



**RED HERRING PROSPECTUS**  
Please read Section 60B of the  
Companies Act, 1956  
Dated January 06, 2007  
100% Book Building Issue

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

(The Company was incorporated on October 22<sup>nd</sup>, 1991 as Technocraft Industries (India) as an unlimited company under part IX of the Companies Act, 1956. Subsequently the company was re-registered to a public limited company and received a certificate for re-registration on October 28<sup>th</sup>, 1992. For details of incorporation and change in name, please refer to the chapter on Brief History of the Company and Other Corporate Matters at Page 77)

**Registered Office and Corporate Office:** Technocraft Industries (India) Limited, M.I.D.C, Street No.3, Marol Industrial Area A-25, Road No.3, Andheri (E) Mumbai - 400 093. On June 5<sup>th</sup> 2000, the registered office of the Company was shifted from 135-A, Mittal Court, Nariman Point, Mumbai -400 021 to Technocraft Industries (India) Limited, M.I.D.C, Street No.3, Marol Industrial Area, A-25, Road No.3, Andheri (E) Mumbai - 400 093. **Tel:** +91-22-40982222; **Fax:** +91-22-28356559;

**Compliance Officer:** Mr. Manoj Jain, Company Secretary cum Compliance Officer; **E-mail:** ipo@technocraftgroup.com;

**Website:** www.technocraftgroup.com (For changes in Registered Office, see the chapter on Brief History of the Company and Other Corporate Matters at Page 77)

**PUBLIC ISSUE OF 83,20,000 EQUITY SHARES OF RS. 10/- EACH FOR CASH AT AN ISSUE PRICE OF RS.[●] PER EQUITY SHARE AGGREGATING TO RS.[●] LACS (HEREINAFTER REFERRED TO AS 'THE ISSUE'). THE ISSUE COMPRISES 4,20,000 EQUITY SHARES OF RS.10/- EACH AGGREGATING TO RS.[●] LACS RESERVED FOR EMPLOYEES OF THE COMPANY AND NET ISSUE TO PUBLIC OF 79,00,000 EQUITY SHARES OF RS.10/- EACH AGGREGATING TO RS.[●] LACS. THE NET ISSUE WOULD CONSTITUTE 25.06% OF THE POST ISSUE PAIDUP CAPITAL OF THE COMPANY**

**PRICE BAND: Rs.95/- TO Rs.105/- PER EQUITY SHARE OF FACE VALUE Rs.10/- EACH.  
THE ISSUE PRICE WOULD BE 9.5 TIMES OF THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND 10.5 TIMES OF THE FACE VALUE AT THE UPPER END OF THE PRICE BAND.**

In case of revision in the Price Band, the Bidding/ Issue Period will be extended for three additional working days after revision of the Price Band subject to the Bidding/ Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to the National Stock Exchange of India Limited ("NSE") and The Bombay Stock Exchange Limited ("BSE"), by issuing a press release, and also by indicating the change on the website of the Book Running Lead Managers and at the terminals of the Syndicate.

The Issue is being made through the 100% Book Building Process wherein upto 50% of the Net Issue to the public shall be allocated on a proportionate basis to Qualified Institutional Buyers, out of which 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remaining QIB Portion shall be available for allocation on a proportionate basis to all Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue price. Further, at least 15% of the Net Issue to the public shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Net Issue to the public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Further, upto 4,20,000 Equity Shares shall be available for allocation to the Employees, subject to valid Bids being received at or above the Issue Price.

### RISK IN RELATION TO FIRST ISSUE

This being the first issue of the Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs.10/- and the Issue Price is [●] times of the face value. The Issue Price (as determined by the Company in consultation with the Book Running Lead Manager, on the basis of assessment of market demand for the Equity Shares by way of Book Building) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active and/ or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

### GENERAL RISKS

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

### IPO GRADING

The Company has not opted for IPO Grading.

### ISSUER'S ABSOLUTE RESPONSIBILITY

The Company having made all reasonable inquiries, accept responsibility for and confirm that this Red Herring Prospectus contains all information with regard to the Company and the Issue, which is material in the context of the Issue, that the information contained in this Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

### LISTING

The Equity Shares offered through this Red Herring Prospectus are proposed to be listed on NSE and BSE. We have received in-principle approval from BSE and NSE for the listing of our Equity Shares pursuant to letters dated November 27, 2006 and December 05, 2006 respectively. BSE shall be the Designated Stock Exchange.

### BOOK RUNNING LEAD MANAGER

**ANANDRATHI**

#### ANAND RATHI SECURITIES LIMITED

J. K. Somani Building, 3rd Floor,  
British Hotel Lane, Fort,  
Bombay Samachar Marg, Mumbai 400 023, India

**Tel:** + 91 22 6637 7000

**Fax:** + 91 22 6637 7070

**E-mail:** technocraft@rathi.com

**Website:** www.rathi.com

**Contact person :** Ms. Astha Daga / Mr. Rupesh Khant

### REGISTRAR TO THE ISSUE



#### DATAMATICS FINANCIAL SERVICES LTD.

Plot No.A.16 & 17, MIDC, Part B,  
Crosslane, Marol, Andheri (E)  
Mumbai 400093, India

**Tel:** + 91 022 2837 5519-24, 2834 5824

**Fax:** + 91 022 2835 0217

**Email:** technocraft@dfssl.com

**Website:** www.dfssl.com

**Contact person:** Mr. Dnyanesh Gharote

### BID/ISSUE PROGRAMME

**BID/ISSUE OPENS ON : THURSDAY, JANUARY 18, 2007**

**BID/ISSUE CLOSES ON : TUESDAY, JANUARY 23, 2007**

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## SECTION I – DEFINITIONS AND ABBREVIATIONS

### Conventional/General Terms

Terms	Description
“Technocraft” or “Company” or “our Company” or “we” or “us” or “Technocraft and its subsidiaries”	Unless the context otherwise requires, refers to Technocraft Industries (India) Ltd, a limited Company incorporated under the Companies Act together with its subsidiaries, having its registered office at M.I.D.C Marol Industrial Area A-25, Road No.3, Andheri (E) Mumbai – 400 093
“our Group” or “our Group Companies” or “Group Companies”	Unless the context otherwise requires, refers to those companies mentioned in “Promoters and their Background” on page 95 of this Red Herring Prospectus

### ISSUE RELATED TERMS AND ABBREVIATIONS

Term	Description
ARSL	Anand Rathi Securities Limited
AGM	Annual General Meeting
Articles / Articles of Association	Articles of Association of Technocraft Industries (India) Ltd.
Auditors	The statutory auditors of the Company, M/s M.L.Sharma & Co., Chartered Accountants.
AY	Assessment Year
Banker(s) to the Issue	The Bank in which the Escrow Account for the Public Issue will be opened and which act as such, in terms of this Red Herring Prospectus.
Bid	An indication to make an offer by a prospective investor to subscribe for Equity Shares of the Company at a price within the Price Band, during the Bidding Period and includes all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue.
Bid/Issue Closing Date	The date after which the Syndicate Members to the Issue will not accept any Bids for the issue; any such date shall be notified through a notice in an English national newspaper, Hindi national newspaper and a Marathi newspaper
Bid/Issue Opening Date	The date on which the Syndicate Members to the Issue shall start accepting Bids for the Issue; any such date shall be notified through a notice in an English national newspaper, Hindi national newspaper and a Marathi newspaper
Bid-cum Application Form	The form in terms of which the Bidder shall Bid for the Equity Shares of the Company and shall, upon allocation of the Equity Shares by the BRLM and filing of the Prospectus with the RoC, be considered as the application for allotment of the Equity Shares in terms of this Red Herring Prospectus.
Bidder(s)	Any prospective investor who makes a Bid for Equity Shares in terms of this Red Herring Prospectus through the Book Building Process.
Bidding Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date inclusive of both days and during which period prospective investors can submit their Bids.

**TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**

<b>Term</b>	<b>Description</b>
Board / Board of Directors	Board of Directors of Technocraft Industries (India) Limited or a committee thereof.
Book Building Process/ Method	Book building route as provided in Chapter XI of the SEBI Guidelines, in terms of which this Issue is made.
BRLM	Book Running Lead Manager, in this case being Anand Rathi Securities Limited & Centrum Capital Limited
BSE	Bombay Stock Exchange Ltd
CAGR	Compounded Annual Growth Rate.
CC	Cash Credit
CAN/Confirmation of Allocation Note	Means the note, advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process.
CDSL	Central Depository Services (India) Limited.
CEPS	Cash Earning per Equity Share.
Centrum	Centrum Capital Limited
Companies Act	The Companies Act, 1956, as amended from time to time.
CEO	Chief Executive Officer
Cut-off / Cut-off Price	The Issue price finalized by the Company in consultation with the BRLM
Depositories Act	The Depositories Act, 1996, as amended from time to time.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended from time to time.
DP / Depository Participant	A depository participant as defined under the Depositories Act.
Designated Date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall transfer / allot the Equity Shares to successful Bidders.
Designated Stock Exchange	Bombay Stock Exchange Limited
DIP Guidelines	SEBI (Guidelines for Disclosure and Investor Protection) 2000 issued by SEBI effective from January 27, 2000, as amended, including instructions and clarifications issued by SEBI from time to time
Director(s)	Director(s) of Technocraft Industries (India) Limited, unless otherwise specified.
Draft Red Herring Prospectus/DRHP	Draft Red Herring Prospectus means which is not a Prospectus issued in accordance with Section 60 of the Companies Act which does not have complete particulars on the price at which the Equity Shares are offered and the size of the Issue. It carries the same obligations as are applicable in case of a Prospectus and will be filed with RoC at least three days before the Bid/ Issue Opening Date. It will become a Prospectus after filing with RoC after the pricing and allocation.
EBIDTA	Earning Before Interest Depreciation, Tax and Amortisation
ECS	Electronic and Clearing System
EGM/EoGM	Extraordinary General Meeting.
EPS	Earnings Per Share.



<b>Term</b>	<b>Description</b>
Employees	Permanent Employees of Technocraft Industries (India) Ltd. in India excluding the Directors
Eligible Employee	Eligible Employee Means a permanent employee or Director of the Company (or its Subsidiaries), who is an Indian National based in India and is physically present in India on the date of submission of the Bid-cum-Application Form. In addition, such person should be an employee or Director during the period commencing from the date of filing of the Red Herring Prospectus with the RoC upto the Bid/Issue Closing Date. Promoter Directors are not eligible to be treated as Eligible Employees
Equity Shares	Equity Shares of the Company of face value of Rs.10/- each unless otherwise specified in the context thereof
Escrow Account	Account opened with the Escrow Collection Bank and in whose favour the Bidder will issue cheques in respect of the Bid and in which account the cheques/ demand drafts will be deposited by the Syndicate Members.
Escrow Agreement	Agreement entered into between the Syndicate Members, the Company, the Registrars and BRLM for collection of the Bid Amounts and refunds of the amounts collected to the Bidders.
Escrow Collection Bank(s)	The banks in which the Escrow Account will be opened and which will act as such, in terms of this Red Herring Prospectus and the Escrow Agreement.
FCNR Account	Foreign Currency Non Resident Account.
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time and the regulations framed there under.
FII(s) / Foreign Institutional Investors	Foreign institutional investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995) registered with SEBI under applicable laws in India.
Financial year/Fiscal/FY	The twelve months ended March 31 of a particular year (unless otherwise specified).
FIPB	Foreign Investment Promotion Board.
First Bidder	The bidder whose name appears first in the bid cum application form or revision form.
Floor Price	The price advertised by the Company prior to the Bid/Issue Opening Date, below which the Issue Price will not be finalized and below which no Bids will be accepted.
Gol	Government of India
HNI	High Networth Individual
HUF	Hindu Undivided Family
IPO	Initial Public Offering
Income-tax Act / IT Act	The Income tax Act, 1961, as amended from time to time.
Issue	The issue of 83,20,000 new Equity Shares of Rs.10/- each by the Company under this Red Herring Prospectus.
Issue Price	Price determined by the Company in consultation with BRLM on the Pricing Date after the bidding period and which shall be set forth in the Prospectus to be filed with ROC.

**TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**

<b>Term</b>	<b>Description</b>
Issue Period	The period between the Bid/Issue Opening Date and Bid/ Issue Closing Date and including both these dates.
Margin Amount	The amount paid by the bidder at the time of submission of his/her bid, being 0% to 100% of the bid amount.
Memorandum / Memorandum of Association	The Memorandum of Association of Technocraft Industries (India) Limited
MRTTP	Monopolies and Restrictive Trade Practices Act, 1969.
NAV	Net Asset Value
Net Issue to the Public	The Issue of Equity Shares other than that included in the Employee Reservation Portion i.e the issue of 79,00,000 Equity Shares of Rs.10/- each
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers, Retail Bidders or Employees.
Non-Institutional Portion	The portion of the Issue being 11,85,000 Equity Shares of Rs.10/- each available for allocation to Non-Institutional Bidders.
Non Residents	All Bidders who are not persons resident in India.
NRE Account	Non-Resident External Account.
NRI/ Non Resident Indian	Non-resident Indian, is a person resident outside India, as defined in FEMA and who is a citizen of India or a Person of Indian Origin, and as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
OCB/ Overseas Corporate Body	Overseas corporate body, is a Company, partnership, society and other corporate body owned directly or indirectly to the extent of at least 60% by NRI's and includes overseas trusts in which not less than 60% of beneficial interest is irrevocably held by NRI's directly or indirectly as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000.
Pay-in-Date	Bid/Issue Closing Date or the last date specified in the CAN sent to Bidders, as applicable.
Pay-in-Period	Pay-in-Period means the period commencing on the Bid Opening Date and extending till the Bid Closing Date, during which the Bidders have to pay the maximum bid amount into the Escrow Account arising during the Bidding Period, unless such requirement is waived by the Syndicate Members for Bidders. In case of requirement of payment during the Bidding Period is waived by the Syndicate Members for Bidders, the closure of the Pay-in-Period for such Bidders, for payment into the Escrow Account, shall be within four calendar days of communication of the allocation list of respective Syndicate Member to them by the BRLM.
PAN	Permanent Account Number.
PAT	Profits After Taxation.
PBT	Profits Before Taxation.
P/E Ratio	Price/Earnings Ratio.



<b>Term</b>	<b>Description</b>
Price Band	The price band of a minimum price ("Floor Price") of Rs. 95/- and the maximum price ("Cap Price") of Rs. 105/- and includes revisions thereof.
Pricing Date	The date on which the Company in consultation with the BRLM finalizes the Issue Price.
Promoters	Shri M.D.Saraf, Shri S.K.Saraf & Shri S.M.Saraf
Prospectus	The Prospectus to be filed with the RoC containing, <i>inter alia</i> , the Issue Price that is determined at the end of the Book Building process, the size of the Issue and certain other information.
Public Issue Account	Account opened with Bankers to the Issue for the purpose of transfer of monies from the Escrow Account on or after the Issue Opening Date.
QIBs	Public financial institutions as specified in Section 4A of the Companies Act, FIIs, scheduled commercial banks, mutual funds registered with SEBI, multilateral and bilateral development financial institutions, venture capital funds registered with SEBI, foreign venture capital investors registered with SEBI and state industrial development corporations.
QIB Portion	The portion of the Issue being 39,50,000 Equity Shares of Rs.10 /- each available for allocation to QIB Bidder(s).
RBI	The Reserve Bank of India.
Red Herring Prospectus	Means the document issued in accordance with the SEBI Guidelines, which does not have complete particulars of the price at which the Equity Shares are offered and the size of this Issue. The Red Herring Prospectus, which will be filed with RoC atleast 3 (three) days before the Bid Opening Date and will become a Prospectus after filing with RoC after pricing and allocation.
Registrar/ Registrars to the Issue	Datamatics Financial Services Ltd
Retail Bidder(s)	Individual Bidders (including HUFs and NRIs) who have not Bid for Equity Shares for an amount more than or equal to Rs.100,000 /- in any of the bidding options in the Issue.
Retail Portion	The portion of the Issue being 27,65,000 Equity Shares of Rs.10 /- each available for allocation to Retail Bidder(s)
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of the Bid options as per their Bid-cum-Application Form and as modified by their subsequent Revision Form(s), if any.
RoC	Registrar of Companies, Mumbai
RoNW	Return on net worth.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended from time to time.
Stock Exchanges	The BSE and the NSE
Syndicate	The BRLM and Syndicate Member(s).
Syndicate Agreement	The agreement between the Syndicate Members and the Company to be entered into on the Pricing Date.

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

Term	Description
Syndicate Members	Collectively the BRLM and the Syndicate Members as disclosed in this Red Herring Prospectus and are persons who are registered with SEBI and are eligible to act as Underwriters.
TRS or Order Confirmation Note	Transaction Registration Slip means the slip or document registering the Bids, issued by the Syndicate Member to the Bidder as proof of registration of the Bid upon submission of the Bid-cum-Application Form in terms of this Red Herring Prospectus.
Underwriters	The BRLM and Syndicate Members
Underwriting Agreement	The agreement between the BRLM, Syndicate Members and the Company to be entered into on the Pricing Date.
Y-o-Y	Year to Year

## ABBREVIATIONS OF TECHNICAL AND INDUSTRY TERMS

C & F Agents	Carriage and Forwarding Agents
CGMP	Certificate for Good Manufacturing Practices
DGFT	Director General of Foreign Trade
ERP	Enterprise Resource Planning
GDP	Gross Domestic Product
HFO	High Density Furnace Oil
ICMF	Indian Cotton Mills Federation
ISO	International Standard Organization
PLR	Prime Lending Rate
R&D	Research and Development
SPM	Special Purpose Machines
TUFS	Technology Up gradation Fund Scheme
USP	Unique Selling proposition
YOY	Year on year





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## **CERTAIN CONVENTIONS – USE OF MARKET DATA**

Unless stated otherwise, the financial information used in this Red Herring Prospectus is derived from our Company's restated unconsolidated financial statements as of and for the years ended March 31, 2002, 2003, 2004, 2005, 2006 and half year ended September 30, 2006, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with SEBI Guidelines, as stated in the report of our statutory Auditors, M/s M. L. Sharma & Co., Chartered Accountants, and included in this Red Herring Prospectus. In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off.

There are significant differences between Indian GAAP and U.S. GAAP; accordingly, the degree to which the Indian GAAP financial statements included in this Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by Persons not familiar with Indian accounting practices on the financial disclosures presented in this Red Herring Prospectus should accordingly be limited. The Company has not attempted to explain those differences or quantify their impact on the financial data included herein, and the Company urges you to consult your own advisors regarding such differences and their impact on our financial data.

For definitions, please see the section titled "Definitions and Abbreviations" on page i of this Red Herring Prospectus.

Unless stated otherwise, industry data used throughout this Red Herring Prospectus has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes that industry data used in this Red Herring Prospectus is reliable, it has not been verified by any independent source.

## **CURRENCY OF PRESENTATION**

In this Red Herring Prospectus all references to “Rupees” and “Rs” are to the legal currency of India, all references to “USD” and “\$” are to the legal currency of United States of America , all references to “PLN” are to the legal currency of Poland, all references to “Pounds” and “£” are to the legal currency of United Kingdom, all references to “HUF” are to the legal currency of Hungary, all references to “Euro” and “€” are to the legal currency of the European Union. The “USD/\$” are referred to as “Foreign Currency” in this Red Herring Prospectus. Unless the context otherwise requires, all references to the word “Lakh” or “Lac”, means, “One hundred thousand” and the word “million” means “Ten Lakhs” and the word “Crore” means “ten million”. In this Red Herring Prospectus, any discrepancies in any table between total and the sum of the amounts listed are due to rounding off.

Any percentage amounts, as set forth in “Risk Factors”, “Business Overview”, “Management’s Discussion and Analysis of Financial Conditions and Results of Operation” and elsewhere in the Red Herring Prospectus, unless otherwise indicated, have been calculated on the basis of Company’s financial statements prepared in accordance with Indian GAAP. In this Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.



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## FORWARD-LOOKING STATEMENTS; MARKET DATA

The Company has included statements in this Red Herring Prospectus which contain words or phrases such as “will”, “aim”, “believe”, “expect”, “will continue”, “estimate”, “intend”, “plan”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, and similar expressions or variations of such expressions, that are “forward-looking statements”. Similarly, statements that describe the Company’s objectives, plans or goals also are forward looking statements.

Actual results may differ materially from those suggested by the forward looking statements due to risks or uncertainties associated with the Company’s expectations with respect to, but not limited to, the Company’s ability to successfully implement the Company’s strategy, the Company’s growth and expansion, technological changes, its Company’s exposure to market risks, general economic and political conditions in India which have an impact on the Company’s business activities or investments, the monetary and interest policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, Equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic and foreign laws, regulations and taxes and changes in competition in the industry.

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

- Our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
- General economic and business conditions in India;
- Prices of raw material we consume and the products we produce;
- Any adverse outcome in the legal proceedings in which our company is involved;
- The occurrence of natural disasters or calamities affecting the areas in which we have operations;
- Changes in political conditions in India; and
- Changes in the value of the Rupee and other currencies.

For further discussion of factors that could cause the Company’s actual results to differ, see the section entitled “Risk Factors” beginning on page x of this Red Herring Prospectus. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company, its Directors, any member of the Syndicate, nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI requirements, the Company and the BRLM will ensure that investors in India are informed of material developments until such time as the grant of listing and trading permission by the Stock Exchanges.

## SECTION II – RISK FACTORS

*An investment in equity shares involves a degree of risk. You should carefully consider all the information in this Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in our Equity Shares. To obtain a complete understanding of our Company, you should read this section in conjunction with the sections titled “Our Business” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” beginning on pages 51 and 149 as well as the other financial information contained in the Red Herring Prospectus. If the following risks occur, our business, results of operations and financial condition could suffer and the price of our Equity Shares and the value of your investment in our Equity Shares could decline. The following risks could have a material impact, the financial implications of which cannot be quantified.*

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.

### INTERNAL RISK FACTORS

**1. Risk arising out of outstanding litigation against the Company.**

Our Company is involved in certain litigation that has been filed against us. Any final judgment awarding material damages against our Company could have a material adverse impact on the future financial performance of our Company and its shareholders’ funds. On the other hand, our Company has also filed litigations for recoveries of its legitimate dues and is expecting positive results in most of the cases.

For further details please see the section titled “Outstanding Litigation and Material Developments” on page 166 of this Red Herring Prospectus.

**2. The objects of the Issue for which funds are being raised have not been appraised by any bank or financial institution.**

All the figures under projects of the Company are based on our own estimate. For the proposed expansion of the yarn division, the Company has received a sanction letter dated January 12, 2006 for a rupee Term loan of Rs. 5,352 lakhs. The Company has applied to reduce the sanctioned term loan to Rs. 4,864 lakhs. The revised Sanction has not yet received from banks. The captive power plant project valued at Rs.6,000 lakhs is being implemented under strict supervision of world class and experienced Consultants. The figures for the same are based on all known parameters since it is a captive project. The other funding is for existing well established production facilities. The only possible risk is unforeseen cost over-run or delay due to reasons beyond our control. However, some margin of contingency funding has already been incorporated in the projects.

**3. The Promoters will hold significant part of the equity shares of the Company post the proposed Issue, and will continue to control the Company.**

After the Issue is completed, our Promoters (along with the promoters Group) will collectively own 73.40% of the Company’s Equity Shares. As a result, our Promoters will have the ability to determine the outcome of all actions requiring the approval of shareholders. The interests of our Promoters may conflict with the interest of the other investors, and investors may not agree with the way in which the Promoters exercise their voting rights and powers. This could delay, defer or prevent a change in control of the Company, impede a merger, consolidation, take-over or other business combination involving the Company, discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company. In spite of the above, it may be noted that the promoters have managed the Company for last over 30 years quite successfully and only minimum portion is being offered to the public.

**4. The success of the Company depends on its management team and the loss of team members may adversely affect its business and operations.**

Our Company is dependent on its management team, consisting of experienced and technically qualified



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professionals. If one or more members of the management team are unable or unwilling to continue in their present positions because of various factors, our Company would replace such persons by other competent persons.

**5. Any future issuance of Equity Shares by the Company or sales of the Company's Equity Shares by its promoters or the issue of stock options under an employee stock option plan may dilute the investor's shareholding or adversely affect trading price of the Equity Shares.**

Any future issuance of substantial amounts of the Equity Shares by the Company or sales of its Equity Shares by the promoters or the issue of stock options under an employee stock option plan could dilute the investor's shareholding or adversely affect trading price of the Company's Equity Shares. It could also impact its ability to raise capital through an offering of its securities. In addition, any perception by investors that such issuances or sales might occur could also affect the trading price of the Equity Shares.

**6. The Company is dependent on its promoters and any inability on their part to contribute to the business may affect its performance.**

Our Company is dependent on the experience and the continued efforts of its promoters who are first generation entrepreneurs and have been associated with the Company since inception. The promoters have been involved with critical functions like development of new products, marketing, and other operations of our Company.

Our Company also has a qualified team of marketing executives, R&D experts, finance professionals and other professionals who are involved in the day-to-day operations of the Company. This reduces the Company's dependence on the promoters to manage the operations of the Company.

**7. If the Company is increasingly dependent on a particular market or geography for its sales, a downturn in it could dent market share of the Company.**

Our Company is not dependent on any particular product or market for its sales. The sales of our Company are spread across the world to over 60 countries. This is the Unique Selling Proposition (USP) of the Company. It has consciously taken an effort to penetrate markets across various continents, thereby mitigating the geographical risk associated with a particular market. Our Company's subsidiaries are present in United Kingdom, Hungary, Germany, Poland and Australia. It also has extensive network of agents across the world which markets its products.

**8. In a business marked by high working capital components, an inefficient fiscal control could affect profitability.**

Our Company has prudent financial policies with minimum use of interest-bearing funds. The Company funds its working capital requirement through the internal accruals and through working capital facilities from banks. For more details regarding the loans refer to the section "Financial Indebtedness" on page 159.

**9. Failure to effectively manage labour or failure to ensure availability of sufficient labour could affect the business operations of the Company.**

Our company is committed to the well-being of its employees and it has set up a residential complex along with other amenities within the premises of the plant itself. In the past 25 years the Company, has not had any major Labour Disturbance resulting in any production loss.

**10. Any rise in the price of raw materials and packaging consumed by the company may adversely affect the profitability of the Company.**

The finished products manufactured by the Company are directly related to the raw materials used by the company. Any increase in the price of raw materials will be factored in the price of the finished products, which are passed on to the customers. So the Company will not be affected by the rise in the price of raw materials. Packaging is a negligible cost for the Company.

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**11. The contingent liabilities of the Company as on September 30, 2006 as certified by the auditors for which no provision has been made by the Company are as follows:**

As on September 30, 2006, contingent liability of Rs.963.99 lakhs in respect of disputed statutory dues with regard to Income tax, sales tax department etc. was pending. There also exists a contingent liability of Rs.1,710.25 lakhs and Rs.4.02 lakhs in respect of Bank guarantee given by the Company and Claims made against the Company in respect of Electricity Demand (net of advance) not acknowledged as debts dues respectively.

Crystallization of any of the above liabilities may require the Company to honour the demands, if any, which may adversely impact the Company's liquidity and thereby have material adverse impact on the financial resources and net worth. For further details please refer to the section entitled "Financial Information" on page 98 of this Red Herring Prospectus

**12. Our Promoter group companies, Subsidiaries, have incurred losses (as per their standalone financial statements) for FY 2004 FY 2005 FY 2006 and September 30, 2006 for an Indian subsidiary and for FY 2004 and FY 2005 for a promoter group company.**

(Rs in lakhs)

Name of the promoter Group/ Subsidiary Company	Profit /(Loss) for the half year ended September 30, 2006	Profit /(Loss) for the year 2005-06	Profit /(Loss) for the year 2004-05	Profit /(Loss) for the year 2003-04
Danube Fashions Ltd (Subsidiary)	(195.73)	(240.47)	(412.54)	(102.06)
Technocraft Export Pvt. Ltd. (Subsidiary)	(192.10)	(281.63)	0.00	8.22
Ashrit Holdings Ltd (Group Company)	NA	169.13	(5.22)	3.16
Technocraft International Limited (Subsidiary)	NA	NA	(141.47)	18.08
Technocraft (Hungary), KFT (Subsidiary)	NA	NA	(45.07)	102.35
Technocraft Trading Spolka, Z.O.O. Poland (Subsidiary)	NA	NA	(136.35)	295.45

For further details please refer to the section entitled "Our Subsidiaries and Group Companies" on page 137 of this Red Herring Prospectus.

