents shall be treated on the same basis as other categories for the purposes of Allocation.

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

Arrangements for disposal of odd lots

Since our Equity Shares will be traded in dematerialised form only, the market lot for our Equity Shares will be one, no arrangements for disposal of odd lots are required.

Restriction on transfer and transmission of shares

Except for the lock-in of the pre-Issue Equity Shares, Promoters' minimum contribution and Allotment made to Anchor Investor pursuant to the Issue, as detailed in the section entitled "*Capital Structure*" on page 63 of the Draft Red Herring Prospectus, there are no restrictions on transfers and transmission of Equity Shares and on their consolidation/ splitting except as provided in our Articles. See the section titled "*Main Provisions of the Articles of Association*" at page 328 of the Draft Red Herring Prospectus.

Withdrawal of the Issue

In accordance with the SEBI Regulations, our Company and the Selling Shareholder, in consultation with BRLMs, reserve the right not to proceed with this Issue at anytime after the Bid Opening Date, but before our Board meeting for Allotment, without assigning reasons therefor. However, if our Company and the Selling Shareholder withdraw the Issue after the Bid Closing Date, we will give reason thereof within two days of the Bid Closing Date by way of a public notice which shall be published in the same newspapers where the pre-Issue advertisements were published. Further, the Stock Exchanges shall be informed promptly in this regard and the BRLMs, through the Registrar to the Issue, shall notify the SCSBs to unblock the Bank Accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification. In the event of withdrawal of the Issue and subsequently, plans of an IPO by our Company, a draft red herring prospectus will be submitted again to SEBI.

Notwithstanding the foregoing, this Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and the final RoC approval of the Prospectus.



ISSUE STRUCTURE

The Issue of 41,70,000 Equity Shares for cash at a price of ₹ [●] per Equity Share including a share premium of ₹ [●] per Equity Share, aggregating up to ₹ [●], comprising of Fresh Issue of 16,50,000 Equity Shares aggregating to ₹ [●] lacs by our Company and an Offer for Sale of 25,20,000 Equity Shares by the Selling Shareholder. The Issue shall constitute 31.95% approximately of the fully diluted post-Issue paid-up capital of our Company.

The Issue is being made through the Book Building Process.

	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Not more than 20,85,000 Equity Shares.	Not less than 6,25,500 Equity Shares or Issue less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than 14,59,500 Equity Shares or Issue less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation.
Percentage of Issue available for Allotment/Allocation	Not more than 50% of the Issue shall be allocated to QIB Bidders. However, 5% of the Net QIB Portion shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the 5% reservation in the Net QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs.	Not less than 15% of the Issue or the Issue less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than 35% of the Issue or the Issue less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation.
Basis of Allotment if respective category is oversubscribed	Proportionate as follows: (a) 72,975 Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and (b) 14,59,500 Equity Shares shall be Allotted on a proportionate basis to all QIBs including Mutual Funds receiving allocation as per (a) above. The Company may allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price on a discretionary basis, out of which at least one-third will be available for allocation	Proportionate.	Proportionate.



	QIBs	Non-Institutional Bidders	Retail Individual Bidders
	to Mutual Funds only.		
Minimum Bid	Such number of Equity Shares so that the Bid Amount exceeds ₹ 200,000.	Such number of Equity Shares so that the Bid Amount exceeds ₹ 200,000.	[●] Equity Shares.
Maximum Bid	Such number of Equity Shares not exceeding the size of the Issue, subject to applicable limits.	Such number of Equity Shares not exceeding the size of the Issue, subject to applicable limits.	Such number of Equity Shares whereby the Bid Amount does not exceed ₹ 200,000.
Mode of Allotment	Compulsorily dematerialised form.	Compulsorily in dematerialised form.	Compulsorily in dematerialised form.
Bid Lot	[●] Equity Shares and in multiples thereof.	[●] Equity Shares and in multiples thereof.	[●] Equity Shares and in multiples thereof.
Allotment Lot	A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share.	A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share.	A minimum of [●] Equity Shares and thereafter in multiples of one Equity Share.
Trading Lot	One Equity Share.	One Equity Share.	One Equity Share.
Who can Apply **	Mutual Fund, Venture Capital Fund, FVCI, FIIs and sub-account (other than a sub-account which is a foreign corporate or foreign individual), public financial institution as defined in Section 4A of the Companies Act, a scheduled commercial bank, multilateral and bilateral development financial institution, state industrial development corporation, insurance company registered with the Insurance Regulatory and Development Authority, provident fund with minimum corpus of ₹ 2500 lacs, pension fund with minimum corpus of ₹ 2500 lacs, National Investment Fund, insurance funds set up and managed by army, navy or air force of the Union of India or by the Department of Posts, India.	Eligible NRIs, Resident Indian individuals, HUFs (in the name of the Karta), companies, corporate bodies, scientific institutions, societies and trusts, sub-accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals.	Resident Indian individuals (including HUFs in the name of the Karta) and Eligible NRIs.



	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Terms of Payment	The entire Bid Amount shall be payable at the time of submission of Bid cum Application Form to the members of the Syndicate.		
	In case of ASBA Bidders, the SCSB shall be authorised to block the Bid Amount mentioned in the ASBA Bid cum Application Form.		

- * Subject to valid Bids being received at or above the Issue Price. The Issue is being made through the Book Building Process wherein not more than 50% of the Issue shall be allocated to QIB Bidders on a proportionate basis. Our Company and the Selling Shareholder may, in consultation with the Book Running Lead Managers, allocate up to 30% of the QIB Portion to Anchor Investors at the Anchor Investor Allocation Price, on a discretionary basis, out of which at least one-third will be available for allocation to domestic Mutual Funds only. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for allocation on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. Mutual Funds participating in the 5% reservation in the Net QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs. Further, not less than 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and not less than 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

Subject to valid Bids being received at or above the Issue Price, under-subscription, if any, in the Non-Institutional Portion and Retail Portion would be allowed to be met with spill-over from other categories at the discretion of our Company and the Selling Shareholder in consultation with the BRLMs and the Designated Stock Exchange.

The QIB Portion includes Anchor Investor Portion, as per the SEBI Regulations. Anchor Investor shall pay the entire Bid Amount at the time of submission of the Anchor Investor Bid. Provided that any difference between the Anchor Investor Allocation Price and Anchor Investor Issue Price, shall be payable by the Anchor Investor Pay-in Date.

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

Letters of Allotment, refund orders or instructions to SCSBs

Our Company and Selling Shareholder shall credit the Equity Shares to the valid beneficiary account with its Depository Participants within two Working Days from the date of the Allotment to all successful Allottees including ASBA Bidders which shall be done within nine Working Days from the Bid Closing Date.

Please note that only Bidders having a bank account at any of the 68 centres where the clearing houses for the NECS as notified by the RBI are eligible to receive refunds or payment through electronic transfer of funds. For all other Bidders, including Bidders having bank accounts in the said 68 centres who have not updated their bank particulars along with the nine-digit MICR code, the refund orders shall be dispatched within 10 Working Days of the Bid Closing Date "Under Certificate of Posting" for refund orders less than or equal to ₹ 1,500 and through speed post/registered post for refund orders exceeding ₹ 1,500.

In case of ASBA Bidders, the Registrar to the Issue shall instruct the SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA for withdrawn, rejected or unsuccessful or partially successful ASBAs within eight Working Days from the Bid Closing Date.



Interest in case of delay in dispatch of refund orders or instructions to SCSBs

In accordance with the Companies Act, the requirements of the Stock Exchanges and SEBI Regulations, our Company undertakes that:

- Allotment shall be made only in dematerialised form within nine Working Days from the Bid Closing Date;
- Dispatch of refund orders, except for Bidders who can receive refunds through Direct Credit, NEFT, RTGS or NECS, shall be done within 10 Working Days from the Bid Closing Date;
- Instructions to SCSBs to unblock the funds in the relevant ASBA Account for withdrawn rejected or unsuccessful Bids shall be made within eight Working Days from the Bid Closing Date.
- It shall pay interest at 15% p.a. if the refund orders have not been dispatched to the Bidders or if, in a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT, RTGS or NECS, the refund instructions have not been given to the clearing system in the disclosed manner within 10 Working Days from the Bid Closing Date or if instructions to SCSBs to unblock funds in the ASBA Accounts are not given within eight Working Days of the Bid Closing Date.

Our Company and the Selling Shareholder will provide adequate funds required for dispatch of refund orders or CAN to the Registrar to the Issue. Refunds will be made by cheques, pay orders or demand drafts drawn on any one or more of the Refund Banker(s) and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

In case of ASBA Bidders, the SCSBs will unblock funds in the ASBA Accounts to the extent of the refund to be made based on instructions received from the Registrar to the Issue.

Bid/Issue Programme *

BID OPENING DATE	[•]
BID CLOSING DATE	[•]
QIB BID CLOSING DATE	[•]

* Our Company and the Selling Shareholder in consultation with the BRLMs consider participation by Anchor Investors. Anchor Investor shall Bid on Anchor Investor Bidding Date.

Except in relation to the Bids received from the Anchor Investors, Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period at the Bidding Centres mentioned on the Bid cum Application Form or, in case of Bids submitted through ASBA Bid cum Application Form, the Designated Branches **except that:**

- in case of Bids by QIBs under the Net QIB Portion, the Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 4.00 p.m. on the QIB Bid Closing Date;
- in case of Bids by Non-Institutional Bidders, the Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 4.00 p.m. on the Bid Closing Date; and
- in case of Bids by Retail Individual Bidders, the Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. on the Bid Closing Date, which may be extended up to such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by BRLMs to the Stock Exchanges within half an hour of such closure.



Due to limitation of the time available for uploading the Bids on the last day of the respective Bidding Period, the Bidders are advised to submit their Bids one day prior to the last day of the Bidding Period, and, in any case, no later than 3.00 p.m. (Indian Standard Time) on the last day of the Bidding Period. Bidders are cautioned that, in the event a large number of Bids are received on the last day of the Bidding Period, as is typically experienced in public offerings in India, it may lead to some Bids not being uploaded due to lack of sufficient time to upload. Such Bids that cannot be uploaded will not be considered for allocation under this Issue. Bids will only be accepted on Working Days.

In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical Bid form, for a particular Bidder, the details as per physical application form of that Bidder may be taken as the final data for the purpose of allotment. In case of discrepancy in the data entered in the electronic book *vis-à-vis* the data contained in the physical or electronic ASBA Bid cum Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall ask the relevant SCSB for rectified data.

Our Company and the Selling Shareholder, in consultation with the BRLMs, reserve the right to revise the Price Band during the Bidding Period in accordance with the SEBI Regulations. In such an event, the Cap Price shall not be more than 120% of the Floor Price. Subject to compliance with the immediately preceding sentence, the Floor Price can move up or down, to the extent of 20% of the Floor Price, as advertised at least two Working Days before the Bid Opening Date.

In case of revision in the Price Band, the Bidding Period shall be extended for at least three additional Working Days after such revision, subject to the total Bidding Period not exceeding 10 Working Days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the SCSBs and the Stock Exchanges, by issuing a press release and also by indicating the change on the websites of the BRLMs and the terminals of the other members of the Syndicate.



ISSUE PROCEDURE

This section applies to all Bidders. Please note that pursuant to the SEBI circular dated April 29, 2011, bearing no. CIR/CFD/DIL/1/2011, all Bidders other than Retail Individual Bidders i.e. QIBs (other than Anchor Investors) and Non-Institutional Bidders are mandatorily required to submit their Bids by way of ASBA. Anchor Investors are not permitted to participate through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all the Bidders are required to make payment of the full Bid Amount along or instruct the relevant SCSB to block the full Bid Amount at the time of making a Bid.

Our Company, the Selling Shareholder and the members of the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section, and are not liable for any amendment, modification or change in applicable law, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids 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 the Draft Red Herring Prospectus.

Book Building Procedure

In terms of Rule 19(2)(b)(i) of the SCRR, this Issue is for more than 25% of the post-Issue capital of our Company. The Issue is being made through the Book Building Process wherein up to 50% of the Issue shall be available for allocation to Qualified Institutional Buyers on a proportionate basis. Out of the Net QIB Portion 5% shall be available for allocation on a proportionate basis to Mutual Funds subject to valid bids being received from them at or above the Issue Price. The remainder shall be available for Allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid bids being received from them at or above the Issue Price. Further, not less than 15% of the Issue would be available for allocation to Non-Institutional Bidders and not less than 35% of the Issue would be available for allocation to Retail Individual Bidders on a proportionate basis, subject to valid bids being received from them at or above the Issue Price. Our Company may in consultation with the BRLMs, consider participation of Anchor Investors in accordance with SEBI Regulations. Allocation to Anchor Investors shall be on a discretionary basis and not on a proportionate basis.

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 BRLMs and the Designated Stock Exchange.

QIBs and Non-Institutional Bidders can participate in this Issue only through the ASBA process while Retail Individual Bidders have the option to bid through the ASBA process. ASBA Bidders are required to submit their Bids to the members of the Syndicate at the Syndicate ASBA Centres where the ASBA Account (as specified in the Bid cum Application Form) is maintained and where the SCSBs have named at least one branch at that location for the members of the Syndicate to deposit Bid cum Application Forms, or to the SCSBs. Bidders other than ASBA Bidders are required to submit their Bids to the members of the Syndicate.

In case of QIBs, other than Anchor Investors, who are Syndicate ASBA Bidders, the BRLMs, and the Syndicate Members, may reject Bids at the time of acceptance of the ASBA Bid cum Application Forms provided that the reasons for such rejection shall be disclosed to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders our Company and the Selling Shareholder have a right to reject Bids based on technical grounds only.

Bidders can Bid at any price within the Price Band. The Price Band and the Bid lot for the Issue will be decided by the Company and the Selling Shareholder in consultation with the BRLMs, and advertised in an English and a Hindi national daily newspapers, and one Marathi daily newspaper, each with wide circulation at least two Working Days prior to the Bid Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price.



Investors should note that the Allotment will only be in dematerialised form. The Bid cum Application Forms or ASBA Bid cum Application Forms, as the case may be, which do not have the details of the Bidders' depository account, including the DP ID Number and the BAN, shall be treated as incomplete and rejected. Bid cum Application Forms which do not have the details of the Bidders' PAN, (other than Bids made on behalf of the Central and the State Governments, residents of the state of Sikkim and official appointed by the courts) shall be treated as incomplete and are liable to be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form and such Bids are liable to be rejected. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

Bidders are required to ensure that the PAN (of the sole/ first Bidder) provided in the Bid cum Application Form or the ASBA Bid cum Application Form is exactly the same as the PAN of the person(s) in whose name the relevant beneficiary account is held. If the Bid cum Application Form or the ASBA Bid cum Application Form was submitted in joint names, Bidders are required to ensure that the beneficiary account was held in the same joint names in the same sequence in which they appeared in the Bid cum Application Form or ASBA Bid cum Application Form.

Bid cum Application Form and ASBA Bid cum Application Form

The prescribed colour of the Bid cum Application Form and ASBA Bid cum Application Form for various categories of Bidders is as follows:

Category	Colour of Bid cum Application Form including ASBA Bid cum Application Form*
Resident Indians and Eligible NRIs applying on a non-repatriation basis	[●]
Non-Residents and Eligible NRIs applying on a repatriation basis, FVCIs and FIIs	[●]
Anchor Investors**	[●]

* Bid cum Application forms for ASBA Bidders will also be available on the website of the NSE (www.nseindia.com) and BSE (www.bseindia.com) at least one day prior to Bid Opening Date. A hyperlink to the website of the Stock Exchanges for this facility will be provided on the website of the BRLMs and the SCSBs.

** Bid cum Application forms for Anchor Investors shall be made available at the office of the BRLMs

Copies of the Bid cum Application Form will be available for all categories of Bidders, other than Anchor Investors, with the members of the Syndicate and from our Registered Office and our Corporate Office. Bid cum Application Forms for Anchor Investors shall be available at the offices of the BRLMs. ASBA Bid cum Application Form in physical form will be available with the Designated Branches or with the members of the Syndicate at the Syndicate Bidding Centres, and electronic ASBA Bid cum Application Forms will be available on the websites of the SCSBs and on the websites of the Stock Exchanges at least one day prior to the Bid Opening Date. Copies of the Red Herring Prospectus shall, on a request being made by any Bidder, be furnished to him at our Registered Office, our Corporate Office, any member of the Syndicate and the Designated Branches.

Bidders, other than ASBA Bidders, are required to submit their Bids through the members of the Syndicate only. Bidders including Syndicate ASBA Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of a Syndicate for the purpose of making a Bid in terms of the Red Herring Prospectus, unless they are using the ASBA Process directly via the SCSBs. Before being issued to the Bidders, the Bid cum Application Forms shall be serially numbered. The Bid cum Application Form shall contain information about the Bidder, the price and the number of Equity Shares that the Bidder wishes to Bid for. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple Bids.

ASBA Bidders shall submit an ASBA Bid cum Application Form either (i) in physical form to the Designated Branch of an SCSB which shall be stamped, at the relevant Designated Branch; (ii) in electronic form through the internet banking facility offered by an SCSB authorizing blocking of funds that



are available in the bank account ("**ASBA Account**") specified in the ASBA Bid cum Application Form used by ASBA Bidders; or (iii) in case of applications by Syndicate ASBA Bidders, the ASBA Bid cum Application Form shall be submitted to the members of the Syndicate in physical form at the relevant Syndicate ASBA Centre, who shall submit the same to the respective SCSB, which shall be stamped. The ASBA Bid cum Application Form shall contain all relevant information, including as specified in the relevant regulations, and shall be uniform for all ASBA Bidders. ASBA Bidders shall use the ASBA Bid cum Application Form bearing the code of the Syndicate Members and/or the Designated Branch of an SCSB for the purpose of making a Bid in terms of the Red Herring Prospectus. The list of banks notified by SEBI to act as SCSBs for the ASBA process and details of Designated Branches of SCSBs collecting the ASBA Bid cum Application Forms are available at <http://www.sebi.gov.in>. The SCSB shall block an amount equal to the Bid Amount in the ASBA Account, on the basis of an authorization to this effect given by the ASBA Bidder at the time of submitting the Bid. The ASBA data shall thereafter be uploaded in the electronic bidding system of the Stock Exchanges.