**13. Restrictive covenants in our agreements may impact the rights of the shareholders of the Company.**

There are restrictive covenants in agreements the Company has entered into with certain banks and financial institutions for short term loans and long term borrowings relating to buy-back any of its shares from its shareholders, issue bonus shares or share splits and other capital restructuring, that are subject to the consent of the said banks / financial institutions and to such extent would affect the rights of the shareholders of the Company.

**14. DEPB rates have shown a decline in the past years**

DEPB rates are directly related to the customs duty. Since the customs duty rates have been reducing during the past years the DEPB rates have also been reducing as a consequence. Since the Company has to pay less customs duty, it will claim less DEPB rates. Therefore the decline in the DEPB rates will not have a major



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impact on the Company. For further details please refer to the “Regulations and Policies” on page 75 of this Red Herring Prospectus.

**15. Profitability of steel tubes depends on efficient procurement of hot rolled steel coils, which is a volatile commodity**

The Company is fully aware of the volatility associated with hot rolled steel coils. Therefore to mitigate the risk associated with the supply of hot rolled coils, new and cheaper sources are being explored. The Company is looking to procure hot rolled coils from China and CIS countries.

**16. There is no single specific project for which the issue proceeds will be used**

The Company is planning to use the proceeds of the issue in all the 3 divisions – pipes, drum closures and yarn division & the 15MW captive power plant equitably, thereby using it for the overall development of the Company’s business. This also reduces the risk associated with a single project. The Company has identified certain projects in each division in which it is planning to use the funds. For more information on the use of proceeds please refer to the section relating to “Objects of the Issue” on page 24.

**17. Cotton yarn market is highly volatile and profitability of yarn depends on cotton pricing.**

The Company follows a prudent sourcing policy for cotton procurement. It imports cotton from across the world when the prices are lower as compared to the local prices and purchases from the local market when the prices are low here. It also keeps a large inventory of stocks so that the Company does not get affected by the price increase for cotton. Thus the Company uses its prudence in dealing with the issue.

**18. The Draft Red Herring Prospectus of the Company was earlier filed with SEBI on March 17, 2006 and SEBI had issued its observations on the same vide its letter dated June 2, 2006.**

The Company had not proceeded with the issue due to adverse market conditions. However, the BRLMs confirm that the said observations issued by SEBI have been incorporated in the re-filed Drfat Red Herring Prospectus.

**19. Promoters may be deemed to be interested to the extent of equity shares held by them, their friends or relatives or the group companies, and benefits arriving from their directorship in company. The promoters are interested in the transaction entered into between company where promoters are interested either as a promoter, director, partner, and proprietor or otherwise.**

## **EXTERNAL RISK FACTORS**

**1. Political, economic and social developments in India could adversely affect the business of the Company.**

Since 1991, the Government of India has pursued policies of economic liberalisation, including significantly relaxing restrictions on the private sector. The new Government that has been formed as a result of the 2004 general elections in India also consists of a coalition of political parties. The new Government may change economic policies followed by previous Governments. The rate of economic liberalisation in India could change, as could specific laws and policies, foreign investment, currency exchange rates and other matters affecting an investment in the Equity Shares. Further, the withdrawal of support from one or more of the coalition parties from the current Government could result in political instability. Significant changes in India’s economic liberalization and deregulation policies could disrupt business and economic conditions in India and affect the business of the Company adversely.

**2. Terrorist attacks or war or conflicts involving India, the United States or other countries could adversely affect the financial markets and adversely affect our business.**

The terrorist attacks on New York and Washington, D.C. on September 11, 2001, and their aftermath had an adverse effect on the industry. Incidents such as the September 11, 2001 terrorist attacks, other recent incidents such as in Bali, Indonesia and Madrid, Spain, and other acts of violence may adversely affect global Equity

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markets as well as the Indian stock markets where Equity Shares of the Company are traded. Such acts will negatively impact business sentiment, which could adversely affect our business and profitability.

Also, India, the United States or other countries in which the Company operates may enter into armed conflict or war with other countries. South Asia has, from time to time-experienced instances of civil unrest and hostilities among neighboring countries, such as between India and Pakistan. Military activity, particularly between India and Pakistan, or terrorist attacks could adversely affect the Indian economy by disrupting communications and making travel more difficult. Such events could also create a perception that investments in Indian companies involve a higher degree of risk. This, in turn, could have a material adverse effect on the market for securities of Indian companies, including the Equity Shares of the Company, and on the market for the Company's products.

**3. *After this Issue, the price of the Equity Shares of the Company may be volatile, or an active trading market for the Company's Equity Shares may not develop.***

The prices of the Equity Shares of the Company may fluctuate after this Issue due to a wide variety of factors, including the performance of their business, competitive conditions and general economic, political and social factors. There can be no assurance that an active trading market for its Equity Shares will develop or be sustained after this Issue, or that the price at which the Equity Shares are initially offered will correspond to the prices at which they will trade in the market subsequent to this Issue.

**4. *Any change in regulatory environment may have an impact on the business of the Company.***

The Company keeps itself abreast of the various developments relating to the regulatory environment and gears itself in order to comply with such regulatory changes. However, in case the Company is unable to adapt itself to such regulatory changes, the business of the Company may be impacted adversely.

**5. *Any change in policies by the countries, in terms of tariff and non-tariff barriers, from which the Company imports its raw materials and/ or exports its products to, will have an impact on the Company's profitability.***

The Company's exports and imports are well spread to many countries. Whenever such policy changes affect the Company's business, the Company would work towards complying with or reckoning the policy changes and adopt appropriate strategies to sustain its business.

**6. *The Company is subject to risk arising from exchange rate fluctuations.***

The exchange rate between the Rupee and other currencies is variable and may continue to fluctuate in the future. Fluctuations in the exchange rates may affect the Company to the extent of such orders being placed overseas vendors for the Company's products.

Any adverse fluctuations with respect to the exchange rate of any foreign currency for Indian Rupees is likely to affect the Company's profitability, since approximately 93 % of its turnover comes from earnings in foreign currency.

**7. *The Company is subject to risk rising from changes in interest rates and banking policy***

The Company is dependent on various banks and financial institutions for arranging the Company's working capital requirements, term loans, etc. Accordingly, any change in the extant banking policy or increase in interest rates may have an adverse impact on the Company's profitability.

**8. *Multiplicity of local taxes and levies including octroi and sales tax may impact the business of the Company***

Each state in India has different local taxes and levies including sales tax, octroi, etc. which has enhanced the complexity of tax planning and structuring for the Company. Further, changes in these local taxes and levies may impact the Company's profits and profitability.





## 9. Risk arising out of the new product patent regime

The regulatory regime in India governing patents has recently changed, and the product patent regime has come into place from January 1, 2005 onwards. While on the one hand, this would enable the Issuer to secure its intellectual property rights in its products and thus take advantage of the new regime, it would also be a challenge to operate in the new regime, particularly in the competitive atmosphere where the Company is carrying on its business.

### Notes to Risk factors:

1. Public Issue of 83,20,000 Equity Shares of Rs.10/- each at a price of Rs.[•] for cash aggregating Rs.[•]. Comprising 4,20,000 equity shares of Rs.10/- each reserved for the eligible employees of the company and a net offer to public of 79,00,000 equity shares of Rs.10/- each. The issue would constitute 26.39% of the fully diluted post issue paid-up capital of the company. The net offer to the public would constitute 25.06% of the fully diluted post issue paid-up capital of the company.
2. The Networth (excluding revaluation reserves) of the Company as on March 31, 2006 and as on September 30, 2006 was Rs.20,788.47 lakhs and Rs.23,021.57 lakhs respectively.
3. As on the date of filing this Red Herring Prospectus, the average cost of acquisition of the Equity Shares held by the promoters is given as under:

Sr. No.	Name of the Promoter	No. of Shares held	Average cost of Acquisition (Rs.)
1	Mr. Madhoprasad Saraf	94,759	Nil
2	Mr. Sharad Kumar Saraf	2,07,767	Nil
3	Mr. Sudarshan Kumar Saraf	85,36,153	Nil

4. The Book Value per Equity Share of Rs.10/- each is at Rs.89.58 as at March 31, 2006 and Rs.99.20 as at September 30, 2006 as per Company's restated unconsolidated financial statements under Indian GAAP.
5. Except as stated in this Red Herring Prospectus, none of Company's Directors have any interest in the Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates or held by the Companies, firms and trusts in which they are interested as directors, member, partner and/or trustee and to the extent of the benefits arising out of such shareholding.
6. BMS Industries Limited is in the same line of business manufacturing Drum Closure products. However the issuer company has standing manufacturing contract with BMS industries whereby BMS is working as an exclusive manufacturer for Issuer Company. The contract has already been disclosed on page no. 79 of this document. Besides this, none of the other ventures of the promoters have business / other interests in the issuer company.
7. Transactions of the issuer company with its subsidiaries and the group companies along with value as on 30<sup>th</sup> September 2006 is as below:





(Rs. in lakhs)

Sr.No.	Particulars	
6.	<b>Associate Companies</b>	
	BMS Industries Limited	97.51
	<b>Total</b>	<b>97.51</b>
	Sundry Creditors	
	Subsidiaries	
	Technocraft Information Technologies (India) Limited	1.01
	<b>Total</b>	<b>1.01</b>
	7.	<b>Loans &amp; Advances</b>
	<b>Subsidiaries</b>	
	Technocraft International Limited	8.41
	Technocraft Trading Spolka Zoo	3.42
	Technocraft Information Technologies (India) Limited	2.97
	Danube Fashions Limited	1,557.69
	Technocraft Exports Private Limited	1,353.49
	<b>Total</b>	<b>2,925.98</b>
	Associate Companies	
	Ashrit Holdings Limited	663.29
	Technocraft Global Holdings Limited	9.45
	<b>Total</b>	<b>672.74</b>
8.	<b>Purchase of Capital Goods</b>	
	<b>Subsidiaries</b>	
	BMS Industries Limited	20.18
	<b>Total</b>	<b>20.18</b>
9.	<b>Electricity Charges Received</b>	
	<b>Subsidiaries</b>	
	Technocraft Information Technologies (India) Limited	2.45
	<b>Total</b>	<b>2.45</b>
10.	<b>Power charges received</b>	
	<b>Subsidiaries</b>	
	Danube Fashions Limited	7.51
	<b>Total</b>	<b>7.51</b>

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8. Loans and advances made to persons / companies in which directors are interested along with value as on September 30, 2006 as given below:

*(Rs. in lakhs)*

Sr No.	Name of the Company	Relation with Issuer Company	Balanceas at 30 <sup>th</sup> September 2006	Balanceas at 31st March, 2006
1.	Ashrit Holdings Ltd.	Associate	663.29	781.73
2.	Technosoft Information Technologies (I) Ltd	Subsidiary	2.97	14.14
3.	Danube Fashions Ltd.	Subsidiary	1557.69	953.12
4.	Technocraft Exports Pvt. Ltd.	Subsidiary	1353.49	1205.61
5.	Technocraft Global Holdings Ltd.	Associate	9.45	557.35
6.	Technocraft International Ltd.U.K	Subsidiary	8.41	-
7.	Technocraft Trading Spolka z.o.o.,Poland	Subsidiary	3.42	-

9. Investors should note that in case of oversubscription in the Issue, allotment will be made on a proportionate basis to Qualified Institutional Bidders, Retail Individual Bidders and Non-Institutional Bidders, as also to Employees of our Company under the Employee Reservation Portion and Shareholders of our Group Company. For more information please refer to the paragraph titled "Basis of Allotment or Allocation" on page 208 of this Prospectus.
10. For details on transfer of shares in the last six months please refer to "Notes to Capital Structure" under section titled "Capital Structure" beginning on page 14 of this Red Herring Prospectus.
11. For related party transactions, kindly refer to the section titled 'Statement of Related Party Disclosures' on page 116 of the Red Herring Prospectus.
12. Investors are free to contact the BRLM for any clarification or information relating to the issue, who will be obliged to provide the same to the investor.
13. Investors are advised to refer to the paragraph entitled "Basis for Issue Price" on page 40 of this Red Herring Prospectus.
14. Trading in Equity Shares of our Company for all the investors shall be in dematerialized form only.



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## SECTION III INTRODUCTION

### SUMMARY

You should read the following summary together with the risk factors explained on page x of this Red Herring Prospectus and the more detailed information about the Company and its financial statements included in this Red Herring Prospectus.

### OVERVIEW

Technocraft was established in 1972 by two brothers Mr. S.K. Saraf and Mr. S.M. Saraf. The brothers, who are IIT Graduates & Technologists, had started with the aim of manufacturing high precision and sophisticated Drum Closures Products.

Until 1976 Technocraft focused on the domestic market. India was not recognized as reliable export nation during those days, against all the odds, the company launched a major export drive in 1977. "Technocraft" was recognised as an export house by government of India in 1979. "Technocraft" initially captured the Middle East export market. Gradually Technocraft moved to USA and Europe. Since customers in USA and Europe were used to buy Drum Closures from the Company's competitors based in Europe and USA, on a very short notice, Technocraft established several foreign subsidiary companies for facilitation of the stock flow to their customers in Europe and USA.

At the initial stages the group's strengths were in manufacturing of Drum closures. From inception till 1994, Technocraft continued developing and increasing the production of Drum Closures until it became one of the largest and most recognized suppliers of Drum Closures in the world. The company subsequently in 1994 acquired a sick unit "Maharashtra Steel Tubes Ltd" from SICOM, which was into the manufacture of Steel Pipes. The initial production in the early years post acquisition was 500 metric ton per month and in those days Europe was a major importer of steel pipe. Technocraft opened an office in United Kingdom (UK) so as to tap into the European market. This was the turning point in its expansion program.

In 1997, Technocraft diversified into manufacturing of Cotton Yarn. The Unit was accorded a 100% EOU status. The cotton yarn division is into Manufacturing & Exporting of high quality 100% Cotton Ring Spun Yarn. From NE 20 to NE 40, The spinning mill is equipped with world class Swiss, Japanese and other equipment. The cotton yarn division employs highly trained technical experts in all aspects of yarn spinning. It also has a 4.2 MW Captive power generation plant in the yarn division to cater to its power requirements.

Technocraft as a group has been a predominant player in the precision engineering sector & it has done a forward integration of Tube Division by producing high precision scaffolding systems for building construction. The cotton yarn division has also forward integrated its operations by production & export of Garments through its subsidiary. Technocraft has been constantly upgrading its capacity & improving its standards to meet the ever increasing expectations of its customers. The strategy adopted by the company comprises of growth through constant innovation, enter new categories, and focus both on domestic as well as foreign markets.

### COMPETITIVE STRENGTHS OF THE COMPANY

- High technological base in its manufacturing units, which results in optimum raw material utilization.
- Being a multi product Company, Viz. Steel tubes, Drum Closures and Cotton yarn, the company thus de-risks its revenue model.
- Exports to over 60 countries and covering all the continents (except Antarctica).
- Located close to Mumbai, there is abundant availability of cheap and skilled labour.
- Manufacturing units are located close to JNPT port, which results in very low shipping costs.
- Efficient and modern effluent treatment plant with recycling of water.
- Captive Power Plant in the Textile division has resulted in lower cost of power.
- Technocraft has its own marketing companies with warehouse and showrooms, thereby resulting in a far wider reach in the international markets.
- Labour Management – In the past 25 years the company, has not had any major Labour Disturbance resulting in any production loss.
- In house capability to design and manufacture special purpose machines, tools, accessories and development process, thereby resulting in world class manufacturing at low costs.
- Markets its products worldwide through its subsidiaries in UK, Hungary, Poland and Germany.

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- Through its fully owned subsidiary engaged in developing CAD, CAM and CAE software solutions, the subsidiary company extends high end technology inputs and support for continuous up-gradation and take up challenging new areas in sheet metal, plastics, elastomers and special machine and tools.
- In house capability to design and manufacture special purpose machines, tools, accessories and development process.

### **STRATEGY OF THE COMPANY**

The company is well positioned to maintain and enhance its position in the respective industries they are in. Technocraft plans to have a balanced growth in each of its trade divisions. Its strategy to further strengthen its positions in the respective trade divisions have been mentioned below:

#### **DRUM CLOSURE DIVISION**

For the Drum Closure division, the company plans to upgrade the plant technologically to reduce the manufacturing cost. The R&D department is continuously working to reduce the raw material cost significantly by introducing new manufacturing technology.

Technocraft has now designed and developed next generation technology for manufacture of Drum Closures. With this technology, there will be substantial reduction in manufacturing costs, improvement in quality and this will give Technocraft an edge and better penetration in difficult markets like China.

Chinese market is envisioned as the next big opportunity by Technocraft for Drum Closures. As of now there are negligible exports to China because of the high duty structure in China. Technocraft plans to cross this hurdle and penetrate this market by further reducing its manufacturing costs banking on newly in-house designed state of the art manufacturing of drum closures. This innovation will be further extended to existing facilities thereby improving margins further.

#### **STEEL TUBE DIVISION**

For Steel Tube division, it has plans to increase the production of Scaffolding Systems in comparison to Pipes and add manufacture of various new products like Props, Cup locks, Tube locks and Ring Scaffoldings, Rolled Formed Sections, Tubes for the Infrastructure Industry, Closed Section For Construction Industry and Nipple equipment in large volumes, so that a large portion of our tube production is converted into finished products as mentioned above. This will lead to better sales realizations due to value addition to tubes. The marketing company in UK is being revamped to sell larger volume of scaffolding and tubes in Europe. With the accession of Poland in EU, the custom duty on steel tubes has been abolished and hence the subsidiary of Technocraft in Poland will now be selling steel tubes also. Technocraft has formed a new subsidiary in 2006 for trading of goods manufactured by the Company.

Fence Panel required as a barrier has been developed and production has started, which will also convert tubes into value-added finished products. The Tube Mill production has been revamped by adding new Tube Mill, automatic painting line and the manufacture of all sheet metal parts for scaffolding is being done in-house which would reduce the manufacturing cost.

#### **COTTON YARN DIVISION**

Technocraft Industries is planning to set up a new yarn mill, which will increase the capacity by 25,200 spindles, increasing the total spinning capacity to 61,104 spindles. The yarn division has made a rapid progress and with the rapid growth in the Indian textile sector and rising global and domestic demands for cotton yarn which is a primary input for making fabrics and other yarn blends, the management has decided to embark upon this expansion project.

The yarn mill has been vertically integrated by installing a fully integrated Garment plant consisting of knitting, processing and stitching of final garments. Since Technocraft's cotton yarn mill is a 100% EOU, this activity is being done by its wholly-owned subsidiary company Viz. Danube Fashions Ltd, so as to maintain a separate identity in a domestic tariff area.

Technocraft would be completing the supply-chain of Textile division by going into retailing. Technocraft has already started the Brand building exercise for "Haute Chilli" and is fast creating direct marketing channel by having more retail outlets in Western India, which would be strategically located in high end malls. Haute Chilli now has presence in Mumbai, Surat and Ahmedabad

Technocraft has formed a new subsidiary company in Germany by the name of BOPP A. G. to market Technocraft garments in Europe. Apart from providing marketing support to garment division BOPP A. G. will also provide collection and distribution services and will work in close co-ordination with other subsidiaries of Technocraft in UK, Hungary and Poland. Technocraft's subsidiaries in Poland and Hungary have also been upgraded by setting up showrooms and employing Marketing staff for the branded garments. Technocraft has formed a new subsidiary in 2006 for trading of goods manufactured by the Company.



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## OFFERING DETAILS

Equity Shares offered Issue in terms of Red Herring Prospectus of which:	83,20,000 Equity Shares of Rs.10/- each
Employees Reservation Portion	4,20,000 Equity Shares of Rs 10/- each
Net Offer To The Public	79,00,000 Equity Shares of Rs.10/- each
Comprising: Qualified Institutional Buyers portion	Upto 39,50,000 Equity Shares of Rs.10/- each Constituting not more than 50% of the Net Offer to the Public (Allocation on a proportionate basis, of which 5% shall be available for allocation to Mutual Funds only and the balance shall be available for allocation to all QIBs, including Mutual Funds)
Non-Institutional Portion	Atleast 11,85,000 Equity Shares of Rs.10/- each Constituting at least 15% of the Net Offer to the Public (Allocation on a proportionate basis)
Retail portion	Atleast 27,65,000 Equity Shares of Rs.10/- each Constituting at least 35% of the Net Offer to the Public (Allocation on a proportionate basis)
<b>Equity Shares outstanding prior to the Issue</b>	2,32,06,750 Equity Shares of Rs.10/- each
<b>Equity Shares outstanding after the Issue</b>	3,15,26,750 Equity Shares of Rs.10/- each
<b>Objects of the Issue</b>	Please refer to the Section entitled "Objects of the Issue" on page 24 of this Red Herring Prospectus for additional information

### Notes:

Under subscription, if any, in the Retail Individual Investors, Non-institutional Investors or QIB portion would be allowed to be met with spill over from any other category at the sole discretion of the Company and the BRLM.

**TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**

**SUMMARY OF FINANCIAL DATA**

The following tables set forth summary financial information derived from Company's consolidated restated financial statements as of and for the half year ended September 30, 2006 and fiscal years ended March 31, 2006, 2005, 2004, 2003, 2002 and unconsolidated restated financial statements as of and for the period ended September 30, 2006 and fiscal years ended March 31, 2006, 2005, 2004, 2003, 2002 prepared in accordance with Indian GAAP and SEBI guidelines and as described in the Statutory Auditors' report dated December 22, 2006 included in the section titled 'Financial Information' beginning on page 98 of this Red Herring Prospectus and should be read in conjunction with those financial statements and the notes thereto.

**STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES, AS RESTATED**

*(Rs. In Lakhs)*

Particulars	As at the Financial Year ended March 31,					
	2002	2003	2004	2005	2006	For the half year ended Sept. 30, 2006
<b>Fixed Assets</b>						
Gross Block	9,105.89	10,196.70	13,222.91	14,668.50	15,977.01	16,497.52
Less: Accumu. Depreciation	5,521.85	6,171.62	7,103.67	8,374.39	9,591.36	10,216.65
Net Block	3,584.04	4,025.09	6,119.24	6,294.11	6,385.66	6,280.87
Less: Revaluation Reserve	537.19	501.92	471.05	442.40	415.76	403.33
Capital Work in Progress	2.11	64.94	65.48	25.23	145.81	431.99
Assets in Transit	-	-	64.43	25.03	0.62	37.03
<b>Total (A)</b>	<b>3,048.97</b>	<b>3,588.11</b>	<b>5,778.10</b>	<b>5,901.97</b>	<b>6,116.32</b>	<b>6,346.56</b>
<b>Goodwill on Consolidation (B)</b>	<b>0.50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Investments (C)	5,596.98	3,752.01	1,556.60	1,482.94	32.20	1,848.52
<b>Deferred Tax Assets (D)</b>	<b>-</b>	<b>9.83</b>	<b>3.20</b>	<b>4.60</b>	<b>82.42</b>	<b>40.61</b>
<b>Current Assets, Loans and Advances</b>						
Inventories	4,013.51	5,582.89	10,528.47	13,409.60	10,579.00	7,749.62
Sundry Debtors	3,029.76	3,901.71	6,582.69	7,891.36	8,059.36	9,836.30
Cash and Bank Balances	1,500.92	1,586.20	1,655.88	1,560.92	1,879.72	2,194.90
Loan and Advances	1,545.69	2,315.01	3,637.07	5,192.03	6,753.32	9,535.23
<b>Total (E)</b>	<b>10,089.87</b>	<b>13,385.81</b>	<b>22,404.11</b>	<b>28,053.90</b>	<b>27,271.39</b>	<b>29,316.05</b>
<b>Liabilities &amp; Provisions</b>						
Secured Loan	1,149.61	1,712.16	5,260.54	6,319.04	6,186.28	5,595.89
Unsecured Loan	-	-	-	-	0.00	457.02
Deferred Tax Liabilities	-	317.92	315.52	163.80	82.91	60.87
Minority Interest	0.01	0.02	0.03	0.05	17.73	45.04
Current Liabilities and Provisions	4,006.31	4,464.90	7,387.57	9,086.04	8,766.67	10,663.57
<b>Total (F)</b>	<b>5,155.93</b>	<b>6,495.00</b>	<b>12,963.66</b>	<b>15,568.93</b>	<b>15,053.59</b>	<b>16,822.39</b>
<b>Net Worth (A+B+C+D+E-F) = G</b>	<b>13,580.40</b>	<b>14,240.75</b>	<b>16,778.35</b>	<b>19,874.49</b>	<b>18,448.74</b>	<b>20,729.36</b>
<b>Represented by</b>						
1. Share Capital	596.75	663.05	663.05	1,326.10	2,320.68	2320.68
2. Reserves	13,528.60	14,056.16	16,527.13	18,929.81	16,366.81	18637.84
3. Capital Reserve on Consolidation	-	28.74	66.03	66.03	218.88	218.88
Less: Revaluation Reserves	537.19	501.92	471.05	442.40	415.76	403.33
Reserves (Net of Revaluation Reserves)	<b>12,991.41</b>	<b>13,582.98</b>	<b>16,122.10</b>	<b>18,553.44</b>	<b>16,169.93</b>	<b>18,453.40</b>
<b>Total</b>	<b>13,588.15</b>	<b>14,246.03</b>	<b>16,785.15</b>	<b>19,879.54</b>	<b>18,490.61</b>	<b>20,774.07</b>
Less: Misc. Expenditure not written of	7.76	5.27	6.80	5.05	41.87	44.71
<b>Net Worth</b>	<b>13,580.40</b>	<b>14,240.75</b>	<b>16,778.35</b>	<b>19,874.49</b>	<b>18,448.74</b>	<b>20,729.36</b>





**STATEMENT OF CONSOLIDATED PROFIT AND LOSSES ACCOUNT, AS RESTATED**

(Rs. In Lakhs)

Particulars	As at the Financial Year ended March 31,					
	2002	2003	2004	2005	2006	For the half year ended Sept. 30, 2006
<b>INCOME</b>						
<b>Sales</b>						
- Domestic	1,060.61	950.58	2,607.21	5,216.06	6,478.05	2,373.89
- Export	16,997.94	18,798.30	27,067.63	32,678.05	29,812.08	18,947.15
<b>TOTAL</b>	<b>18,058.54</b>	<b>19,748.88</b>	<b>29,674.84</b>	<b>37,894.11</b>	<b>36,290.12</b>	<b>21,321.04</b>
Other Income	1,676.63	2,179.82	3,865.27	3,686.93	1,817.33	984.65
Increase / (Decrease) in Stocks	(198.11)	261.78	3,947.51	339.02	(1,525.90)	(776.76)
<b>TOTAL INCOME (A)</b>	<b>19,537.06</b>	<b>22,190.48</b>	<b>37,487.62</b>	<b>41,920.07</b>	<b>36,581.55</b>	<b>21,528.93</b>
<b>EXPENDITURE</b>						
Cost of Goods Sold	13,303.44	13,565.23	28,400.72	30,193.17	24,181.49	12,293.28
Operating & Other Expenses	2,179.61	2,831.68	3,419.70	4,454.20	4,807.64	4,199.84
Employees' Remuneration & Benefits	767.08	947.25	1,105.37	1,300.12	1,901.39	962.92
Financial Charges	214.16	228.13	283.05	429.68	576.58	75.59
Depreciation	752.41	708.41	911.52	1,248.69	1,223.52	601.60
Preliminary Expenditure written off	2.44	2.48	3.18	2.81	5.87	2.94
<b>TOTAL EXPENDITURE(B)</b>	<b>17,219.14</b>	<b>18,283.17</b>	<b>34,123.53</b>	<b>37,628.68</b>	<b>32,696.51</b>	<b>18,136.16</b>
<b>Profit / (Loss) before Tax and Extraordinary items</b>	<b>2,317.92</b>	<b>3,907.30</b>	<b>3,364.09</b>	<b>4,291.39</b>	<b>3,885.05</b>	<b>3,392.76</b>
Add: Exceptional Items [Income/(Exp.)]	-	-	-	-	-	-
<b>Profit before Tax</b>	<b>2,317.92</b>	<b>3,907.30</b>	<b>3,364.09</b>	<b>4,291.39</b>	<b>3,885.05</b>	<b>3,392.76</b>
Provision for Taxation						
- Current Tax	435.23	797.62	764.29	1,199.96	973.03	1,155.52
- Fringe Benefit Tax	-	-	-	-	12.09	3.82
- Earlier Years	32.13	11.15	(175.01)	(59.17)	3.67	31.66
- Less/ (Add) Deferred Tax	-	302.34	4.10	56.20	(158.85)	(44.81)
- Excess DTL provided in earlier years						120.26
- Less/(Add)Excess provision written off	(5.66)					
<b>Profit available for appropriations</b>	<b>1,850.56</b>	<b>2,796.20</b>	<b>2,770.70</b>	<b>3,094.40</b>	<b>3,055.11</b>	<b>2,195.28</b>
<b>Add/(Less) balance brought from Previous year</b>	<b>3,036.19</b>	<b>2,047.69</b>	<b>1,931.41</b>	<b>477.71</b>	<b>879.98</b>	<b>3,935.09</b>
<b>Appropriations:</b>						
Debenture Redemption Reserve	-	-	-	-	-	-
General Reserve	2,181.45	2,901.81	4,000.00	2,692.14	-	-
Capital Redemption Reserve	-	2.50	-	-	-	-
Proposed Dividend	596.75	-	198.92	-	-	-
Tax on Dividend	60.87	-	25.49	-	-	-
<b>Balance carried to Summary of Assets and Liabilities</b>	<b>2,047.69</b>	<b>1,939.58</b>	<b>477.71</b>	<b>879.98</b>	<b>3,935.09</b>	<b>6,130.37</b>

**TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**

**STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED – STAND ALONE**

(Rs. In Lakhs)

Particulars	As at the Financial Year ended March 31,					
	2002	2003	2004	2005	2006	For the half year ended Sept. 30, 2006
<b>Fixed Assets</b>						
Gross Block	9,065.50	10,137.18	11,792.22	12,669.00	13,432.61	13,850.58
Less: Accumulated Depreciation	5,502.71	6,141.20	7,016.12	7,998.91	8,935.20	9,362.03
Net Block	3,562.79	3,995.98	4,776.11	4,670.09	4,497.41	4,488.55
Less: Revaluation Reserves	537.19	501.92	471.05	442.40	415.76	403.33
Capital Work in Progress	2.11	64.94	56.78	23.48	145.81	431.99
Assets in Transit	-	-	18.01	25.03	.62	37.03
<b>Total (A)</b>	<b>3,027.72</b>	<b>3,559.00</b>	<b>4,379.85</b>	<b>4,276.20</b>	<b>4,228.08</b>	<b>4,554.25</b>
<b>Investments (B)</b>	<b>5,782.19</b>	<b>4,100.69</b>	<b>2,733.75</b>	<b>2,651.21</b>	<b>1,736.36</b>	<b>2,236.36</b>
<b>Deferred Tax Assets (C)</b>	<b>-</b>	<b>8.16</b>	<b>-</b>	<b>-</b>	<b>17.84</b>	<b>40.61</b>
<b>Current Assets, Loans and Advances</b>						
Inventories	2,735.12	4,389.12	8,117.71	9,923.73	7,086.74	5,608.40
Sundry Debtors	3,913.49	5,033.96	8,512.12	8,828.35	7,149.99	7,949.06
Cash and Bank Balances	1,259.09	1,217.14	1,251.64	1,096.07	1,151.58	1,353.65
Loan and Advances	1,480.63	2,306.52	3,350.89	5,099.76	8,641.21	11,796.56
<b>Total (D)</b>	<b>9,388.32</b>	<b>12,946.74</b>	<b>21,232.37</b>	<b>24,947.90</b>	<b>24,029.51</b>	<b>26,707.66</b>
<b>Liabilities &amp; Provisions</b>						
Secured Loan	1,014.04	1,010.88	3,598.58	3,584.48	3,043.08	2,674.26
Deffered Tax Liabilities	-	308.07	283.27	96.09	72.59	51.08
Current Liabilities and Provisions	1,853.92	2,608.58	3,738.76	5,017.41	6,107.63	7,791.97
<b>Total (E)</b>	<b>2,867.96</b>	<b>3,927.53</b>	<b>7,620.60</b>	<b>8,697.98</b>	<b>9,223.03</b>	<b>10,517.31</b>
<b>Net Worth (A+B+C+D-E) = F</b>	<b>15,330.27</b>	<b>16,687.07</b>	<b>20,725.36</b>	<b>23,177.33</b>	<b>20,788.47</b>	<b>23,021.57</b>
<b>Represented by</b>						
1. Share Capital	596.75	663.05	663.05	1,326.10	2,320.68	2,320.68
2. Reserves	15,278.31	16,531.13	20,536.39	22,295.54	18,922.47	21,146.60
Less: Revaluation Reserves	537.19	501.92	471.05	442.40	415.76	403.33
Reserves (Net of Revaluation Reserves)	14,741.12	16,029.21	20,065.34	21,853.14	18,506.72	20,743.28
Total	15,337.87	16,692.26	20,728.39	23,179.24	20,827.39	23,063.95
Less: Misc. Expenditure not written of	7.59	5.19	3.03	1.91	38.92	42.38
<b>Net Worth</b>	<b>15,330.27</b>	<b>16,687.07</b>	<b>20,725.36</b>	<b>23,177.33</b>	<b>20,788.47</b>	<b>23,021.57</b>



**STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED – STAND ALONE**

(Rs. In Lakhs)

Particulars	As at the Financial Year ended March 31,					
	2002	2003	2004	2005	2006	For the half year ended Sept. 30, 2006
<b>INCOME</b>						
<b>Sales</b>						
- Domestic	1,041.82	925.26	2,574.03	5,009.07	5,572.99	2,027.41
- Export	15,070.45	16,790.86	21,880.62	24,254.28	22,493.00	13,410.24
<b>TOTAL</b>	<b>16,112.27</b>	<b>17,716.12</b>	<b>24,454.65</b>	<b>29,263.34</b>	<b>28,065.99</b>	<b>15,437.66</b>
Other Income	1,592.19	2,190.48	3,757.43	3,089.54	1,564.56	969.88
Increase / (Decrease) in Stocks	228.87	346.41	2,774.32	(721.09)	(1,478.10)	(596.67)
<b>TOTAL INCOME (A)</b>	<b>17,933.33</b>	<b>20,253.01</b>	<b>30,986.40</b>	<b>31,631.79</b>	<b>28,152.45</b>	<b>15,810.87</b>
<b>EXPENDITURE</b>						
Cost of Goods Sold	10,156.63	11,540.28	21,417.16	22,209.09	19,554.47	9,036.99
Operating & Other Expenses	1,967.00	2,497.69	2,838.13	3,633.82	3,229.44	2,290.05
Employees' Remuneration & Benefits	710.98	811.07	889.79	980.82	1,358.11	608.83
Financial Charges	110.60	131.37	189.71	266.80	112.09	147.69
Depreciation	743.38	697.95	852.08	954.57	909.58	414.14
Preliminary Expenditure written off	2.36	2.40	2.17	1.78	4.65	2.32
<b>TOTAL EXPENDITURE(B)</b>	<b>13,690.95</b>	<b>15,680.77</b>	<b>26,189.02</b>	<b>28,046.89</b>	<b>25,168.33</b>	<b>12,500.02</b>
<b>Profit / (Loss) before Tax and Extraordinary items</b>	<b>4,242.38</b>	<b>4,572.24</b>	<b>4,797.38</b>	<b>3,584.91</b>	<b>2,984.12</b>	<b>3,310.85</b>
Add: Exceptional Items [Income/(Exp.)]	-	-	-	-	-	-
<b>Profit before Tax</b>	<b>4,242.38</b>	<b>4,572.24</b>	<b>4,797.38</b>	<b>3,584.91</b>	<b>2,984.12</b>	<b>3,310.85</b>
Provision for Taxation						
- Current Tax	445.00	769.00	728.50	1,170.00	922.00	1,120.00
- Fringe Benefit Tax	-	-	-	-	10.93	2.78
- Earlier Years	32.13	11.14	175.01	(41.14)	3.67	(3.92)
- Less/ (Add) Deferred Tax	-	299.91	16.64	5.19	(41.33)	(44.29)
<b>Profit available for appropriations</b>	<b>3,765.25</b>	<b>3,492.20</b>	<b>4,260.53</b>	<b>2,450.85</b>	<b>2,088.85</b>	<b>2,236.27</b>
Add / (Less) Balance Brought from Previous year	2,871.72	3,797.90	4,388.30	4,424.42	4,333.14	6,421.99
Appropriations:						
General Reserve	2,181.45	2,901.81	4,000.00	2,542.14	-	-
Capital Redemption Reserve	-	-	-	-	-	-
Proposed Dividend	596.75	-	198.92	-	-	-
Tax on Dividend	60.87	-	25.49	-	-	-
<b>Balance carried to Summary of Assets and Liabilities</b>	<b>3,797.90</b>	<b>4,388.30</b>	<b>4,424.42</b>	<b>4,333.14</b>	<b>6,421.99</b>	<b>8,658.26</b>

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

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### GENERAL INFORMATION

The Company was incorporated on October 22<sup>nd</sup>, 1991 as Technocraft Industries (India) as an unlimited company under part IX of the Companies Act, 1956 vide Reg. No. 11-69252 with the Registrar of Companies, Mumbai. Subsequently the company was re-registered as a public limited company and received a certificate for re-registration on October 28<sup>th</sup>, 1992.

#### REGISTERED OFFICE OF THE COMPANY

##### **Technocraft Industries (India) Limited**

A-25, M.I.D.C., Street No. 3  
Marol Industrial Area, Opp. E.S.I.S Hospital,  
Andheri (E), Mumbai 400-093  
Tel: (+91 22) 4098 2222  
Fax: (+91 22) 2836 7037  
Email: ipo@technocraftgroup.com

#### **The Company is registered with:**

Registrar of Companies (RoC)  
100, Everest Building,  
Marine Lines, Mumbai – 400 002

#### BOARD OF DIRECTORS

Shri. Madhoprasad Saraf	:	Chairman
Shri. Sharad Kumar Saraf	:	Whole Time Director & Managing Director
Shri. Sudarshan Kumar Saraf	:	Whole Time Director & Managing Director
Shri. Subhram Koley	:	Whole Time Director
Shri Vaibhav.V.Agarwal	:	Independent Director
Shri. Ganesh Gupta	:	Independent Director
Shri. S.B.Agarwal	:	Independent Director
Shri. Jayant.N.Godbole	:	Independent Director

For more details on our directors, please refer to this Section titled “Management and Organisation” beginning on page 81 of this Red Herring Prospectus

#### COMPLIANCE OFFICER

##### **Shri Manoj Jain**

Technocraft Industries (India) Limited  
A-25, M.I.D.C., Street No. 3  
Marol Industrial Area, Opp. E.S.I.S Hospital,  
Andheri (E) Mumbai 400-093  
Tel: (+91 22) 4098 2222  
Fax: (+91 22) 2836 7037  
Email: ipo@technocraftgroup.com

Note: The investors attention is invited to contact the Compliance Officer in case of any pre-issue / post-issue related problems such as non-receipt of letters of allotment/ credit of allotted Shares in the respective beneficiary accounts/ refund orders, etc.



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## LEGAL ADVISORS TO THE ISSUE

### **Kanga & Co.**

Readymoney Mansion  
43, Veer Nariman Road  
Mumbai – 400 001  
Tel No: 022 - 56332288  
Fax No: 022- 56339657  
Email: mail@kangacompany.com  
Contact Person: Ms. Preeti Mehta

## BANKERS TO THE COMPANY

### **BANK OF INDIA**

Mumbai Overseas Branch  
Bank of India building, Mezzanine Floor  
70-80, M.G.Road, Hutatma Chowk, Mumbai 400 023.  
Tel. No: 2262 0281/ 82/ 83/ 84  
Fax No: 2267 4592/ 2269 4057  
Email - boimosb@bom8.vsnl.net.in

### **IDBI BANK**

Marigold House, Plot No. A-34 Cross Road No. 2  
Marol, M.I.D.C., Andheri (E), Mumbai- 400 093  
Tel. No: 2836 8223/ 8218  
Fax No: 2836 5091  
Email - andheritf@idbibank.com

### **HDFC BANK**

Tradeworld, "A" Wing, 2<sup>nd</sup> Floor,  
Kamala Mills Compound,  
Senapati Bapat Marg, Lower Parel,  
Mumbai – 400 013  
Tel. No: 24960719  
Fax No: 4951771  
Email - cms\_helpdesk@hdfcbank.com

### **CITIBANK N.A.**

Mezzanine Floor,  
Bombay Mutual Building,  
D.N. Road, Fort,  
Mumbai – 400 001  
Tel. No: 2201 2620/ 2209 3622  
Fax No: 2844 6219  
Email - citiservice.india@citigroup.com

## BANKERS TO THE ISSUE AND ESCROW COLLECTION BANKS

### **HDFC Bank Ltd.**

26A Narayan Properties,  
Chandivali Farm Road,  
Sakinaka, Andheri (East),  
Mumbai – 400 059  
Contact Person: Mr. Viral Kothari  
Tel.: 91-22 – 28569009  
Fax: 91-22 – 28569256  
Email: viral.kothari@hdfbank.com

### **ABN AMRO BANK**

Brady House,  
14 Veer Nariman Road,  
Hornimon Circle, Fort,  
Mumbai – 400 001  
Contact Person: Mr. Neeraj Chabra  
Tel: (022)-66585817, 66585858  
Fax: (022) 2287-3042  
E-Mail: Neeraj.chabra@in.abnamro.com

## **TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**

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### **The Hongkong and Shanghai Banking Corporation Limited**

52/60, Mahatma Gandhi Road,  
Fort, Mumbai – 400001  
Contact Person : Mr. Zersis Irani  
Tel: 91- 22 -2268 5568  
Fax: 91- 22- 22623890  
Email: zersisirani@hsbc.co.in

### **Citibank N.A.**

Global Transaction Services,  
C-61, Bandra Kurla Complex,  
6th Floor, Bandra (East),  
Mumbai 400 051  
Contact Person: Mr. Divyesh Dalal  
Tel: +91 22 4001 5646  
Fax: +91 22 4001 5824  
Email: [divyesh.dalal@citigroup.com](mailto:divyesh.dalal@citigroup.com)

### **Standard Chartered Bank**

270, D.N. Road,  
Fort, Mumbai - 400 001  
Tel.: +91-22-2268 3831, 2209 2213  
Fax: +91-22-2209 6067  
Email: [Rajesh.Malwade@in.standardchartered.com](mailto:Rajesh.Malwade@in.standardchartered.com)  
Contact Person : Mr. Rajesh Malwade

### **Refund Banker :**

### **The Hongkong and Shanghai Banking Corporation Limited**

52/60, Mahatma Gandhi Road  
Fort, Mumbai – 400001  
Contact Person : Mr. Zersis Irani  
Tel: 91- 22 -2268 5568  
Fax: 91- 22- 22623890  
Email: zersisirani@hsbc.co.in

### **STATUTORY AUDITOR TO THE COMPANY**

#### **M/s. M.L.Sharma & Co.**

Chartered Accountants  
107, First Floor, Chartered House,  
297-299, Dr. Cawasji Hormasji Street,  
Behind Our Lady of Dolours Church,  
Marine Lines, Mumbai- 400 002

### **BOOK RUNNING LEAD MANAGERS**

#### **ANAND RATHI SECURITIES LIMITED**

J.K.Somani Building, 3<sup>rd</sup> Floor,  
British Hotel Lane, B.S.Marg,  
Fort, Mumbai – 400 023  
Tel: + 91-22-6637 7000  
Fax: + 91-22-6637 7070  
E-mail: [technocraft@rathi.com](mailto:technocraft@rathi.com)  
Website: [www.rathi.com](http://www.rathi.com)  
Contact Person : Ms. Astha Daga / Mr. Rupesh Khant

#### **CENTRUM CAPITAL LIMITED**

5<sup>th</sup> Floor, Khetan Bhavan,  
198, J Tata Road, Churchgate,  
Mumbai – 400 020  
Tel: +91-22-3028 0400  
Fax: +91-22-22046096  
Email: [technocraft@centrum.co.in](mailto:technocraft@centrum.co.in)  
Website: [www.centrum.co.in](http://www.centrum.co.in)  
Contact Person: Mr Mayank Dalal

### **REGISTRAR TO THE ISSUE**

#### **Datamatics Financial Services Ltd.**

Plot No.A.16& 17, MIDC, Part B,  
Crosslane, Marol, Andheri (E), Mumbai 400093.  
Tel: (+91-22) 2837 5519-24, 2834 5824  
Fax: (+91-22) 2835 0217  
Email: [technocraft@dfssl.com](mailto:technocraft@dfssl.com)  
Website: [www.dfssl.com](http://www.dfssl.com)  
Contact Person: Mr. Dnyanesh Gharote



## SYNDICATE MEMBERS

### ANAND RATHI SECURITIES LIMITED

J.K.Somani Building, 3<sup>rd</sup> Floor,  
British Hotel Lane, B.S.Marg,  
Fort, Mumbai – 400 023  
Tel: + 91-22-6637 7000  
Fax: + 91-22-6637 7070  
E-mail: technocraft@rathi.com  
Website: www.rathi.com  
Contact Person : Mr. Tarun Jain

### CENTRUM CAPITAL LIMITED

5<sup>th</sup> Floor, Khetan Bhavan,  
198, J Tata Road, Churchgate,  
Mumbai – 400 020  
Tel: +91-22-3028 0400  
Fax: +91-22-22046096  
Email: technocraft@centrum.co.in  
Website: www.centrum.co.in  
Contact Person: Mr Mayank Dalal

## BROKERS TO THE ISSUE

All the members of the recognized stock exchanges would be eligible to act as the Brokers to the Issue.

## INTER SE ALLOCATION OF RESPONSIBILITIES OF THE BRLM

Since Anand Rathi Securities Ltd is the sole BRLM for this Issue, all the Issue related activities are handled by Anand Rathi Securities Ltd.

Sr. No.	Activity	Responsibility	Coordination
1.	Capital structuring with the relative components and formalities such as type of instruments, etc.	ARSL	ARSL
2.	Conducting a due diligence of the Company's operations / management / business plans / legal, etc. Drafting and designing the Prospectus. Ensuring compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI.	ARSL	ARSL
3.	Assisting the Company for the FIPB and RBI approvals	ARSL	ARSL
4.	Primary co-ordination with SEBI, RoC and Stock exchanges up to bidding and co coordinating interface with lawyers for agreements	ARSL	ARSL
5.	Primary coordination of drafting/proofing of the design of the Prospectus, bid forms including memorandum containing salient features of the Prospectus with the printers. Primary coordination of the drafting and approving the statutory advertisement	ARSL	ARSL
6.	Drafting and approving all publicity material other than statutory advertisement as mentioned in (4) above including corporate advertisement, brochure, etc.	ARSL	ARSL
7.	Appointing the Registrars of the Issue	ARSL	ARSL
8.	Appointing Bankers to the Issue	ARSL	ARSL
9.	Appointing other intermediaries viz. printers and advertising agency.	ARSL	ARSL
10.	Marketing of the Issue, which will cover inter alia: <ul style="list-style-type: none"><li>● Formulating marketing strategies, preparation of publicity budget,</li><li>● Finalizing media &amp; public relations strategy,</li><li>● Finalizing centers for holding conferences for press and brokers, etc.,</li><li>● Finalizing collection centers</li><li>● Following-up on distribution of publicity and issue material including form, prospectus hand deciding on the quantum of the Issue material, and</li><li>● Preparing all road show presentations</li></ul>	ARSL Centrum	Centrum

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

Sr. No.	Activity	Responsibility	Coordination
11.	Co-ordinating institutional investor meetings, co-ordinating pricing decisions and institutional allocation in consultation with the Company, finalizing the Prospectus and RoC filing.	ARSL Centrum	Centrum
12.	Co-ordinating post bidding activities including management of Escrow accounts, co-ordinating Non-Institutional allocation, intimating allocation and despatch of refunds to Bidders, etc.The post-Issue activities for the Issue will involve essential follow up steps, which include finalizing the listing of instruments and despatch of certificates and dematerialized delivery of Shares with the various agencies connected with the work such as the Registrars to the Issue and Bankers to the Issue and the bank handling refund business. The BRLM shall be responsible for ensuring that these agencies fulfill their functions and enable it to discharge this responsibility through suitable agreements with the Company	Centrum	Centrum

### CREDIT RATING

Since the present issue is of Equity Shares, credit rating is not required.

### TRUSTEES

Since the present issue is of Equity Shares, appointment of Trustees is not required.

### MONITORING AGENCY

As the Issue Size is less than Rs. 500 crores, there is no requirement for appointment of monitoring agency as per clause 8.17.1 of the SEBI (Disclosure & Investor Protection) Guidelines, 2000. However, we have appointed UTI Bank Ltd .as the Monitoring Agency to oversee the utilisation of the funds, which will be raised through the proposed Public Issue.

We will disclose the utilization of the proceeds of the Issue under a separate head in our Balance Sheet for FY 2006-07 clearly specifying the purpose for which such proceeds have been utilized. We shall also, in our Balance Sheet for FY 2006-07, provide details, if any, in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

### APPRAISAL OF THE PROJECT

The fund requirement and deployment are based on internal management estimates and have not been appraised by any bank or financial Institution





## UNDERWRITING AGREEMENT

After the determination of the Issue Price and allocation of our Equity Shares but prior to filing of the Prospectus with the ROC, our Company will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through this Issue. It is proposed that pursuant to the terms of the Underwriting Agreement, the BRLM shall be responsible for bringing in the amount devolved in the event that the Syndicate Members do not fulfill their underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are subject to certain conditions to closing, as specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

Name and Address of the Underwriter	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. lakhs)
<b>ANAND RATHI SECURITIES LIMITED</b> J. K. Somani Building, 3 <sup>rd</sup> Floor, British Hotel Lane, Fort, Bombay Samachar Marg, Mumbai 400 023, India. Tel: + 91 22 6637 7000 Fax:+ 91 22 6637 7070 Email: technocraft@rathi.com	41,60,000	[●]
<b>CENTRUM CAPITAL LIMITED</b> 5 <sup>th</sup> Floor, Khetan Bhavan,198, J Tata Road, Churchgate, Mumbai – 400 020 Tel: +91-22-3028 0400 Fax: +91-22-22046096 Email: technocraft @centrum.co.in	41,60,000	[●]

*The above chart is indicative of the underwriting arrangement and this would be finalized after the pricing and actual allocation. The above Underwriting Agreement is dated [●]*

In the opinion of the Board of the Company (based on a certificate given to it by the Underwriters), the resources of all the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchanges.

Allocation amongst the Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM and the Syndicate Member shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure or subscribe to the extent of the defaulted amount. Allocation to QIBs may not be proportionate in any way and the patterns of allocation to the QIBs could be different for the various Underwriters.

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

### CAPITAL STRUCTURE

Share Capital as on the date of filing of Red Herring Prospectus with SEBI is set forth below:

Particulars		Nominal Value	Aggregate Value at Issue Price
<b>A.</b>	<b>Authorised Capital</b> 3,50,00,000 Equity Shares of Rs. 10/- each	35,00,00,000	
<b>B.</b>	<b>Issued, Subscribed And Paid Up Capital</b> 2,32,06,750 Equity Shares of Rs. 10/- each fully paid up	23,20,67,500	
<b>C.</b>	<b>Present Issue through this Red Herring Prospectus</b> 83,20,000 Equity Shares of Rs 10/- each Of which Employee Reservation 4,20,000 Equity Shares of Rs 10/- each Net Offer to Public includes 79,00,000 Equity Shares of Rs 10/- each	8,32,00,000   42,00,000  7,90,00,000	[•]   [•]  [•]
<b>D.</b>	<b>Equity Shares after the Issue</b> 3,15,26,750 Equity Shares of Rs. 10/- each fully paid up	31,52,67,500	[•]
<b>E.</b>	<b>Share Premium Account</b> Before the Issue After the Issue *		Nil [•]

\* The addition to the Share Premium Account on account of the Issue and the balance in the Share Premium Account after the Issue can be determined only after the Issue Price is known, after the Book Building Process.

The details of increase and change in authorized share capital of our Company after the date of incorporation till filling of the Red Herring Prospectus with SEBI is as follows:

Date of Shareholders' Resolution	From	Increased by	Total (Rs.)
At the time of Incorporation	1,00,00,000	-	1,00,00,000
29.08.1994	1,00,00,000	10,00,00,000	11,00,00,000
28.12.1995	11,00,00,000	3,00,00,000	14,00,00,000
1.06.1999	7,00,00,000	Equity Share Capital	Reclassified*
	7,00,00,000	Preference Share Capital	Reclassified*
09.03.2005	14,00,00,000	Equity Share Capital	
28.02.2006	14,00,00,000	21,00,00,000	35,00,00,000

\* As per circular no. 8/13(94)/59-PR dated 12/02/1960 issued by Department of Company Affairs, the company had reclassified the authorized share capital.

The current authorised capital is sufficient to meet the requirements of the Fresh Issue.



## Notes to Capital Structure

### 1. Share Capital History of the Company

**Capital Build up:** The existing equity share capital of the Company has been subscribed and allotted as under:-

Date of Allotment/ Fully Paid	No. of Equity Shares up	Face Value (Rs.)	Issue Price (Rs.)	Value (Rs.)	Consi- deration	Nature of Allotment	Number of Shares	Cumulative Paid up Capital	Share Premium
28.10.1992	10,000	10/-	10/-	1,00,000	Cash	Subscribed at the time of incorporation of Company	10,000	1,00,000	Nil
19.03.1994	622	10/-	Nil	6,220	Amalgamation	*As per the Scheme of Amalgamation	10,622	1,06,220	Nil
01.09.1994	9,55,980	10/-	Nil	95,59,800	Bonus	Bonus Shares issued in ratio 90:1	966,602	96,66,020	Nil
07.10.1994	48,33,010	10/-	Nil	4,83,30,100	Bonus	Bonus Shares issued in ratio 5:1	5,799,612	5,79,96,120	Nil
16.02.1998	8,30,888	10/-	10/-	83,08,880	Cash	Right Shares issued in ratio 15:100	6,630,500	66,30,50,000	Nil
06.03.2002	6,63,050	10/-	#218/-	14,45,44,900	Cash	Buyback of shares	5,967,450	5,96,74,500	Nil
27.06.2002	8,95,118	10/-	#238/-	21,30,38,084	Cash	Buyback of shares	50,72,332	5,07,23,320	Nil
07.02.2003	2,436	10/-	#305/-	7,42,980	Cash	Buyback of shares	50,69,896	5,06,98,960	Nil
11.03.2003	15,60,604	10/-	Nil	1,56,06,040	Bonus	Bonus Shares issued in ratio 0.31:1	66,30,500	6,63,05,000	Nil
10.03.2005	66,30,500	10/-	Nil	6,63,05,000	Bonus	Bonus Shares issued in ratio 1:1	1,32,61,000	13,26,10,000	Nil
28.02.2006	99,45,750	10/-	Nil	9,94,57,500	Bonus	Bonus Shares issued in ratio 3:4	2,32,06,750	23,20,67,500	Nil
<b>Total</b>	<b>2,32,06,750</b>			<b>23,20,67,500</b>					

# This is Buyback price.

\* Merger of Eskiedee Metal Crafts Pvt Ltd and Technocraft Fabricators (Bombay) Ltd at a consideration of 1 equity shares of Technocraft Industries Ltd for 40 equity shares held by members of Eskiedee Metal Crafts Pvt Ltd and 1000 equity shares held by members of Technocraft Fabricators (Bombay) Ltd respectively.