The Bid Amount shall remain blocked in the ASBA Account until receipt of the basis of approval of the basis of Allotment in the Issue by the Designated Stock Exchange and consequent transfer of the Bid Amount against the allocated Equity Shares to the Public Issue Account, or until withdrawal or failure of the Issue or until withdrawal or rejection of the ASBA Bid, as the case may be. Once the basis of Allotment is approved by the Designated Stock Exchange, 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 requisite amount to the Public Issue Account. Upon completing and submitting the ASBA Bid cum Application Form, the ASBA Bidder is deemed to have authorized: (i) the SCSBs to do all acts as are necessary to make an application in the Issue, including uploading his or her or its Bid, blocking or unblocking of funds in the ASBA Account and transfer funds to the Public Issue Account on receipt of instructions from the Registrar to the Issue after approval of the basis of Allotment by the Designated Stock Exchange; and (ii) the Registrar to the Issue to issue instructions to the Controlling Branch of the SCSBs to unblock the funds in the ASBA Account, upon approval of the basis of Allotment by the Designated Stock Exchange.

Upon completing and submitting the Bid cum Application Form or an ASBA Bid cum Application Form in accordance with the above, the Bidder is deemed to have authorised our Company to make the necessary changes in the Red Herring Prospectus and the Bid cum Application Form or the ASBA Bid cum Application Form as would be required for filing the Prospectus with the RoC and as would be required by the RoC after such filing, without prior or subsequent notice of such changes to the Bidder. Upon determination of the Issue Price and filing of the Prospectus with the RoC, the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be, shall be considered as the application form.

To supplement the foregoing, the mode and manner of bidding is illustrated in the following chart.

Category of bidder		Permitted modes of bidding	Application form to be used for bidding	To whom the application form has to be submitted
Retail Bidders	Individual	Either (i) ASBA or (ii) non-ASBA	(i) If bidding through ASBA, the ASBA Bid cum Application Form (physical or electronic).	(i) If physical ASBA Bid cum Application Form is being used, either to the members of the Syndicate only at Syndicate ASBA Centres or to the Designated Branch of the SCSB where the ASBA Account is maintained; or
			(ii) If bidding through non-ASBA, the Bid cum Application Form	(ii) If using electronic ASBA Bid cum Application Form, to the SCSBs, electronically through internet banking facility, where the SCSB account is maintained; or
				(iii) If using Bid cum Application Form, to the members of the Syndicate at the bidding centres.
Non-Institutional		ASBA (<i>Kindly note</i>	ASBA Bid cum	(i) If physical ASBA Bid cum Application



Category of bidder	Permitted modes of bidding	Application form to be used for bidding	To whom the application form has to be submitted
Bidders and QIBs	<i>that ASBA is mandatory for these categories of Bidders and no other mode of Bidding is permitted)</i>	Application Form (physical or electronic)	Form is being used, either to the members of the Syndicate only at Syndicate ASBA Centres or to the Designated Branch of the SCSB where the ASBA Account is maintained; or (ii) if electronic ASBA Bid cum Application Form is being used, to the SCSBs, electronically through internet banking facility.
Anchor Investors	Non ASBA	Bid cum Application Form	To the BRLMs

Who can Bid?

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- Indian nationals resident in India who are not minors (except through guardians) in single or joint names (not more than three);
- Hindu Undivided Families or HUFs, in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/ ASBA Bid cum Application Form as follows: "Name of sole or first Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the *Karta*". Bids by HUFs would be considered at par with those from individuals;
- Foreign corporates or individuals Bidding in the QIB Portion, in accordance with all applicable law;
- Companies, corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares;
- Mutual Funds registered with SEBI;
- Eligible NRIs on a repatriation basis or on a non repatriation basis subject to compliance with applicable laws. NRIs other than Eligible NRIs are not eligible to participate in this issue;
- Indian financial institutions, commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to RBI regulations and the SEBI Regulations and other laws, as applicable);
- FIIs and their Sub-Accounts, other than a Sub-Account which is a foreign corporate or foreign individual, in the QIB Portion;
- Sub-Accounts of FIIs registered with SEBI, which are foreign corporates or foreign individuals only under the Non-Institutional Bidders category.
- Venture Capital Funds registered with SEBI;
- Foreign Venture Capital Funds registered with SEBI;
- Multilateral and bilateral development financial institutions;
- State Industrial Development Corporations;



- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts/societies and who are authorised under their constitution to hold and invest in equity shares;
- Scientific and/or industrial research organisations authorised to invest in equity shares;
- Insurance Companies registered with Insurance Regulatory and Development Authority;
- Provident Funds with minimum corpus of ₹ 2,500 lacs and who are authorised under their constitution to hold and invest in equity shares;
- Pension Funds with minimum corpus of ₹ 2,500 lacs and who are authorised under their constitution to hold and invest in equity shares;
- National Investment Fund;
- Limited liability partnerships registered under the Limited Liability Partnership Act, 2008, as amended;
- Insurance funds set up and managed by the army, navy or air force of the Union of India; and
- Insurance funds set up and managed by the Department of Posts, India
- All other persons eligible to invest under all applicable laws, rules, regulations and guidelines.

In accordance with the FEMA and the regulations framed thereunder, OCBs cannot Bid in the Issue.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States, or to, or for the account or benefit of, “U.S. Persons” (as defined the Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered or sold outside the United States in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

Anchor Investor Portion

Our Company and the Selling Shareholder, in consultation with BRLMs, may consider participation by Anchor Investors in the Issue for up to 30% of the QIB portion in accordance with the applicable SEBI Regulations. Anchor Investor shall Bid on Anchor Investor Bidding Date. The QIB Portion shall be reduced to the extent of allocation under the Anchor Investor Portion. In accordance with the SEBI Regulations, the key terms for participation in the Anchor Investor Portion are as follows:

- (a) Anchor Investors shall be QIBs as defined in the SEBI Regulations.
- (b) The Anchor Investor Bid must be for a minimum of such number of Equity Shares so that the Anchor Investor Bid Amount exceeds ₹ 1,000 lacs and in multiples of [●] Equity Shares thereafter. An Anchor Investor Bid cannot be submitted for more than the Anchor Investor Portion.
- (c) Allocation to the Anchor Investors shall be on a discretionary basis and subject to a minimum number of two such investors for allocation up to ₹ 25,000 lacs and five investors for allocation of more than ₹ 25,000 lacs



- (d) One third of Equity Shares out of the Anchor Investor Portion shall be reserved for allocation to domestic Mutual Funds subject to valid bids being received at or above the Anchor Investor Allocation Price
- (e) The bidding for Anchor Investors shall open one day before the Bid Opening Date and shall be completed on the same day.
- (f) Our Company in consultation with the BRLMs shall finalise allocation to the Anchor Investors on a discretionary basis, subject to compliance with requirements regarding minimum number of allottees.
- (g) The number of Equity Shares allocated to the Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the BRLMs before the Bid Opening Date.
- (h) Anchor Investors shall pay the entire Bid Amount at the time of submission of the Anchor Investor Bid. In case the Issue Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Issue Price and Anchor Investor Allocation Price shall be paid by the Anchor Investors by the Anchor Investor Pay-in Date. In the event the Issue Price is lower than the Anchor Investor Allocation Price, the allotment to Anchor Investors shall be at Anchor Investor Allocation Price.
- (i) The Equity Shares allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment.
- (j) Anchor Investors cannot modify and/ or withdraw their Bid after the Anchor Investor Bidding Date.
- (k) The BRLMs or any person related to the BRLMs/ Promoters/ Promoter Group shall not participate in the Anchor Investor Portion.
- (l) Bids made by QIBs under both the Anchor Investor Portion and the Net QIB Portion shall not be considered as multiple Bids.
- (m) The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - In case of Resident Anchor Investors: [●]
 - In case of Non-Resident Anchor Investor: [●]

Participation by associates and affiliates of the Book Running Lead Managers and Syndicate Members

The BRLMs and Syndicate Members shall not be allowed to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations, as stated in the Prospectus. However, associates and affiliates of the BRLMs and Syndicate Members or any persons related to the BRLMs and Syndicate Members may subscribe to or purchase Equity Shares in the Issue, in the QIB Portion or in Non-Institutional Portion as may be applicable to such Bidders. Such bidding and subscription may be on their own account or on behalf of their clients.

The BRLMs, the Syndicate Members, the Promoters, the Promoter Group and any persons related to them cannot apply in the Issue under the Anchor Investor Portion.

Bids by Mutual Funds

At least one third of the Anchor Investor Portion will be available for allocation on a discretionary basis to Mutual Funds and 5% of the Net QIB Portion is available to be allocated to Mutual Funds on a proportionate basis, subject to receipt of valid Bids at or above the Anchor Investor Allocation Price or Issue Price as applicable.



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

The Bids made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

No mutual fund scheme shall invest more than 10% of its net asset value in the 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.

Bids by Eligible NRIs

1. Bid cum Application forms ([●] in colour) have been made available for Eligible NRIs at the Registered Office of the Company and with the members of the Syndicate.
2. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs intending to make payment through freely convertible foreign exchange and Bidding on a repatriation basis could make payments through Indian Rupee drafts purchased abroad or cheques or bank drafts or by debits to their Non-Resident External ("NRE") or Foreign Currency Non-Resident ("FCNR") accounts, maintained with banks authorized by the RBI to deal in foreign exchange. Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents, accompanied by a bank certificate confirming that the payment has been made by debiting to the NRE or FCNR account, as the case may be. Payment for Bids by non-resident Bidder Bidding on a repatriation basis will not be accepted out of Non-Resident Ordinary ("NRO") accounts.

Bids by FIIs

Under the extant law, the issue of Equity Shares to a single FII cannot exceed 10% of our post-Issue paid-up equity share capital. In respect of an FII investing in our Equity Shares on behalf of its Sub-Accounts, the investment on behalf of each Sub-Account shall not exceed 10% of our total issued equity share capital or 5% of our total issued equity share capital in case such Sub-Account is a foreign corporate or a foreign individual. The aggregate limits for FII holdings in our Company has been increased from 24% of our total issued capital to the permitted sectoral cap applicable to our Company pursuant to a resolution passed by our board of directors at their meeting held on September 22, 2011 and pursuant to a special resolution passed by our shareholders at their EGM held on September 23, 2011.

Subject to compliance with all applicable Indian laws, rules, regulations guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended (the "SEBI FII Regulations"), an FII or its Sub-Account may issue, deal or hold, offshore derivative instruments (as defined under the SEBI FII Regulations as any instrument, by whatever name called, which is issued overseas by a foreign institutional investor against securities held by it that are listed or proposed to be listed on any recognised stock exchange in India, as its underlying) directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. The FII or Sub-Account is also required to ensure



that no further issue or transfer of any offshore derivative instrument is made by or on behalf of it to any persons that are not regulated by an appropriate foreign regulatory authority as defined under the SEBI FII Regulations. Associates and affiliates of the BRLMs, which are FIIs, may issue offshore derivative instruments against Equity Shares Allotted to them. Any such offshore derivative instrument does not constitute any obligation or claim on or interest in, our Company.

Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Funds

The SEBI (Venture Capital Funds) Regulations, 1996 and SEBI (Foreign Venture Capital Investor) Regulations, 2000 *inter alia* prescribe the investment restrictions on VCFs and FVCIs.

Accordingly, the holding by any individual VCFs in one company should not exceed 25% of the corpus of the said VCF. Further, VCFs and FVCIs can invest only up to 33.33% of their investible funds by way of subscription to an initial public offer of a venture capital undertaking.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDA, a certified copy of certificate of registration issued by IRDA must be attached to the Bid cum Application Form or the ASBA Bid cum Application Form. Failing this, our Company reserves the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under the Insurance Regulatory and Development Authority (Investment) Regulations, 2000, as amended (the “**IRDA Investment Regulations**”), are broadly set forth below:

- (a) 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;
- (b) the entire group of the investee company: the least of 10% of the respective fund in case of a life insurer or 10% of investment assets in case of a general insurer or reinsurer (25% in case of ULIPS); and
- (c) the industry sector in which the investee company operates: 10% of the insurer’s total investment exposure to the industry sector (25% in case of Unit Linked Insurance Policies).

Bids made by provident funds/ pension funds

In case of the Bids made by provident funds, subject to applicable law, with minimum corpus of ₹ 2,500 lacs and pension funds with minimum corpus of ₹ 2,500 lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Bids by banking companies

The investment limit for banking companies as per the Banking Regulation Act, 1949, as amended, is 30.00% of the paid-up share capital of the investee company or 30.00% of the banks' own paid-up share capital and reserves, whichever is less (except in case of certain specified exceptions, such as setting up or investing in a subsidiary company, which requires RBI approval). Additionally, any investment by a bank in equity shares must be approved by such bank's investment committee set up to ensure compliance with the applicable prudential norms for classification, valuation and operation of investment portfolio of banks (currently reflected in the RBI Master Circular of July 1, 2011).

Bids by limited liability partnership



In case of Bids 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 Bid cum Application Form. Failing this, our Company and the Selling Shareholder reserve the right to reject any Bid without assigning any reason thereof.

The above information is given for the benefit of the Bidders. Our Company, Directors and officers, affiliates, associates, their respective directors and officers and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company, the Selling Shareholder, Directors and officers, affiliates, associates, their respective directors and officers, the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Draft Red Herring Prospectus.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, FIIs, Mutual Funds, insurance companies, insurance funds set up by the army, navy or air force of the Union of India, insurance funds set up by the Department of Posts, India or the National Investment Fund, provident funds with minimum corpus of ₹ 2,500 lacs and pension funds with a minimum corpus of ₹ 2,500 lacs (in each case, subject to applicable law and in accordance with their respective constitutional documents), a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, with a certified copy of the memorandum of association and articles of association and/or bye laws, as applicable, must be lodged with the Bid cum Application Form or ASBA Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason.

In case of an ASBA Bid pursuant to a power of attorney, a certified copy of the power of attorney must be lodged along with the ASBA Bid cum Application Form.

In addition to the above, certain additional documents are required to be submitted by the following entities:

- (i) With respect to Bids by FVCIs, VCFs, FIIs and Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the ASBA Bid cum Application Form.
- (ii) With respect to Bids by insurance companies registered with the IRDA, in addition to the above, a certified copy of the certificate of registration issued by the IRDA must be lodged with the ASBA Bid cum Application Form
- (iii) With respect to Bids made by provident funds with minimum corpus of ₹ 2,500 lacs (subject to applicable law) and pension funds with a minimum corpus of ₹ 2,500 lacs, a certified copy of a certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged with the Bid cum Application Form.

Our Company in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney with the ASBA Bid cum Application Form, subject to such terms and conditions that our Company, and the BRLMs deem fit, without assigning any reasons thereof.

Maximum and Minimum Bid Size

- (a) **For Retail Individual Bidders:** The Bid must be for a minimum of [•] Equity Shares and in multiples of [•] Equity Shares thereafter, so as to ensure that the Bid Amount payable by the Bidder does not exceed ₹ 200,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed ₹ 200,000. In case the Bid Amount is over ₹ 200,000 due to revision of the Bid or revision of the Price Band or on exercise of bidding at Cut-



off Price, the Bid would be considered for allocation under the Non-Institutional Portion if applied through ASBA in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price. The bidding at Cut-off Price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the Issue Price as determined at the end of the Book Building Process.

- (b) **For Non-Institutional Bidders and QIBs:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds ₹ 200,000 and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than the Issue size. However, the Bid by a QIB should not exceed the investment limits prescribed for them by applicable laws. **Under the SEBI Regulations a QIB cannot withdraw its Bid after the QIB Bid Closing Date and is required to pay the entire Bid Amount upon submission of the Bid. QIBs (other than Anchor Investors) and Non Institutional Bidders are mandatorily required to submit their Bid through the ASBA process.** Our Company and the Selling Shareholder, in consultation with the BRLMs, may close Bidding Period for QIBs one Working Day prior to the Bid Closing Date.

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the revised Bid Amount is greater than ₹ 200,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to ₹ 200,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at 'Cut-off'.

- (c) **For Bidders in the Anchor Investor Portion:** The Bid by an Anchor Investor must be for a minimum of such number of Equity Shares such that the Bid Amount is equal to or more than ₹ 1,000 lacs. Bids by Anchor Investors under the Anchor Investor Portion and the Net QIB Portion shall not be considered as multiple Bids. Under the Anchor Investor Portion, a Bid cannot be submitted for more than 30% of the QIB Portion. **Anchor Investors can neither modify nor withdraw their Bids after the Anchor Investor Bidding Date. Anchor Investor shall pay the entire Bid Amount at the time of submission of the Bid. In case the Anchor Investor Allocation Price is lower than the Issue Price, the balance amount shall be payable as per the pay-in date mentioned in the revised Anchor Investor Confirmation of Allocation Note.**

The maximum and minimum bid size applicable to a QIB, Retail Individual Bidder or a Non-Institutional Bidder shall be applicable to an ASBA Bidder in accordance with the category that such ASBA Bidder falls under.

Bidders are advised to make independent enquiries and ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in the Draft Red Herring Prospectus.

Information for Bidders:

- (a) Our Company will file the Red Herring Prospectus with the RoC at least three days before the Bid Opening Date.
- (b) Our Company, the Selling Shareholder and the BRLMs shall declare the Bid Opening Date, Bid Closing Date and QIB Bid Closing Date in the Red Herring Prospectus to be registered with the RoC and also publish the same in one English national daily newspaper, one Hindi national daily newspaper and one Marathi newspaper, each with wide circulation. This advertisement shall be in the format prescribed under applicable SEBI Regulations. Further, the Price Band and the minimum bid lot as decided by our Company and the Selling Shareholder, in consultation with the BRLMs, including the relevant financial ratios computed for both the Cap Price and the Floor



Price shall be published at least two Working Days prior to the Bid Opening Date in one English national daily newspaper, one Hindi national daily newspaper and one Marathi newspaper, each with wide circulation.