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

### 2. Shareholding Pattern:

Particulars	Pre-Issue		Post-Issue	
	No. of Shares	%	No. of Shares	%
<b>PROMOTER HOLDING</b>				
Promoters	88,38,679	38.09%	88,38,679	28.03%
Promoter Group	1,43,68,071	61.91%	1,43,68,071	45.57%
<b>Total (A)</b>	<b>2,32,06,750</b>	<b>100%</b>	<b>2,32,06,750</b>	<b>73.60%</b>
<b>NON PROMOTER HOLDING</b>				
Employees	Nil	Nil	[●]	[●]
Others	Nil	Nil	[●]	[●]
<b>Total (B)</b>	<b>Nil</b>	<b>Nil</b>	<b>83,20,000</b>	<b>26.39%</b>
<b>Total (A + B)</b>	<b>2,32,06,750</b>	<b>100%</b>	<b>3,15,26,750</b>	<b>100%</b>

### 3. Details of Allotment to Promoters

Promoter's Name	Date	No. of Shares	Nominal Value	Issue price/transfer Price	Consideration
Mr. Sudarshan Kumar Saraf	28.10.1992	3,450	34,500	10/-	Cash
	19.03.1994	63	630	-	Amalgamation
	01.09.1994	3,16,170	31,61,700	Nil	Bonus
	07.10.1994	15,98,415	15,984,150	Nil	Bonus
	16.02.1998	8,30,888	83,08,880	10/-	Rights Issue
	09.10.1999	(3,07,420)	(30,74,200)	Nil	Transfer (Gift)
	06.03.2002	(2,44,157)	(24,41,570)	218/-	Buyback
	27.06.2002	(3,31,486)	(33,14,860)	238/-	Buyback
	07.02.2003	(1,060)	(10,600)	305/-	Buyback
	11.03.2003	5,74,038	57,40,380	Nil	Bonus
	10.03.2005	24,38,901	2,43,89,010	Nil	Bonus
	28.02.2006	36,58,351	3,65,83,510	Nil	Bonus
	<b>Total</b>		<b>85,36,153</b>		
Mr. Madhoprasad Saraf	19.03.1994	75	750	-	Amalgamation
	01.09.1994	6,750	67,500	Nil	Bonus
	07.10.1994	34,125	3,41,250	Nil	Bonus
	10.10.2001	(12,500)	(1,25,000)	Nil	Transfer (Gift)
	06.03.2002	(4,095)	(40,950)	218/-	Buy back
	27.06.2002	(3,653)	(36,530)	238/-	Buy back
	11.03.2003	6,372	63,720	Nil	Bonus
	10.03.2005	27,074	2,70,740	Nil	Bonus
	28.02.2006	40,611	4,06,110	Nil	Bonus
<b>Total</b>		<b>94,759</b>			



Promoter's Name	Date	No. of Shares	Nominal Value	Issue price/transfer Price	Consideration
Mr. Sharad Kumar Saraf	19.03.1994	78	780	-	Amalgamation
	01.09.1994	7,020	7,020	Nil	Bonus
	07.10.1994	35,490	3,54,900	Nil	Bonus
	05.01.1998	17,815	1,78,150	10/-	Transfer
	06.03.2002	(6,040)	(60,400)	218/-	Buyback
	27.06.2002	(8,155)	(81,550)	238/-	Buyback
	07.02.2003	(818)	(8,180)	305/-	Buyback
	11.03.2003	13,972	1,39,720	Nil	Bonus
	10.03.2005	59,362	5,93,620	Nil	Bonus
	28.02.2006	89,043	8,90,430	Nil	Bonus
	<b>Total</b>		<b>2,07,767</b>		
<b>Total</b>		<b>88,38,679</b>	<b>8,83,86,790</b>		

#### 4. Lock-in of Minimum Promoters Contribution

Sr. No.	Name of the Promoter	Date of Allotment	No. of shares	Nature of Allotment	Face value (Rs.)	Issue Price (Rs.)	% of post issue paid up capital	Lock-in period
1.	Mr. Sudarshan Kumar Saraf	10/3/2005	24,38,901	Bonus	10	Nil	7.74%	3 Years
		28/02/2006	3,658,351	Bonus	10	Nil	11.60%	3 Years
	<b>Sub Total (A)</b>		<b>60,97,252</b>				<b>19.34%</b>	
2.	Mr. Sharad Kumar Saraf	10/5/2005	51,370	Bonus	10	Nil	0.16%	3 Years
		28/02/2006	89,043	Bonus	10	Nil	0.29%	3 Years
	<b>Sub Total (B)</b>		<b>1,40,413</b>				<b>0.45%</b>	
3.	Mr. Madhoprasad Saraf	10/3/2005	27,074	Bonus	10	Nil	0.09%	3 years
		28/02/2006	40,611	Bonus	10	Nil	0.13%	3 years
	<b>Sub Total (C)</b>		<b>67,685</b>				<b>0.21%</b>	
	<b>Total (A+ B+C)</b>		<b>6,305,350</b>				<b>20.00%</b>	

Other than the above equity shares which are locked in for three years from the date of allotment in this Issue, the entire pre-Issue share capital of Technocraft i.e. 1,69,01,400 equity shares shall be locked in for a period of one year from the date of allotment in the Issue.

- In terms of clause 4.16.1(a) of the SEBI Guidelines, the Equity Shares held by a person other than the Promoters, prior to the Issue, which are locked in, may be transferred to any other person holding Equity Shares which are locked in as per clause 4.14 of the SEBI (DIP) Guidelines, subject to continuation of lock-in in the hands of transferees for the remaining period and compliance of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, as applicable.
- In terms of clause 4.16.1(b) of the SEBI Guidelines, the Equity Shares to be held by the Promoters under lock-in period shall not be sold/hypothecated/transferred during the lock-in period. However, the Equity Shares may be transferred amongst Promoter/Promoter group or to a new Promoter or persons in control of the Company, subject to continuation of lock-in in the hands of the transferees for the remaining period and compliance of SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 1997 as applicable.

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

- c) The Promoters have vide their letter dated November 10, 2006 given their consent for lock in as stated above. Equity Shares issued last shall be locked in first. The entire pre-issue capital, other than the minimum Promoters contribution, which is locked in for three years shall be locked in for a period of one year. The lock-in shall start from the date of allotment in the Issue and the last date of the lock- in shall be reckoned as three years from the date of allotment in the Issue.
- d) Locked in Equity Shares held by a Promoter can be pledged with banks or financial institutions as collateral for loans granted by such banks or financial institutions, provide pledge of shares is one of the terms of sanction of loan.
- e) Locked in Equity Shares held by the shareholders have not been issued out of revaluation reserves.

### 5. Details of the capitalization of the reserves by the Company in the past

Date of allotment of Bonus Shares	Date of approval to the Bonus Issue	Ratio of Bonus issue	Number of Equity Shares of Rs.10/- each issued as bonus	Amount of reserves Capitalised
01.09.1994	29.08.1994	90:1	955,980	9,559,800
07.10.1994	29.08.1994	5:1	4,833,010	48,330,100
11.03.2003	08.03.2003	0.31:1	1,560,604	15,606,040
10.03.2005	10.03.2005	1:1	6,630,500	66,305,000
28.02.2006	28.02.2006	3:4	99,45,750	9,94,57,500
<b>TOTAL</b>			<b>2,39,25,844</b>	<b>23,92,58,440</b>

### 6. Shareholding Pattern of the Company before and expected after the Issue is given below:

Category	Pre-Issue		Post-Issue	
	No. of Shares	%	No. of Shares	%
<b>Promoters</b>				
Mr. Sudarshan Madhoprasad Saraf	8,536,153	36.78	8,536,153	27.08
Mr. Sharad Madhoprasad Saraf	207,767	0.90	207,767	0.65
Mr. Madhoprasad Dwarkadas Saraf	94,759	0.41	94,759	0.30
<b>TOTAL (A)</b>	<b>88,38,679</b>	<b>38.09</b>	<b>88,38,679</b>	<b>28.03</b>
<b>Promoter Group</b>				
Mrs. Shakuntala Sharad Saraf	6,739,512	29.04	6,739,512	21.38
Mrs. Shantidevi Madhoprasad Saraf	29,63,471	12.77	29,63,471	9.40
Mr. Sharad Kumar Saraf(HUF)	28,74,946	12.39	28,74,946	9.12
Mrs. Suman Sudarshan Saraf	1,52,954	0.66	1,52,954	0.49
Mr. Madhoprasad Saraf (HUF)	2,14,561	0.92	2,14,561	0.68
Ms. Ritu Sharad Saraf	73,605	0.32	73,605	0.23
Mr. Sudarshan Saraf (HUF)	97,506	0.42	97,506	0.31
Mr. Navneet Sudarshan Saraf	11,24,280	4.84	11,24,280	3.57
Mr. Ashish Sharad Saraf	70,742	0.30	70,742	0.22
Mrs. Nidhi Navneet Saraf	56,494	0.24	56,494	0.18
<b>Sub Total (B)</b>	<b>1,43,68,071</b>	<b>61.91%</b>	<b>1,43,68,071</b>	<b>45.57%</b>
<b>TOTAL (C =A + B)</b>	<b>23,206,750</b>	<b>100.00</b>	<b>23,206,750</b>	<b>73.61%</b>



Category	Pre-Issue		Post-Issue	
	No. of Shares	%	No. of Shares	%
<b>Others</b>				
Corporate Bodies,FIIs etc	—	—	[●]	[●]
Indian Public	—	—	[●]	[●]
NRIs/OCBs	—	—	[●]	[●]
<b>TOTAL (D)</b>	—	—	<b>83,20,000</b>	<b>26.39%</b>
<b>TOTAL ( A + B+ C+ D )</b>	<b>23,206,750</b>	<b>100.00</b>	<b>3,15,26,750</b>	<b>100%</b>

7. Shareholding Pattern of Person in the Promoter Group of the company is given below:

Promoter's Name	Date	No. of Shares	Nominal Value	Issue price/ transfer Price	Consideration
Ms. Shakuntala Saraf	28.10.1992	3,450	34,500	10/-	Cash
	19.03.1994	75	750	-	Amalgamation
	01.09.1994	3,17,250	31,72,500	Nil	Bonus
	07.10.1994	16,03,875	1,60,38,750	Nil	Bonus
	06.03.2002	(1,92,465)	(19,24,650)	218/-	Buyback
	27.06.2002	(2,59,828)	(25,98,280)	238/-	Buyback
	11.03.2003	4,53,218	45,32,180	Nil	Bonus
	10.03.2005	19,25,575	1,92,55,750	Nil	Bonus
	28.02.2006	28,88,362	2,88,83,620	Nil	Bonus
	<b>Total</b>		<b>67,39,512</b>		
Ms. Shantidevi Saraf	28.10.1992	1,475	14,750	10/-	Cash
	19.03.1994	75	750	-	Amalgamation
	01.09.1994	1,39,500	13,95,000	Nil	Bonus
	07.10.1994	7,05,250	70,52,500	Nil	Bonus
	06.03.2002	(84,630)	(8,46,300)	218/-	Buyback
	27.06.2002	(1,14,251)	(11,42,510)	238/-	Buyback
	11.03.2003	1,99,287	1,99,28,70	Nil	Bonus
	10.03.2005	8,46,706	84,67,060	Nil	Bonus
	28.02.2006	12,70,059	1,27,00,590	Nil	Bonus
	<b>Total</b>		<b>29,63,471</b>		
Sharad Kumar Madhoprasad Saraf HUF	28.10.1992	1,475	14,750	10/-	Cash
	01.09.1994	1,32,750	13,27,500	Nil	Bonus
	07.10.1994	6,71,125	67,11,250	Nil	Bonus
	05.01.1998	(17,815)	(1,78,150)	10/-	Transfer
	06.03.2002	(66,086)	(6,60,860)	218/-	Buyback
	27.06.2002	(93,370)	(9,33,700)	238/-	Buyback
	11.03.2003	1,93,334	19,33,340	Nil	Bonus
	10.03.2005	8,21,413	82,14,130	Nil	Bonus
	28.02.2006	12,32,120	1,23,21,200	Nil	Bonus
	<b>Total</b>		<b>28,74,946</b>		

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Promoter's Name	Date	No. of Shares	Nominal Value	Issue price/transfer Price	Consideration
Ms. Suman Saraf	19.03.1994	80	800	-	Amalgamation
	01.09.1994	7,200	72,000	Nil	Bonus
	07.10.1994	36,400	3,64,000	Nil	Bonus
	06.03.2002	(4,368)	(43,680)	218/-	Buyback
	27.06.2002	(5,897)	(58,970)	238/-	Buyback
	11.03.2003	10,286	1,02,860	Nil	Bonus
	10.03.2005	43,701	4,37,010	Nil	Bonus
	28.02.2006	65,552	6,55,520	Nil	Bonus
	<b>Total</b>	<b>1,52,954</b>			
Madhoprasad Shantidevi Saraf HUF	28.10.1992	50	500	10/-	Cash
	19.03.1994	51	510	-	Amalgamation
	01.09.1994	9,090	90,900	Nil	Bonus
	07.10.1994	45,955	4,59,550	Nil	Bonus
	27.06.2002	(8,272)	(82,720)	238/-	Buyback
	11.03.2003	14,429	1,44,290	Nil	Bonus
	10.03.2005	61,303	6,13,030	Nil	Bonus
	28.02.2006	91,955	9,19,550	Nil	Bonus
	<b>Total</b>	<b>2,14,561</b>			
Sudarshan Kumar Madhoprasad Saraf HUF	28.10.1992	50	500	10/-	Cash
	19.03.1994	1	10	-	Amalgamation
	01.09.1994	4,590	45,900	Nil	Bonus
	07.10.1994	23,205	2,32,050	Nil	Bonus
	06.03.2002	(2,785)	(27,850)	218/-	Buyback
	27.06.2002	(3,759)	(37,590)	238/-	Buyback
	11.03.2003	6,557	65,570	Nil	Bonus
	10.03.2005	27,859	2,78,590	Nil	Bonus
	28.02.2006	41,788	4,17,880	Nil	Bonus
<b>Total</b>	<b>97,506</b>				
Ms. Ritu Saraf	17.06.1993	50	500	10/-	Transfer from Eskidee Metal Crafts Pvt Ltd (Cash)
	19.03.1994	25	250	-	Amalgamation
	01.09.1994	6,750	67,500	Nil	Bonus
	07.10.1994	34,125	3,41,250	Nil	Bonus
	06.03.2002	(4,095)	(40,950)	218/-	Buyback
	27.06.2002	(20,375)	(2,03,750)	238/-	Buyback
	07.02.2003	(400)	(4,000)	305/-	Buyback
	08.03.2003	4,950	49,500	Nil	Bonus
	10.03.2005	21,030	2,10,300	Nil	Bonus
	01.03.2006	31,545	3,15,450	Nil	Bonus
	<b>Total</b>	<b>73,605</b>			





Promoter's Name	Date	No. of Shares	Nominal Value	Issue price/ transfer Price	Consideration
Mr. Navneet Kumar Saraf	19.03.1994	25	250	-	Amalgamation
	01.09.1994	2,250	22,500	Nil	Bonus
	07.10.1994	11,375	1,13,750	Nil	Bonus
	09.10.1999	3,07,420	30,74,200	Nil	Transfer (Gift)
	06.03.2002	(32,107)	(3,21,070)	218/-	Buyback
	27.06.2002	(43,345)	(4,33,450)	238/-	Buyback
	08.03.2003	75,605	7,56,050	Nil	Bonus
	10.03.2005	3,21,223	32,12,230	Nil	Bonus
	01.03.2006	4,81,834	48,18,340	Nil	Bonus
<b>Total</b>		<b>11,24,280</b>			
Mr. Ashish Kumar Saraf	19.03.1994	37	370	-	Amalgamation
	01.09.1994	3,330	33,300	Nil	Bonus
	07.10.1994	16,835	1,68,350	Nil	Bonus
	06.03.2002	(2,020)	(20,200)	218/-	Buyback
	27.06.2002	(2,727)	(27,270)	238/-	Buyback
	08.03.2003	4,757	47,570	Nil	Bonus
	10.03.2005	20,212	2,02,120	Nil	Bonus
	01.03.2006	30,318	3,03,180	Nil	Bonus
	<b>Total</b>		<b>70,742</b>		
Ms. Nidhi Saraf	10.10.2001	12,500	1,25,000	Nil	Transfer (Gift)
	07.02.2003	(158)	(1,580)	305/-	Buyback
	08.03.2003	3,799	37,990	Nil	Bonus
	10.03.2005	16,141	1,61,410	Nil	Bonus
	01.03.2006	24,212	2,42,120	Nil	Bonus
	<b>Total</b>		<b>56,494</b>		
<b>Total</b>		<b>1,43,68,071</b>			

#### 8. Equity Shares held by the Top Ten shareholders

a) Particulars of top ten shareholders as on date of filing of the Red Herring Prospectus with SEBI

Sr. No.	Name of the Shareholder	No. of Shares	% of holding
1	Mr. Sudarshan Kumar Saraf	85,36,153	36.78
2	Ms. Shakuntala Saraf	67,39,512	29.04
3	Ms. Shantidevi Saraf	29,63,471	12.77
4	Sharad Kumar Madhoprasad Saraf HUF	28,74,946	12.39
5	Mr. Navneet Kumar Saraf	11,24,280	4.84
6	Madhoprasad Shantidevi Saraf HUF	2,14,561	0.92
7	Mr. Sharad Kumar Saraf	2,07,767	0.90
8	Ms. Suman Saraf	1,52,954	0.66
9	Sudarshan Kumar Madhoprasad Saraf HUF	97,506	0.42
10	Mr. Madhoprasad Saraf	94,759	0.41

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- b) Particulars of top ten shareholders 10 days prior to the date of filing of this Red Herring Prospectus with SEBI

Sr. No.	Name of the Shareholder	No. of Shares	% of holding
1.	Mr. Sudarshan Kumar Saraf	85,36,153	36.78
2.	Ms. Shakuntala Saraf	67,39,512	29.04
3.	Ms. Shantidevi Saraf	29,63,471	12.77
4.	Sharad Kumar Madhoprasad Saraf HUF	28,74,946	12.39
5.	Mr. Navneet Kumar Saraf	11,24,280	4.84
6.	Madhoprasad Shantidevi Saraf HUF	2,14,561	0.92
7.	Mr. Sharad Kumar Saraf	2,07,767	0.90
8.	Ms. Suman Saraf	1,52,954	0.66
9.	Sudarshan Kumar Madhoprasad Saraf HUF	97,506	0.42
10.	Mr. Madhoprasad Saraf	94,759	0.41

- c) Particulars of top ten shareholders as on two years prior to the date of filing of the Red Herring Prospectus with SEBI

Sr. No.	Name of the Shareholder	No. of Shares	% of holding
1.	Mr. Sudarshan Kumar Saraf	24,38,901	36.78
2.	Ms. Shakuntala Saraf	19,25,575	29.04
3.	Ms. Shantidevi Saraf	8,46,706	12.77
4.	Sharad Kumar Madhoprasad Saraf HUF	8,21,413	12.39
5.	Mr. Navneet Kumar Saraf	3,21,223	4.84
6.	Madhoprasad Shantidevi Saraf HUF	61,303	0.92
7.	Mr. Sharad Kumar Saraf	59,362	0.90
8.	Ms. Suman Saraf	43,701	0.66
9.	Sudarshan Kumar Madhoprasad Saraf HUF	27,859	0.42
10.	Mr. Madhoprasad Saraf	27,074	0.41

9. None of the Promoters, members of the Promoter Group or Directors of Promoter Companies have purchased, sold or financed any Equity Shares of the Company, during a period of six months preceding the date on which the Red Herring Prospectus has been filed with SEBI.
10. The Promoters/Directors/BRLM have not entered into any buy-back and/or standby arrangements for purchase of Equity Shares of the Company with any person.
11. Buy Back and Standby Arrangement  
Our Company, our Directors and the BRLM have not entered into any buy-back and/or standby arrangements for purchase of Equity Shares from any person.
12. The unsubscribed portion, if any, shall be added back to the net offer to the public.
13. An over-subscription to the extent of 10% of the Net Issue to public can be retained for the purpose of rounding off to the nearest integer during finalizing the allotment, subject to minimum allotment being equal to 65 Equity Shares, which is the minimum application size in this issue.
14. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares.
15. An bidder cannot make a Bid for more than the number of Equity Shares offered under the Issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.



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16. In the case of over-subscription in all categories, upto 50% of the Net Issue to the public shall be available for Allocation on a proportionate basis to Qualified Institutional Buyers, of which 5% shall be available for Allocation on a proportionate basis to Mutual Funds only, and the remaining QIB Portion would be available for Allocation on a proportionate basis to all QIB Bidders, including Mutual Funds, atleast 35% of the Net Issue to the public shall be available for Allocation on a proportionate basis to Non-Institutional Bidders and atleast 15% of the Net Issue to the public shall be available for Allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price. Under-subscription, if any, in any category, would be met with spill over from other categories at the sole discretion of our Company in consultation with the BRLM.
  17. Only Employees would be eligible to apply in this Issue under the Employee Reservation Portion on competitive basis. Bids by Employees can also be made in the Net Issue and such Bids shall not be treated as multiple Bids. If the aggregate demand in the Employee Reservation Portion is greater than 4,20,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis. The unsubscribed portion, if any, from the Equity Shares in the Employee Reservation Portion will be treated as part of the Net Issue and the proportionate allocation of the same would be at the sole discretion of the Company in consultation with the BRLM.
  18. Except as disclosed herein, there would be no further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from submission of this Red Herring Prospectus with SEBI until the Equity Shares issued have been listed.
  19. Presently, the Company does not intend or propose to alter its capital structure for a period of six months from the date of opening of the Issue whether by way of split or consolidation of the denomination of the Shares or by way of a further issue of capital (including issue of securities convertible into or exchangeable, directly or indirectly for Shares) whether preferential or otherwise, except that the Company may issue options to its employees pursuant to an employee stock options scheme or, if the Company enters into any joint venture, merger or acquisition, the Company may consider raising additional capital to fund such activity or use Shares as currency for acquisition or participation in such joint ventures or issue shares on such merger, if any.
  20. The Company has not raised any bridge loans against the proceeds of the Issue.
  21. The Company has not granted any options or issued any shares under any employees stock option or employees stock purchase scheme.
  22. As per the RBI regulations, OCBs are not allowed to participate in this Issue.
  23. The Company has not issued Equity Shares for consideration other than cash except to the extent of Bonus Shares issued to the existing shareholders by capitalization of free reserves and the shares issued on the mergers mentioned in the Notes to Capital Structure on page 14 of the Red Herring Prospectus. The Company has revaluation reserves of Rs. 403.33 lakhs as on September 30, 2006.
  24. There will be only one denomination of the Equity Shares of the Company, unless otherwise permitted by law. The Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.
  25. The Company had a total of 13 Equity Share holders as on the date of filing of the Red Herring Prospectus.

The Company has availed working Capital facilities from banks. The provisions of these agreements include restrictive covenants, undertaking not to declare dividend when Company's accounts are in arrears with the banks, covenants that require the prior permission of the said banks/financial institutions for example, restrictions pertaining to the declaration of dividends, alteration of the capital structure, entering into any merger/amalgamation, expenditure in new projects, drastic change in the management, create any charge, lien or encumbrance over their undertaking or any part thereof change in our constitutional documents.

**OBJECTS OF THE ISSUE**

We plan to finance the funds requirement through the initial public offer of our shares and through the raising of Loans. The main objective of raising funds through this present issue is primarily towards the following:

1. Improve the manufacturing process of Drum Closures thereby reducing usage of raw materials and improve the cost effectiveness.
2. Expand the capacity of the Pipe & Scaffolding Division and to introduce new scaffolding products
3. Finance the expansion of the yarn division for 25,200 spindles
4. Setting up of 15 MW Power plant
5. Meet the issue expenses

The net proceeds of the Issue after deducting Issue expenses payable by the Company are estimated at approximately Rs. [●]. The company intends to utilize the net proceeds of the Issue for meeting the objects of the Issue mentioned above.

The main object clause of the Company's Memorandum of Association and the objects incidental and ancillary to the main objects enable the company to undertake the existing activities as well as activities for which the funds are being raised by the Company in the Issue.

The other object of the Issue is to get our Equity Shares listed on both BSE and NSE, as we believe that the listing will enhance our visibility and brand image.

**FUND REQUIREMENT**

(Rs. in lakhs)

Sr. No	Particulars	Amount
1.	<b>Capital Expenditure</b>	
	A Drum Closure Division	1,938.90
	B Pipe Division	1,990.72
	C Yarn Division	6,080.00
	D 15 MW Power Plant	6,000.00
2.	Issue Expenses	[●]
	<b>Total Fund Requirement</b>	[●]

The entire requirement of the funds for the Expansion Project is proposed to be funded through Rupee Term Loan to be raised through banks/financial institutions and from the proceeds of the Public Issue. In case of any shortfall in the means of finance or cost escalation in the Expansion Project, the same shall be met by our internal accruals. Excess money, if any, will be utilized for general corporate purpose including but not restricted to repayment of loans or towards working capital requirement.

The Public Issue Proceeds will be determined based on the Issue Price discovered through the 100% Book-Building process.

The fund requirements stated above are based on the current business plan of the Company. The Company operates in a highly competitive and dynamic environment, and may have to revise its business plan from time to time on account of revision of projects.



## MEANS OF FINANCE

(Rs. In lakhs)

Particulars	Amount
Public Issue of Equity Shares	[●]
Debt	4,864
Internal Accruals	[●]
<b>Total</b>	<b>[●]</b>

### Note:

The entire rupee term loan of the Expansion Project amounting to Rs.4,864 lakhs will be utilised for the Yarn Division. The rupee term Loan is eligible for a 5% interest subsidy under the Technology Upgradation Fund Scheme (TUFS) subject to conditions specified therein. The sanction letter has already been received from Bank of India for the above term loan.

The Company has applied to reduce the sanctioned term loan amount from Rs. 5,352 lakhs to Rs. 4,864 lakhs. The revised sanction letter is yet to be received from Bank of India.

Pursuant to clause 2.8 of the SEBI (Disclosure and Investor Protection) Guidelines, 2000 we confirm that firm arrangements of finance through verifiable means towards 75% of the stated means of finance excluding the amount to be raised through proposed public issue have been made.

## DETAILS OF FUND UTILISATION

### I. CAPITAL EXPENDITURE

#### A) DRUM CLOSURE DIVISION:

We intend to enhance the capacity of our existing facility at Murbad, Thane District from the existing capacity of Bungs & Flanges at 1,000 lakhs Pieces to 1,360 Lac Pieces and for Clamps from 200 lakhs Pieces to 230 lakhs Pieces. The total project cost, as estimated by us, is Rs. 1,938.90 lakhs. This would result in improvement in process of manufacturing of various types of Drum Closures and to reduce cost of raw material consumption and to improve quality of finished products..

In the Drum Closure division, the company plans to upgrade the plant technologically to reduce the manufacturing cost. Manufacturing cost in terms of labour, raw material, electricity consumption and increased productivity. A new elastom making process is being developed to increase yield, energy saving will be by a special processes in curling elastoms. Lacquer plant will be automated leading to savings in lacquer curing and man power savings.

The R&D department is continuously working to reduce the raw material cost significantly by introducing new manufacturing technology. Technocraft already has patented manufacturing process for Drum Closures. The raw material yield is one of the most competitive in the industry and Technocraft further aims to innovate and bring down manufacturing and overhead costs.

Technocraft has now designed and developed next generation technology for manufacture of Drum Closures. With this technology, there will be substantial reduction in manufacturing costs, improvement in quality and this will give Technocraft an edge and better penetration in difficult markets like China.

Chinese market is envisioned as the next big opportunity by Technocraft for Drum Closures. As of now there are negligible exports to China because of the high duty structure in China. Technocraft plans to cross this hurdle and penetrate this market by further reducing its manufacturing costs banking on newly in-house designed state of the art manufacturing process of drum closures. A new plant will be set up using this technology. This innovative technology will be further extended to existing facilities thereby improving margins further.