- (c) Copies of the Bid cum Application Form and copies of the Red Herring Prospectus will be available with the Syndicate. The SCSBs shall ensure that the abridged prospectus is made available on their websites.
- (d) Copies of ASBA Bid cum Application Forms will be available for downloading and printing, from website of the Stock Exchanges (which provide electronic interface for ASBA facility). A unique application number will be generated for every ASBA Bid cum Application Form downloaded and printed from the websites of the Stock Exchanges. A hyperlink to the website of the Stock Exchanges for this facility will be provided on the website of the BRLMs.
- (e) The Bidding Period shall be for a minimum of three Working Days. In case the Price Band is revised, the Bidding Period shall be extended, by an additional three Working Days, subject to the total Bidding Period not exceeding 10 Working Days. The revised Price Band and Bidding Period will be widely disseminated by notification to the SCSBs and Stock Exchanges, and by publishing in one English national daily newspaper, one Hindi national daily newspaper and one Marathi newspaper, each with wide circulation and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate.
- (f) The BRLMs shall dispatch the Red Herring Prospectus and other Issue material including ASBA Bid cum Application Form, to the Designated Stock Exchange, members of the Syndicate, Bankers to the Issue and SCSBs in advance.
- (g) The members of the Syndicate will circulate copies of the Bid cum Application Form to potential investors and copies of the Red Herring Prospectus shall be provided at the request of potential investors. ASBA Bid cum Application Form in physical form will be available with the Designated Branches and with the members of the Syndicate; and electronic ASBA Bid cum Application Forms will be available on the websites of the SCSBs and the Stock Exchanges at least one day prior to the Bid Opening Date. Any potential investor who would like to obtain copies of the Red Herring Prospectus and/or the Bid cum Application Form can obtain the same from our Registered Office, Corporate Office or from any member of the Syndicate.
- (h) Eligible investors who are interested in subscribing for the Equity Shares should approach the BRLMs, Syndicate Member or their authorised agent(s) to register their Bids. Bidders (other than Anchor Investors) who wish to use the ASBA process should approach the Designated Branches of the SCSBs or members of the Syndicate (only in Syndicate ASBA Centres) to register their Bids.
- (i) The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms and the ASBA Bid cum Application Forms, which are submitted by the Syndicate ASBA Bidders, should bear the stamp of the Syndicate, otherwise they will be rejected. Bids by Syndicate ASBA Bidders shall be accepted by the Syndicate who shall in turn forward the same to the SCSBs, in accordance with the SEBI Regulations and any circulars issued by SEBI in this regard. Bids by ASBA Bidders apart from Syndicate ASBA Bidders shall be accepted by the Designated Branches of the SCSBs in accordance with the SEBI Regulations and any circulars issued by SEBI in this regard. Such Bids should be submitted on the ASBA Bid cum Application Forms bearing the stamp of the relevant SCSB, otherwise they will be rejected.
- (j) ASBA Bidders shall correctly mention the bank account number in the ASBA Bid cum Application Form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB. In case the amount available in the bank account specified in the ASBA Bid cum Application Form is insufficient for blocking the amount equivalent to the Bid Amount, the SCSB shall reject the Bid. In the event a Bid is submitted to a member of the



Syndicate and upon sending a request to the relevant SCSB, such SCSB is not able to block the Bid Amount due to insufficiency of funds, our Company has the right to reject such Bids.

- (k) If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the account holder as provided in the ASBA Bid-cum-Application Form.
- (l) The Bidders can Bid at any price within the price Band, in multiples of [•] Equity Shares.
- (m) More than one ASBA Bidder may Bid for Equity Shares using the same ASBA Account, provided that the SCSBs shall not accept a total of more than five ASBA Bid cum Application Forms from such ASBA Bidders with respect to any single ASBA Account.
- (n) Except for Bids 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 Bidders, or in the case of a Bid in joint names, each of the Bidders, 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 Bid cum Application Form or ASBA Bid cum Application Form without the PAN is liable to be rejected. With effect from August 16, 2010, the beneficiary accounts of Bidders for whom PAN details have not been verified have been labelled “suspended for credit” by the Depositories, and no credit of Equity Shares pursuant to the Issue will be made in the accounts of such Bidders.

Bidders are advised not to submit the Bid cum Application Form to Escrow Collection Banks and the same will be rejected in such cases and the Bidders will not be entitled to any compensation whatsoever.

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

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

The applicants may note that in case the DP ID, BAN and PAN mentioned in the Bid cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate do not match with the DP ID, BAN and PAN available in the database of Depositories, the application is liable to be rejected.

Information specific to ASBA Bidders

1. ASBA Bidders who would like to obtain the ASBA Bid cum Application Form in physical form can obtain the same from the Designated Branches and with the members of the Syndicate; and electronic ASBA Bid cum Application Forms will be available on the websites of the SCSBs and the Stock Exchanges at least one day prior to the Bid Opening Date. Further, the SCSBs will ensure that the abridged Red Herring Prospectus is made available on their websites.
2. The Bids should be submitted to the SCSBs on the prescribed ASBA Bid cum Application Form. SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account. ASBA Bidders may also approach the Designated Branches to register their Bids through the ASBA process
3. SCSBs shall accept Bids only during the Bidding Period and only from ASBA Bidders. SCSBs shall not accept any ASBA Bid cum Application Forms after the closing time for acceptance of Bids on the Bid/Issue Closing Date.



4. Each ASBA Bid cum Application Form shall bear the stamp of the Designated Branch or the members of the Syndicate (in case of Bids by Syndicate ASBA Bidders), if not, the same shall be rejected.

Public Announcement post filing of the Draft Red Herring Prospectus

The Company shall either on the date of filing the Draft Red Herring Prospectus with SEBI or on the next day shall make a public announcement in one English national daily newspaper, one Hindi national daily newspaper and one Marathi newspaper, each with wide circulation, disclosing to the public the fact of filing of the Draft Red Herring Prospectus with SEBI and inviting the public to give their comments to SEBI in respect of disclosures made in the Draft Red Herring Prospectus.

Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in one English national daily newspaper, one Hindi national daily newspaper and one Marathi newspaper, each with wide circulation. In the pre-Issue advertisement, we shall declare the Bid Opening Date, the Bid Closing Date and the QIB Bid Closing Date. This advertisement, subject to the provisions of Section 66 of the Companies Act, shall be in the format prescribed in Part A of Schedule XIII of the SEBI Regulations.

Method and Process of Bidding

- (a) Our Company and the Selling Shareholder in consultation with the BRLMs will decide the Price Band and the minimum Bid lot for the Issue and the same shall be advertised in one English national daily newspaper, one Hindi national daily newspaper and one Marathi newspaper, each with wide circulation at least two Working Days prior to the Bid Opening Date. The members of Syndicate and the SCSBs shall accept Bids from the Bidders during the Bidding Period.
- (b) The Bidding Period shall be for a minimum of three Working Days and shall not exceed 10 Working Days. In the event of revision of Price Band, the Bidding Period shall be extended, by an additional three Working Days, subject to the total Bidding Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be published in one English national daily newspaper, one Hindi national daily newspaper and one Marathi newspaper, each with wide circulation and also by indicating the change on the website of the BRLMs
- (c) During the Bidding Period, Bidders, other than ASBA bidders, who are interested in subscribing for the Equity Shares should approach the members of the Syndicate or their authorised agents to register their Bids. Bids by QIBs and Non-Institutional Bidders are mandatorily required to submit their Bids by way of ASBA. The Syndicate shall accept Bids from all Bidders including Syndicate ASBA Bidders (in Syndicate ASBA Centres) and have the right to vet the Bids during the Bid Period in accordance with the terms of the Red Herring Prospectus. Bidders (other than Syndicate ASBA Bidders) who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.
- (d) The BRLMs shall accept Bids from the Anchor Investors on the Anchor Investor Bidding Date i.e. one Working Day prior to the Bid Opening Date. Bids by Anchor Investors under the Anchor Investor Portion and the Net QIB Portion shall not be considered as multiple Bids.
- (e) Each Bid cum Application Form and/ or the ASBA Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details refer to the paragraph entitled “Bids at Different Price Levels” below) within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form and/ or the ASBA Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for Allocation/ Allotment and the rest of the Bid(s), irrespective of the Bid Amount, will become automatically invalid.



- (f) The Bidder cannot bid on another Bid cum Application Form or ASBA Bid cum Application Form after Bids on one Bid cum Application Form or ASBA Bid cum Application Form have been submitted to the members of Syndicate or SCSBs, as the case may be. Submission of a second Bid cum Application Form or ASBA Bid cum Application Form to the members of Syndicate or SCSB will be treated as multiple Bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation of Equity Shares or Allotment. However, the Bidder can revise the Bid through the Revision Form or ASBA Revision Form, the procedure for which is detailed under the paragraph entitled “Build up of the Book and Revision of Bids”. Provided that Bids submitted by a QIB in the Anchor Investor Portion and in the Net QIB Portion will not be considered as Multiple Bids.
- (g) Except in relation to Bids received from the Anchor Investors, the members of Syndicate or the SCSBs, as the case may be, will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, (“TRS”), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRS’ for each Bid cum Application Form or ASBA Bid cum Application Form.
- (h) Along with the Bid cum Application Form, all Bidders (other than ASBA Bidders) will make payment in the manner described in “*Escrow Mechanism - Terms of payment and payment into the Escrow Accounts*” on page 301 of the Draft Red Herring Prospectus.
- (i) Upon receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode (if provided by SCSBs), the respective Designated Branch shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.
- (j) If sufficient funds are not available in the ASBA Account, the respective Designated Branch shall reject such Bids and shall not upload such Bids with the Stock Exchanges.
- (k) If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.
- (l) The Bid Amount shall remain blocked in the ASBA Account until finalisation of the basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/failure of the Issue or until withdrawal/rejection of the ASBA Bid cum 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 pertaining the Equity Shares to be Allotted to the successful ASBA Bidders to the Public Issue Account. On receipt of such request from the Registrar to the Issue, such funds shall be deemed to be held by the SCSBs for the benefit of the Company and the Selling Shareholder for the limited purpose of enabling the Company to Allot Equity Shares. 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.

Bids at Different Price Levels and Revision of Bids

- (a) Our Company and the Selling Shareholder, in consultation with the BRLMs and without prior intimation to or approval from the Bidders, reserves the right to revise the Price Band during the Bidding Period, provided that the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price disclosed at least two days prior to the Bid Opening Date and the Cap Price will be revised accordingly.



- (b) Our Company and Selling Shareholding in consultation with the BRLMs will finalise the Issue Price within the Price Band, without the prior approval of, or intimation, to the Bidders.
- (c) Our Company and the Selling Shareholder in consultation with the BRLMs, can finalise the Anchor Investor Issue Price, in the event Anchor Investors participate in this Issue, within the Price Band in accordance with this clause, without the prior approval of, or intimation to, the Anchor Investors.
- (d) The Bidders can bid at any price within the Price Band. The Bidder has to bid for the desired number of Equity Shares at a specific price. Retail Individual Bidders may bid at the Cut-off Price. However, bidding at Cut-off Price is not permitted for QIB and Non-Institutional Bidders and such Bids from QIB and Non-Institutional Bidders shall be rejected.
- (e) Retail Individual Bidders who Bid at Cut-off Price should note that they are required to purchase the Equity Shares at the Issue Price. Retail Individual Bidders shall submit the Bid cum Application Form along with a cheque/demand draft for the Bid Amount based on the Cap Price. ASBA Bidders (excluding Non-Institutional Bidders and QIB Bidders), under the categories eligible to Bid at Cut-off Price, need to instruct the SCSBs to block an amount based on the Cap Price.

In case of revision in the Price Band, the Bidding Period shall be extended for at least three additional working days after such revision, subject to the total Bidding Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the websites of the BRLMs and the terminals of the other members of the Syndicate.

Escrow mechanism, terms of payment and payment into the Escrow Accounts

For details of the escrow mechanism and payment instructions, please see “*Payment Instructions*” on page 312 of the Draft Red Herring Prospectus.

Electronic Registration of Bids

- (a) The members of Syndicate and SCSBs will register the Bids using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity in each city where Bids are being accepted. The BRLMs, our Company, the Selling Shareholder and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the SCSBs, (ii) the Bids uploaded by the members of the Syndicate or their authorized agents and the SCSBs, (iii) the Bids accepted but not uploaded by the members of the Syndicate or their authorised agents and the SCSBs or (iv) with respect to ASBA Bids accepted and uploaded without blocking funds in the ASBA Accounts. However, the respective members of the Syndicate and / or the SCSBs shall be responsible for any errors in the Bid details uploaded by them. It shall be presumed that for Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.
- (b) The members of Syndicate and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Bid/Issue Closing Date.
- (c) In case of apparent data entry error by either the members of Syndicate or the collecting bank in entering the Bid cum Application Form number in their respective schedules other things remaining unchanged, the Bid cum Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to Stock Exchange(s). In the event of mistake in capturing the Bid cum Application Form number by either the members of Syndicate or collecting bank leading to rejection of the Bid cum Application Form, the Registrar may identify based on the Bid cum Application Form, the entity responsible for the error.



- (d) The Stock Exchanges will offer an electronic facility for registering Bids for the Issue. This facility will be available with the members of Syndicate and its authorised agents and the SCSBs during the Bidding Period. The members of Syndicate and the Designated Branches can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for Book Building Process on a regular basis. On the Bid Closing Date, the members of Syndicate and the Designated Branches of the SCCB shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the members of Syndicate on a regular basis. Bidders are cautioned that a high inflow of high volumes on the last day of the Bidding Period may lead to some Bids received on the last day not being uploaded and such Bids will not be considered for Allotment.
- (e) Based on the aggregate demand and price for Bids registered on the electronic facilities of the Stock Exchanges, a graphical representation of demand and price, as available on the websites of the Stock Exchanges, would be made available at the Bidding Centres during the Bidding Period.
- (f) At the time of registering each Bid, other than ASBA Bids, the members of the Syndicate shall enter the following details of the Bidders in the on-line system:
- Name of the Bidder: Bidders should ensure that the name given in the Bid cum Application Form is exactly the same as the name in which the Beneficiary Account is held. In case the Bid cum Application Form is submitted in joint names, Bidders should ensure that the Beneficiary Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;
 - Investor Category and sub-category;
 - PAN (of the first Bidder, in case of more than one Bidder);
 - Numbers of Equity Shares Bid for;
 - Bid Price per Equity Share;
 - Bid Amount;
 - Bid cum Application Form number;
 - Cheque amount;
 - Cheque number; and
 - DP ID and BAN.

With respect to ASBA Bids, at the time of registering each Bid, the members of the Syndicate/SCSBs shall enter the following information pertaining to the Bidder into the on-line system:

- Name of the Bidder(s);
 - ASBA Bid cum Application Form Number;
 - PAN (of First Bidder, in case of more than one Bidder);
 - Investor category and sub category;
 - DP ID and BAN;
 - Number of Equity Shares Bid for;
 - Bid Price per Equity Share;
 - Bid Amount;
 - Bank account number;
 - Bank code for the SCSB where the ASBA Account is maintained (In case of Bids submitted to members of the Syndicate);
- (g) A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of Syndicate or the Designated Branches of the SCSBs. The registration of the Bid by the members of Syndicate or the Designated Branches does not guarantee that the Equity Shares shall be allocated/allotted by our Company and the Selling Shareholder.
- (h) Such TRS will be non-negotiable and by itself will not create any obligation of any kind.



- (i) In case of QIBs, (i) SCSBs (for Bids other than the Bids by Anchor Investors); and (ii) the BRLMs and their affiliate Syndicate Members (only at Syndicate ASBA Centres) have the right to accept the Bid or reject it. However, such rejection should be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed on page 317 of the Draft Red Herring Prospectus. The BRLMs may also reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect. The SCSBs shall have no right to reject Bids, except on technical grounds.
- (j) 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 BRLMs 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, the Selling Shareholder, the Promoters, the 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 the Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
- (k) Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. The members of the Syndicate and the SCSB will be given up to one Working Day after the Bid Closing Date to verify the information uploaded in the online IPO system during the Bidding Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL. In case of any discrepancy of data between the Stock Exchanges and the members of the Syndicate or the Designated Branches, the decision of our Company in consultation with the BRLMs and the Registrar, based on the physical records of Bid cum Application Forms shall be final and binding on all concerned.
- (l) Details of Bids in the Anchor Investor Portion will not be registered on the on-line facilities of electronic facilities of the Stock Exchanges.

Build up of the book and revision of Bids

- (a) Bids received from various Bidders (except Bids by Anchor Investors) through the members of the Syndicate and the SCSBs shall be electronically uploaded to the Stock Exchanges' mainframe on a regular basis.
- (b) The book gets built up at various price levels. This information will be available with the BRLMs on a regular basis at the end of the Bidding Period.
- (c) During the Bidding Period, any Bidder who has registered his or her Bid at a particular price level is free to revise his or her Bid within the Price Band using the printed Revision Form, which is a part of the Bid cum Application Form or the ASBA Bid cum Application Form.
- (d) Revisions can be made in both the desired number of Equity Shares and the Bid Amount by using the Revision Form or the ASBA Revision Form. Apart from mentioning the revised options in the Revision Form or the ASBA Revision Form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form, ASBA Bid cum Application Form or earlier Revision Form/ ASBA Revision Form. For example, if a Bidder has Bid for three options in the Bid cum Application Form/ ASBA Bid cum Application Form and such Bidder is changing only one of the options in the Revision Form or the ASBA Revision Form, he must still fill the details of the other two options that are not being revised, in the Revision Form or the ASBA Revision Form. The members of the Syndicate and the Designated Branches will not accept incomplete or inaccurate Revision Forms or the ASBA Revision Form.



- (e) The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of Syndicate or the same SCSB through whom such Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form or the ASBA Revision Form and the revised Bid must be made only in such Revision Form or the ASBA Revision Form or copies thereof.
- (f) In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed ₹ 200,000 if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Portion if applied through ASBA in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
- (g) In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account or unblocked by the SCSBs.
- (h) Our Company and the Selling Shareholder in consultation with the BRLMs, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of ₹ 5,000 to ₹ 7,000.
- (i) Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. With respect to the ASBA Bids, if revision of the Bids results in an incremental amount, the SCSBs shall block the additional Bid Amount. In case of Bids, other than ASBA Bids, the members of Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions. In such cases, the members of Syndicate will revise the earlier Bid details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar will reconcile the Bid data and consider the revised Bid data for preparing the basis of Allotment.
- (j) When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and may get a revised TRS from the members of the Syndicate or the SCSB, as applicable. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
- (k) If an ASBA Bidder wants to withdraw the ASBA Bid cum Application Form during the Bidding Period, the ASBA Bidder shall submit the withdrawal request to the SCSB or to the members of the Syndicate, as the case may be, which shall perform the necessary actions, including deletion of details of the withdrawn ASBA Bid cum Application Form from the electronic bidding system of the Stock Exchanges and unblocking of funds in the relevant bank account.
- (l) If an ASBA Bidder, excluding QIBs, wants to withdraw the ASBA Bid cum Application Form after the Bid Closing Date, such ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue before finalization of basis of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB once the basis of Allotment has been approved by the Designated Stock Exchange.
- (m) QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date



Price Discovery and Allocation

- (a) Based on the demand generated at various price levels and the book built, our Company and the Selling Shareholder, in consultation with the BRLMs shall finalise the Issue Price.
- (b) Only Bids that are uploaded on the online system of the Stock Exchanges shall be considered for allocation/ Allotment. The members of the Syndicate and the SCSBs shall capture all data relevant for the purposes of finalizing the Basis of Allotment while uploading Bid data in the electronic Bidding systems of the Stock Exchanges. In order that the data so captured is accurate the members of the Syndicate and the SCSBs will be given up to one Working Day after the Bid Closing Date to modify/ verify certain selected fields uploaded in the online system during the Bidding Period after which the data will be sent to the Registrar for reconciliation with the data available with the NSDL and CDSL.
- (c) In case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, BAN and PAN, then such Bids are liable to be rejected.
- (d) Under-subscription 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 and the Selling Shareholder in consultation with the BRLM's and the Designated Stock Exchange.
- (e) Allocation to Non-Residents, including Eligible NRIs and FIIs registered with SEBI, applying on repatriation basis will be subject to applicable law, rules, regulations, guidelines and approvals.
- (f) QIB Bidders shall not be allowed to withdraw their Bid after the QIB Bid Closing Date.
- (g) The Anchor Investors shall not be allowed to modify or withdraw their Bids after the Anchor Investor Bidding Period. Allocation to Anchor Investors shall be at the discretion of our Company and the Selling Shareholder in consultation with the BRLMs, subject to compliance with the SEBI Regulations.
- (h) The basis of Allotment shall be put on the website of the Registrar to the Issue.

Signing of the Underwriting Agreement and the RoC Filing

- (a) Our Company, the Selling Shareholder and the members of the Syndicate shall enter into an Underwriting Agreement on or immediately after the finalisation of the Issue Price.
- (b) After signing the Underwriting Agreement, our Company will file the Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

Advertisement regarding Issue Price and Prospectus

Our Company will issue a statutory advertisement after the filing of the Prospectus with the RoC. This advertisement, among others shall indicate the Issue Price and the Anchor Investor Issue Price, if any, in the event Anchor Investors participate in this Issue. Any material updates between the date of the Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of Allotment Advice

1. Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the members of the Syndicate and the SCSBs a list of the successful Bidders who have been or are to be Allotted Equity Shares in the Issue. For Anchor Investors, see section titled "Notice to Anchor Investors: Allotment Reconciliation and Intimation" below.
2. The Registrar to the Issue will send Allotment Advice to Bidders who have been Allotted Equity Shares in the Issue.



3. The dispatch of an Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Bidder for all the Equity Shares allotted to such Bidder.

Notice to Anchor Investors: Allotment Reconciliation and AI CAN

A physical book will be prepared by the Registrar on the basis of the Bid cum Application Forms received from Anchor Investors. Based on the physical book and at the discretion of our Company and Selling Shareholder in consultation with the BRLMs, selected Anchor Investors will be sent an AI CAN and if required, a revised AI CAN. All Anchor Investors will be sent an AI CAN post Anchor Investor Bidding Period and in the event that the Issue Price is higher than the Anchor Investor Issue Price, the Anchor Investors will be sent a revised AI CAN within one day of the Pricing Date indicating the Anchor Investor Issue Price, the number of Equity Shares allocated to such Anchor Investor and the pay-in date for payment of the balance amount. Anchor Investors should note that they shall be required to pay any additional amounts, being the difference between the Issue Price and the Anchor Investor Issue Price, as indicated in the revised AI CAN within the pay-in date referred to in the revised AI CAN. The revised AI CAN will constitute a valid, binding and irrevocable contract (subject to the issue of AI CAN) for the Anchor Investor to pay the difference between the Issue Price and the Anchor Investor Allocation Price and accordingly the CAN will be issued to such Anchor Investors. In the event the Issue Price is lower than the Anchor Investor Issue Price, the Anchor Investors who have been Allotted Equity Shares will directly receive Allotment Advice. The Allotment Advice shall be deemed a valid, binding and irrevocable contract for the Allotment of Equity Shares to such Anchor Investors.

The final allocation is subject to the physical application being valid in all respect along with receipt of stipulated documents, the Issue Price being finalised at a price not higher than the Anchor Investor Issue Price and Allotment by the Board of Directors or any committee thereof.

Designated Date and Allotment

- (a) Our Company and the Selling Shareholder will ensure that the Allotment and credit to the successful Bidder's depository account will be completed within 12 Working Days of the Bid Closing Date.
- (b) Equity Shares will be issued and Allotment shall be made only in the dematerialised form to the Allottees.
- (c) Allottees will have the option to re-materialise the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

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

GENERAL INSTRUCTIONS

Do's:

1. Check if you are eligible to apply as per the terms of the Red Herring Prospectus and under applicable law;
2. Ensure that you have Bid within the Price Band;
3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;
4. Ensure that the Bidder's depository account is valid and active;
5. Ensure that the details about the PAN, Depository Participant and the BAN are correct and the account is active as Allotment of Equity Shares will be in the dematerialised form only;



6. Ensure that the bank account details are entered only in the space provided specifically for this purpose. Bids submitted which do not have the bank details are liable to be rejected;
7. QIBs (other than Anchor Investors) and Non Institutional Bidders should submit their Bids through the ASBA process only;
8. Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate or with respect to ASBA Bidders, ensure that your Bid is submitted to a Syndicate (only in the case of Syndicate ASBA Bidders) or at a Designated Branch of the SCSB where the ASBA Bidder or the person whose bank account will be utilised by the Bidder for bidding has a bank account;
9. Ensure that you have funds at least equal to the Bid Amount in your bank account before submitting the Bid cum Application Form to the Syndicate;
10. Ensure that you request for and receive a TRS for all your Bid options;
11. Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS or acknowledgment;
12. Except for Bids (i) on behalf of the Central or State Government and officials appointed by the courts, and (ii) (subject to SEBI circular dated April 3, 2008) from the residents of the state of Sikkim, each of the Bidders should provide their PAN. Bid cum Application Forms in which the PAN is not provided will be rejected. The exemption for the Central or State Government and officials appointed by the courts and for the investors residing in the State of Sikkim 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;
13. Ensure that the Demographic Details are updated, true and correct in all respects;
14. Ensure that the names given in the Bid cum Application Form is exactly the same as the names available in the depository database. In case the Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form; and
15. Ensure that DP ID, the BAN and PAN mentioned in the Bid-cum-Application Form/ASBA Bid-cum-Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members or Designated Branches of the SCSBs, as the case may be, matches with the DP ID, BAN and PAN available in the Depository database. The Bidders should note that in case the DP ID, BAN and the PAN mentioned in their Bid-cum-Application Form/ASBA Bid-cum-Application Form and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Members or the Designated Branches of the SCSBs, as the case may be, do not match with the DP ID, BAN and PAN available in the Depository database, then such Bids are liable to be rejected.

Don'ts:

1. Do not Bid for lower than the minimum Bid size;
2. Do not Bid/ revise Bid Amount to less than the Floor Price or higher than the Cap Price;
3. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate
4. Do not pay the Bid Amount in cash, by money order or by postal order or by stockinvest;



5. Do not send Bid cum Application Forms by post; instead submit the same to the members of the Syndicate only;
6. Do not Bid at Cut-off Price (for QIBs and Non-Institutional Bidders, for Bid Amount in excess of ₹ 200,000);
7. Do not Bid for a Bid Amount exceeding ₹ 200,000 for Bids by Retail Individual Bidders;
8. If you are a QIB Bidder or an Non-Institutional Bidder, do not Bid *via* any mode other than ASBA;
9. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Net Issue 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;
10. Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground;
11. Do not submit incorrect details of the DP ID, the BAN of the beneficiary account 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;
12. Do not submit the Bid cum Application Form to Escrow Collection Bank(s) (assuming that such bank is not a SCSB);
13. Do not submit Bids without payment of the full Bid Amount;
14. Do not Bid for allotment of Equity Shares in physical form;
15. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms/ ASBA Bid cum Application Forms, or on Bid cum application Forms in a colour prescribed for another category of Bidder;
16. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872.
17. Do not submit the Bids without a guardian in the case of Bids by minors.

ADDITIONAL INSTRUCTIONS SPECIFIC TO ASBA BIDDERS

Do's:

1. Check if you are eligible to Bid under ASBA;
2. Ensure that you use the ASBA Bid cum Application Form;
3. Read all the instructions carefully and complete the ASBA Bid cum Application Form;
4. Before submitting the physical ASBA Bid cum Application Form with the member of the Syndicate for Bidding ensure that the SCSB, whose name has been filled in the ASBA Bid cum Application Form, has named a branch as an ASBA Centre;
5. If you are submitting to an SCSB, ensure that your ASBA Bid cum Application Form is submitted at a Designated Branch where the ASBA Account is maintained, or the person whose bank account will be utilised by the Bidder for Bidding, has the ASBA Account, and not to the Escrow Collecting Banks (assuming that such bank is not a SCSB), to our Company, the Selling Shareholder or the Registrar to the Issue;



6. With respect to ASBA Bidders Bidding on physical ASBA Bid cum Application Form, ensure that your Bid is submitted at a Designated Branch of the SCSB where the relevant ASBA Account is held or to the members of the Syndicate;
7. Ensure that the ASBA Bid cum Application Form is signed by the ASBA Account holder in case the ASBA Bidder is not the account holder;
8. Ensure that you have mentioned the correct ASBA Account number in the ASBA Bid cum Application Form;
9. Ensure that you have funds at least equal to the Bid Amount in the ASBA Account before submitting the ASBA Bid cum Application Form to the respective Designated Branch or to members of the Syndicate at Syndicate ASBA Centres;
10. Ensure that you have correctly ticked, provided or checked the authorisation box in the ASBA Bid cum Application Form, or have otherwise provided an authorisation to the SCSB via the electronic mode, for the Designated Branch to block funds in the ASBA Account equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form;
11. Ensure that you receive an acknowledgement from the Designated Branch or the concerned member of the Syndicate, as the case may be, for the submission of your ASBA Bid cum Application Form;
12. Submit ASBA Revision Form to the same Designated Branch or the concerned member of the Syndicate, as the case may be, through whom the ASBA Bid cum Application Form was placed and obtain a revised acknowledgment;
13. Ensure that the name(s) given in the ASBA Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Bid cum Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA Bid cum Application Form.

Don'ts:

1. Do not Bid on another ASBA Bid cum Application Form or on a Bid cum Application Form after you have submitted a Bid to a Designated Branch or the member of the Syndicate, as the case may be;
2. Payment of Bid Amounts in any mode other than through blocking of Bid Amounts in the ASBA Accounts shall not be accepted under the ASBA;
3. Do not submit the ASBA Bid cum Application Form with a member of the Syndicate where your SCSB has not designated an ASBA Centre;
4. Do not send your physical ASBA Bid cum Application Form by post. Instead submit the same to a Designated Branch or to member of Syndicate at the Syndicate ASBA Centres; and
5. Do not submit more than five ASBA Bid cum Application Forms per ASBA Account.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM AND ASBA BID CUM APPLICATION FORMS

1. Bids and revisions of Bids must be made only in the prescribed Bid cum Application Form, Revision Form, ASBA Bid cum Application Form or ASBA Revision Form, as applicable.



2. In case of Retail Bidders (including Eligible NRIs) Bids should be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid Amount of ₹ 200,000. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds ₹ 200,000, the Bid will be considered for allocation under the Non-Institutional Portion if applied through ASBA in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
3. In case of Non-Institutional Bidders and QIB Bidders, for a minimum of such number of Equity Shares in multiples of [●] such that the Bid Amount exceeds ₹ 200,000.
4. Bid cum Application Forms, ASBA Bid cum Application Forms, Revision Forms or ASBA Revision Form are to be completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained in the Red Herring Prospectus and the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be. Incomplete Bid cum Application Forms, ASBA Bid cum Application Forms or Revision Forms or ASBA Revision Forms are liable to be rejected. Bidders should note that the members of the Syndicate and / or the SCSBs, as appropriate, will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms, ASBA Bid cum Application Forms, Revision Forms or ASBA Revision Forms.
5. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal. Bids must be in single name or in joint names (not more than three, and in the same order as their Depository Participant details).
6. Bidders must provide details of valid and active DP ID, BAN and PAN clearly and without error. On the basis of the Bidder's active DP ID, BAN and PAN provided in the Bid cum Application Form or the ASBA Bid cum Application Form, and as entered into the electronic bidding system of the Stock Exchanges by the Syndicate and the SCSBs, as the case may be, the Registrar to the Issue will obtain from the Depository the Demographic Details. Invalid accounts, suspended accounts or where such account is classified as invalid or suspended may not be considered for Allotment.
7. Information provided by the Bidders will be uploaded in the online system by the members of the Syndicate and the SCSBs, as the case may be, and the electronic data will be used to make allocation/ Allotment. The Bidders should ensure that the details are correct and legible.
8. For Anchor Investors, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equal to ₹ 1,000 lacs and in multiples of [●] Equity Shares thereafter.
9. In single name or in joint names (not more than three, and in the same order as their Depository Participant details).
10. Based on the category of the Bidder, the Bid must comply with the maximum and minimum Bid size, as described in "*Maximum and Minimum Bid Size*" on page 295 of the Draft Red Herring Prospectus.
11. If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid cum Application Form should be signed by the ASBA Account holder also, in accordance with the instructions provided in the ASBA Bid cum Application Form.
12. For ASBA Bidders, the Bids in physical mode should be submitted to the SCSBs or with the members of the Syndicate or their authorised agents (at Syndicate ASBA Centres) on the prescribed ASBA Bid cum Application Form. SCSBs may provide the electronic mode of bidding either



through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the ASBA Account.

Bidder's PAN, Depository Account, BAN and Bank Account Details

Bidders should note that on the basis of PAN of the Bidders, DP ID and BAN provided by them in the Bid cum Application Form, the Registrar will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as "Demographic Details"). These Demographic Details would be used for giving refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) or unblocking of ASBA Account. In case the Depository Participant's identification number, BAN and PAN mentioned in the Bid-cum-Application Form and entered into the electronic Bidding system of the Stock Exchanges by the Syndicate or the SCSBs do not match with the Depository Participant's identification number, BAN and PAN available in the Depository's database, the Bid is liable to be rejected. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in despatch/ credit of refunds to Bidders or unblocking of ASBA Account at the Bidders sole risk and neither the BRLMs nor the Registrar nor the Escrow Collection Banks nor the SCSBs nor our Company nor Selling Shareholder shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, BAN AND PERMANENT ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM OR ASBA BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, BAN AND PERMANENT ACCOUNT NUMBER GIVEN IN THE BID CUM APPLICATION FORM OR ASBA BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE DP ID, BAN AND PAN AVAILABLE IN THE DEPOSITORY DATABASE. IN CASE THE BID CUM APPLICATION FORM OR ASBA BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM OR ASBA BID CUM APPLICATION FORM.

Bidders may note that in case the DP ID, BAN and PAN mentioned in the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be and entered into the electronic bidding system of the Stock Exchanges by the Syndicate Member or the SCSB, as the case may be, do not match with the DP ID, BAN and PAN available in the Depository database, the Bid cum Application Form or the ASBA Bid cum Application Form, as the case may be is liable to be rejected and our Company, the Selling Shareholder and the members of the Syndicate shall not be liable for losses, if any.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/ Allotment Advice and printing of bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form or ASBA Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue except in relation to the Issue.

By signing the Bid cum Application Form or ASBA Bid cum Application Form, the Bidder would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Refund orders/ CANs/ Allotment Advice would be mailed at the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/ CANs/ Allotment Advice may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Bidder



(other than ASBA Bidders) in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at such Bidders sole risk and neither our Company, the Selling Shareholder, Escrow Collection Banks, Registrar to the Issue nor the members of the Syndicate shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay. In case of refunds through electronic modes as detailed in the Red Herring Prospectus, refunds may be delayed if bank particulars obtained from the Depository Participant are incorrect.

In case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, BAN and PAN, then such Bids are liable to be rejected.

Bids by Non Residents including Eligible NRIs, FIIs registered with SEBI

Bids and revision to Bids must be made in the following manner:

1. On the Bid cum Application Form, ASBA Bid cum Application Form, Revision Form or the ASBA Revision Form, as applicable ([●] in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three and in the same order as their Depository Participant details).
3. Bids on a repatriation basis shall be in the names of individuals, or in the name of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

Bids by Eligible NRIs for a Bid Amount of up to ₹ 200,000 would be considered under the Retail Portion for the purposes of allocation and Bids for a Bid Amount of more than ₹ 200,000 would be considered under Non-Institutional Portion for the purposes of allocation.

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and / or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form or the ASBA Bid cum Application Form. Our Company or the Selling Shareholder will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

In accordance with the FEMA and the regulations framed thereunder, OCBs cannot Bid in the Issue.

There is no reservation for Eligible NRIs and FIIs and all applicants will be treated on the same basis with other categories for the purpose of allocation.