The capacity of the new closure plant will be 90 lakhs sets of drum closures a year. We are introducing new products like 63 Flex Spout with annual capacity of 24 lakhs pieces a year, 42MM Flex Spout 36 Lakh pieces a year and 2" and ¾ " nylon plugs with annual capacity of 12 lakhs pieces a year. We will thereby add more varieties of drum closures to our basket.

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### DETAILS OF THE CAPITAL INVESTMENT:

Sr. No.	Particulars	Cost(Amt. in lakhs)
1.	Plant & Machinery	1,373.16
2.	Land & Building	472.00
3.	Accessories	36.00
4.	Utilities	57.74
	<b>Total</b>	<b>1,938.90</b>

#### 1. PLANT & MACHINERY

We have estimated the requirement of plant, equipment and machinery aggregating Rs. 1,938.90 lakhs. We have estimated these requirements based on our recent purchases, performa invoices, purchase orders and prevailing market prices of manufacturers/ suppliers of construction equipment. The estimates for Plant & Machinery and other fixed assets have been based on lump sum estimates. The details of the same are as follows:

##### A. Expansion in plastic division

(Rs. in lakhs)

Sr. No.	Particulars	Quantity	Amount
1	Injection mould for spout	1	7.50
2	Precurling /Performing machines	2	4.00
3	63 Ton press with mechanical grip feed	1	12.45
4	40 Ton press	1	5.25
5	Automation to connect press to precurl	1	1.50
6	Automation to assemble cap on spout	2	5.00
7	Automation to assemble with diagrapher and metal ring and automation to crimp metal ring	2	5.00
8	Uncoiler	1	2.00
	<b>Total</b>		<b>42.70</b>

##### B. 42 MM Flex Spout

(Rs. in lakhs)

Sr. No.	Particulars	Quantity	Amount
1	Injection moulding machine 185 Ton Capacity	2 Nos.	29.00
2	Auto assembly machine to serav cap into spout	2 Nos.	5.00
	<b>Total</b>		<b>34.00</b>

##### C. Produce 2" and ¾" Nylon plugs to enhance safety in handling flammable liquids

(Rs. in lakhs)

Sr. No.	Particulars	Quantity	Amount
1	Injection moulding machine 185 tons capacity	1 Nos.	14.50
2	Moulds for 2" and ¾" nylon plugs	1 Nos.	5.00
	<b>Total</b>	<b>19.50</b>	



**D. Develop elastomer gasket making process to improve yield**

(Rs. in lakhs)

Sr. No.	Particulars	Quantity	Amount
1	Cold feed extruder	2 Nos.	80.00
	<b>Total</b>	<b>80.00</b>	

**E. Save energy in curling elastomers**

(Rs. in lakhs)

Sr. No.	Particulars	Quantity	Amount
1	Traveling oven for gasket curling elastomer	1 Nos.	8.30
2	Traveling oven for Tube curling, elastomer	1 Nos.	12.58
	<b>Total</b>	<b>20.88</b>	

**F. Develop Special process to improve yield in 2" plug**

(Rs. in lakhs)

Sr. No.	Particulars	Quantity	Amount
1	Bung thread rolling machines with conveyors	4 Nos.	24.00
	<b>Total</b>	<b>24.00</b>	

**G. Lacquer plant automation**

(Rs. in lakhs)

Sr. No.	Particulars	Quantity	Amount
1	Auto unloader	2 Nos.	6.00
2	Auto loader for Flanges only	2 Nos.	8.00
3	Set of gasket insertion machine 2" Flange, 2" Plug, ¾" Flange, ¾" Plug	4 Nos.	12.00
	<b>Total</b>	<b>26.00</b>	

**H. New Drum Closure Plant**

(Rs. in lakhs)

Sr. No.	Particulars	Quantity	Amount
1	200 Ton Press	1 Nos.	30.00
2	300 Ton Press	3 Nos.	186.00
3	Transfer Mechanism	2 Nos.	12.00
4	Transfer tools for Flanges	2 Nos.	12.00
5	Slug Conveyor	1 Nos.	1.95
6	Vibratory feeder 2" Blank feed tech.	1 Nos.	0.79
7	Vibratory feeder ¾" Slug feed tech.	1 Nos.	0.79
8	Index Conveyors	2 Nos.	3.90
9	Pick and place devices	12 Nos.	36.00

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(Rs. in lakhs)

Sr. No.	Particulars	Quantity	Amount
10	Rotary Table Tap Rolling Machine, Chamfering Machine in one. For 2"	6 Nos.	42.00
	For ¾"	6 Nos.	42.00
11	Oil extractor old Quotation	2 Nos.	4.20
12	Scrap conveyor (Trimming Scrap + Chamfer Scrap, 2" and ¾")	4 Nos.	23.36
13	63 Ton Press	3 Nos.	25.95
14	Transfer tool Plugs, ¾" Bungs	2 Nos.	7.00
15	Transfer Mechanism	2 Nos.	7.00
16	Scrap Conveyor	1 Nos.	5.85
17	Bung Thread Rolling machines	6 Nos.	30.00
18	Auto Welding Machines	6 Nos.	36.00
19	¾" insert rolling equipment	3 Nos.	32.70
20	Electrical installation for power distribution including cabling	For whole Plant	115.00
21	Fork Lift	1 Nos.	20.00
22	Vibratory Stacker for ¾" Plug Feed tech blanks	1 Nos.	0.79
23	Index Conveyor	1 Nos.	1.95
24	Uncoiler, Recoiler	1 Nos.	2.00
26	Complete automatic electroplating plant	2 Nos.	339.00
27	Gasket insertion machines 1 each for 2" Flange, 2" Plug, ¾" Flange and ¾" Plug gasketing	1 set of 4 Machines	12.00
28	Hightech wrap machines	1 Nos.	5.00
29	Scaling machine for plastic Wrapper	1 Nos.	0.75
30	Transfer Mechanism	4 Nos.	24.00
31	Crane 2 Tonnes Capacity		11.00
	<b>Total</b>		<b>1,070.98</b>

**I. Expansion in Clamp**

(Rs. in lakhs)

Sr. No.	Particulars	Quantity	Amount
1	Rivet Header	2 Nos.	4.10
2	Riveting Machine for orbital Riveting and Auto Rivet Feeding	2 Nos.	7.10
3	63 ton Press	1 Nos.	8.65
4	40 ton Press	1 Nos.	5.25
5	CNC vertical machine centre	1 Nos.	30.00
	<b>Total</b>		<b>55.10</b>
	<b>TOTAL PLANT &amp; MACHINERY COST (A+B+C+D+E+F+G+H+I+J)</b>		<b>1,373.16</b>





## 2. LAND & BUILDING

Additional area is required for the expansion of the Drum Closure Division. A plot with a ready shed has been identified close to our existing facility for Rs. 62 lakhs. The area being 2,000 sq. meters. A new building will be constructed total area of construction which will be around 24,126 Sq. feet. Building will be ground plus two floors. The cost which has been estimated is at Rs.410 lakhs.

(Rs. in lakhs)

Sr. No.	Particulars	Type of Construction	Area in Sq. ft.	Total Amount
1	Shed Extension	RCC Column Steel Structures	3476	13.56
2	Packing Department	RCC Column Steel Structures	547	2.13
3	Lacquering Department	Brick Work and RCC Slab	238	0.93
4	De-Humidity Room	RCC Column Steel Structures	699	3.50
5	Build-New plating Plant	RCC Column Steel Structures – (Ground Floor+2)	24,126 each floor	361.89
6	Electrical Installation			90.00
	<b>Total</b>			<b>472.00</b>

## 3. ACCESSORIES

(Rs. in lakhs)

Sr. No.	Particulars	Quantity	Amount
1	Injection mould for cap	1 Nos.	4.50
2	Injection mould fully automated with hot runners for cap, spout	2 Nos.	7.50
3	Dies transfer type	4 Nos.	24.00
	<b>Total</b>		<b>36.00</b>

## 4. UTILITIES

(Rs. in lakhs)

Sr. No.	Particulars	Quantity	Amount
1	Drier to heat nylon resin	1 Nos.	0.42
2	Compressor 1500 CFM with accessories	1 Nos.	22.00
3	On line drier	1 Nos.	19.32
4	Dehumidification room	1 Nos.	4.00
5	Lean Management Initiative		12.00
	<b>Total</b>		<b>57.74</b>

## B) PIPE AND SCAFFOLDINGS DIVISION:

### OBJECTIVE:

Technocraft Tube Division was established in 1992 with a single tube mill and a galvanizing plant. Over the years, we have added a second tube mill and our current installed capacity for tubes and scaffoldings is 55,000 tons per annum. In 2003, Technocraft has diversified into producing scaffolding systems. Scaffolding is basically a value added tube product for which a much higher sales realization can be achieved.

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Technocraft has now made a strategic decision to expand its scaffolding production in order to achieve higher sales and profits. The total project cost, as estimated by us, is Rs. 1,990.72 lakhs. Technocraft intends to do this by,

- 1) Increasing present scaffolding capacity
- 2) Adding new scaffolding products

### 1. Increase in present capacity:

The company would produce more scaffolding systems, which would cater to Infrastructure products, Construction Products and Scaffolding products. Moreover, with introduction of inside fin cutting, we shall be catering to lucrative European market that has demand for fin cut tubes and therefore value addition shall increase. This is an investment that is common for scaffolding, automotive tubes and roll formed sections [coils need to be slit]. This investment consists of upgradation of slitting, strip shear –cum- welder, cutting car for GST, on line air drier and new tube mill.

Technocraft is currently producing the Kwikstage type scaffolding system along with some accessories like props and jacks. Various new automatic welding machines are being added to increase our kwikstage scaffolding capacity. In addition to this, new thread rolling machines are being added to increase the prop capacity.

### 2. New Scaffolding Products:

Various new scaffolding systems are being added to improve our product range which currently is predominantly dependant on the Kwikstage type system. These are,

- a) Cuplok System: This is one of the most popular systems used worldwide in the system scaffolding range. We will be producing both galvanized as well as painted cuplok. Adding this system will help us enter new and large markets like USA, Western Europe and the Middle East. The cuplok system is also increasingly being used in the Indian market and we also intend to sell a lot of this domestically.
- b) Ring Scaffolding system: This is another very popular system scaffold and is very popular in Western Europe predominantly in Germany. It is also getting increasingly popular in the USA.
- c) Other Tube Products: In addition to the above new scaffolding systems, Technocraft will also produce other value added tube products in order to improve realizations and profitability. These are,
  - i. Tube for Infrastructure and Industrial Sector: These are precision tubes used mainly in the Infrastructure sector. Technocraft will invest in a special forming mill and annealing furnace for this. The sales realizations on these are considerably higher than the normal ERW pipes.
  - ii. Nipples: These are again pipe fittings and have a very big demand in all the existing markets of Technocraft like UK, Europe and Australia. The sales realizations on these are also very high.

### DETAILS OF THE CAPITAL INVESTMENT:

Sr. No.	Particulars	Cost (Amt.in lakhs)
1.	Plant & Machinery	1,398.80
2.	Land & Building	526.20
3.	Accessories	31.40
4.	Utilities	34.32
	<b>Total</b>	<b>1,990.72</b>



## 1. PLANT & MACHINERY

We have estimated the requirement of plant, equipment and machinery aggregating Rs. 1,990.72 lakhs. We have estimated these requirements based on our recent purchases, performa invoices, purchase orders and prevailing market prices of manufacturers/ suppliers of construction equipment. The estimates for Plant & Machinery and other fixed assets have been based on lump sum estimates. The details of the same are as follows:

### A. General

(Rs. in lakhs)

Sr. No.	Particulars	Quantity	Amount
1	Auto standard welder	1 Nos.	85.00
2	Transom weld equipment for auto welding	1 Nos.	13.50
3	Ledger weld equipment		13.50
4	5 Ton Crane	3 Nos.	75.00
5	100 ton press with 6" stroke	2 Nos.	26.00
6	160 ton press	2 Nos.	31.50
7	63 ton press	3 Nos.	22.65
8	Uncoiler upto 6m.	1 Nos.	2.00
9	Uncoiler upto 8m	1 Nos.	3.00
10	Leveller upto 6 m	1 Nos.	3.50
11	Leveller upto 8m	1 Nos.	4.50
12	Auto roll feed	1 Nos.	1.00
	<b>Total</b>		<b>281.15</b>

### B. For Cup Locks

(Rs. in lakhs)

Sr. No.	Particulars	Quantity	Amount
1	2 hole auto punching machine	2 Nos.	12.00
2	Cuplock tack welding auto	1 Nos.	6.50
3	Culock full welding auto	1 Nos.	6.00
4	Cuplock rod welding auto	1 Nos.	6.00
5	G.I. crane and fixtures	1 Nos.	6.00
6	Auto Ledger welding for cup lock	1 Nos.	4.00
7	Intermediate Transom Welding Machine	1 Nos.	4.50
	<b>Total</b>		<b>45.00</b>

### C. For Props

(Rs. in lakhs)

Sr. No.	Particulars	Quantity	Amount
1	Thread rolling machine	2 Nos.	26.00
2	Multiple hole drilling m/c	1 Nos.	14.00
3	Slot cutting die	1 Nos.	1.00
	<b>Total</b>	<b>41.00</b>	

**TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**

**D. For Ring Scaffolding**

(Rs. in lakhs)

Sr. No	Particulars	Quantity	Amount
1	Auto Tack Welding Machine	1 Nos.	4.50
2	Auto full welding machine	1 Nos.	6.00
3	Auto Standard Welding Machine for Techstage	2 Nos.	20.00
4	Roll Forming Section Mill	1 Nos.	40.00
	<b>Total</b>		<b>70.50</b>

**D. Tubes for Infrastructure**

(Rs. in lakhs)

Sr. No	Particulars	Quantity	Amount
1	Forming Mill with rolls upto 4" NB.	1 Nos.	60.00
2	Square and rectangular section rolls and O.D. rolls for tube	1 Nos.	150.00
3	Main Forging Press	1 Nos.	79.00
4	Reduce Roll Press	1 Nos.	16.45
5	Knuckle Joint Coining Press	1 Nos.	21.62
6	Hot Trimming Press	1 Nos.	16.45
7	Billet Heater	1 Nos.	44.45
8	Normalizing or Hardening Surface	1 Nos.	96.50
9	Off line cold sawing	2 Nos.	12.00
10	Upgradation of slitting to increase capacity upto 7,000 ton per month		108.00
11	Strip welder cum shearer for both tube mills	2 Nos.	25.00
12	Cutting Car for GST Mill	1 Nos.	25.00
13	Nipple Equipments	4 Nos.	100.00
14	Cut to Length Line	1 Nos.	5.50
15	CNC Lathe Machine Centre	1 Nos.	20.00
16	IFCO Drilling Machine	2 Nos.	28.00
17	Screw Compressor	1 Nos.	59.85
18	40 Tonne Press	1 Nos.	5.25
19	Mig Weilding Machine	28 Nos.	23.10
20	Auto Mig Welding Machine	35 Nos.	27.23
21	63 Ton C Type Press	1 Nos.	7.50
22	160 Ton Press	1 Nos.	15.75
23	Press Buckle	1 Nos.	14.50
	<b>Total</b>		<b>961.15</b>
	<b>TOTAL PLANT &amp; MACHINERY COST ( A+B+C+D+E)</b>		<b>1,398.80</b>



## 2. LAND & BUILDING

Two new floors are being constructed for the pipe division in our existing facility. This will house manufacture our new products like cuplocks, ring scaffolding, tube locks and tube for infrastructure industry. The cost for a new shed for the new tube mill will be Rs.26.20 lakhs, constructed behind our existing facility. The cost which has been estimated at Rs. 500 lakhs for civil work, site development and electrical insatallation.

(Rs. in lakhs)

Sr. No.	Particulars	Type of Construction	Area In Sq. ft.	Total Amount
1	Building for Scaffolding Expansion	RCC Column Steel Structures	35,776	178.88
2	Building for Scaffolding Expansion	RCC Column Steel Structures	24,315	121.58
3	Shed Height Extension	RCC Column Steel Structures	22,372	111.86
5	Electrical Installation			113.88
	<b>Total</b>			<b>526.20</b>

## 3. ACCESSORIES

(Rs. in lakhs)

Sr. No	Particulars	Quantity	Amount
1	Lenze software and customization to support	3.00	
2	Auto C blanking, Auto C Forming, Auto small V progressive, auto big V progressive, Auto V Die	1 Nos. each	12.50
3	Dies for bottom cup of cup lock	2 Nos.	5.00
4	U blanking and bending dies	1 Set	3.15
5	Welding Fixture for Props	1 Nos.	6.00
6	Wedge Progressive die	1 Nos.	1.75
	<b>Total</b>		<b>31.40</b>

## 4. UTILITIES

(Rs. in lakhs)

Sr. No	Particulars	Quantity	Amount
1	Indmark air drier	1 Nos.	19.32
2	Lean Management Initiative	15.00	
	<b>Total</b>		<b>34.32</b>

## C) YARN DIVISION:

Technocraft is planning to set up a new yarn mill, which will increase the capacity to a spinning capacity of 61,104 spindles. The yarn division has made a rapid progress and with the rapid growth in the Indian textile sector and rising global and domestic demands for cotton yarn which is a primary input for making fabrics and other yarn blends, the management has decided to embark upon this expansion project.

Technocraft will be incorporating state of the art machinery which is being imported from various countries such as Japan, Germany and Switzerland. A foreign material detector being installed to further improve the quality of the yarn by detecting and eliminating contamination. There is a fully automatic humidification plant to control temperature and relative humidity at different levels in each process for optimum spinning condition. Further an additional captive power plant will also be installed to provide un-interrupted power supply.

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### DETAILS OF THE CAPITAL INVESTMENT:

Sr. No.	Particulars	Cost(Rs. in lakhs)
1.	Plant & Machinery	4,390.79
2.	Land & Building	1,157.00
3.	Accessories & Utilities	154.58
4.	Contingencies	290.00
	<b>Total</b>	<b>5,992.37</b>

#### 1. PLANT AND MACHINERY

We have estimated the requirement of plant, equipment and machinery aggregating Rs.5,992.37 lakhs. We have estimated these requirements based on our recent purchases, performa invoices, purchase orders and prevailing market prices of manufacturers/ suppliers of construction equipment. The estimates for Plant & Machinery and other fixed assets have been based on lump sum estimates. The details of the same are as follows:

(Rs. in lakhs)

Sr. No.	Department	Machine	Quantity	Amount
1	Blow Room	Bale Opener	1	235.60
		Axiflow/Uniclean	1	
		Multimixer/Unimix	2	
		CVT-3/ Fine cleaner	2	
2	Carding	a. Cards	12	540.64
		b. Additional Equipment	1	70.78
3	Breaker & Finisher Drawing	Draw Frame	10	229.40
4	Lapformer	Unilap	2	89.88
5	Combing	Combers	12	433.44
6	Speed Frame	Speed Frame	7	349.91
7	Ring Frame	Ring Frame (1200 Spindles/m/c)	21	1,182.13
8	Winding	Auto Coner	9	850.50
9	Finishing	Conditioning	1	19.75
10	Blowroom	Contamination Cleaning Machine	5	97.24
11	Over head travellers clearers	21	21.84	
12	Humidification & Waste Remonal Plant	1	124.67	
13	Compressor	680 CFM	1	65.10
14	Afis Pro	Afis Pro	1	79.90
	<b>Total</b>			<b>4,390.79</b>

#### 2. LAND AND BUILDING

For the new mill, a new shed with cotton godown and mill area is proposed to be constructed. The company own 32 acres of land at Village Dhanivali, Taluka Murbad, District Thane bearing gut nos. 415, 407, 238 part, 408,374,376 part and 379, 378, 377 part. The site is well developed and industrially occupied and properly linked by rail and by road. The cost has been estimated at Rs.1,157 lakhs for the civil work, site development and electrical insatallation.



(Rs. in lakhs)

Sr. No.	Particulars	Type of Construction	Area in Sq. ft.	Total Amount
1	New Yarn Mill	RCC Column Steel Structures	118,342	650.88
2	Cotton Godown	RCC Column Steel Structures	37,654	205.22
3	Packing Department	RCC Column Steel Structures – (Ground Floor + 2)	4,303	65.45
		Terrace	1,506	7.64
4	Staff Quarters (12 Flats of 757 Sq. Ft. Each)	RCC Column Steel Structures	9,082	35.24
5	Electrical Installation			192.57
	<b>Total</b>			<b>1,157.00</b>

### 3. ACCESSORIES

Water is available in plenty. Steam is not required for any process. Provision for air conditioning and temperature control will be required, as the temperature affects the quality and strength of yarn. The same is already being used in our existing unit and will also be provided adequately for new unit. Below are the details with regard to the Items forming part of the accessories and utilities:

(Rs in lakhs)

Sr. No	Department	Machine	Quantity	Amount
1	Carding	Cans	800	63.75
2	Breaker Drawing	Cans (600 x 1200 MM)	90	3.74
3	Combing	Cans(600 x 1200 MM)	70	2.91
4	Combing	Spools	230	9.66
5	Finisher Drawing	Cans (500 x 1000 MM)	1,200	32.15
6	Speed Frame	a. Bobbins	50,000	16.25
		b. Doff carrying trollies	20	1.55
		c. Bobbin Storage Racks	10	0.79
7	Ring Frame	a. Bobbins	125,000	17.88
		b. Bobbin Storage trollies	15	1.19
		c. Doff carrying trollies alongwith baskets	20	2.52
8	Auto Coner	Conditioning trolies	20	1.69
9	Packing	Cone Carrying Trollies	6	0.50
	<b>Total</b>			<b>154.58</b>

### 4. CONTINGENCIES

Contingencies have been provided 4.84% of the capital expenditure of the proposed expansion plan of Yarn Division, which include buildings, plant and machinery, miscellaneous fixed assets and pre-operative and preliminary expenses. The total amount of Rs. 290.00 lakhs has been provided for contingencies.

#### D) 15 MW POWER PLANT

Textile Division already has High Density Furnace Oil based 4.2 MW Captive Power Plant (CPP). This is insufficient for the proposed expansion of second unit. The engineering division consisting of Drum Closures and Tube & Scaffolding does not have any such captive power plant. The present rate of electricity from the grid is close to Rs. 4.50 unit.

As a result, Company has proposed to install a 15 MW captive power plant next to the Yarn Mill, where there is captive consumption of nearly 7.5 MW. The rest of power generated will be transmitted to the engineering division.

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With the present price of imported coal, the cost of per unit generation of power including interest and depreciation will be less than Rs.2.80 unit. Hence there would be a clear saving of Rs.1.20 to Rs.1.50 per unit.

### DETAILS OF THE CAPITAL INVESTMENT:

Sr. No.	Particulars	Cost (Rs. in lakhs)
1.	Plant & Machinery	4,758.60
2.	Land & Building	961.40
3.	Contingencies	280.00
	<b>Total</b>	<b>6,000.00</b>

#### 1. PLANT AND MACHINERY

We have estimated the requirement of plant, equipment and machinery aggregating Rs.4,758.60 lakhs. We have estimated these requirements based on our recent purchases, performa invoices, purchase orders and prevailing market prices of manufacturers/ suppliers of construction equipment. The estimates for Plant & Machinery and other fixed assets have been based on lump sum estimates. The details of the same are as follows:

(Rs. in lakhs)

Sr. No.	Particulars	Amount
1	Water Treatment Plant	153.64
	Boiler (with start up oil Firing System)	1,056.12
	Dosing System and Deaerator cum storage Tank	60.49
	Electro Static Precipitator	223.80
	Chimney (Ms)	60.49
	Fuel Bunker	78.63
	Fuel Handling System	181.46
	Ash Handling System (Dense Phase) With Ash Silo	90.73
	Dcs Based Control System with field instruments	90.73
	Turbo Generator	1,451.67
	Cooling Water System Consists of Cooling Tower Circulating Water Pumps & Cooling Tower Make Up Pumps	151.22
	Power Plant Integral Piping	362.92
	Power Plant Electricals	483.89
	Hot Crane+ Air Compressor	90.73
	Air Conditionioing and Fire Fighting System	60.49
	<b>Sub Total (I)</b>	<b>5,222.40</b>
2	Packing & Forwarding	25.00
3	Erection & Commissioning Charges	336.00
4	Transportation	103.00
5	Consulting Fees	33.60
	<b>Sub Total (II)</b>	<b>497.60</b>
	<b>Total</b>	<b>5,094.60</b>

#### 2. LAND AND BUILDING

We have identified a land near our existing manufacturing facilities in Murbad for this project. The area of land is approximately 6 acres. We are currently in negotiations for acquisition for the same. We have got an estimate for the civil work which is normal with the industry norms for a 15 MW power plant and the total cost has been estimated at Rs.625.40 lakhs for land acquisition, civil work, site development and electrical installation.





### 3. CONTINGENCIES

Contingencies have been provided 4.67% of the capital expenditure of the proposed setting up of new plant generation power, which include buildings, plant and machinery, miscellaneous fixed assets and pre-operative and preliminary expenses. The total amount of Rs.280.00 lakhs has been provided for contingencies.

#### I. MEETING PUBLIC ISSUE EXPENSES

The total expenses for this Issue are estimated at Rs. [●] lakhs, which is [●] % of the issue size, details of which are as under:

(Rs. in lakhs)

Particulars	Estimated Amount	% of Total Expenses	% of Total Issue Size*
Lead Management Fees, Underwriting and Selling Commission	[●]	[●]	[●]
Advertisement and Marketing expenses	[●]	[●]	[●]
Printing and Stationery	[●]	[●]	[●]
Others (Registrars fee, legal fee, listing fee, etc)	[●]	[●]	[●]
<b>Total estimated Issue expenses</b>	[●]	[●]	[●]

\*will be incorporated after finalization of Issue Price

All the expenses with respect to the Issue would be borne by the Company.

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

### APPRAISAL

The requirement of funds and its deployment are based on internal management estimates and have not been appraised by any Bank or Financial Institution or any independent organization.

### IMPLEMENTATION SCHEDULE

Particulars	Drum Closure Division		Pipe Division		Yarn Division		15 MW Coal based Power Plant	
	Commence-ment date	Comple-tion date	Commence-ment date	Comple-tion date	Commence-ment date	Comple-tion date	Commence-ment date	Comple-tion date
Finalization of Consultants							Nov'06	Dec'06
Site Development					Jan'06	Feb'06	Jan'07	Feb'07
Building Civil Work	Sept'07	Dec'07	Nov'06	May'07	Feb'06	Jan'07	Feb'07	July'07
	Expansion in Plastic Division, 2"3" Nylon Plugs and Clamp		Cuplock		Expansion of Capacity by 25,200 Spindles			
Placement of Orders	Dec'06	Jan'07	Dec'06	Jan'07	Jan'06	Oct'06	Mar'07	Sept'07
Delivery of Machinery	Jan'07	Feb'07	Jan'07	Feb'07	Jan'07	Mar'07	Sept'07	Dec'07
Installation of Machinery	Feb'07	Mar'07	Feb'07	Mar'07	Jan'07	Mar'07	Sept'07	Feb'08
Trail Run	Feb'07	April'07	Feb'07	April'07	Feb'07	Mar'07	Feb'08	Mar'08
Commercial Production	April'07		April'07		April'07		Mar'08	
	42MM Flex Spout, Special Process to improve yield for 2" Plug		Props					
Placement of Orders	Mar'07	Mar'07	Mar'07	Mar'07				
Delivery of Machinery	April'07	May'07	April'07	May'07				
Installation of Machinery	May'07	June'07	May'07	June'07				
Trail Run	June'07	July'07	June'07	July'07				
Commercial Production	July'07		July'07					
	Special Process Elastomer Gasket Process, Lacquer Plant Automation		Ring Scaffolding, Miscellaneous & Forging items					
Placement of Orders	Mar'07	Mar'07	Mar'07	Mar'07				
Delivery of Machinery	April'07	May'07	April'07	May'07				
Installation of Machinery	May'07	June'07	May'07	June'07				
Trail Run	June'07	July'07	June'07	July'07				
Commercial Production	July'07		July'07					
	New Drum Closure Plant		Tubes for Infrastruture					
Placement of Orders	Dec'07	Dec'07	Dec'07	Dec'07				
Delivery of Machinery	Jan'08	Feb'08	Jan'08	Feb'08				
Installation of Machinery	Feb'08	Mar'08	Feb'08	Mar'08				
Trail Run	Mar'08	April'08	Mar'08	April'08				
Commercial Production	April'08		April'08					



## FUNDS DEPLOYMENT SCHEDULE

(Rs in lakhs)

Division	Invested Upto	FY 2007			FY2008			Total
		Sept 06	Dec-06	Mar-07	Jun-07	Sep-07	Dec-07	
Drum Closures	362.17	47.10	75.03	305.84	588.76	560.00	-	1,938.90
Pipe Division	595.62	53.25	618.13	336.40	387.32		-	1,990.72
Yarn Division	936.46	1,288.42	3,865.25				-	6,090.12
15 MW Power Plant			300.00	1,000.00	3,000.00	500.00	1,200.00	6,000.00
Grand Total	1,894.25	1,386.24	4,850.82	1,642.24	3,976.08	1,060.00	1,200.00	16,009.62

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

### FUNDS ALREADY DEPLOYED

We have incurred Rs.2,097.79 lacs upto November 30, 2006 in the expansion project out of our internal accruals and bank borrowings. Details of the amount incurred and as certified by the Statutory Auditor are as follows:

(Rs. in lakhs)

Sr.	Particulars	Drum Closure Division	Pipe Division	Yarn Division	15 MW Power	Total Amount
1	Land, Factory Building and Electrical Installation	-	26.20	700.00	-	726.20
2	Plant and Machinery	345.75	546.02	440.00	-	1,331.77
3	Accessories	12.00	23.40	-	-	35.40
4	Utilities	4.42	-	-	-	4.42
	<b>Total</b>	<b>362.17</b>	<b>595.62</b>	<b>1140.00</b>	<b>-</b>	<b>2,097.79</b>

### INTERIM USE OF FUNDS:

The management, in accordance with the policies set up by the Board, will have flexibility in deploying the net proceeds received by the Company from the Issue. Pending utilization for the purposes described above, the Company intends to invest the funds in high quality interest/dividend bearing liquid instruments including money market mutual funds, inter-corporate deposits, deposit with banks for necessary duration or reducing the working capital / term borrowings from banks and financial institutions.