PAYMENT INSTRUCTIONS

Escrow Mechanism for Bidders other than ASBA Bidders

Our Company, the Selling Shareholder and the Syndicate shall open Escrow Account(s) with one or more Escrow Collection Bank(s) in whose favour the Bidders (other than ASBA Bidders) shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Banks, for and on behalf of the Bidders, shall maintain the monies in the Escrow Account until the Designated Date. The Escrow Collection Banks shall not exercise any lien whatsoever



over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the funds represented by Allotment of Equity Shares (including the amount due to the Selling Shareholder but other than in respect of Allotment to successful ASBA Bidders) from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account. Payments of refund to the relevant Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholder, the members of the Syndicate, the Escrow Collection Banks and the Registrar to the Issue to facilitate collections from the Bidders.

Payment mechanism for ASBA Bidders

The ASBA Bidders shall specify the ASBA Account number in the ASBA Bid cum Application Form and the relevant SCSB shall block an amount equivalent to the application money in the ASBA Account specified in the ASBA Bid cum Application Form. In the event of withdrawal or rejection of the ASBA Bid cum Application Form or for unsuccessful ASBA Bid cum Application Forms, the Registrar to the Issue shall give instructions to the SCSB to unblock the application money in the relevant bank account within 12 Working Days of the Bid Closing Date. The Bid Amount shall remain blocked in the ASBA Account until transfer of the Bid Amount to the Public Issue Account, or until withdrawal/ failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Payment into Escrow Account for Bidders other than ASBA Bidders

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the amount payable on the Bid and/or on allocation/Allotment as per the following terms:

1. All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.
2. The Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate. If the payment is not made favouring the Escrow Account along with the Bid cum Application Form, the Bid will be rejected. Bid cum Application Forms accompanied by cash, stockinvest, money order or postal order will not be accepted.
3. The Bidder may also provide the Bid Amount by way of an electronic transfer of funds through the RTGS mechanism. Each Anchor Investor shall provide their Bid Amount only to a member of the Syndicate. The entire Bid Amount has to be paid at the time of submission of the Bid cum Application Form. The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Banks, which will hold the monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Accounts, as per the terms of the Escrow Agreement, the Red Herring Prospectus and the Prospectus into the Public Issue Account. The balance amount after transfer to the Public Issue Account shall be transferred to the Refund Account on the Designated Date. If the payment is not made favouring the Escrow Accounts as stipulated above, the Bid of such a Bidder is liable to be rejected.
4. The payment instruments for payment into the Escrow Account should be drawn in favour of:
 - In case of resident Retail Bidders: “[●]”
 - In case of Non-Resident Retail Bidders: “[●]”
5. Anchor Investor would be required to pay the Bid Amount at the time of the submission of the Bid cum Application Form. In the event of Issue Price being higher than the Anchor Investors



- Allocation Price, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the price at which allocation is made to them and the Issue Price by the Anchor Investor Pay-in Date. If the Issue Price is lower than the price at which allocation is made to Anchor Investors, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them.
6. For Anchor Investors, the payment instruments for payment into the Escrow Account should be drawn in favour of:
 - In case of Resident Anchor Investors: “[●]”
 - In case of Non-Resident Anchor Investors: “[●]”
 7. In case of Bids by Eligible NRIs applying on repatriation basis, only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs who intend to make payment through freely convertible foreign exchange and are Bidding on a repatriation basis may make the payments must through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) Account of Non-Resident Bidder Bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to NRE Account or FCNR Account.
 8. In case of Bids by Eligible NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorised to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.
 9. The monies deposited in the Escrow Account will be held for the benefit of the Bidders (other than ASBA Bidders) till the Designated Date.
 10. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts as per the terms of the Escrow Agreement into the Public Issue Account with the Bankers to the Issue.
 11. No later than 12 Working Days from the Bid Closing Date, the Registrar to the Issue shall despatch all refund amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also the excess amount paid on bidding, if any, after adjusting for Allotment to such Bidders.
 12. Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers’ clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts will be rejected. Cash/stockinvest/money orders/postal orders will not be accepted. Please note that cheques without the nine digit Magnetic Ink Character Recognition (“**MICR**”) code are liable to be rejected.
 13. Bidders are advised to provide the number of the Bid cum Application Form on the reverse of the cheque or bank draft to avoid misuse of instruments submitted with the Bid cum Application Form.



Payment by cash/ stockinvest/ money order

Payment through cash/ stockinvest/ money order shall not be accepted in this Issue.

Submission of Bid cum Application Form and ASBA Bid cum Application Forms

Retail Individual Bidders and Syndicate ASBA Bidders can submit Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts to the members of the Syndicate at the time of submission of the Bid.

ASBA Bidders can submit their ASBA Bid cum Application Forms, either in physical or electronic mode, to the SCSB with whom the ASBA Account is maintained. In case of submission in physical mode, an ASBA Bidder shall submit the ASBA Bid cum Application Form at the relevant Designated Branch. In case of submission in electronic form, an ASBA Bidder shall submit the ASBA Bid cum Application Form through the electronic mode of bidding provided by the SCSB. The SCSB shall block an amount in the ASBA Account equal to the Bid Amount specified in the ASBA Bid cum Application Form. ASBA Bidders can also submit their Bids by submitting the physical ASBA Bid cum Application Forms through the members of the Syndicate or their authorised agents in locations where the concerned SCSB has designated an ASBA Centre.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder. In case of any ASBA Bids, an acknowledgment from the Designated Branch or member of the Syndicate, as the case may be, for submission of the ASBA Bid cum Application Form may be provided.

OTHER INSTRUCTIONS

Joint Bids in the case of Individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form/ASBA Bid cum Application Form or Revision Form or ASBA Revision Form. All communications will be addressed to the first Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. In this regard, all Bids will be checked for common PAN as per Depository records and all such bids will be treated as multiple bids and are liable to be rejected.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. Bids by QIBs under the Anchor Investor Portion and the Net QIB Portion will not be considered as multiple Bids.

For Bids from Mutual Funds and FII sub-accounts, which are submitted under the same PAN, as well as Bids on behalf of the Central or State government, an official liquidator or receiver appointed by a court and residents of Sikkim, for whom the submission of PAN is not mandatory, the Bids are scrutinised for DP ID and Beneficiary Account Numbers. In case such Bids bear the same DP ID and Beneficiary Account Numbers, these will be treated as multiple Bids and will be rejected.

After submitting an ASBA Bid cum Application Form either in physical or electronic mode, an ASBA Bidder cannot Bid on another ASBA Bid cum Application Form or a Bid cum Application Form.



Submission of a second Bid cum Application Form or an ASBA Bid cum Application Form to either the same or to another Designated Branch of the SCSB or to any member of the Syndicate, will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in the Issue. Duplicate copies of ASBA Bid cum Application Forms available on the website of the Stock Exchanges bearing the same application number will be treated as multiple Bids and are liable to be rejected. More than one ASBA Bidder may Bid for Equity Shares using the same ASBA Account, provided that the SCSBs will not accept a total of more than five ASBA Bid cum Application Forms from such ASBA Bidders with respect to any single ASBA Account. However, an ASBA Bidder may revise the Bid through the ASBA Revision Form. Duplicate copies of ASBA Bid cum Application Forms downloaded and printed from the website of the Stock Exchanges bearing the same application number shall be treated as multiple Bids and are liable to be rejected.

Our Company, in consultation with the BRLMs, reserve the right to reject, in their absolute discretion, all or all except one multiple Bids in any or all categories.

Permanent Account Number or PAN

Except for Bids 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 Bidders, or in the case of a Bid in joint names, each of the Bidders, 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 Bid cum Application Form or ASBA Bid cum Application Form without the PAN is liable to be rejected. It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

However, the exemption for the Central or State Government and the officials appointed by the courts and for investors residing in the State of Sikkim is subject to the Depository Participants' verifying the veracity of such claims of the investors by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Bids, the Registrar will check under the Depository records for the appropriate description under the PAN field i.e. either Sikkim category or exempt category.

With effect from August 16, 2010, the beneficiary accounts of Bidders for whom PAN details have not been verified have been labelled "suspended for credit" by the Depositories and no credit of Equity Shares pursuant to the Issue will be made in the accounts of such Bidders.

Withdrawal of ASBA Bids

QIBs cannot withdraw their ASBA Bids after the applicable QIB Bid Closing Date.

ASBA Bidders can withdraw their Bids during the Bidding Period by submitting a request for the same to the SCSBs or the member of the Syndicate, as the case may be, who shall do the requisite, including deletion of details of the withdrawn ASBA Bid cum Application Form from the electronic bidding system of the Stock Exchanges. Further, the SCSB shall unblock the funds in the ASBA Account either directly or at the instruction of the member of the Syndicate which had forwarded the ASBA Bid cum Application Form.

In case an ASBA Bidder (other than a QIB) wishes to withdraw the Bid after the Bid Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalization of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the electronic bidding system of the Stock Exchanges and give instruction to the SCSB for unblocking the ASBA Account after approval of the 'Basis of Allotment'.

REJECTION OF BIDS

Our Company has a right to reject Bids based on technical grounds. In case of QIBs, the Company, in consultation with and the BRLMs may reject Bids provided that the reasons for rejecting the same shall be



provided to such Bidders in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made by any of the modes described in the Red Herring Prospectus and will be sent to the Bidder's address, where applicable, at the sole/first Bidder's risk. With respect to ASBA Bids, the Designated Branches shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the ASBA Account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder's ASBA Account. Further, in case any DP ID, BAN or PAN mentioned in the Bid cum Application Form or ASBA Bid cum Application Form and as entered into the electronic Bidding system of the Stock Exchanges by the members of the Syndicate and the SCSBs, as the case may be, does not match with one available in the depository's database, such ASBA Bid shall be rejected by the Registrar to the Issue. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on technical grounds including:

- Bid submitted without payment of the entire Bid Amount or if the amount paid does not tally with the Bid Amount;
- 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. However a limited liability partnership firm can apply in its own name;
- Bids by minors identified based on the Demographic Details provided by the Depositories;
- PAN not mentioned in the Bid cum Application Form or ASBA Bid cum Application Form, except for bids 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 provided such claims have been verified by the Depository Participants, DP ID and BAN not mentioned in the Bid cum Application Form or ASBA Bid cum Application Form;
- GIR number furnished instead of PAN;
- Bids by OCBs;
- Bids for lower number of Equity Shares than specified for that category of investors;
- Category not indicated;
- Bids at a price less than the Floor Price;
- Bids at a price more than the Cap Price;
- Bids at Cut-off Price by Non-Institutional Bidders and QIBs;
- Bids for a value of more than ₹ 200,000 by Bidders falling under the category of Retail Individual Bidders;
- Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals;
- Bids for number of Equity Shares which are not in multiples of [●];
- Multiple Bids as defined in this Red Herring Prospectus;
- In case of Bids under power of attorney or by limited companies, corporate, trust etc., relevant



documents are not submitted;

- Submission of Bids by Anchor Investors through ASBA Process;
- Bids accompanied by Stockinvest/money order/postal order/cash;
- Bid cum Application Forms and ASBA Bid cum Application Forms not delivered by the Bidders within the time prescribed as per the Bid cum Application Forms and ASBA Bid cum Application Forms, Bid Opening Date advertisement and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid cum Application Forms and ASBA Bid cum Application Forms;
- In case no corresponding record is available with the Depositories that matches three parameters namely, DP ID, BAN and PAN;
- Bids for amounts greater than the maximum permissible amounts prescribed by the regulations and applicable law;
- Bids where clear funds are not available in Escrow Accounts as per final certificates from Escrow Collection Banks;
- Bids by QIBs and Non-Institutional Bidders not submitted through ASBA;
- With respect to ASBA Bids, the ASBA Account not having credit balance to meet the application money or no confirmation is received from the SCSB for blocking of funds
- Bids by OCBs;
- Bids by persons prohibited from buying, selling or dealing in shares, directly or indirectly, by SEBI or any other regulatory authority;
- Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
- Bids by U.S. person other than in reliance of Regulation S under the Securities Act;
- Bids not uploaded on the terminals of the Stock Exchanges; and
- Bids by QIB Bidders uploaded after 4.00 p.m. on the QIB Bid Closing Date, Bids by Non-Institutional Bidders uploaded after 4.00 p.m. on the Bid Closing Date, and Bids by Retail Individual Bidders uploaded after 5.00 p.m. on the Bid Closing Date.

IN CASE THE DP ID, BAN AND PAN MENTIONED IN THE BID CUM APPLICATION FORM OR ASBA BID CUM APPLICATION FORM AND ENTERED INTO THE ELECTRONIC BIDDING SYSTEM OF THE STOCK EXCHANGES BY THE SYNDICATE/THE SCSBs DO NOT MATCH WITH THE DP ID, BAN AND PAN AVAILABLE IN THE RECORDS WITH THE DEPOSITARIES THE APPLICATION IS LIABLE TO BE REJECTED.

For Bid cum Application Forms from non-ASBA Bidders, the basis of Allotment will be based on the Registrar's validation of the electronic Bid details with the depository records, and the complete reconciliation of the final certificates received from the Escrow Collection Banks with the electronic bid details in terms of the SEBI circular CIR/CFD/DIL/3/2010 dated April 22, 2010. The Registrar to the Issue will undertake technical rejections based on the electronic bid details and the depository database. In case of any discrepancy between the electronic Bid data and the depository records, the Issuer reserves the right to proceed as per the depository records or treat such Bid as rejected. In terms of the SEBI circular CIR/CFD/DIL/3/2010 dated April 22, 2010, for ASBA Bid cum Application Forms, the Registrar to the Issue will reconcile the compiled data received from the stock exchanges and all SCSBs, and match the same with the depository database for correctness of



DP ID, BAN and PAN. In cases where any DP ID, BAN and PAN mentioned in the Bid file for an ASBA Bidder does not match the one available in the depository database the Issuer reserves the right to proceed as per the depository records on, such ASBA Bids or treat such ASBA Bids as rejected. The Registrar to the Issue will reject multiple ASBA Bids based on common PAN.

EQUITY SHARES IN DEMATERIALISED FORM WITH NSDL OR CDSL

The Allotment shall be only in a de-materialised form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

- Agreement dated April 6, 2011 among NSDL, our Company and the Registrar to the Issue.
- Agreement dated March 30, 2011 among CDSL, our Company and the Registrar to the Issue.

All Bidders can seek Allotment only in dematerialised mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

- (a) A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
- (b) The Bidder must necessarily fill in the details (including the DP ID, BAN and PAN) appearing in the Bid cum Application Form, ASBA Bid cum Application Form, Revision Form or ASBA Revision Form.
- (c) Allotment to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
- (d) Names in the Bid cum Application Form, Revision Form, ASBA Bid cum Application Form or ASBA Revision Form should be identical to those appearing in the account details in the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
- (e) If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form, ASBA Bid cum Application Form, Revision Form and the ASBA Revision Form, it is liable to be rejected.
- (f) The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form or ASBA Bid cum Application Form vis-à-vis those with his or her Depository Participant.
- (g) Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
- (h) The trading of the Equity Shares would be in dematerialised form only for all investors in the demat segment of the respective Stock Exchanges.
- (i) Non transferable advice or refund orders will be directly sent to the Bidders by the Registrar.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or first Bidder, Bid cum Application Form or ASBA Bid cum Application Form number, Bidders' DP ID, BAN, PAN, number of Equity Shares applied for, date of Bid cum Application Form or ASBA Bid cum Application Form, name and address of the member of the Syndicate or the Designated Branch where the Bid was submitted and cheque or draft number and issuing



bank thereof or with respect to ASBA Bids, ASBA Account number in which the amount equivalent to the Bid Amount was blocked.

Bidders 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 Allotment Advice, credit of Allotted Equity Shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders can contact the relevant Designated Branch.

PAYMENT OF REFUND

Within 12 Working Days of the Bid Closing Date, the Registrar to the Issue will dispatch the refund orders for all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also any excess amount paid on Bidding, after adjusting for allocation/ Allotment to Bidders

In the case of Bidders other than ASBA Bidders, the Registrar to the Issue will obtain from the Depositories the Bidders' bank account details, including the MICR code, on the basis of the DP ID, BAN and PAN provided by the Bidders in their Bid cum Application Forms. Accordingly, Bidders are advised to immediately update their details as appearing on the records of their Depository Participants. Failure to do so may result in delays in dispatch of refund orders or refunds through electronic transfer of funds, as applicable, and any such delay will be at the Bidders' sole risk and neither our Company, the Selling Shareholder, the Registrar to the Issue, the Escrow Collection Banks, or the members of the Syndicate, will be liable to compensate the Bidders for any losses caused to them due to any such delay, or liable to pay any interest for such delay.

Mode of making refunds for Bidders other than ASBA Bidders

The payment of refund, if any, for Bidders other than ASBA Bidders would be done through any of the following modes:

1. NECS – Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code from the Depositories.
2. Direct Credit – Applicants having bank accounts with the Refund Bank (s), as per Demographic Details received from the Depositories, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by our Company.
3. RTGS – Applicants having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds ₹ 2 million, have the option to receive refund through RTGS provided the Demographic Details downloaded from the Depositories contain the nine digit MICR code of the Bidder's bank which can be mapped with the RBI data to obtain the corresponding Indian Financial System Code ("IFSC Code"). Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
4. NEFT – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the IFSC Code, which can be linked to an MICR, if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched through ordinary post for refund orders less than or equal to ₹ 1,500 and through speed post/ registered post for refund orders exceeding ₹ 1,500. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow



Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Mode of making refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially unsuccessful ASBA Bids within 12 Working Days of the Bid Closing Date.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEYS AND INTEREST IN CASE OF DELAY

With respect to Bidders other than ASBA Bidders, our Company and the Selling Shareholder shall ensure dispatch of Allotment Advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants within 12 Working Days of Bid Closing Date.

In case of applicants who receive refunds through ECS, direct credit or RTGS or NEFT, the refund instructions will be given to the clearing system within 12 Working Days from the Bid Closing Date. A suitable communication shall be sent to the Bidders receiving refunds through this mode within 12 Working Days of Bid Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

Our Company and the Selling Shareholder shall use best efforts to ensure that all steps for completion of the necessary formalities for commencement of trading at all the Stock Exchanges where the Equity Shares are listed are taken within 12 Working Days from the Bid Closing Date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, our Company further undertakes that:

- Allotment shall be made only in dematerialised form within 12 Working Days of the Bid Closing Date; and
- With respect to Bidders other than ASBA Bidders, dispatch of refund orders or in a case where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 12 Working Days of the Bid Closing Date would be ensured. With respect to the ASBA Bidders, instructions for unblocking of the ASBA Account shall be made within 12 Working Days from the Bid Closing Date.

Our Company and the Selling Shareholder will provide adequate funds required for dispatch of refund orders or Allotment Advice to the Registrar to the Issue. Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by our Company as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

Our Company and the Selling Shareholder shall pay interest at 15% per annum, if Allotment is not made and refund orders are not dispatched or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner and/or demat credits are not made to investors within 12 Working Days from the Bid Closing Date.

IMPERSONATION

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

“Any person who:



- (a) *makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or*
- (b) *otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,*

shall be punishable with imprisonment for a term which may extend to five years.”

BASIS OF ALLOTMENT

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional Bidders and QIBs shall be available for Allotment to Retail Individual Bidders who have Bid at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their valid Bids.
- If the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, the Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate Basis of Allotment, refer below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less Allotment to QIBs and Retail Individual Bidders shall be available for Allotment to Non-Institutional Bidders who have Bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than [●] Equity Shares at or above the Issue Price, Allotment shall be made on a proportionate basis up to a minimum of [●] Equity Shares. For the method of proportionate Basis of Allotment refer below.

C. For QIBs in the QIB Portion

- Bids received from the QIBs Bidding in the QIB Portion at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the QIBs will be made at the Issue Price.
- The QIB Portion shall be available for Allotment to QIBs who have Bid at a price that is equal to or greater than the Issue Price.
- Allotment shall be undertaken in the following manner:



- (a) In the first instance allocation to Mutual Funds for up to 5% of the Net QIB Portion shall be determined as follows:
 - (i) In the event that Bids by Mutual Fund exceeds 5% of the Net QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the Net QIB Portion.
 - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion then all Mutual Funds shall get full Allotment to the extent of valid Bids received above the Issue Price;
 - (iii) Equity Shares remaining unsubscribed, if any and not allocated to Mutual Funds shall be available for Allotment to all QIBs as set out in (b) below;
- (b) In the second instance Allotment to all QIBs shall be determined as follows:
 - (i) In the event of oversubscription in the Net QIB Portion, all QIBs who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the Net QIB Portion;
 - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIBs;
 - (iii) Under-subscription below 5% of the Net QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
- The aggregate Allotment to QIBs bidding in the Net QIB Portion may be up to [●] Equity Shares.

D. For Anchor Investors

- Allocation of Equity Shares to Anchor Investors, if any, at the Anchor Investor Allocation Price will be at the discretion of our Company, the Selling Shareholder in consultation with the BRLMs, subject to compliance with the following requirements:
 - (a). not more than 30% of the QIB Portion will be allocated to Anchor Investors;
 - (b). one-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price;
 - (c). allocation to Anchor Investors shall be on a discretionary basis and subject to a minimum number of two Anchor Investors for allocation up to ₹ 2,500 million and minimum number of five Anchor Investors for allocation more than ₹ 2,500 million.
- The number of Equity Shares Allotted to Anchor Investors, if any, and the Anchor Investor Allocation Price shall be made available in the public domain by the BRLMs before the Bid Opening Date by intimating the same to the Stock Exchanges.

Method of Proportionate Basis of Allotment

In the event of the Issue being over-subscribed, our Company shall finalise the Basis of Allotment in consultation with the Designated Stock Exchange. The executive director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the Basis of Allotment is finalised in a fair and proper manner in



accordance with the SEBI Regulations.

The allocation shall be made in marketable lots, on a proportionate basis as explained below:

- a) Bidders will be categorised according to the number of Equity Shares applied for.
- b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- c) The number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- d) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and
 - Each successful Bidder shall be allotted a minimum of [●] Equity Shares.
- e) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5 it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.
- f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Allotted Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.
- g) Subject to valid Bids being received, allocation of Equity Shares to Anchor Investors shall be at the sole discretion of our Company, in consultation with the BRLMs.

Refund Orders or instructions to the SCSBs

The Registrar to the Issue shall give instructions for credit to the beneficiary account with depository participants within 12 Working Days of the Bid Closing Date. Applicants residing at the centres where clearing houses are managed by the RBI, will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS and NEFT. Our Company shall ensure dispatch of refund orders through ordinary post for refund orders less than or equal to ₹ 1,500 and through registered post or speed post for refund orders exceeding ₹ 1,500 at the sole or first Bidder's sole risk within 12 Working Days of the Bid Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 12 Working Days of the Bid Closing Date. In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid Closing Date.

UNDERTAKINGS BY OUR COMPANY

Our Company undertakes the following:



- That the complaints received in respect of this Issue shall be attended to by our Company expeditiously and satisfactorily;
- That all steps for completion of the necessary formalities for commencement of trading at all the Stock Exchanges where the Equity Shares are listed shall be undertaken within the timelines specified by law;
- That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by our Company and Selling Shareholder;
- That where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 Working Days of the Bid Closing Date, as the case may be, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- That the certificates of the securities/ refund orders to the Eligible NRIs shall be despatched within specified time;
- That, other than as disclosed in the Draft Red Herring Prospectus, no further issue of Equity Shares shall be made till final trading approvals from all the Stock Exchanges have been obtained for the Equity Shares offered through the Red Herring Prospectus;
- That adequate arrangements shall be made to collect all ASBA Bid cum Application Forms and to consider them similar to non-ASBA applications while finalising the Basis of Allotment;
- That we shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought, has been received.

UNDERTAKINGS BY THE SELLING SHAREHOLDER

The Selling Shareholder undertakes the following:

- That the Equity Shares being sold pursuant to the Issue, have been held by it for a period of more than one year;
- That the Equity Shares being sold pursuant to the Offer for Sale are free and clear of all liens or encumbrances, equities, claims, restrictions on transfer (including, but not limited to, pre-emption rights), voting trusts or other defects of title whatsoever and shall be transferred to the successful Bidders within the specified time;
- The Selling Shareholder shall refund the Company, in the manner as agreed with the Company, for any expenses incurred by the Company on its behalf with regard to refunds to unsuccessful Bidders or dispatch of allotment advice by registered post or speed post;
- The Selling Shareholder shall provide reasonable support and extend reasonable co-operation as may be required by the Company for sending refunds through electronic transfer of fund, suitable communication to the Bidders within the statutory period. The Selling Shareholder shall reimburse the Company in the manner as agreed with the Company for any expenses incurred by on our behalf by the Company with regard to sending such communication;
- Any transaction in Equity Shares by the Selling Shareholder during the period commencing on the date of filing the Draft Red Herring Prospectus with SEBI and ending on the date of commencement of trading of the Equity Shares will be reported to the Stock Exchanges within 24 hours of such transaction;



- The Selling Shareholder shall not sell, transfer, dispose off in any manner or create any lien, charge or encumbrance on the Equity Shares under Offer for Sale and shall take such steps as may be required to ensure that they are available for the Offer for Sale, including without limitation not selling, transferring, disposing of in any manner or creating any lien, charge or encumbrance on such Equity Shares.
- The Equity Shares under the Offer for Sale are and shall be free of any transfer restrictions for the purposes of the Issue;
- The Selling Shareholder shall assist the Company and the BRLMs in redressal of all Issue related investor grievances as per the applicable rules and guidelines; and
- The Selling Shareholder shall not have recourse to the proceeds of the Offer for Sale until the final listing and trading approvals from all the Stock Exchanges have been obtained.

Utilisation of Issue proceeds

1. Our Company declares that:

- All monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
- Details of all monies utilised out of Fresh Issue shall be disclosed, and continue to be disclosed till the time any part of the issue proceeds remains unutilised, under an appropriate head in our balance sheet indicating the purpose for which such monies have been utilised;
- Details of all unutilised monies out of the Fresh Issue, if any shall be disclosed under an appropriate separate head in the balance sheet indicating the form in which such unutilised monies have been invested; and
- Our Company shall not have recourse to the proceeds of the Issue until the final listing and trading approvals from all the Stock Exchanges have been obtained.

2. The Selling Shareholder shall not have recourse to the proceeds of the Offer for Sale until the final listing and trading approvals from all the Stock Exchanges have been obtained.

Withdrawal of the Issue

In accordance with the SEBI Regulations, our Company and the Selling Shareholder jointly, and in consultation with the BRLMs, reserve the right not to proceed with the Issue at any time after the Bid Opening Date. However, if our Company and the Selling Shareholder, jointly, withdraw the Issue after the Bid Closing Date, we will give reason thereof within two days of the Bid Closing Date by way of a public notice which shall be published within two days of the Bid Closing Date in the same newspapers where the pre-Issue advertisements were published. Further, the Stock Exchanges shall be informed promptly in this regard and the BRLMs, through the Registrar to the Issue, shall notify the SCSBs to unblock the Bank Accounts of the ASBA Bidders within one Working Day from the date of receipt of such notification.

Notwithstanding the foregoing, this Issue is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company shall apply for after Allotment, and the final RoC approval of the Prospectus.

If our Company and the Selling Shareholder withdraw the Issue after the Bid Closing Date they will file a fresh offer document with SEBI.



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 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. Foreign investment is allowed up to 100% under automatic route in our Company.

India's current Foreign Direct Investment ("FDI") Policy issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, GoI ("DIPP") by circular 1 of 2011, with effect from April 1, 2011, consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DIPP that were in force till March 31, 2011. The Government proposes to update the consolidated circular on FDI policy once every six months and therefore, Circular 1 of 2011 will be valid until the DIPP issues an updated circular (expected on September 30, 2011).

FII's are permitted to subscribe to shares of an Indian company in a public offer without the prior approval of the

RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or the RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment ("FDI") Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (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 SEBI/RBI.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

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

The above information is given for the benefit of the Bidders. Our Company, the Selling Shareholder and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the Bids are not in violation of laws or regulations applicable to them.



SECTION IX – MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of our Articles relating to, inter alia, 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.

No regulation contained in Table “A” in the First Schedule to Companies Act apply to our Company but the regulations for the management of our 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 and subject to any exercise of the statutory powers of our Company with reference to the repeal or alteration of or addition to its regulations by special resolution as prescribed by the Companies Act as are contained in the Articles unless the same are repugnant or contrary to the provisions of the Companies Act.

Article Number	Title of Article	Content
5	Capital	<p>The Authorised Capital of the Company shall be the same as stated in the Clause V of the Memorandum of Association of the Company from time to time.</p> <p>Subject to the provisions of the Act, the rights of the Investors as set out in these Articles, the shares in the Capital of the Company shall be under the control of the Board who may allot or otherwise dispose of the same at such times and to such persons and in such manner and upon such terms and conditions either at a premium or at a discount as they think fit.</p> <p>Subject to the provision of Section 81 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 or (subject to the compliance with the provisions of Section 79 of the Act) at a discount 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. Provided that option or right to call of Shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.</p>
15	Additional Capital	<p>Additional Capital</p> <p>a) Subject to the provisions of applicable Law and to the provisions of Article 87 and Article 99, the Board may, from time to time, issue and allot, any or all of the un-issued Shares or any Shares representing an increase in the paid up share capital of the Company.</p> <p>b) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from allotment of Shares in the Company made for the first</p>



Article Number	Title of Article	Content
		<p>time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further Shares whether out of unissued share capital or out of increased share capital then:</p> <ol style="list-style-type: none"> Such further Shares shall be offered to the persons who at the date of the offer are holders of Shares of the Company, in proportion, as nearly as circumstances admit, to the capital paid up on those Shares at that date. Such offer shall be made by a notice specifying the number of Shares offered and limiting a time not being less than fifteen days from the date of the offer and the offer, if not accepted, will be deemed to have been declined. The aforesaid offer shall be deemed to include a right exercisable by the person concerned to renounce the Shares offered to him in favour of any other person, and the notice referred to in sub-clause (b) shall contain a statement of this right, PROVIDED THAT the Directors may decline, without assigning any reason, to allot any Shares to any person in whose favour any Member may renounce the Shares offered to him. After the expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given declines to accept the Shares offered, the Board of Directors may dispose them off in such manner and to such person(s) as they may think in their sole discretion fit.

SHARE CERTIFICATES

Article Number	Title of Article	Contents
16	Share Certificate	<p>Every Share Certificate shall be issued under the seal of the Company, which shall be affixed in presence of-</p> <ol style="list-style-type: none"> two directors or persons acting on behalf of the directors under a duly registered power of attorney. the secretary or some other person appointed by the board for the purpose. <p>The two directors or their attorneys and the secretary or other person shall sign the share certificate.</p> <p>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 Directors.</p> <p>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> <p>Every Member shall be entitled, without payment to one or more certificates in the marketable lots, for all the Shares of each class or denomination registered in his name, or if the board so approves (upon paying such fee as the Board may from time to time determine) to several certificates, each for one or more of such Shares and the Company shall complete and have ready for delivery such certificates</p>
17A		



Article Number	Title of Article	Contents
17B		<p>within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of applications 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 Board 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 and deliver more than one certificate and delivery of a certificate of Shares of one of several joint holders shall be sufficient delivery to all such holders.</p> <p>Any two or more joint allottees of a share shall, for the purpose of this Article, be treated as a single member, and the certificate of any share, which may be the subject of joint ownership may be delivered to anyone of such joint owners on behalf of all of them.</p> <p>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> <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 is lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deems 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 Board so decides, or on payment of such fees (not exceeding ₹2/- for each certificate) as the Board shall prescribe. Provided that no fee shall be charged for issue of a 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 or transfer. Provided that 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. The provisions of this Article shall mutatis mutandis apply to the debenture certificates of the Company.</p>
17C		<p>The Company shall cause to be kept a Register and Index of Members in accordance with all applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996 with details of shares held in physical and dematerialised forms in any medium as may be permitted by law including in any form of electronic medium. The Company shall be entitled to keep in any State or Country outside India a branch Register of Members Resident in that State or Country.</p>



DEMATERIALISATION OF SECURITIES

Article Number	Title of Article	Contents
17D	Dematerialisation of Securities	The provisions of this Article shall apply notwithstanding anything to the contrary contained in any other Articles
17E		The Company shall be entitled to dematerialize the securities and to offer securities in a dematerialized form pursuant to the Depositories Act, 1996.
17F		Every holder of or subscriber to securities of the Company shall have the option to receive certificates for such securities or to hold the securities with a Depository. Such a Person who is the Beneficial Owner of the securities can at any time opt out of a Depository, if permitted by law, in respect of any securities in the manner provided by the Depositories Act, 1996 and the Company shall, in the manner and within the time prescribed, issue to the Beneficial Owner the required certificates for the securities. If a Person opts to hold his securities with the Depository, the Company shall intimate such Depository the details of allotment of the securities, and on receipt of the information, the Depository shall enter in its record the name of the allottees as the Beneficial Owner of the securities.
17G		All securities held by a Depository shall be dematerialized and be in fungible form. Nothing contained in the Act shall apply to a Depository in respect of the securities held by on behalf of the Beneficial Owners.
17H		(i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purposes of effecting transfer of ownership of the securities on behalf of the beneficial Owner. (ii) Save as required by the Applicable Law, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of securities held by it. (iii) Every person holding securities of the Company and whose name is entered as the Beneficial Owner of securities in the record of the Depository shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of the securities which are held by a Depository and shall be deemed to be a Member of the Company.
17I		Notwithstanding anything contained in the Act or these Articles to the contrary, where securities of the Company are held in a Depository, the records of the Beneficial Ownership may be served by such Depository on the Company by means of electronic mode or by delivery of floppies or discs.
17J		Nothing contained in the Act or these Articles, shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as Beneficial Owners in the records of a Depository.
17K		Notwithstanding anything contained in this Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate details thereof to the Depository immediately on allotment of such securities.
17L		Notwithstanding anything contained in this Act or these Articles regarding the necessity of having distinctive numbers for securities issued by the Company shall apply to securities held with a Depository.



Article Number	Title of Article	Contents
17M		The Register of Members and Index of beneficial Owners maintained by a Depository under the Depositories Act, 1996 shall be deemed to be the Register and Index of Members and Security Holders for the purpose of these Articles.

CALLS

Article Number	Title of Article	Contents
18	Calls	<p>The Directors may from time to time and subject to Section 91 of the Act make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotment thereof made payable at fixed times and each member shall pay the amount of every call so made on him to the persons and at the times and places appointed by the Directors. A call may be made payable by instalments.</p> <p>Provided, however, that except during any period, not exceeding one year, which may be allowed by the Directors for payment of calls on shares, the paid up amount shall be the same for all shares, whether existing or new.</p>
19		A call shall be deemed to have been made at the time when resolution of the Directors authorising such call was passed and may be made payable by members on the Register of Members on a subsequent date to be specified by the Directors.
20		Fifteen day's notice at the least shall be given by the Company of every call made payable otherwise than on allotment specifying the time and place of payment, Provided that before the time for payment of such call, the Directors may by notice in writing to the members, revoke the same.
21		The Directors may from time to time at their discretion extend the time fixed for the payment of any call, not exceeding one year, and may extend such time as to all or any of the members, who, the Directors may deem entitled to such extension, but no members shall be entitled to such extension save as a matter of grace and favour.
22		The Directors may at their discretion revoke or postpone the call so made.



Article Number	Title of Article	Contents
23		If by the terms of issue of any share or otherwise any amount is made payable on allotment at any fixed time or by instalments at fixed times, (whether on account of the amount of the share or by way of premium), every such amount or instalment 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 relate to such amount or instalments accordingly.
24		If the sum payable in respect of any call or instalment be not paid on or before the day appointed for payment thereof the holder for the time being or allottee of the share in respect of which a call shall have been made or the instalment be due shall pay interest for the same at such rate not exceeding 18 percent per annum as the Directors shall fix from the day appointed for the payment thereof to the time of actual payment but the Directors may waive payment of such interest wholly or in part.
24AA		Subject to the provisions of Section 92 of the Act, the Board, the Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the amount remaining unpaid or any shares held by him beyond the sums actually called for, and upon the amount so paid in advance, or so much thereof as from time to time exceed the amount of the call then made upon the shares in respect of which such advance has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced. The members shall not be entitled to any voting rights in respect of the money so paid by him until the same would but for such payment, become presently payable The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.
25		Neither judgement or a decree in favour of the Company for calls or other moneys due in respect of any shares nor any part payment or satisfaction thereof nor the receipt by the Company of a portion of any money which shall from time to time be due from any member in respect of any shares either by way of principal or interest nor any indulgence granted by the Company in respect of payment of such money shall preclude the forfeiture of such shares as herein provided.