### MONITORING OF UTILISATION OF FUNDS:

UTI Bank Limited has been appointed as the monitoring agency to monitor the deployment of issue proceeds. We will disclose the utilization of the proceeds of this Issue under a separate head in our Balance Sheet clearly specifying the purpose for which such proceeds have been utilized. We will also, in our Balance Sheet, provide details, if any, in relation to all such proceeds of this Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of this Issue.

No part of the Issue proceeds will be paid by us as consideration to our Promoters, Directors, key management personnel or companies promoted by our Promoters except in the course of normal business.

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

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### BASIS FOR ISSUE PRICE

Investors should read the following summary along with the sections titled “Risk Factors” and “Financial Statements” beginning on pages x and 99, respectively and other details about the Company, and its Subsidiaries included in this Red Herring Prospectus.

The Issue Price will be determined by the Company in consultation with BRLM considering the following qualitative and quantitative factors and on the basis of assessment of market demand for the proposed issue of Equity Shares by way of the Book Building Process.

#### Qualitative Factors

##### Diversified and Scalable business model

The Company is one of the few companies in the industry who offers a well-diversified business model comprising of Engineering products, Cotton Yarn and through its subsidiaries has a forward integration into manufacture of Garments.

##### Strong Client Relationship

In spite of the fact that the company's client base is geographically diverse, the company with its ability to provide quality products to each of its clients has resulted in a strong relationship with its client base.

##### Management Depth

The Company has been promoted by Shri S.K.Saraf and Shri S.M.Saraf both of whom are graduate engineers from Indian Institute of Technology (IIT), Mumbai along with their father Shri M.D.Saraf who has a rich experience of over 30 years in the Birla Group of Companies. This is complimented by an able second line of management which comprises of technical and commercial managerial personnel to handle implementation of various Projects.

##### Quality Control

The Company is very passionate about their products, processes and their associations. It is a certified ISO 9001:2000 company. The company manufactures its products in accordance with the strict international quality standards.

##### International Distribution Network

As part of strengthening the global initiative, the company has incorporated subsidiaries in U.K., Poland, Hungary, Germany and Australia. Its international subsidiaries act as business development centers and facilitate the company to service the customers better. The subsidiaries provide a definite advantage on account of the geographical proximity and reach as well as allow leveraging of competitive strengths of our partners.

##### High Technology Base

The company is equipped with state of the art machineries imported from Switzerland, Japan etc. In addition to this over the years the promoters have developed patented technologies & products which have been used in the processes of the company's operations.

#### Quantitative Factors

##### 1. Adjusted Earnings per Share

Financial Year	EPS (Rs.)	Weight
2003-04	18.36	1
2004-05	10.56	2
2005-06	9.00	3
Weighted Average EPS	11.08	

**Note:** EPS is calculated on the basis of the restated Profits for the respective Financial Year's.

EPS for the half year ended September 30, 2006 is Rs. 19.27 (Annualised)



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## 2. Price Earning (P/E) ratio in relation to the Issue Price

- a) Price/Earning Ratio (P/E)\* in relation to Issue Price of Rs. [●]
- i) Based on FY 2005-06 EPS of Rs.9 - [●]
- ii) Based on weighted average EPS of Rs.11.08 - [●]

\* would be calculated after discovery of the Issue Price through Book-building

## 3. Average Return on Net worth (RONW)

Financial Year	RONW %	Weights
2003-04	20.56	1
2004-05	10.57	2
2005-06	10.05	3
Weighted Average	11.98	

Return on Networth for the half year ended September 30, 2006 is 19.43% (Annualised)

The average return on net worth has been computed on the basis of the restated profits and losses of the respective years.

## 4. Minimum Return on Increased Net Worth required to maintain pre issue EPS of Rs.is [-]

## 5. Net Asset Value per Equity Share

- a) As at September 30, 2006: Rs.99.20
- b) Issue Price\*: Rs. [●]
- c) NAV after the issue: Rs. [●]

\* To be compared after discovery of the Issue Price through Book Building

## 6. Comparison with Industry Peers

Technocraft is in the business of manufacturing of Drum Closures, Pipes, Scaffolding and Cotton Yarn. Since the nature of business is diversified, there are no comparable listed companies and hence comparison of industry average or comparisons of profitability and return ratios with other listed companies have not been made.

The face value of Equity Shares of Technocraft is Rs.10/- and the Issue Price is [●], i.e., [●] times of the face value.

The Issue Price of Rs. [●] would be determined by the Company in consultation with the BRLM, on the basis of assessment of market demand for the Equity Shares by way of Book Building and is justified on the basis of the above factors.

**STATEMENT OF TAX BENEFIT CERTIFICATE**

We, M/s. M. L. Sharma & Co., Chartered Accountants, do hereby certify that in connection with the proposed public issue by Technocraft Industries (India) Limited under the current provisions of the Income-Tax Act 1961, (hereinafter referred to as "IT Act") and other applicable Tax laws for the time being in force. The following Tax benefits and deductions will, inter alia, be available, subject to the fulfillment of the respective requirements of the relevant provisions. However, all shareholders are advised to consult their own Tax advisors as to the Tax implications on investment in their individual case.

**1. TO THE COMPANY**

- a. in accordance with, and subject to the provisions of section 32 of the income-Tax act, the company will be entitled to claim the depreciation on tangible and specified intangible assets;
- b. In accordance with, and subject to compliance of certain conditions laid down in section 10B of the Income-Tax Act, the 100% E.O.U yarn manufacturing unit of the company situated at Murbad, Kalyan, Maharashtra will be entitled to the 100% deductions in respect of profits derived from the business of the said unit from the total income chargeable to Income-Tax up to Financial Year ended on 31st March 2007 (i.e., Assessment Year 2007-08).
- c. Dividend income (whether interim or final), in the hands of the company as distributed or paid by any other Indian Company on or after April 1, 2003 is completely exempt from Tax in the hands of the Company, under section 10(34) of the IT Act.
- d. Long-term capital gains would be subject to Tax at the rate of 20% (plus applicable surcharge and education cess) as per the provisions of section 112(1)(b) of the IT Act. However, as per the proviso to Section 112(1)(b), the long term capital gains resulting on transfer of listed securities or units, [not covered by section 10(36) and 10(38)], would be subject to Tax at the rate of 20% with Indexation benefits or 10% without Indexation benefits (plus applicable surcharge and education cess) as per the option of the assessee.
- e. Long term capital gain arising from transfer of an 'eligible equity share' in a Company Purchased on or after the 1st day of March, 2003 and before the 1st day of March, 2004 (both days inclusive) and held for a period of 12 months or more is exempt from Tax under section 10(36) of the IT Act.
- f. Long term capital gain arising from the sale of Equity Shares in any company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction Tax, as per the provisions of section 10(38) of the IT Act.
- g. Short Term capital gains arising from the transfer of Equity Shares in any company through a recognized stock exchange or from the sale of units of equity-oriented mutual fund shall be subject to Tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax, as per the provisions of section 111A of the IT Act. However such income earned by the company shall not be exempt for the purpose of computing Tax on Book Profit as per the provisions of section 115JB of the Act.
- h. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the IT Act, the Company would be entitled to exemption from Tax on gains arising from transfer of the long term capital asset [not covered by section 10(36) and section 10 (38)] if such capital gain is invested in any of the long-term specified assets in the manner prescribed in the said section. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to Tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.
- i. In terms of Section 115JAA (1A) of the Act tax credit shall be allowed for any assessment year commencing on or after April, 01, 2006. Credit eligible for carry forward is the difference between MAT paid and the tax computed as per the normal provisions of the Act. The credit is available for set off only when tax becomes payable under the normal provisions and that tax credit can be utilized to set off any tax payable under the



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provisions in excess of MAT payable for that relevant year. Such MAT credit shall not be available for set off beyond 5 years succeeding the year in which the MAT credit initially arose.

- j. In terms of Clause (iia) of Sub-section (1) of Section 32 of the Act, the Company is entitled to further deduction of 20% as additional depreciation on new plant & machinery acquired and installed after 31st March, 2005, subject to conditions specified therein.
- k. The Company can carry forward and set off the unabsorbed depreciation allowance, if any, against its income of the future years. The Company is also entitled to carry forward and set off its unabsorbed business losses for a period up to eight subsequent years for set off against its business income.
- l. Under Section 35D of the Act, the Company will be entitled to a deduction equal to 1/5<sup>th</sup> of the expenditure of the nature specified in the said section, including expenditure incurred on present issue. Such as Brokerage and other charges, by way of amortization over a period of 5 successive years, beginning with the previous year in which the new unit commences production, subject to the stipulated limits.

## **2. TO THE MEMBERS OF THE COMPANY UNDER THE IT ACT**

### **A. TO RESIDENT SHAREHOLDERS**

- i. Dividend (whether interim or final) declared, distributed or paid by the Company on or after April 1, 2003 is completely exempt from Tax in the hands of the shareholders of the Company as per the provisions of section 10(34) of the IT Act.
- ii. Any income of minor children clubbed with the total income of the parent under section 64(1A) of the IT Act, will be exempt from Tax to the extent of Rs. 1500/- per minor child under section 10(32) of the IT Act.
- iii. As per the provisions of Section 112(1)(b) of the IT Act, long-term capital gains would be subject to Tax at the rate of 20% (plus applicable surcharge and education cess). However, as per the proviso to Section 112(1)(b), the long term capital gains resulting on transfer of listed securities or units (not covered by sections 10(36) and 10(38)), would be subject to Tax at the rate of @ 20% with Indexation benefits or 10% without Indexation benefits (plus applicable surcharge and education cess) as per the option of the assessee.
- iv. Long term capital gain arising from the sale of Equity Shares in any company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and the sale is subject to Securities Transaction Tax, as per the provisions of section 10(38) of the IT Act.
- v. Short Term capital gains arising from the transfer of Equity Shares in any company through a recognized stock exchange or from the sale of units of equity-oriented mutual fund shall be subject to Tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax, as per the provisions of section 111A of the IT Act.
- vi. As per the provisions of section 88E, where the business income of a resident includes profits and gains from sale of Taxable securities, a rebate shall be allowed from the amount of income Tax equal to the Securities Transaction Tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income Tax on such business income.
- vii. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the IT Act, the shareholders would be entitled to exemption from Tax on gains arising on transfer of their shares in the Company (not covered by sections 10(36) and 10(38)), if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to Tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.
- viii. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the IT Act, the shareholder would be entitled to exemption from long term capital gains on the sale of shares in the Company (not covered by sections 10(36) and 10(38)), upon investment of net consideration in purchase /construction of a residential house. If

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

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part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to Tax on a proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains shall be charged to Tax as long-term capital gains in the year in which such residential house is transferred.

### **B. TO NON-RESIDENT INDIAN SHAREHOLDERS**

1. Dividend (whether interim or final) declared, distributed or paid by the Company on or after April 1, 2003 is completely exempt from Tax in the hands of the shareholders of the Company as per the provisions of section 10(34) of the IT Act.
2. Any income of minor children clubbed with the total income of the parent under Section 64(1A) of the IT Act will be exempt from Tax to the extent of Rs.1,500 per minor child per year in accordance with the provisions of section 10(32) of the IT Act.
3. In the case of shareholder being a non-resident Indian and subscribing to shares in convertible foreign exchange, in accordance with and subject to the conditions and to the extent specified in Section 115D read with Section 115E of the IT Act, long term capital gains arising from the transfer of an Indian company's shares [not covered by sections 10(36) and 10(38)], will be subject to Tax at the rate of 10% as increased by a surcharge and education cess at an appropriate rate on the Tax so computed, without any Indexation benefit but with protection against foreign exchange fluctuation.
4. In case of a shareholder being a non-resident India, and subscribing to the share in convertible foreign exchange in accordance with and subject to the conditions and to the extent specified in Section 115F of the IT Act, the nonresident Indian shareholder would be entitled to exemption from long term capital gains [not covered by sections 10(36) and 10(38)] on the transfer of shares in the Company upon investment of net consideration in modes as specified in sub-section (1) of Section 115F.
5. In accordance with the provisions of Section 115G of the IT Act, Non Resident Indians 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.
6. In accordance with the provisions of Section 115H of the IT Act, when a Non Resident Indian become assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer along with his return of income for that year under Section 139 of the IT Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
7. As per the provisions of section 115 I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that year under Section 139 of the IT Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the IT Act.
8. In accordance with and subject to the conditions and to the extent specified in Section 112(1) (b) of the IT Act, Tax on long term capital gains arising on sale on listed securities or units not covered by sections 10(36) and 10(38) will be, at the option of the concerned shareholder, 10% of capital gains (computed without Indexation benefits) or 20% of capital gains (computed with Indexation benefits) as increased by a surcharge and Education cess at an appropriate rate on the Tax so computed in either case.
9. As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognised stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction Tax.
10. As per the provisions of section 111A, Short Term capital gains arising from the transfer of Equity Shares in any company through a recognised stock exchange or from the sale of units of equity-oriented mutual fund





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shall be subject to Tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.

11. As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of Taxable securities, a rebate shall be allowed from the amount of income Tax equal to the Securities Transaction Tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income Tax on such business income.
12. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the IT Act, the shareholders would be entitled to exemption from Tax on long term capital gains [not covered by sections 10(36) and 10(38)] arising on transfer of their shares in the Company if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long-term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to Tax as long term capital gains in the year in which the specified asset is transferred or converted into money.
13. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the IT Act, the shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on the sale of shares in the Company upon investment of net consideration in purchase / construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to Tax on proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains Tax exempted earlier would become chargeable to Tax as long term capital gains in the year in which such residential house is transferred.
14. As per the provisions of Section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the Tax treaty to the extent they are more beneficial to the Non-Resident.
15. Under the first provisions of Section 48 of the Act, in case of a non resident, in computing the capital gains arising from transfer of shares of the Company acquired in convertible foreign exchange (as per exchange control regulations) protection is provided from fluctuations in the value of rupee in terms of foreign currency in which the original investment was made. Cost indexation benefits will not be available in such a case. The capital gains/loss in such a case is computed by converting the cost of acquisition, sales consideration and expenditure incurred wholly and exclusively in connection with such transfer into the same foreign currency, which was utilized in the purchase of the shares. However, the benefit will be available only when the shares are transferred in a manner other than as specified in section 10(38) of Act.

#### **C. TO OTHER NON-RESIDENTS**

1. Dividend (whether interim or final) declared, distributed or paid by the Company on or after April 1, 2003 is completely exempt from Tax in the hands of the shareholders of the Company, under section 10(34) of the IT Act.
2. Any income of minor children clubbed with the total income of the parent under Section 64(1A) of the IT Act will be exempt from Tax to the extent of Rs.1500 per minor child per year, in accordance with the provisions of section 10(32) of the IT Act.
3. In accordance with and subject to the conditions and to the extent specified in Section 112(1) (b) of the IT Act, Tax on long term capital gains arising on sale on listed securities or units before 1st October 2004 will be, at the option of the concerned shareholder, 10% of capital gains (computed without Indexation benefits) or 20% of capital gains (computed with Indexation benefits) as increased by a surcharge and education cess at an appropriate rate on the Tax so computed in either case.
4. As per the provisions of section 10(38), long term capital gain arising from the sale of Equity Shares in any company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction Tax.

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5. As per the provisions of section 111A, Short Term capital gains arising from the transfer of Equity Shares in any company through a recognised stock exchange or from the sale of units of equity-oriented mutual fund shall be subject to Tax @ 10% provided such a transaction is entered into after the 1st day of October, 2004 and the transaction is subject to Securities Transaction Tax.
6. As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of Taxable securities, a rebate shall be allowed from the amount of income Tax equal to the Securities Transaction Tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income Tax on such business income.
7. In accordance with and subject to the conditions and to the extent specified in Section 54EC of the IT Act, the shareholders would be entitled to exemption from Tax on gains arising on transfer of their shares in the Company (not covered by sections 10(36) and 10(38)) if such capital gain is invested in any of the long term specified asset is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to Tax as long term capital gains in the year in which the long-term specified asset is transferred or converted into money.
8. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent specified in Section 54F of the IT Act, the shareholder would be entitled to exemption from long term capital gains (not covered by sections 10(36) and 10(38)) on the sale of shares in the Company upon investment of net consideration in purchase/construction of a residential house. If part of net consideration is invested within the prescribed period in a residential house, then such gains would not be chargeable to Tax on a proportionate basis. Further, if the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains Tax exempted earlier would become chargeable to Tax as long term capital gains in the year in which such residential house is transferred.
9. As per the provisions of Section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the Tax treaty to the extent they are more beneficial to the Non Resident.

### **D. TO FOREIGN INSTITUTIONAL INVESTORS (FIIs)**

1. In accordance with and subject to the conditions and to the extent specified in Section 115AD of the IT Act, Tax on long term capital gain [not covered by sections 10(36) and 10(38)] will be 10% and on short term capital gain will be 30% as increased by a surcharge and education cess at an appropriate rate on the Tax so computed in either case. However, short term capital gains on sale of Equity Shares of a company through a recognized stock exchange or a unit of an equity oriented mutual fund effected on or after 1st October 2004 and subject to Securities Transaction Tax shall be taxed @ 10% as per the provisions of section 111A. It is to be noted that the benefits of Indexation and foreign currency fluctuation protection as provided by Section 48 of the IT Act are not available to FIIS.
2. As per the provision of Section 90(2) of the IT Act, the provisions of the IT Act would prevail over the provisions of the Tax treaty to the extent they are more beneficial to the Non Resident.
3. Long term capital gain arising from the sale of Equity Shares in any company through a recognized stock exchange or from the sale of units of an equity oriented mutual fund shall be exempt from Income Tax if such sale takes place after 1st of October 2004 and such sale is subject to Securities Transaction Tax, as per the provisions of section 10(38) of the IT Act.
4. As per the provisions of section 88E, where the business income of an assessee includes profits and gains from sale of Taxable securities, a rebate shall be allowed from the amount of income Tax equal to the Securities Transaction Tax paid on such transactions. However the amount of rebate shall be limited to the amount arrived at by applying the average rate of income Tax on such business income.
5. In accordance with and subject to the conditions and to the extent specified in /section 54EC of the IT Act, the shareholders would be entitled to exemption from Tax on long term capital gains [not covered by sections 10 (36) and 10(38)] arising on transfer of their shares in the Company if such capital gain is invested in any of the long term specified assets in the manner prescribed in the said section. Where the long term specified



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assets is transferred or converted into money at any time within a period of three years from the date of its acquisition, the amount of capital gains exempted earlier would become chargeable to Tax as long term capital gains in the year in which the long term specified asset is transferred or converted into money.

6. In accordance with and subject to the conditions and to the extent specified in Section 54ED of the IT Act, the shareholders would be entitled to exemption from long term capital gain Tax not covered by sections 10(36) and 10(38)] on transfer of their assets being listed securities or units to the extent such capital gain is invested in acquiring Equity Shares forming part of an 'eligible issue of share capital' in the manner prescribed in the said section.
7. Under Section 10(34) of the Act, Income earned by way of dividend from domestic company referred to in section 115-O of the Act is exempt from Income-tax in the hands of the Share Holders.

#### **E. TO MUTUAL FUNDS**

In case of a shareholder being a Mutual fund, as per the provisions of Section 10 (23D) of the IT Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made there under, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India would be exempt from Income Tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

#### **F. TO VENTURE CAPITAL COMPANIES/ FUNDS**

- i. In case of a shareholder being a Venture Capital Company / Fund, as per the provisions of Section 10(23FB) of the IT Act, any income of Venture Capital Companies / Funds registered with the Securities and Exchange Board of India, would exempt from Income Tax, subject to the conditions specified.
- ii. Venture Capital Fund, operating under the Registered Trust Deed or a venture capital scheme made by Unit Trust of India, which has been granted a certificate of registration under the Securities and Exchange Board of India Act, 1992 and notified as such in the Official Gazette set up for raising funds for Investment in a Venture Capital Undertaking is exempt from income-Tax.

#### **Benefits under the Wealth Tax Act, 1957**

'Assets' as defined under section 2 (ea) of the Wealth Tax Act, 1957 does not include shares in companies and hence, not liable to wealth Tax,

#### **Benefits under the Gift Tax Act**

Gift Tax is not leviable in respect of gifts made on or after 1<sup>st</sup> October 1998. Therefore any gift of shares will not attract gift Tax.

#### **Notes:**

1. All the above benefits are as per the current Tax laws as amended by the Finance Act, 2006 and will be available only to the sole / first named holder in case the shares are held by joint holders.
2. In respect of non-residents, the Tax rates and the consequent Taxation mentioned above shall be further subject to any benefits available under the double Taxation avoidance agreements, if any, between India and the country in which the non-resident has fiscal domicile.

For **M. L. SHARMA & CO.**  
Chartered Accountants

Place: Mumbai  
Dated: November 10, 2006

**(V. L Bajaj)**  
Partner

Membership No. 104982

## **SECTION IV: ABOUT THE ISSUER COMPANY**

### **INDUSTRY OVERVIEW**

#### **DRUM CLOSURES**

Drum Closures are high-precision light engineering sheet metal components used as closing device for steel barrels. Drum Closures being a high precision product, has to meet very stringent quality control norms and have to be approved by various inspection agencies worldwide.

Drum Closures for tight head drums consists of 2" Flange, Plug and Capseals and ¾" Flange, Plug and Capseals. One set is used per barrel. In recent years, the production of steel barrels has been static, mainly because there are alternate packaging products like plastic drums, intermediate bulk containers etc. available.

Globally Technocraft is one of the leading manufacturers of Drum closures, the other two being the US based Greif Inc and the china based Rex packaging other manufacturers are Rieke, Inc. of USA and Enomoto of Japan. There are also half a dozen small localized producers.

The Chinese market for Drum Closures is very promising, but is not accessible due to the high duty structure in China for Closures. There are small closure manufacturuers in China which are not facing any competition due to the protection available to them due the Duty structure. However Technocraft is envisaging to penetrate this market backed by its un-matched, low cost, state of the art manufacturing process of closures.

We also produce Clamps for Locking Rings. Clamps are also high-precision sheet metal formed and assembled light engineering products. Clamps are used as a closing device of open top drums. The major manufacturers of Clamps are Technocraft & TOV of Italy. Clamp demand is growing, since open head plastic drums and fibre drums plastic closures for small metal and plastic containers. Demand for plastic closures is growing also use Locking Rings with Clamp as closing device.

We also produce exponentially, particularly in developing countries where crude contraptions have been in use so far for same application. These closures are highly engineered and also meet stringent quality norms.

#### **STEEL TUBES & SCAFFOLDINGS**

Steel Tubes are generally a commodity product very sensitive to steel prices. Main raw material for steel tube is Hot Rolled steel coils and zinc for galvanizing. The main supply of HR coils is either Indian or imported from cheaper sources like Ukraine or China. Demand for Scaffolding worldwide is growing at a very fast pace. Over and above this quantity, there are also small scale black tube producers in unorganized sector. It can be safely assumed that production and consumption of Steel Scaffolding is doubling every year. Unfortunately, authentic data is not available, because large quantity of scaffolding is also produced in the unorganized sector.

In view of healthy economic growth and thrust on infrastructure development by the Government of India the tube industry in India is growing at the rate of 7 to 8% per annum. Steel scaffolding is cheaper on a long run and more secure, easier to erect and dismantle. Steel Scaffolding is used in building construction to provide access to workers to the working area and also to framework for reinforced cement concrete structures.

India is also an important exporter of Steel Tubes. Tube export from India is showing a healthy growth rate. The main steel tube markets for India are Middle East, Europe and USA. There is a very good demand for scaffolding in Europe and USA. The main supply countries of scaffolding are China and UAE. The Chinese suppliers have made serious in-roads in the US market while manufacturers from UAE are mainly supplying to the European and Australian markets.

Tube Fittings such as Nipples have a rapidly growing export market due to cutback in the production of this type of specialty tubes in Europe. Automotive Tubes are a sunrise industry with both local and export demand growing at a very fast pace for tubular components such as steering columns, side impact beams, space tubes, front forks, shock absorbers, tie rods, axle tubes etc. there is also a large demand for hydraulic cylinder tubes.

#### **YARN & GARMENTS:**

The Indian Cotton Industry straddles 1543 spinning units, over 281 composite mills & 1.72 million registered looms. The



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installed capacity includes 36.37 million spindles and about 434,000 rotors. The abundant supply of local cotton, coupled with the liberalised import of raw cotton enables India to produce yarn to match any specification and count without compromising on quality. And at a competitive price too. Over 40% of India's spindle capacity is less than a decade old making it one of the world's most modern installations for yarn manufacturing. The installation of state-of-the-art machinery has given a big fillip to the Indian cotton industry.

The Indian Textile Industry has an overwhelming presence in the economic life of the country. Apart from providing one of the basic necessities of life, the textile industry also plays a pivotal role through its contribution to industrial output, employment generation, and the export earnings of the country. Currently, it contributes about 14% to industrial production, 4% to the GDP, and 16% to the country's export earnings. It provides direct employment to about 35 million people, which includes a substantial number of SC/ST, and women. The Textile sector is the second largest provider of employment after agriculture. Thus, the growth and all round development of this industry has a direct bearing on the improvement of the economy of the nation.

(Source: Ministry of Textiles Annual Report 2005-2006)

India is globally a significant player in the textile sector and is globally the

- Second largest producer of cotton yarn.
- Third largest producer of cotton and cellulose fibre/yarn.
- Largest producer of jute, second largest producer of silk.
- Fifth largest producer of synthetic fibre/yarn

(Source: *Wake up Call for India's Textile Industry, Report of Expert Committee on Textile Policy, ICAC*)

After more than 40 years of import quotas, the textile and clothing sector has become subject to the World Trade Organization (WTO) from January 1, 2005 with the removal of quotas. Since 1974, the global trade in textile and garments had been governed by the rules of the Multi-Fibre Arrangement (MFA) which imposed quotas on exports of textiles and clothing. The aim behind quota restrictions was to protect the domestic textile/garment industries of rich industrialized countries. Textiles and clothing are closely related, with textiles providing the major input to the clothing industry. Textiles constitute an important segment of global trade comprising six per cent of the world trade.