Article Number	Title of Article	Contents
26		On the trial or hearing of any action or suit brought by the Company against any members or his legal representative for the recovery of any money claimed to be due to the Company in respect of any 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 or one of the holders, at or subsequently to the date at which the money sought to be recovered is alleged to have become due, of the shares in respect of which such money is sought to be recovered, that the resolution making this call is duly recorded in the Minute Book and that notice of such call was duly given to the members sued in pursuance of these Articles and it shall not be necessary to prove the appointment of the Director who made such calls or any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.

LIEN

Article Number	Title of Article	Contents
27	Lien	<p>The Company shall have a first and paramount lien upon all the shares (not being fully paid up shares) registered in the name of each member (whether solely or jointly with others) called or payable at a fixed time in respect of such shares and such lien shall extend to all dividends from time to time declared in respect of such shares. The Board may, however, at any time, declare any share to be wholly or partly exempt from the provisions of this Article.</p> <p>The Company's lien if any, on a share shall extend to all dividends payable thereon, subject to Section 205A of the Act.</p>
28		The Company may sell in such a manner as the Board thinks fit any shares on which the Company has a lien but no sale be made until the expiration of fourteen days after a notice in writing, stating and demanding payment of such amount in respect of which the lien exists has been given to the registered holder for the time being of the share or to the person entitled to the share by reason of his death or insolvency. The Board may appoint a person to effect the sale and transfer.
29		The net proceeds of the sale shall be applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable. The residue, if any, shall be paid to the person entitled to the share so sold. The purchaser shall be registered as the holder of the shares and he shall not be bound to see the application of the purchase money nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.



SURRENDER AND FORFEITURE OF SHARES

Article Number	Title of Article	Contents
34	Surrender and Forfeiture of shares	If a member fails to pay any call or instalment of a call or any other sum or sums on the shares on the last day appointed for the payment thereof, the Board may at any time thereafter during such time as the or any part of such call or instalment of sums remaining unpaid, serve a notice on him or on the person (if any) entitled to shares by transmission requiring payment of so much of the amount as is unpaid together with the interest which may have accrued thereon, The Board may accept in the name of the and for the benefit of the Company and upon such terms and conditions as may be agreed, the surrender of any shares liable to forfeiture and in so far as the law permits, of any other shares.
35		The notice shall name the place or places on and at which, and a further day (not earlier than the expiration of fourteen days from the date of the notice) on or before which the payment required by the notice is to be made. The notice shall detail the amount, which is due and payable on the shares and shall state that in the event of nonpayment at or before the time appointed, the shares will be liable to be forfeited.
35.1		If the requisitions of any such notice as aforesaid are not complied with, any of the shares in respect of which such notice has been given may, at any time thereafter before payment of all calls or installments, interest or expenses or other money due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends and bonus declared in respect of the forfeited shares and not actually paid before the forfeiture.
36		A forfeited or surrendered share may be sold or otherwise disposed of on such terms and in such manner as the Board may think fit and any time before a sale or disposition, the forfeiture may be annulled on such terms as the Board may think fit.
37		Any member whose shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company, all calls, installments, interest, expenses and other moneys 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 not exceeding 18 percent per annum as the Directors may determine, and the Directors may enforce the payment of the whole or a portion thereof if they think fit but shall not be under any obligation, to do so.
38		A duly verified declaration in writing that the declarant is a Director of the Company and that a share in the Company has been duly forfeited on a date stated on the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share and that declaration and the receipts of the Company for consideration, if any, given for the shares on the sale or disposal thereof, shall constitute a good title to the share and the person to whom the share is sold, or disposed of shall be registered as the holder of the share and shall not be bound to see the application of the purchase money (if any) nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.



Article Number	Title of Article	Contents
39		The provisions of these Articles as in forfeiture shall apply in the case of non-payment of any sum which by the terms of issue of a share become payable at a fixed time whether on account of the amount of the share or by way of premium or otherwise as if the same had been payable by virtue of a call duly made and notified.

TRANSFER AND TRANSMISSION OF SHARES AND DEBENTURES

Article Number	Title of Article	Contents
43A		Notwithstanding anything stated elsewhere in these Articles, the Directors shall be entitled to take all necessary steps to ensure compliance with Applicable Law and subject to the provisions of the Act, provision of Securities Contract (Regulations) Act, 1956 and the other provisions of Applicable Law, the Board may, at its absolute and uncontrolled discretion and by giving reasons, inter alia, decline to register or acknowledge any transfer of Shares whether fully paid or not. Subject to the provisions of Section 111 of the Act and Section 22A of the Securities Contracts (Regulation Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reason, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstance that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the company or any account whatsoever except when the company has a lien on the shares. However, no transfer of shares/debentures shall be refused on the ground of them not being held in marketable lots.
43B		The instrument of transfer shall be in writing and all the provisions of Section 108 of the Companies Act, 1956 and of any modification thereof for the time being shall be complied with in respect of all transfers of shares and registration thereof
44	Minimum shareholding requirement:	The Sponsors shall at all times, including upon and/ or after an IPO maintain their collective shareholding at a minimum of fifty-one (51%) of the post-IPO fully paid up equity share capital of the Company. Upon listing of the Equity Shares of the Company on account of an IPO, the Investor shall lose its rights under Article 46 to 50 below unless at any time thereafter, the shareholding of the Sponsors, taken collectively, falls below fifty-one percent (51%) of the issued and paid up equity share capital of the Company or on account of any Transfer by the Sponsors, there is a change in Management Control of the Company.
45	Transferability of Shares:	a. The Sponsors shall, during the Restricted Period, not Transfer the Shares held by them amounting to more than 5% of the Fully Diluted Equity Share Capital or the legal or beneficial ownership thereof, to any Person (a) being a Connected Person of the Sponsors; or (b) except in the manner set forth in these Articles. A Transfer (not being an Encumbrance) of Shares amounting to 5% or less of the Fully



Article Number	Title of Article	Contents
		<p>Diluted Equity Share Capital ("Permitted Transfer") shall not require the prior written consent of the Investor. Any purported Transfer of Shares in contravention of the terms of these Articles shall not be effective and binding on the Company, the Investor or the Sponsors or their respective board of directors. The Board shall not accept, acknowledge, approve or register a purported Transfer of Shares made in contravention of the terms of these Articles.</p> <p>b. Notwithstanding anything contained in Sub-Article (a) above, the Sponsors shall, during the Restricted Period, not Encumber the Shares held by them, except for security for any funding commitments undertaken by the Company or any of its Subsidiaries.</p> <p>c. The requirement of the Sponsors to Transfer the Shares held by them or the legal or beneficial ownership thereof in accordance with these Articles be applicable to all Shares held by the Sponsors, including shares issued by the Company under an ESOP scheme approved by the Board.</p> <p>d. The Sponsors shall during the Restricted Period, not Transfer the shares held by them or the legal or beneficial interest thereof, in Key Shareholding Companies, except to another Sponsor(s) ("Inter-se Sponsors Transfer"), without the prior written consent of the Board (which shall be a matter within Article 5(b)). The Sponsors shall forthwith inform the Investor of any such Inter-Se Sponsors Transfer. Any purported Transfer of shares of the aforementioned entity in contravention of this Article shall not be effective and binding on the Key Shareholding Companies, the Investor or the Sponsors or on the board of directors of the Key Shareholding Companies.</p> <p>e. The Parties agree that the transfer restrictions in Articles 47 to 53 (including Articles 50 and 51), elsewhere in these Articles and/or in the Articles shall not be capable of being avoided, and shall not be avoided, by the Sponsors or any Person who has acquired the Equity Shares held by the Sponsors (in accordance with these Articles) by the holding / transfer of Equity Shares indirectly through a company or other entity that can itself be sold in order to dispose of an interest in the Equity Shares free of such restrictions.</p>
50	Transfer/Subsription of Shares by Investor	<p>a. The Investor shall have the right to Transfer the Investor Shares to any Third Party either in full or in part, without any restriction whatsoever but subject to sub-Article (b) below. During the Restricted Period, if the Investor seeks to Transfer the Investor Shares to a Third Party not being an Affiliate of the Investor, then the Investor shall procure that such Third Party executes a Deed of Adherence in the form annexed as Exhibit 53(a).</p> <p>b. <u>Right of First Offer-</u></p> <p>i) In the event the Investor intends to sell all or any part of the Investor Shares ("Right of First Offer Shares") or has received an offer from any third party purchaser, then the Investor shall first give a notice ("Right of First Offer Notice") to the Sponsors. Within a period of 15 days of receipt of the Right of</p>



Article Number	Title of Article	Contents
		<p>First Offer Notice, the Sponsors shall make a firm and unconditional offer to the Investor to acquire all the Right of First Offer Shares either themselves or through their Affiliates. The Investor shall at its sole discretion and in writing (“Decision Notice”) either accept or reject the offer made by the Sponsors and shall communicate the Decision Notice to the Sponsors within 15 days of receipt of the offer.</p> <p>ii) In case the Investor does agree to sell the Right of First Offer Shares to the Sponsors or their Affiliates, then the parties shall consummate the transaction within a period of 90 days of the receipt of the Decision Notice. In case the Investor refuses to sell the Right of First Offer Shares to the Sponsors or their Affiliates, then the Investor shall be free to sell the Right of First Offer Shares to any Person at any terms and conditions (whether such terms and conditions are same, better or lesser than those offered by the Sponsors).</p> <p>c. The Investor shall be entitled to nominate any of its Affiliates to subscribe to, acquire and /or hold any Shares which the Investor is entitled to subscribe, acquire or hold, under any provision of these Articles.</p> <p>d. Any rights of the Investor under these Articles and the Subscription Agreement may be delegated to and/or transferred to any of the Investor Affiliates (“Delegates”). Any such Delegatee may enforce any rights under these Articles and the Subscription Agreement as if it were a party to them.</p> <p>e. The Investor Shares shall not be locked in for any period whatsoever. In case of an IPO, the Investor Shares shall be considered as non-promoter holding and shall not be subject to any lock-in restrictions, unless such lock-in is mandated by the SEBI regulations relating to non-promoter shares for an IPO.</p> <p>f. The Investor shall not be required to Encumber the Investor Shares for any reason whatsoever, including for any funding commitments undertaken by the Company or any of its Subsidiaries.</p> <p>g. Any transfer of the Investor Shares to a party which is not an affiliate of the Investor shall automatically result in the assignment of the rights and obligations under these Articles to such unrelated party. The rights contained herein shall be held jointly and not severally. The Sponsor and the Investor agree to act at all times in the interest of the Company and shall at all times refrain to do any act or deed or conduct which shall adversely impact the Company’s business or valuation.</p>
53		<p>An application for the registration of transfer of shares may be made either by the transferor or the transferee; provided that where such application is made by the transferor and relates to partly paid shares, the transfer shall not be effected 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 date of receipt of the notice.</p> <p>For the purpose of above clause, notice to the transferee shall be deemed</p>



Article Number	Title of Article	Contents
		to have been duly given if it is dispatched by prepaid registered post to the Transferee at the address given in the instrument of transfer and shall be deemed to have been delivered at the time at which it would have been delivered to him in the ordinary course of post.
54		The Company shall keep a book to be called the "Register of Transfers" and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.
55A		<p>On the transfer of the shares not being in compliance with the procedure laid down in these Articles and the Act, the Directors may, at their discretion and for a sufficient cause, decline to register or acknowledge any transfer of shares and the right of refusal shall not be affected by the fact that the proposed transferee is already a member of the Company. The registration of a transfer shall be conclusive evidence of the approval by the Directors of the transfer.</p> <p>a. Nothing in Sections 108, 109 and 110 of the Act shall prejudice this power to refuse to register the transfer of or the transmission by operation of law of the right to, any shares, or interests of a member in, or debentures of the Company.</p> <p>b. If, in pursuance of any such power or otherwise, when the Directors refuse to register any such transfer or transmission of right, they shall within two months from the date of which the instrument of transfer or the intimation of such transmission, as the case may be was delivered to the Company, send notice of the refusal to the transferee and the transferor or to the person given intimation of such transmission as the case may be.</p>
55		The instrument of the transfer shall after registration be retained by the Company and shall remain in their custody. All instruments of transfer, which the Directors may decline to register, shall on demand be returned to the person depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the Company after such period as they may determine.
56		No transfer of any shares shall be made to an infant, minor or a person of unsound mind. Upon transmission of shares by operation of law, the Company shall not be bound or be required to enter the name of an infant or minor in its Register of Members.
57		The Executors or Administrators or the holder of a Succession Certificate of a deceased Member (whether European, Hindu, Mohammedan, Parsi or otherwise, not being one or two or more joint holders) shall be the only person whom the Company will be bound to recognise as having any title to the shares registered in the name of such member and the Company shall not be bound to recognise such Executors or Administrators or holders of a Succession Certificate unless they have first obtained Probate or Letter of Administration or a Succession Certificate as the case may be, from a duly constituted competent Court in India, Provided that in any case where the Directors in their absolute discretion think fit, the Directors may dispense with the production of Probate or Letters of Administration or a Succession Certificate and under the next Article register the name of any person who claims to be absolutely entitled to the shares standing in the name of the deceased member, as a member.
58		Any person becoming entitled to any share in consequence of the Death, Lunacy, Bankruptcy or insolvency of any member or any lawful means



Article Number	Title of Article	Contents
		other than by a transfer in accordance with these Articles, 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 the respect of which he proposed to act under this Article or of his title, as the Directors shall require, either be registered himself as a member in respect of such shares or elect to have some person nominated by him and approved by the Directors registered as a member in respect of such shares; Provided nevertheless that if such person shall elect to have his nominee registered, he shall testify his election by executing in favour of his nominee an instrument of transfer in accordance with the provisions herein contained and until he does so, he shall not be freed from any Liability in respect of such Shares. This Article is herein referred to as the Transmission Clause.
59		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 transfer until the same be so verified or until or unless indemnity be given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient; Provided nevertheless there shall not be any obligation on the Company or the Directors to accept any indemnity.
60		A transfer of the Shares or other interest in the Company of the deceased member thereof made by his legal representative shall, although the legal representative is not himself a member, be as valid as if he had been a member at the time of the execution of the instrument of transfer. The Article shall not prejudice the provisions of Article 55A and 62.
61		The Directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee as if he were the Transferee named in an ordinary transfer presented for registration.
62		The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right title or interest to or in the same shares, notwithstanding that the Company may have had notice of such equitable right, title or interest or notice or referred thereto in any book of the Company and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend any such notice and give effect there to, if the Directors shall so think fit.
63		Transfer / transmission of shares and sub-division / consolidation of shares in to marketable lots will be effected by the Company free of cost and the



Article Number	Title of Article	Contents
		Directors shall not charge any fees for the same.
64		The Directors shall have power on giving seven days' notice by advertisement as required by Section 154 of the Act, to close the Transfer Books of the Company for such period or periods of time not exceeding on the whole 45 days in each year, but not exceeding 30 days at a time, as to them may seem fit.
65		The provisions of the Articles shall mutatis mutandis apply to the transfer or transmission by operation of law of debentures of the Company.
66		The holder or joint holders or shares or debentures may nominate in accordance with the provisions of Section 109A of the Act and in the manner prescribed thereunder, a person to whom all the rights in the shares or debentures of the Company shall vest in the event of death of such holder/s. Any nominations so made shall be dealt with by the Company in accordance with the provisions of 109B of the Act.

ALTERATION OF CAPITAL

Article Number	Title of Article	Contents
67		The Company may from time to time by Ordinary Resolution in General Meeting, increase the authorised share capital by such sums to be divided into shares of such amounts as the resolution shall prescribe.
68		<ol style="list-style-type: none"> 1. Where at any time after the expiry of 2 years from the formation of the Company or any time after the expiry of one year from the allotment of shares in that Company made for the first time after its formation whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares, then: <ol style="list-style-type: none"> b) such further shares shall be offered to the persons who, at the date of offer, are holders of the equity shares of the Company, in proportion as nearly as circumstances admit, to the capital paid-up on those shares on that date. c) the above said offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than 15 days from the date of the offer within which the offer if not accepted will be deemed to have been declined. d) the above said offer shall be deemed to include right exercisable by the person concerned to renounce the shares offered to him or any of them in favour of any other person, and the notice referred to in clause (b) shall contain a statement of this right. e) after the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given that he has declined to accept the shares offered, the Board of Directors may dispose of them in such a manner



Article Number	Title of Article	Contents
		as they think most beneficial to the Company. (2) Notwithstanding anything contained in clause (1) above, the further shares aforesaid may be offered to any person whether or not those persons include the person referred to in sub-clause (a) of clause (1) above in any manner whatsoever, if the procedure laid down in sub-section (1-A) to Section 81 of the Act is complied with.
69		The shares shall be subject to the same provisions with reference to the payment of calls, lien, transfer, transmission, forfeiture and otherwise as the share in the original share capital.
70		The Company may by Resolution: b) consolidate and divide all or any of its share capital into shares of larger amount than it's existing share. c) sub-divide the whole or any part of its shares capital into shares of smaller amount than is fixed by the Memorandum of Association subject nevertheless to the provisions of clause (d) of sub-section (1) of Section 94 of the Act. d) cancel any shares, which, at the date of passing of the resolution, have not been taken or agreed to be taken by any person.
71		The Company may by Special Resolution, reduce its Share Capital or Capital Redemption Fund or Securities Premium Account in any manner and subject to any incident authorised and consent required by law.