Cotton is one of the major crops cultivated in India. It accounts for more than 75% of the total fibre consumption in the spinning mills and more than 54% of the total fibre consumption in the textile sector. During the last five decades, the production of cotton has increased from 30 lakh bales of 170 kgs each in 1950-51 to an all time high of 243.0 lakh bales (170 kgs. each) during 2004-05. There has also been a substantial rise in area under cultivation from 58.91 lakh hectares in 1950-51 to a record high of 92.87 lakh hectares in 1998-99. The average yield also rose from 88 kgs in 1950-51 to 463 kgs in 2004-05. During the cotton season 2004-05 (Oct.- Sept), the production was placed at 243 lakh bales, which was higher by 64 lakh bales (39%) as compared to previous season. Due to timely rains and favourable agro-climatic conditions in all the cotton growing States, area under cotton cultivation has increased by 17% and has been placed at 89.20 lakh hectares. The average yield per hectare has been placed at 463 kgs as against 399 kgs per hectare during the previous season. One of the reasons for low yield in India as compared to world average of about 731 kg/hectare is that nearly 65% of the area under cotton cultivation is rainfed. During the current year 2005-06 the acreage is likely to be on par with last year. The production is expected to be at a level of about 242.50 lakh bales as per estimates of Cotton Advisory Board.

Consumption of cotton has been increasing over the last few years. As against a total consumption of 115.50 lakh bales during 1990-91 (Mill and Non- Mill), the consumption level, including consumption by spinning units in the small-scale sector and non-mill consumption, touched a record high of 173.36 lakh bales in 1999-2000 cotton season. The domestic consumption during 2004-05 cotton season is estimated at 194 lakh bales as against 177.10 Lakh bales during 2003-04. The variety-wise demand for cotton almost follows the same pattern as the variety-wise production. The largest share in the total production of cotton is of medium staple and medium long staple varieties followed by long staple. The share of short staple cotton is about 7%. The share of medium & medium long staple varieties was more than 50% and the remaining are long and extra long staple varieties. The demand for short staple varieties is relatively very small. (Source: *Ministry of Textiles Annual Report 2005-2006*)

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### EXPORT OF TEXTILES

The textile products continue to play an important role in total export basket of the country. The overall export target for 2005-06 has been fixed at US\$ 15,565 million. Based on provisional data of the Directorate General of Commercial Intelligence and Statistics (DGCI &S), Kolkatta, Sectorwise brief analysis of textile exports during April-November, 2005 is given as under:

#### **Readymade Garments:**

Readymade Garments account for approximately 44% of the country's total textile exports. Readymade Garments exports recorded a growth of 15.5% in 2002-03 and 8.5% in 2003-04. During 2004-2005, Readymade Garment exports were US\$ 5.50 billion, recording a drop of 4.9% as compared to 2003-04. During April-November, 2005 the Readymade Garment exports were US\$ 4.19 billion, recording an increase of 18.9%, as compared to corresponding period of 2004-05.

#### **Cotton Textiles including Handlooms:**

Cotton textiles i.e. Yarn, Fabrics and Made-ups (Mill made / Powerloom/ Handloom) constitute more than 2/3rd of our exports of all fibres/yarns/made-ups. Cotton Textile exports recorded a growth of 9.1% in 2002-03 and 7.1% in 2003-04. During 2004-2005, Cotton Textile exports, including Handlooms, were US\$ 3.28 billion, recording a decline of 8.8% as compared to 2003-04. During April-November, 2005 the cotton textiles exports were to US\$ 2.3 billion, recording a growth of 4.1% as compared to the corresponding period of 2004-05. were US\$ 0.94 billion, showing a decline of 13.4% as compared to 2003-04. During April-November, 2005, the handicrafts exports were US\$ 0.724 billion, recording an increase of 11.7% over the corresponding period of 2004-05. (Source: Ministry of Textiles Annual Report 2005-2006)



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## OUR BUSINESS

### OVERVIEW

We are a multi divisional company engaged in the manufacture of a drum closures, pipes and scaffoldings and fabrics and garments with modern production facilities. Our Group was promoted in the year 1972 for manufacturing of drum closures. With a modest beginning of manufacturing drum closures our Group has slowly moved towards the pipes and scaffolding manufacturing to take advantage of the higher margins offered by this segment.

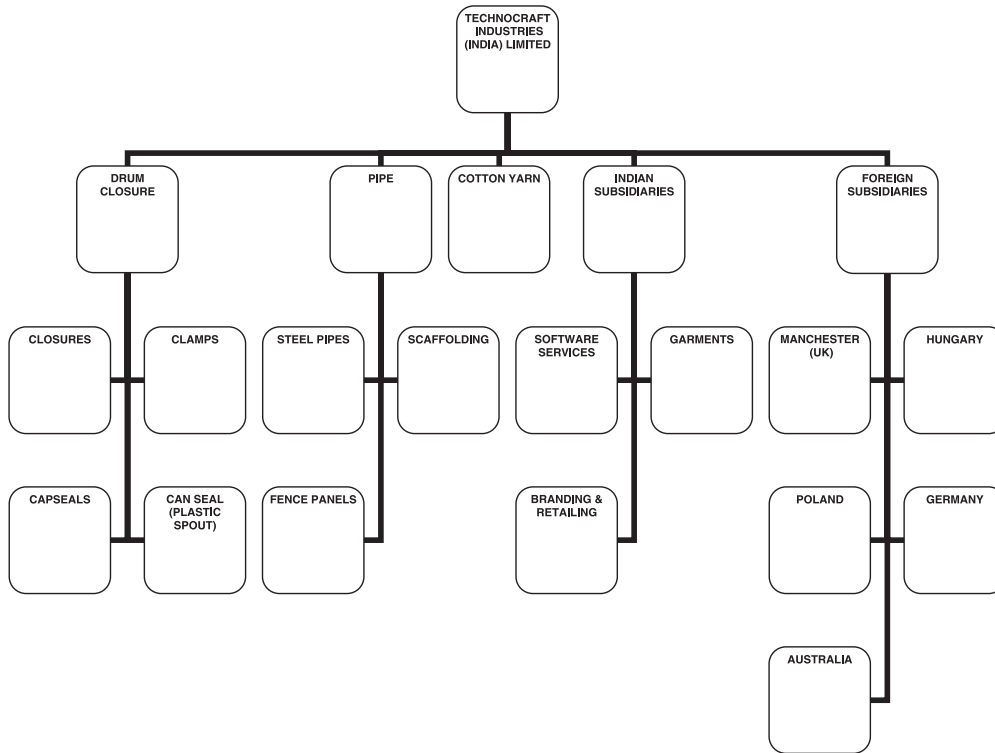
We cater to both the domestic and global trade and have positioned ourselves as a multi product and multi market player ensuring that our target market is a diverse mix of the domestic market and international market (exports). Our manufacturing facilities are based at Murbad, Thane, fully backed by the facilities for product development, research division and efficient sampling infrastructure to provide the quality services to its customers in India and abroad. We currently employ over 900 people.

### COMPETITIVE STRENGTHS OF THE COMPANY

- In house capability to design and manufacture special purpose machines, tools, accessories and development process, thereby resulting in world class manufacturing at low costs.
- High technological base in its manufacturing units, which results in optimum raw material utilization.
- Exports to over 60 countries and covering all the continents (except Antarctica)
- Located close to Mumbai, there is abundant availability of cheap and skilled labour.
- Manufacturing units are located close to Jawaharlal Nehru Port Trust, which results in very low shipping costs.
- The installation of a Power Plant has resulted in lower cost of power.
- Efficient and modern effluent treatment plant with recycling of water.
- Technocraft has its own marketing companies with warehouse and showrooms, thereby resulting in a far wider reach in the international markets.
- Labour Management – In the past 25 years the company, has not had any major Labour Disturbance resulting in any production loss.
- Markets its products worldwide through its subsidiaries in UK, Hungary, Poland, Germany and Australia.

Fully owned subsidiary engaged in developing CAD, CAM and CAE software solutions, the subsidiary company extends high end technology inputs and support for continuous up-gradation and take up challenging new areas in sheet metal, plastics, elastomers and special machine and tools.

**TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**



**(A) DRUM CLOSURES**

**History and Overview**

Technocraft was established in 1972 by two brothers Mr. S.K. Saraf and Mr. S.M. Saraf. The brothers who are IIT Graduates & Technologists, had started with the aim of manufacturing high precision and sophisticated Drum Closures Products.

At that time, there was only one company named “Trisure (India) Ltd. who was making this product in India. They had a virtual monopoly on this product. Initially, it was a very tough resistance from the customers, as they could not trust the quality of the product since it required going through a high precision manufacturing process & perfecting it was not an easy task. But gradually the customers accepted us as an alternate and reliable supplier of Drum Closures. As of today we enjoy excellent reputation in the industry internationally and are known to almost all manufacturers of barrels worldwide.

Until 1976 we focused on the domestic market. India was not recognized as reliable export nation during those days, against all the odds, the company launched a major export drive in 1977. “Technocraft” was recognised as an export house by government of India in 1979. “Technocraft” initially captured the Middle East export market. Gradually we moved to USA and Europe. Since customers in USA and Europe were used to buy Drum Closures just in time from our competitors based in Europe and USA, we established subsidiary companies in Europe and USA and started keeping stock in warehouses situated in USA and Europe. Back in the late seventies we could understand the western mindset and with in house capabilities develop Special Purpose Machines, specialty tools, we were able to build zero defects into Drum Closures. It is for this reason that Technocraft quality is considered legendary in drum industry worldwide and moreover we could maintain our reputation for quality for decades and are still maintaining it. Our competitor Trisure an American based company, at that time in seventies and eighties enjoyed monopoly. This had built entry barriers in this business, particularly in the American market. Against such fearful odds we developed automated press tools for our American customers and made sure that they were as comfortable with our tools as they were with Trisure. Even today we have as many as a dozen installations in the US running our tools and we extend our support and maintenance to them. We developed our own elastomer compounds and chemical lacquer coating facilities to compete one to one with Trisure.





Presently, we are one of the largest manufacturers and exporters of Drum Closures consisting of Flanges and Plugs, various types of gaskets, Epoxy and Phenolic Lacquered finish closures, stainless steel closures, special designed products and over 70 types of Lever Latches for Fibre and Metal Drum Locking Rings.

Today we are one of the largest producer of Drum Closures in the world with a production of about 23 Million sets of Drum Closures annually. We are marketing these Drum Closures to about 60 countries in the world in all the continents except for "Antartica". We are an ISO 9001:2000 certificate company having head office in Mumbai (India) and having a network of Subsidiary companies and Warehouses in Manchester (U.K.), Lodz (Poland) & Budapest (Hungary); Badfriedrichshall, Germany; Australia.

### Products

The various types of products manufactured are: 2" and ¾" Flanges & Plugs, Black Rubber Gaskets, EPDM Gaskets, PE Gasket, PI Gasket, 2" and ¾" Metal Capseals, 2" and ¾" Plastic Capseals, Flange Insertion Dies and tools, special designed closures, stainless steel closures, Epoxy Phenolic and Phenolic Lacquered closures, Phosphated Closures, Tin Plated Closures, Lever Latches (Clamps), Spouts for small Metal and Plastic Drums.

### Infrastructure facilities

Technocraft has its manufacturing facilities based in Murbad, near Kalyan which is located close to Mumbai, thus there is abundant availability of cheap and skilled labour. The place is well connected by eastern express highway. There are presses to punch circles for manufacturing closures and a state of the art in house designed and developed thread rolling machines. There is an inhouse facility for electroplating and state of the art effluent treatment plant. The power supply is provided by the Maharashtra State electricity Board and in addition to the power supply, Technocraft has its own Diesel Based Digiset to provide uninterrupted power supply. Manufacturing facilities have a close proximity to the JNPT port, just 90 kms from their factory. Since Technocraft predominantly exports drum closures and imports raw material namely steel; for manufacturing drum closures its proximity to the port results in huge savings in terms of freight and other logistics costs and also reduced lead time in procurement and distribution.

Raw materials here mainly are Hot Rolled Coils and Cold Rolled Coils. Raw materials are procured after analyzing the economics, either from the domestic market or are imported.

### Plant and Machinery:

The details of major machinery in the Drum Closure division are as follows.

Sr. No.	Particulars	Quantity
<b>Packing Department</b>		
1	Lekage Testing Machine	16
2	Gasketing Machine (Auto)	9
3	Cone Gasketing (Manual)	12
4	Cone Gasketing (Auto)	8
5	Vaccum Pump	1
6	Polythene Bag Sealing Machine	3
7	Height Reduction Machine	2
8	Gasket Dryer	2
9	Dehumidifier Unit	4
10	Bend Straightner	2
<b>Tool Room Department</b>		
1	Surface Grinding M/c	3
2	Tool & Cutter Grinder M/c	2
3	Electric Oven	1
4	HMT Lathe M/c	1

**TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**

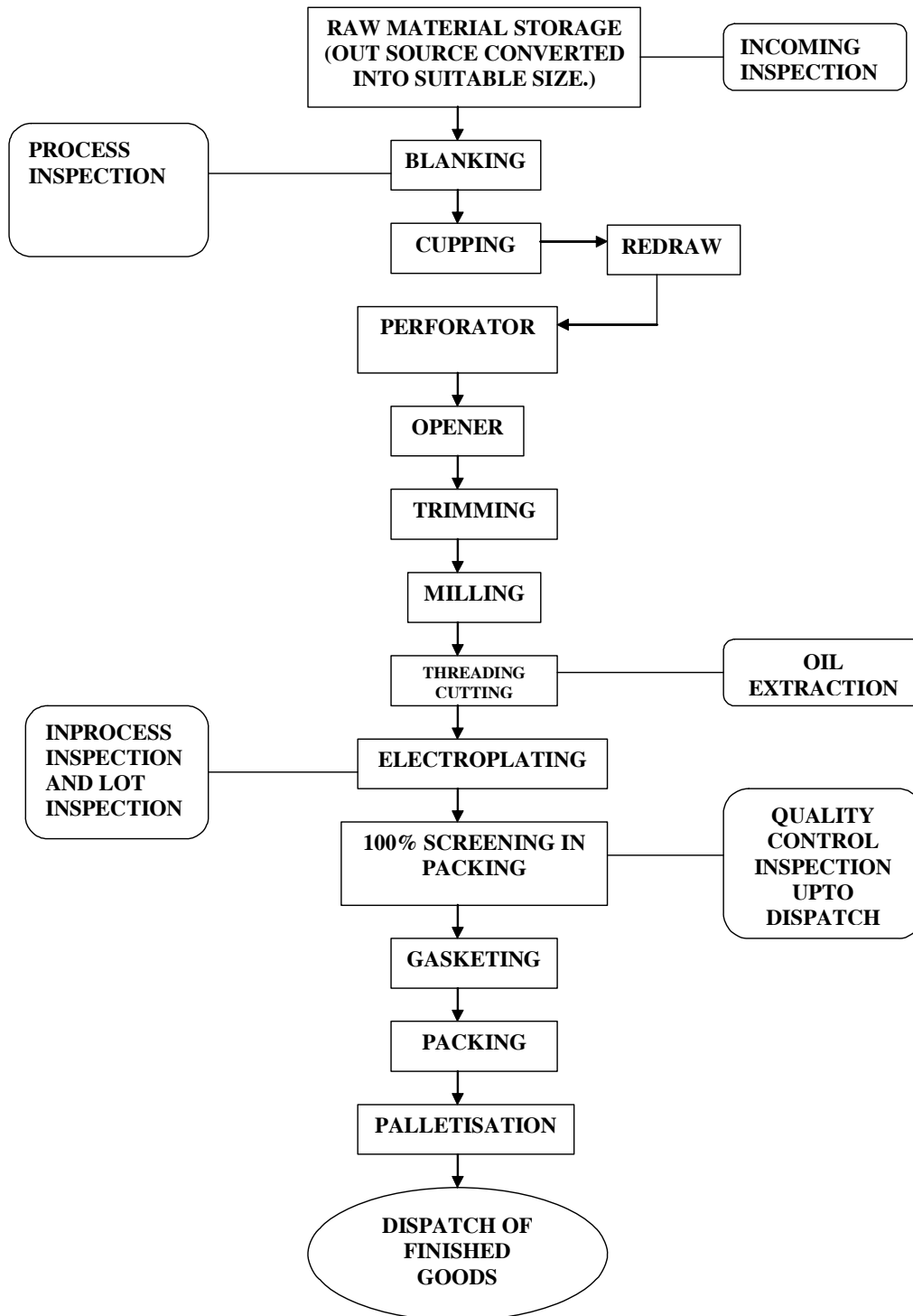
<b>Sr. No.</b>	<b>Particulars</b>	<b>Quantity</b>
5	Psg Lathe M/c	4
6	Drilling (Mafco)	1
7	Thakoor Drilling M/c	2
8	Radial Drilling M/c	1
9	Shaping M/c	2
10	Milling M/c	1
11	Hardness Testing M/c	1
12	Power Hacksaw M/c	1
13	Etching M/c	1
14	Demagreliser	1
	<b>Shop Floor (Production Department)</b>	
1	200 Ton Power Press (2" Flange Line)	2
	Milling M/c	6
	Threading Rolling m/c	7
	Oil Extractor	2
2	Power Press (3/4" Flange Line)	4
	Milling m/c	4
	Flange Thread Rolling M/c	7
	Multi Threading M/c	1
3	Power Press (2" Bung Line)	3
	Bung Thread Rolling	4
	Welding M/c	3
4	Power Press (3/4" Bung Line)	3
	Thread Rolling	3
	Welding M/c	3
5	Leakage Testing for 2 & 3/4 Bung	2
6	Power press for 2" Insert (Blanking and Forming)	4
	Power press for 3/4" Insert (Blanking and Forming)	2
7	500 Ton Power press for circle blanking with Slitting Plant and Sharing	1 unit
8	90 Ton Press	1
9	<b>At C2/1 Plant</b>	
	Power Press	3
10	Nipple Threading M/c	5
11	Compressor	5 Unit
12	<b>Planting Plant unit</b>	
	Auto Plating plant	1 Unit
	Manual (18 Barrels)	1 Unit

The details of the plant and machinery proposed to be purchased have been mentioned under the section Objects of the Issue" on page 24 of this Red Herring Prospectus.



Process Flow:

### FLANGE (CONVENTIONAL)



## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

### CAPACITY UTILIZATION:

The installed and utilized capacity for the year 2004, 2005 and 2006 is given as under:

Year	2006			2005			2004		
Class of Goods	Installed & Licenced Capacity	Actual Utilisation		Installed & Licenced Capacity	Actual Utilisation		Installed & Licenced Capacity	Actual Utilisation	
Flanges & Bungs (Unit - Pieces in Lacs)	1000	889.26	88.93%	1000	976.75	97.68%	600	710.25	118.38%
Clamps (Unit - Pieces in Lacs)	200	193.09	96.55%	40	32.77	81.93%	25	29.98	119.92%

Projected Capacity and Capacity Utilisation for the next 3 years

Year	2007			2008			2009		
Class of Goods	Installed & Licenced Capacity	Actual Utilisation		Installed & Licenced Capacity	Actual Utilisation		Installed & Licenced Capacity	Actual Utilisation	
Flanges & Bungs (Unit - Pieces in Lacs)	1000	1000	100%	1000	1000	100%	1360	1169.60	86%
Clamps (Unit - Pieces in Lacs)	200	200	100%	*215	207.50	100%	230	219.30	95%

\* 15 Lac Clamp Capacity will be added on 01/10/2007

### QUALITY CONTROL:

All the Major Drum consumers have over the years approved the Drum Closures manufactured by Technocraft. Since majority of the production is for exports, we have to conform with the stringent quality standards.

Being an ISO 9001:2000 certificate company, Technocraft has a strict quality control regime. It starts right from the stage of raw material specification and selection of vendors and goes through every stage of production right up to packing and dispatches. In addition to such quality measures it also maintains proper documentation for quality control and traceability.

Competitor Information:

In India other than Technocraft there are mainly three other companies who make Drum Closures. These are:

- i. **Balmer Lawrie Vanleer Ltd. (BLVL)** – It was formerly known as “Trisure India Ltd.” They produce about 13 million closures per year.
- ii. **Proseal Closures Pvt. Ltd.:** This is a subsidiary company of BLVL.
- iii. **Nav Bharat Engineering Pvt. Ltd**

There is no significant Indian competition for Lever Latches. Internationally the following are the main competitors.

- a. **Greif:** They have 3 plants to produce closures in Netherlands, Brazil and India. Their Indian Plant is known as BLVL. They consume substantial quantity of their closure production in house for captive consumption for making Drums as they are the largest producer of steel drums worldwide.
- b. **Rieke - USA:** They have closure plants in USA and Italy. Technocraft competes with them mainly in USA for closures. This company also produces Lever Latches in their Italy Plant. They are our competitors in European markets for Lever Latches.
- c. **Rex – China:** They also produce steel drums in Asia.
- d. **Enomoto:** They are small producers mainly focused in Japan and Indonesia as they manufacture closures in these two countries.



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## **(B) PIPES AND SCAFFOLDING**

### **History and Overview:**

At the initial stages the group's strengths were in manufacturing of Drum closures. With this back ground the company acquired a sick unit "Maharashtra Tubes Ltd" from SICOM. The initial production in the early years post acquisition was 500 metric ton per month and Technocraft was one of the first company in the country to export 100% of its tube production and that too in the quality conscious market of western Europe. It opened an office in United Kingdom (UK) so as to tap into the European market. This was the turning point in its expansion program. Due to the overwhelming demand from the European market the Company's logistics were tested to the brim and then subsequently to meet the ever increasing demand it started stocking products in warehouses and to be more cost effective it acquired its own warehouse and opened its own office in U.K.

As the demand of the European market continued to rise, so to cater to the growing needs it started its 2<sup>nd</sup> European office in Hungary and subsequently the 3<sup>rd</sup> in Poland all with warehousing & administrative facilities. Currently most of the products right from drum closures, pipe, scaffolding, 100% cotton yarn, t-shirts, soft ware are all routed through the U.K office to Europe. The Company is one of leading tube and scaffolding supplier to European market.

### **Product**

Welded steel tubes and scaffolding also forms part of the diversified product portfolio of Technocraft. With the help of modern semi-automated mill the group manufactures tubes confirming international standards like BS1387 and BS1139 (British Standards). The pipe mill has a well-equipped fabrication shop which produces various components from tubes for scaffolding and general engineering industry. It also has a well equipped laboratory capable of doing all the testing required by the standard specification. The steel tube division of the group manufactures as per the Indian Standard Institution, American Standard, Germany Standard and British Standard.

### **Pipe Division**

It is currently producing about 3500 MT per month of hot dip galvanized ERW steel tubes from ½" to 3" size. Technocraft manufactures electric resistant welded (ERW) black & galvanized steel tubes from ½" to 3" diameter. These tubes are used extensively in irrigation, construction and transportation of gas, water, chemicals etc.

The company holds ISO 9002 Certification.

We manufacture the following variants of Pipes:

Black pipe, Galvanize pipe, Painted pipe, Black threaded pipe, Galvanize threaded pipe, Black screwed and Socketed pipe, Galvanize screwed and Socketed pipe and Nipples.

### **Scaffolding System**

Technocraft Scaffolding System has been designed keeping in mind the ease of erection, health, and safety regulations and without any loose fittings or hardware. Technocraft also produces Scaffolding Systems used in building construction. They need practically no maintenance. The system is produced under a strict quality assured manufacturing facility having captive steel tube production. Technocraft tubes are specifically designed for the Scaffolding industry. Technocraft Scaffolding System is available in various finishes like painted, galvanised, etc and can also be supplied in any specific coatings required by customers. Minor modifications in design can be carried out depending on specific need and application of customer. This system is compatible to other similar type of systems available. Each component of Technocraft Scaffolding System is thoroughly tested and examined at every stage of production; quality control begins right from sourcing of raw material stage itself. There is most modern research and development in house facility for continuous up-gradation of all its products. We have introduced T Stage Scaffolding which is a very unique concept in the industry.

It is a modular system scaffold with wedge fixing for all access scaffold requirements. The wedge fixing of the ledgers and transoms gives a simple and fast means of erecting access scaffolding without loose parts.

We also manufacture different type of scaffolding components as under:

Standard, ledger, transom, braces, base jack, props, tie bars, toe board bracket, end board bracket, stage board bracket, return transom, frames, fixed coupler, swivel coupler, putlog and any type of fabrication as per customer drawing.

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

In addition to our existing products we have recently started manufacturing of Propes, Cuplocks, Tubelocks and Ring Scaffoldings.

Technocraft has an important advantage over other players in the scaffolding industry, since they are also the producers of steel tubes unlike most other scaffolding manufacturers. This gives a competitive edge in manufacturing cost.

The labour intensive welding processes are being automated using inhouse capabilities of designing and building special purpose machines. This will not only cut labour costs but also cost of consumables such as CO2 gas and mig wire for welding.

### Infrastructure facilities

Technocraft has its manufacturing facilities based in Murbad, near Kalyan which is located close to Mumbai. There is abundant availability of cheap and skilled labour. The place is well connected by the eastern express highway. Here we have 2 tube mills with annual capacity of 55000 Metric Tonnes. They have a state of the art galvanizing plant and external cutting machines for offline cutting. There are straitening and bending machines. There is a full rubber division where gaskets are manufactured. For scaffolding they have automatic welding machines for welding scaffolding components onto pipes. This makes production of scaffolding cost effective. There is a unique sand blasting machine which is done prior to the painting of scaffolding tubes and accessories. This helps in quick painting and also reduces paint consumption. There is also a drying oven where painted product is then dried as against the common practice of natural drying which again helps in reducing lead time in manufacturing finished product and shipping it. There is a captive design and tool room for manufacturing die required for scaffolding and rolls for tube mill. They also have a state of the art effluent treatment plant. The power supply is provided by the Maharashtra State electricity Board and Technocraft also has its own Diesel Based Digiset to provide uninterrupted power supply. Manufacturing facilities have a close proximity to the JNPT port, just 90 kms from their factory. Since Technocraft predominantly exports pipes and scaffoldings and imports raw material namely Hot Rolled Coils; for manufacturing pipes and scaffoldings its proximity to the port results in huge savings in terms of freight and other logistics costs and also reduced lead time in procurement and distribution. Raw materials here mainly are Hot Rolled Coils which are procured after analyzing the economics either from the domestic market or imported. HR coils are mainly imported from Ukraine and from the domestic market are procured from companies like Ispat Industries, Llyod Steel etc.

### Plant and Machinery:

The details of major machinery in the Pipe division are as follows:

Sr. No.	Particulars	Quantity
<b>A</b>	<b>UTILITIES</b>	
1	Hydraulic pallet truck	1 No.
2	Elgi compressor heat exch.	1 No.
3	ARC Welding Machine	6 Set
4	Compressor sr-20-16-180	1 Set
5	Compressor EL-54215	1 No.
6	I.R.Compressor 11x7 ESV-1	1 No.
7	C.P.Tool compressor	1 No.
8	Weigh bridge	1 No.
9	Weight scale	1 No.
10	Mahajani scale	1 Set
11	CTPT	1 No.
12	Power Transformer	1 No.
13	DG Sets	3 Nos.
14	Forklift	3 Nos.
15	HT( SF6) Circuit Breaker	1 No.
16	LT air Circuit Breaker	4 Nos.
17	Cooling Tower	5 Nos.