MANAGEMENT OF THE COMPANY

Article Number	Title of Article	Contents
84		As of the Effective Date: a) The business and affairs of the Company shall be managed by and under the direction of the Board. The Board may exercise all such powers of the Company and do all such lawful acts and things as are permitted under these Articles, applicable Law and the Memorandum of Association and Articles of the Company; b) The Board shall consist of not more than eleven Directors, which number shall not be changed except vide an amendment to the Articles. The Sponsors collectively (and not each of the Sponsors) and the Investor shall be entitled to appoint Directors on the Board proportion to their shareholding in the Company, provided that all times, so long as the Investor holds at least 5% of the paid up equity capital of the Company, the Investor shall be entitled to appoint at least one Director. Provided that the right of the Investor to appoint the Investor Director(s)



Article Number	Title of Article	Contents
		<p>shall cease to exist upon the shareholding of the Investor reducing below 5% of the Full Diluted Equity Share Capital of the Company. The Directors shall not be required to hold any qualification Shares and the Investor Directors shall not be liable to retire by rotation;</p> <p>c) The Company and the Sponsors shall take, or cause to be taken, all actions necessary, as at Closing Date, to cause the appointment of the Investor Director(s) as non-retiring Director(s) on the Board. The Investor agree that the Investor Director(s) may initially be appointed or inducted as additional Director(s) by the Board, provided that the Company and the Sponsors shall take all necessary steps to ensure that the Investor Director(s) are appointed as non-retiring Director(s) by the shareholders of the Company following the appointment of such Director(s) as additional Director(s);</p> <p>d) All expenses incurred by the Investor Director(s) (or their alternates) in the performance of their duties as Directors of the Company and the subsidiaries of the Company, including travel, boarding and lodging costs, shall be reimbursed by the Company or the subsidiary, as the case may be;</p> <p>e) The Investor shall have the right to require the appointment of any of the Investor Director nominated by it on all committees of the Board that exist as on the Effective Date or that may be constituted at any time after the Effective Date. The Company and Sponsors shall take, or cause to be taken, all actions necessary to cause each of the Investor Directors to be elected to all such committee(s). The Investor Directors shall be counted towards valid constitution of the quorum required for any meeting of a committee to which he, she or they, as the case may be, have been appointed;</p> <p>f) The Investor shall be entitled to nominate an alternate Director for the Investor Director nominated by it to participate in the meetings of the Board during the absence of the original Investor Director. Such appointment of an alternate Director shall take place as the first item of business at the Board meeting next following receipt by the Company of notice of such nomination. Upon his appointment, the alternate Director shall be entitled to constitute the quorum, vote, issue consent and sign a written resolution on behalf of the Investor Director for whom he is an alternate;</p> <p>g) The Investor shall be entitled to remove the Investor Director, including any alternate Director nominated by it, by notice to such Investor Director and the Company. Any vacancy occurring with respect to the position of an Investor Director, by reason of death, disqualification, resignation, removal, the inability to act or otherwise, shall be filled only by another nominee specified by the Investor;</p> <p>h) The Investor Directors (and their alternates) shall not be construed to be “Occupiers” for the purposes of the Factories Act, 1948, or “officers in default” for the purposes of the Act;</p> <p>i) The Sponsors shall disclose the details of only new transactions between the Company and any Connected Person to the Board for its approval, prior to the Company entering into any such transaction. All transactions between the Company and any such Connected Person</p>



Article Number	Title of Article	Contents
		<p>shall be entered into and carried out on an arms' length basis. Notwithstanding anything to the contrary contained in these Articles or the Articles of the Company, the Parties agree that no Director who is a Sponsor or a nominee of any Sponsor shall vote in respect of any transaction between the Company and any Connected Person in which any of the Sponsors are interested, and in case such Director does vote, then his vote shall not be counted. However, to the extent permitted by applicable Law, such Director may be counted towards constitution of a valid quorum. Such transactions shall be verified by the internal auditor of the Company. The Board shall have the right to define the scope of services of internal auditor and receive reports and explanations. It is duty of Sponsors and the Company to satisfy the internal auditor with due explanations;</p> <p>j) The Investor shall also be entitled to nominate one (1) director on the board of directors of the Company's Subsidiaries if any (each such director, an "Investor Subsidiary Director"), so long as the Investor holds at least 5% of the paid up equity capital of the Company. Subject to the aforesaid and subject to applicable Law in the jurisdiction where the Subsidiary is incorporated, the provisions of Article 4 shall apply, mutatis mutandis, to each of the Subsidiaries in the same manner as is applicable to the Company, and to each Investor Subsidiary Director in the same manner as is applicable to an Investor Director and all terms used in relation to the Company shall have a correlative meaning with respect to each Subsidiary;</p> <p>k) The Board may be re-constituted in a mutually agreed manner by the Parties to comply with corporate governance / listing requirements in preparation for an IPO, provided that the rights of the Investor to nominate the Investor Director(s) shall not be prejudiced by any such re-constitution.</p>

INTEREST OUT OF CAPITAL

Article Number	Title of Article	Contents
118		<p>Where any shares are issued for the purpose of money to defray the expenses of the construction of any works or buildings or the provisions of any plant which may not be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period and subject to the conditions and restrictions provided by Section 208 of the Act and may charge the same to capital as part of the cost of construction of the work or building or the provisions of the plant.</p>

DIVIDENDS



Article Number	Title of Article	Contents
120		The profit of the Company subject to any special rights relating thereto created or authorised to be created by the Memorandum and the Articles and subject to the provisions of the Articles shall be divisible among the members in proportion to the amount of capital paid up on the shares held by them respectively.
121		Where the Company has declared a dividend which has not been paid or the dividend warrant in respect thereof has not been posted within thirty days from the date of declaration to any Shareholder entitled to the payment of the dividend, the Company shall within seven days from the date of expiry of the said period of thirty days, open a special account in that behalf in any scheduled bank called [●]” and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.
122		Any money transferred to the unpaid dividend account of the Company which remain unpaid or unclaimed for a period of seven years from the date of such transfer, shall be transferred by the Company to the fund known as the Investor Education and Protection Fund established under the provisions of the Act. A claim to any money so transferred to the Investor Education and Protection Fund may be preferred to the Central Government by the Shareholder to whom the money is due.
123		No dividend shall bear interest against the Company, irrespective of the reason for which it has remained unpaid.
124		That there shall be no forfeiture of unclaimed dividends before the claim becomes barred by law and the Company shall comply with all the provisions of Section 205-A of the Act in respect of unpaid or unclaimed dividend.
125		No dividend shall be paid by the Company in respect of any share except to the registered holder of such share or to his order or his Banker.
126		Where a dividend has been declared by the Company it shall be paid within thirty (30) days from the date of the declaration except as provided in Section 207 of the Act.
127		Where the capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not, whilst carrying interest confer a right to participate in profits.
128		The Company shall pay dividends in proportion to the amount paid up or credited as paid up on each share, where a large amount is paid or credited as paid up on some of the shares than on others.
129		Subject to these Articles, the Company in General Meeting may declare a dividend to be paid to the members according to their respective rights and interests in the profits and may fix the time for payment.
130		No larger dividend shall be declared than is recommended by the Directors but the Company in General Meeting May declare a smaller dividend.



Article Number	Title of Article	Contents
131		No dividend shall be declared or paid by the Company for any financial year except out of the profits of the Company for that year arrived at after providing for depreciation in accordance with the provisions of Section 205 or out of undistributed profits for any previous financial year or years arrived at after providing for such depreciation in accordance with the provisions of Section 205 and remaining undistributed or out of both or out of moneys provided by the Central Government or a State Government for the payment of dividend in pursuance of a guarantee given by that Government.
132		The Directors may, from time to time pay to the members such interim dividends as in their judgement the position of the Company justifies.
133		Directors may retain the dividend payable upon shares in respect of which any person is under the Transmission Clause entitled to become a member or of which any person under that clause is entitled to transfer, until such person shall become a member in respect of such shares or shall duly transfer the same.
134		Subject to the provisions of the Act, no member shall be entitled to receive payment of any interest or dividend in respect of his share or shares whilst any money may be due or owing from him to the Company in respect of such share or shares, either alone or jointly with any other person or persons and the Directors may deduct from the interest or dividend payable to any member, all sums of money so due from him to the Company.
135		A transfer of share shall not pass the right to any dividend declared thereon before the registration of the transfer.
136		Unless otherwise directed, any dividend may be paid by cheque or warrant sent through post to the registered address of the member or person entitled or in case of joint holders to that one of them first named in the register in respect of the joint holding. Every such cheque or warrant so sent shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery thereof by any other means.

CAPITALISATION

Article Number	Title of Article	Contents
137		The provision contained herein shall be subject to the Investor's rights as set out in these Articles.



Article Number	Title of Article	Contents
		<p>(1) Any General Meeting may upon the recommendation of the Directors, resolve that any moneys, investments or other assets (including profits or surplus moneys arising from the realisation and where permitted by law, from appreciation in value of any capital assets of the Company) forming part of the undivided profits of the Company standing credit to any of the Company's reserve funds or credit of the profit and loss account or any capital redemption reserve fund or in the hands of the Company and available for dividends or representing premium received on the issue of securities and standing to the credit of the Securities Premium account be capitalised and distributed amongst such of the shareholders as would be entitled to receive the same if distributed by way of dividend and in the same proportions on the footing that they become entitled thereto as capital and that all or any part of such capitalised funds shall be applied, subject to the provisions contained in clause (2) hereof, on behalf of such shareholder in full or part towards -</p> <p>a. Paying either at par or such premium as the resolution may provide any unissued shares or debentures or debenture stock of the Company which shall be allotted and distributed, credited as fully paid up to and amongst such members in proportions aforesaid, or</p> <p>b. Paying up any amounts for the time being remaining unpaid on any shares or debentures or stock held by such members respectively, or</p> <p>c. Paying up partly in the way specified in sub-clause (a) and partly in that specified in sub-clause (b) and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum.</p> <p>d. Any money's investment or assets representing premium received on the issue of shares and standing to the credit of the share premium account shall only be applied in paying up unissued shares to be issued to the members of the company as fully paid bonus shares.</p>

MANAGING DIRECTOR

Article Number	Title of Article	Contents
138		<p>The provision contained herein shall be subject to the Investor's rights as set out in these Articles.</p> <p>Subject to the approvals if any to be obtained under applicable laws, the Directors may, from time to time, appoint one or more of their body to be Managing Director, Joint Managing Director or Whole-Time Directors as the case may be, of the Company for a fixed term not exceeding five years at a time for which he or they, is or are to hold office 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. A retiring Managing Director, Joint Managing Directors or Whole-Time Directors may be reappointed subject to the provisions of the Act. He or they shall ipso-facto cease to be Managing Director, Joint Managing Director or Whole-Time Director as the case may be, if he or they ceases or cease to hold the office of Director/s for any cause.</p>



Article Number	Title of Article	Contents
139		Subject to Sections 197-A, 387 and 388 of the Act, the Board may appoint a Manager who will have the management of the Company subject to the supervision, control and direction of the Board and Board may determine the terms and conditions of the appointment of the Manager in any manner as they may deem fit and delegate all or any part of the powers to the Manager that are to be delegated and exercised by Managing Director.



SECTION X – 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 entered into more than two years before the date of the Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which will be attached to the copy of the Red Herring Prospectus, delivered to the RoC for registration and also the documents for inspection referred to hereunder, may be inspected at our Registered Office from 11.00 am to 4.00 pm on Working Days from the date of the Draft Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts to the Issue

1. Issue Agreement between our Company, the Selling Shareholder and the Book Running Lead Managers dated September 27, 2011.
2. Agreement between our Company, the Selling Shareholder and Registrar to the Issue dated September 27, 2011
3. Escrow Agreement dated [•] amongst our Company, the Selling Shareholder, the Book Running Lead Managers, the Escrow Collection Banks and the Registrar to the Issue.
4. Syndicate Agreement dated [•] amongst our Company, the Selling Shareholder, the Book Running Lead Managers and the Syndicate Members.
5. Underwriting Agreement dated [•] amongst our Company, the Selling Shareholder, the Book Running Lead Managers and the Syndicate Members.

Material Documents

1. Our Memorandum and Articles of Association, as amended from time to time.
2. Our certificate of incorporation.
3. Board resolution authorising the Issue dated September 22, 2011
4. Shareholders resolution authorising the Issue dated September 23, 2011.
5. The Selling Shareholder's board resolution dated September 27, 2011, approving the Offer for Sale.
6. Consent from Selling Shareholder dated September 27, 2011, in relation to the Offer for Sale.
7. Shareholder Resolution dated September 20, 2010, for re-appointment of Kilambi Raghavachary as our Whole Time Director.
8. Shareholder Resolution dated December 30, 2010, for re-appointment of our Chairman and Managing Director, Rishi Kumar Bagla.
9. Employment agreement dated September 17, 2011 between our Company and the whole-time director Kilambi Raghavachary.
10. Employment agreement dated September 19, 2011 between our Company and the chairman and the managing director Rishi Kumar Bagla.
11. Agreement to Transfer Business dated October 27, 2007 entered into between Associated Brakes Limited ("ABL") (Now known as OMR Bagla Automotive Systems India Limited) and our Company



12. Subscription cum Joint Venture Agreement dated November 17, 2007 entered into between Associated Brakes Limited (Now known as OMR Bagla Automotive Systems India Limited) (“**ABL**”), OMR Holding SPA, Italy and our Company.
13. Scheme of Arrangement between Aurangabad Motor Manufacturers Limited and our Company.
14. Shareholders Agreement dated March 4, 2006 entered into between Blue River Capital I, LLC, Late Raj Narayan Bagla, Rishi Kumar Bagla, Mamta Bagla, Neha Aiyush Bhuwalka, Devanshi Akshat Jain, R.N. Bagla (HUF), R.K. Bagla (HUF), Aurangabad Motor Manufacturers Limited, Deccan Carbon Products Limited, Waluj Investments and Trading Company Private Limited, (collectively herein referred to as “**Sponsors**”) and our Company, (“**Shareholders Agreement**”).
15. Subscription Agreement dated March 4, 2006 between BRC, the Sponsors and our Company, (“**Subscription Agreement**”).
16. Addendum dated March 18, 2006 to the Shareholders Agreement and Subscription Agreement entered into between BRC, Sponsors and our Company.
17. Amendment to the Shareholders Agreement dated September 27, 2011 between BRC, the Sponsors and our Company.
18. Examination Report issued by S.R. Batliboi & Co., Chartered Accountants, dated September 26, 2011 in connection with the restated financial statements of our Company as at and for the years ended March 31, 2011, 2010, 2009, 2008 and 2007, as included in the Draft Red Herring Prospectus.
19. Statement of Tax Benefits from S. R. Batliboi & Co., Chartered Accountants dated September 27, 2011.
20. Certificate dated September 21, 2011, issued by N. R. Bhattad & Associates, Chartered Accountants, certifying the expenditure incurred until August 31, 2011, the deployment of fund in respect of the object of the Issue.
21. Report of the IPO grading agency, [●], furnishing the rationale for its grading, to be disclosed in the Red Herring Prospectus.
22. Copies of annual reports of our Company for the Fiscals 2011, 2010, 2009, 2008 and 2007.
23. Consent of the Auditors for inclusion of their examination reports on restated financial statements as at and for the Fiscals 2011, 2010, 2009, 2008 and 2007, in the form and context in which they appear in the Draft Red Herring Prospectus.
24. Consent of the IPO grading agency, [●], for inclusion of their IPO grading report furnishing the rationale for its grading, in the form and context in which they will appear in the Red Herring Prospectus.
25. Application by our Company dated [●], 2011 to the RBI in respect of the transfer of the Equity Shares by the Selling Shareholder in the Offer for Sale.
26. SEBI Observation Letter No. [●] dated [●]
27. Consents of Bankers to our Company, Book Running Lead Managers, Registrar to the Issue, Legal Counsel to the Issue, Legal Counsel to the Selling Shareholder, Directors of our Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.
28. Injunction Order dated June 25, 2009 issued by the Labour Court, Aurangabad restraining our Company from shifting/transferring/disposing in any manner, the plant, machineries, dies, goods, materials and assets relating to Plant VII.
29. Applications dated [●] and [●] filed with the NSE and the BSE, respectively, for obtaining their in-principle listing approval.
30. In-principle listing approvals dated [●] and [●] received from the NSE and the BSE, respectively.
31. Tripartite Agreement dated April 6, 2011, amongst NSDL, our Company and the Registrar to the Issue.
32. Tripartite Agreement dated March 30, 2011, amongst CDSL, our Company and the Registrar to the Issue.



33. Due diligence certificate dated September 30, 2011 to the SEBI from the Book Running Lead Managers.

Any of the contracts or documents mentioned in the Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.



DECLARATION

DECLARATION BY THE COMPANY

We hereby declare that all relevant provisions of the Companies Act and the guidelines/regulations issued by the Government of India or the guidelines/regulations issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this DRHP is contrary to the provisions of the Companies Act, the Securities and Exchange Board of India Act, 1992 or rules made or guidelines or regulations issued there under, as the case may be. We further certify that all statements in this DRHP are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Name & Designation	Signature
Rishi Kumar Bagla <i>Chairman & Managing Director</i>	
Kilambi Raghavachary <i>Wholetime, Executive, Non Independent Director</i>	
Muneesh Chawla <i>Non-Executive, Non-Independent Director</i>	
Mamta Bagla <i>Non-Executive, Non-Independent Director</i>	
Anant Kandoi <i>Independent Director</i>	
Naina Krishna Murthy <i>Independent Director</i>	
Navin Paul <i>Independent Director</i>	
Ulhas Gaoli <i>Independent Director</i>	

SIGNED BY THE CHIEF FINANCIAL OFFICER

Swaminathan Bhaskar

Date: September 30, 2011

Place: Mumbai



DECLARATION BY BLUE RIVER CAPITAL I LLC

The Selling Shareholder, hereby declares that all statements made in the Draft Red Herring Prospectus are true and correct, provided however, that the Selling Shareholder assumes no responsibility for any of the statements by the Company in the Draft Red Herring Prospectus, save and except statements made by the Selling Shareholder in relation to itself and the Equity Shares offered and sold in the Offer for Sale.

SIGNED ON BEHALF OF BLUE RIVER CAPITAL I LLC

Name: Mr. Fareed Soreefan

Designation: Director

Date: September 30, 2011

Place: Mauritius