Sr. No.	Particulars	Quantity
<b>B</b>	<b>QUALITY</b>	
1	Hardness test Machine	1 No
2	Universal Testing Machine	1 No
<b>C</b>	<b>E.T.P</b>	
1	Filter Press	1 Set
2	Filter Press	3 Set
3	PH Compression System	1 Set
4	High Flow Prograssive Pump	4 Set
<b>D</b>	<b>THREADING</b>	
1	Bandsaw Machine	1 No.
2	Die Head for Threading m/c.	1 No.
3	Acculube Lubrication System	1 No.
4	Bandsaw Machine	1 No.
5	E.O.T.Crane S-Crane	1 No.
6	Threading Machine	3 Nos.
7	Coldsaw Machine	1 No.
9	E.O.T. Crane	3 Nos.
10	Pipe to Pipe Welding Machine	1 No
11	Spot Welding Machine	3 No
12	Auto Threading Machine	2 Nos
13	Coldsaw Machine	1 No
14	EOT Crane	2 No
<b>E</b>	<b>TOOL ROOM</b>	
1	Lathe Machine	7 Nos
2	Power Hacksaw Machine	1 No
3	Shaping Machine	1 No
4	Shaping Machine	1 No.
5	Port Grinder	1 No.
6	Surface Grinder	1 No.
7	Grinder Machine	2 Nos
8	Cutter Grinding CNC M/c	1 No
9	Miling Machine	1 No
10	Drilling Machine	1 No
11	CNC Lathe Machine	1 No
<b>G</b>	<b>GALVANIZING</b>	
1	Coal Fired Boiler	2 Nos
2	Softner Doser	1 No.
3	Quenching Tank	3 No.
4	Pickling Line	1 Set
5	Storage Tank for HCL	7 Nos
6	Furnace Blower	2 Nos
7	Cyclone Blower	1 No.

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<b>Sr. No.</b>	<b>Particulars</b>	<b>Quantity</b>
8	Zinc Tank	1 No.
9	Dryer	1 No.
10	EOT Crane	1 No.
11	Furnace Zinc Melting Tank	1 No.
12	Scrubber	1 Set
13	Oven	1 No.
14	Dipping Hoist	2 Nos
15	EOT Crane	1 No.
<b>H</b>	<b>SIZING</b>	
1	Pressure Roll	2 Set
2	Working Roll	2 Set
3	Work Rolls	4 Set
4	Work Rolls	2 Set
5	Working Roll	2 Set
<b>I</b>	<b>TUBE MILL</b>	
1	Tube Straightning Machine	1 Set
2	Tube Straightning Machine	1 Set
3	DC Electric Motor	3 Set
4	DC Electric Motor	3 Set
5	Oscillating Valve	1 Set
6	N.D.T. with Auto Control	1 Set
7	Entery Line	2 Set
8	Butt Welder	1 Set
9	Pinch Roll	2 Set
10	Cage	1 Set
11	H.F.Welder 200 kw	2 Set
12	Cutting Car with Auto Control	2 Set
13	End Faching Machine (Manual )	2 Set
14	Hydrotesting Machine	2 Set
15	EOT Crane	2 Nos
16	Tube Mill and other Equipments	2 No
17	End Faching Machine (Auto )	2 Set
<b>J</b>	<b>SCAFFOLDING</b>	
1	Mig Welding Machine	4 Set
2	Mig Welding Machine	96 Set
3	Shot Blasting Machine	1 No
4	EOT Crane	5 Nos
5	Painting Oven with Auto Control	1 No
6	Painting Gun	15 Nos
7	Fixtures	Lot
8	V' Tacking Fixture	2 Nos.
9	Drilling Fixture for Standard	2 Nos.
10	Standard Full Welding Fixture	15 Nos.





<b>Sr. No.</b>	<b>Particulars</b>	<b>Quantity</b>
11	Tronsom Tacking Fixture	2 Nos.
12	Ladger Tacking Fixture	1 Nos.
13	Lock Tacking Fixture	2 Nos.
14	Lock Full Welding Machine	2 Nos.
15	One Board Backing Fixture	1 No.
16	Two Board Backing Fixture	2 Nos.
17	Three Board Fixture	2 Nos.
18	Retorn Tronsom	1 No.
19	Toe Board Bracked	1 No.
20	Toe Board	1 No.
21	Tie Bar Fixture	1 No.
22	Dies	Lot
23	Big 'U' Blanking Die	1 Nos.
24	Big 'U' Bending Die	1 No.
25	V' Pressing Die	1 No.
26	C' Pressing Blanking Die	1 No.
27	C' Pressing Flattening Die	1 No.
28	Toe Board Slot Cutting Die	1 No.
29	Toe Board Bending Die	1 No.
30	Ledger Slot Cutting Die	2 Nos.
31	Wedge Drilling Die	1 No.
32	Brace Flattening Die	1 No.
33	Brace Hole Punching Die	1 No.
34	T Section Hole Punching Die	1 No.
35	Pipe Punching Die	3 Nos.
36	Two Board Profile Cutting Die	2 Nos.
37	Shearing Die	1 No.
38	Angle Hole Punching Die	1 No.
39	Rod Cutting Die	1 No.
40	Rod Bending Die	1 No.
41	Pipe Tapper Shearing Die	1 No.
42	Cross Brace Punching Die	1 No.
43	Cross Brace Flattening Die	1 No.
44	Dimple Expansion Die	1 No.
45	Spigot Pressing Die	1 No.
46	Small U Blanking Die	1 No.
47	Thread Rolling Machine	3 Nos.
48	Automatic Ledger Welding M/c	2 Nos.
49	Automatic Cuplock Weld. M/c	2 No
50	Automatic Cuplock Std. Full Weld. M/c	1 No.
51	Automatic Std. Welding M/c	2 No.
52	Automatic Cutting M/c Coldsaw	1 Nos.
53	Manual Cutting M/c Coldsaw	2 Nos.
54	Hoist	4 Nos.

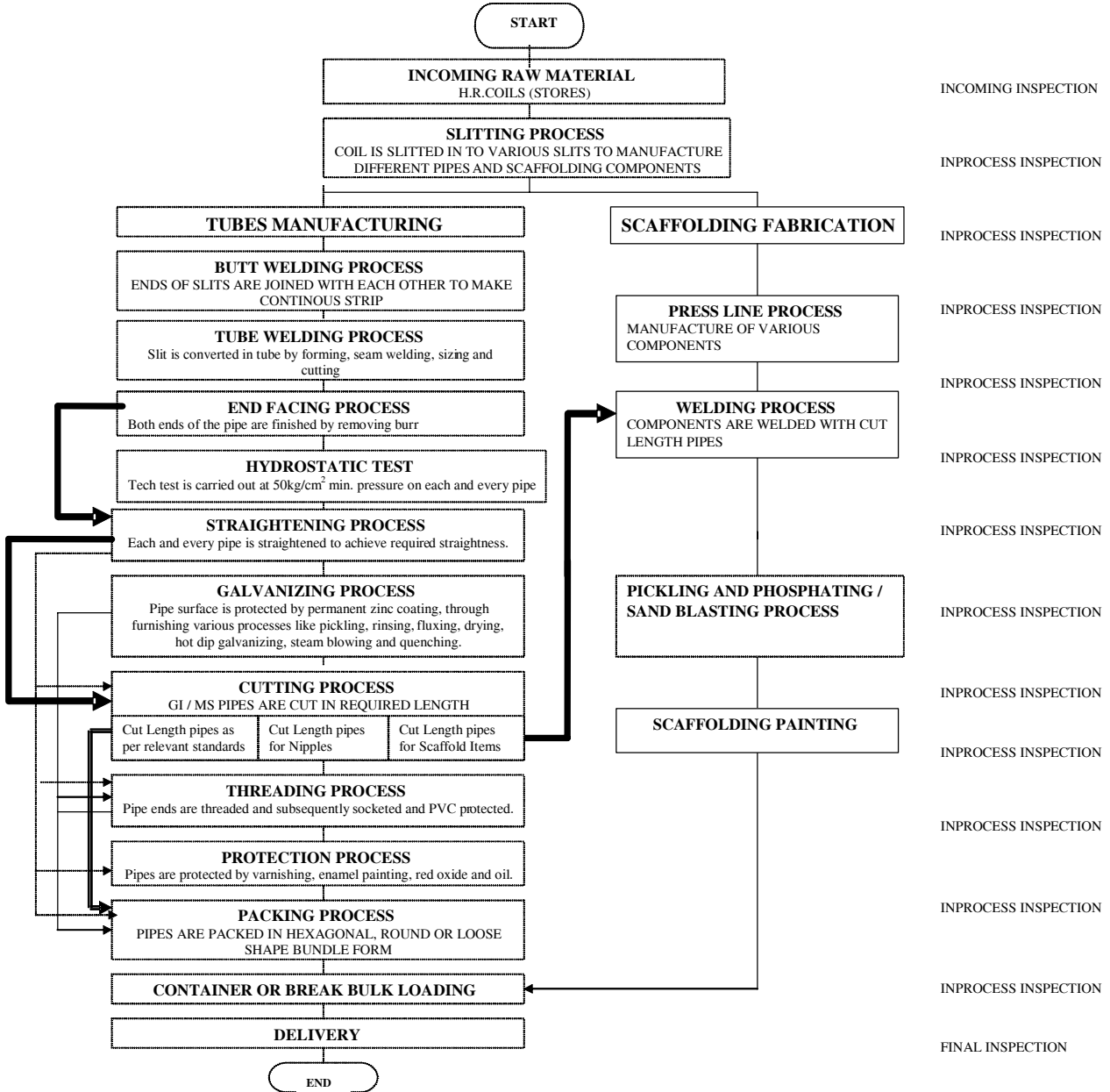
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<b>Sr. No.</b>	<b>Particulars</b>	<b>Quantity</b>
55	Drilling Machine	5 Nos.
56	Power Presses (25 to 160 ton)	26 Nos.
57	Shearing Machine	1 No
58	Cuplock Tag welding Machine	1 No
59	Auto Rod welding Machine	1 No
60	Auto Prop welding Machine	4 No
61	Surface Grinder	3 Nos.
62	Milling Machine	1 No
63	Levelers	7 Nos.
64	Crane	2 Nos.
<b>K</b>	<b>RUBBER</b>	
1	Injection Moulding Machine	6 Nos
2	Vulcaniser	2 Nos
3	Gasket Cutting Machine	12 Nos
4	Oven with Control Pannel	2 Nos
5	Oil Fired Boiler	2 Nos
6	Crane Overhead	1 No.
7	Electric Weightment	1 No.
8	Overhead Cranes	1 No.
9	Mixing Mill	2 Nos
10	Power Press with Grip Feeder	1 No.
11	Hoist	2 Nos
12	Rubber Pipe Grinding Machine	3 Nos
13	Oven	1 No.
14	Cold Feed Extruder	2 No.

The details of the plant and machinery proposed to be purchased have been mentioned under the section Objects of the Issue” on page 24 of this Red Herring Prospectus.



(TUBES MANUFACTURING)



## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

### CAPACITY UTILIZATION:

The installed and utilized capacity for the year 2004, 2005 and 2006 is given as under:

Year	2006			2005			2004		
Class of Goods	Installed & Licenced Capacity	Actual Utilisation		Installed & Licenced Capacity	Actual Utilisation		Installed & Licenced Capacity	Actual Utilisation	
Steel Pipes (Unit - Metric Tonne)	43,000	23,577	54.83%	43,000	29,057.39	67.58%	33,000	29,545.25	89.53%
Scaffolding (Unit - Metric Tonne)	12,000	10,192	84.93%	12,000	8,319.38	69.33%	12,000	3,898.83	32.49%
Total	55,000	33,769	61.40%	55,000	37,376.77	67.96%	45,000	33,444.08	74.32%

### Projected Capacity and Capacity Utilisation for the next 3 years

Steel Pipes (Unit - Metric Tonne)	40,000	23,000	57.50%	31,000	24,800	80.00%	31,000	24,800	80.00%
Scaffolding (Unit - Metric Tonne)	15,000	13,500	90.00%	24,000	18,000	75.00%	24,000	19,200	80.00%
Total	55,000	36,500	66.36%	55,000	42,800	77.82%	55,000	44,000	80.00%

### Quality control:

Technocraft Industries (India) Ltd (Tube Division) is an ISO 9002 certified company. It is having its own in house quality control with highly qualified technician and supervisor.

We maintain high quality levels for the products we manufacture in case of any deviation from the required quality standards, the non - confirming product is immediately quarantined so that it is not brought in use or delivered to customer. There is a documented procedure, as how to deal with the non conforming product. Non conforming product is depending upon the nature of non conformity or its extend correction or its disposal as rejects or by the concerned manager. Quality management periodically summarizes the report and based on the finding, preventive action is decided by quality committee. In any case when such product is accepted quality assurance manager has to ensure that product demonstrate its conformity for basic requirement. Whenever customer finds that the product is non conforming to his requirement, the required correction are taken to the processes and products already ready for delivery is also hold up and called back for rectification. Improved samples of the product are sent to customer for his trial and confirming the results expected.

### Competitors Information

There is external competition from China both in Tube front and for Scaffolding, Thailand, Korea, Indonesia and tube mills from Dubai and Oman.

The internal competition (Indian companies) such as Zenith, Sarabati pipes, Bihar Tubes Ltd., British Scaffolding, Turbo, Advance Scaffolding Ltd.

### Future outlook

As construction industries in India and overseas is blooming, future seems to be bright for pipe and construction industries provided government policy in connection with Exim policy and price of steel coil should be controlled effectively to minimize adverse impact. Overall export to local sales ratio is more focused on Exports. 5% of products are meant for local and 95% for export. However this trend will widen in the coming year due to rapid urbanization of rural India.

### (C) COTTON YARN

The cotton yarn Division of Technocraft is into Manufacturing & Exporting of 100% Cotton Ring Spun Yarn. The plant is equipped with Production capacity of 1000 kg/hr & On 36,000 Spindles in count range. From NE 20 to NE 40, Carded & Combed variety of cotton yarn is produced. The spinning mill is equipped with world class Swiss, Japanese and other equipment It's Cotton Yarn unit is a certified 100% Export oriented unit. Located just 90 kms from Mumbai and only 50 kms from the Port. The



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cotton yarn division employs highly trained technical experts in all aspects of yarn spinning. It also has a Captive power generation plant to cater to its power requirements.

### **Cost Dynamics**

The fundamental of costing in Spinning is raw-cotton which consist major portion of cost factor in yarn spinning. After that is Power, Fuel, Spares, Wages, Overheads, Repairs and maintenance, interest on capital investment.

### **Distribution**

Production is done on Order basis. The distribution & marketing thus is mainly through local agents for domestic market & overseas agents for overseas market who procure firm orders for the company. Distribution is also done through overseas subsidiary companies and depots. There are many local depots also for distribution in local market.

### **Govt. Policies:**

The government has been very active with regard to framing policies for the Cotton Yarn Industry. DEPB / Drawback which had been a good incentive for export industry, is reduced substantially and the Government plans to phase it out in coming months. Also, due to the recent introduction of tax on income made from export incentives like DEPB, exporters are fiercely protesting against such policy as this is only sole means of survival for many exporters due to fierce competition in International market. The Govt. has decided to review the DEPB policy & look into the demands put forth by the Exporters. Also, the cotton monopoly scheme controlled by "The Maharashtra State Co-Operative Cotton Growers Marketing Federation Ltd" hinders with the free cotton trade in Maharashtra. On the other hand the financial schemes like TUF (Technology Up gradation Scheme), which provides finance for technological up gradation and expansion at concession rates has been of immense help to the industry.

### **Infrastructure facilities**

Technocraft has its manufacturing facilities based in Murbad, near Kalyan which is located close to Mumbai, thus there is abundant availability of cheap and skilled labour. The place is well connected by eastern express highway. Manufacturing facility has a close proximity to the JNPT port, just 90 kms from their factory. Regarding plant and machinery Technocraft's Yarn Division has a state of the art Swiss machinery of 35,904 spindles. Infrastructure is available for stocking cotton for more than 6 months, in order to acquire best quality cotton at optimum prices. They have a captive power plant which is fired by furnace oil, this helps is avoiding frequent power cuts and increased productivity. They have a state of the art laboratory equipped with HVI (High Volume Instrument) and CLASSIMAT from Uster Zellwegger to test critical cotton and yarn components. A foreign particle detector is available to remove contamination and for producing superior quality yarn. Electronic yarn clearers are there to remove faults and imperfections in yarn. There is a fully automatic humidification plant to control temperature and relative humidity at different levels in each process for optimum spinning condition. Cotton which is the main raw material is procured from various domestic cotton producing centres and are also imported from countries like US, Australia, Greece after thorough evaluation on economical viability.

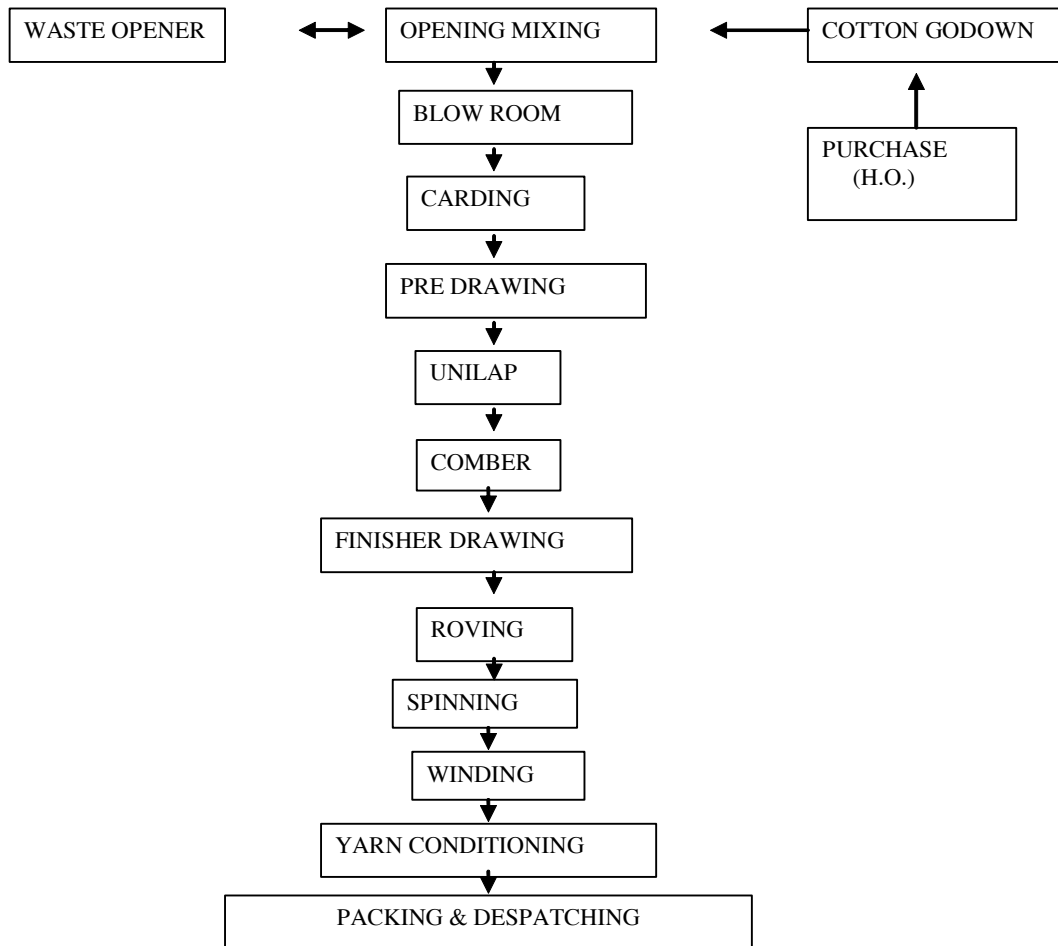
## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

### Plant and Machinery:

The details of major machinery in the Yarn division are as follows:

Sr. No.	Particulars	Make	Quantity
1	Bale Opener	Diraxen	1
2	Blow Room (Equipped with Contamination Remover from Vetal Scan, India)	Reiter - Uniloc A10 reiter – Unifloc A10 Waste Opener B2/5 Uniclean B10 Unimix B7 / 3r Fine Cleaner B50r (From Switzerland)	1 1 1 1 1
3	Carding - (Both with Autolevellers)	Reiter C50) From Switzerland Reiter C51)	12 8
4	Unilap	Reiter E5 / 3 - Switzerland	3
5	Combers	Reiter E60 - Switzerland Reiter E61 – Switzerland	10 4
6	Draw Frames	Reiter Sb2 (Pre Combing) Reiter Rsb1 (Post Combing) (Both With Autolevellers) From Switzerland	4 8
7	Speed Frames	Lakshmi Reiter Lf 1400a – India	10
8	Ring Frames	Lakshmi Reiter Lr G5 / 1 – India	36
9	Autoconers (Equipped with Automatic Contamination Removing Device) “Loepfe Tarn Master 9001 SIRO Clearers” and Autodoffing	Murata 7 –V Mech–Coner,Japan	12
10	Power Plant	Caterpillar, U.S.A , Wartsila (Finland)	1
11	Yarn Conditioning with Steam Setting	Xorella, Swetzerland	1
12	Humidification	Luwa, Switzerland	1
13	Testing Equipment	Hvi–900, Ut–4, Utr-3, Classimat III Uster Autosorter Etc From Zellweger Uster,Switzerland.	1 Each
14	Total No. of Spindles		35904

The details of the plant and machinery proposed to be purchased have been mentioned under the section Objects of the Issue” on page 24 of this Red Herring Prospectus.



#### CAPACITY UTILIZATION:

The installed and utilized capacity for the year 2004, 2005 and 2006 is given as under:

Year	2006		2005		2004	
	Installed & Licenced Capacity (in Spindles)	Actual Utilisation (in MT)	Installed & Licenced Capacity (in Spindles)	Actual Utilisation (in MT)	Installed & Licenced Capacity (in Spindles)	Actual Utilisation (in MT)
Cotton Yarn	35,904	6,307.75	*35,904	5,526.24	33,264	6,246.05

\* 2640 Spindles are installed on 31/03/2005

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

### Projected Capacity and Capacity Utilisation for the next 3 years

Year	2007		2008		2009	
Class of Goods	Installed & Licenced Capacity (in Spindles)	Actual Utilisation (in MT)	Installed & Licenced Capacity (in Spindles)	Actual Utilisation (in MT)	Installed & Licenced Capacity (in Spindles)	Actual Utilisation (in MT)
Cotton Yarn	35,904	6,566.29	61,104	10,213.69	61,104	11,535.46

### Our Strategy

Our corporate vision is to be recognized as a leading engineering group pioneering the latest innovations in drum closure technology and also be amongst the top manufacturers of steel scaffolding in the world thereby increasing shareholder value. On the textiles front, Technocraft envisions to be one of the leading cotton yarn producers in India and one of the largest fully integrated textile producers in the country. The following are our strategies to achieve this vision:

#### 1. Continued and increased focus on drum closures and scaffolding

Drum Closures has been core strength of our Company. Although over the years we have diversified to pipes manufacturing and scaffolding and garment manufacturing business, our strength of producing different variety of closures gives us an advantage over other manufacturers. Our strategy is to continuously improvise our strength in drum closure manufacturing. We are also exporting scaffoldings which are generating higher margins than pipes manufacturing.

The expansion in the yarn division will further add to the topline and the bottom line of the company and with the textile sector in India showing positive signs, this division is also going to prove a major profit centre along with other divisions.

#### 2. Further widening of our customer base

We intend to continue to grow our business by adding new customers in existing and new geographies. We aim to do this by effectively leveraging our marketing skills and relationships and further enhancing customer satisfaction. We have a well established network of subsidiaries in UK, Hungary, Poland and Germany. We also have a network of overseas agents. This network has in the past proven to be an edge for us and we further will strengthen this network and continue leveraging on the same to increase the customer base in overseas market.

#### 3. Adding to our manufacturing facilities

Over a period of time we intend to add to our manufacturing capability both in terms of location as well as production capacities. We also aim to achieve higher production efficiency through labour productivity enhancement measures and modernization of equipments. From time to time through constant innovation and never ending search for excellence, we have developed state of the art manufacturing processes for our drum closure division, which has the highest yield in the industry. In the pipe division too, we have a self designed and developed processes which give us higher yield. We further will continue our strive to improve efficiency and productivity by constant innovation and upgradation of our facilities.

#### 4. Expansion of overseas offices and subsidiaries

Over a period of time we intend to open more such overseas offices. Our strategy is to give our overseas buyers a comfort of dealing with a company having reach in their respective territory.

#### 5. Reduction of operational costs

Our strategy is to continue to remain a cost competitive company. Our focus has been to reduce the operational costs to increase our competitiveness. We intend to achieve reduction in operational costs through adoption of modern technologies and increased scale of operations.

#### 6. Adding of new products in our garmenting division

Presently we are mainly into the development and manufacture of yarns and through its subsidiary into mens T-





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Shirts. While we intend to continue to be focused on our core strength, our strategy is to add ladies tops and bottoms, kids wear and men & women bottoms so as to have adequate diversification in our garmenting business.. We have already launched “Haute Chilli” brand which is owned through our subsidiary. This will prove to a strategic distribution network of our garmenting division. Haute Chilli stores are already present in Mumbai, Ahmedabad, Surat and Nashik, new stores are going to be launched soon in other major cities.

## **7. Commitment towards Corporate Social Responsibility and Employee Development**

We intend to contribute significantly towards our corporate social responsibilities. We intend to develop the capabilities of our employees through an objective and open performance management system, by recognising and rewarding employee performance. We intend to provide better and more comprehensive training to our employees at various stages in their careers to familiarize them with technological advances in textile industry. We believe that our continuing initiatives will further enhance the capabilities and productivity of our employees.

### **Our Marketing and Selling Strategy**

We have positioned our Company in a reasonably strong position in all the business segments in which we operate due to our quality, consistency, and pricing and delivery schedules. Our customer profile includes leading manufacturers of drums in India and overseas markets, domestic garment manufacturers, traders and retailers. In addition, we have developed a strong network of subsidiaries that sell our products to various companies located in their region thereby ensuring greater penetration of markets. Thus our main marketing channel and through our foreign subsidiaries and network of overseas agents.

### **Our Distribution Channels**

For Drum Closures, pipes and Scaffolding and that for cotton yarn, we use the Direct Selling methods and overseas agents, along with our Subsidiaries as distribution channels for marketing our products. In Addition to our brand outlets of “Haute Chilli” has already presence in cities like Mumbai, Surat, Ahmedabad and Nashik.

### **Use of Information Technology**

We are a technology-oriented organization and use information systems extensively across our operations, to enable us to optimally benefit from our systems and processes. Most of our critical functions such as operations, supply chain, finance and accounts and human resources are linked through a computer network. This has enabled us to reduce our time in various critical areas. This has also helped us reduce our costs of operations, reduction in wastages, and enhanced overall cost efficiency.

We intend to continue to invest in IT systems to upgrade the same to be able to better serve our requirements and enhance our operational efficiencies. For our proposed new unit, we intend to implement Oracle based ERP from the beginning and replicate the same to our other units and finally integrate the systems in such a way that we have a common platform for information processing and control of operations.

### **Research and Development and Design Development**

We undertake continuous research and development activities with an objective to reduce operational costs and improve the efficiency of our plants.

New design development and sampling is an important feature of our business and we accord importance since these are highly effective tools to convert business enquiries into orders.

### **Quality Control Measures**

We have internalized quality control management systems and quality improvement systems in all our plants. We have quality audit teams reviewing all aspect of quality assurance at all our units. Apart from that a dedicated in-house management team overlooks the implementation and adherence to quality control policies across all the company's establishments. The corporate management takes active interest and reviews use of IT enabled platforms, which help in monitoring the same. Our quality policy across all divisions remains the same and is stated below

“At Technocraft Industries, we believe in Quality as much as we talk about it. Our objective is to deliver the highest possible quality products and solutions that meet or exceed our customer expectations. Quality, to us, is not a mere business pulling strategy but a standard to be practiced by everyone in the organizational hierarchy. Our Quality Management Systems are

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

based on the best of industry standard quality guidelines. Moreover the quality management concept evolves from an extensive & rich business experience and the organization's strategy. Its implementation is effectively managed through a comprehensive, practical and well-designed process. Constant review and audit of this system ensures its applicability and use throughout the organization. We also ensure that our employees are educated and motivated to incorporate the quality processes into their every day activities, thereby preventing non-conformance to quality at every level. Adherence to Quality at every stage is our recipe to success “

### EXPORT OBLIGATIONS

The Company's export obligation as on November 07, 2006 is Rs. 3,788.37 lakhs to be accomplished upto July 10, 2014.

Sr. No.	License No.	License Date	Export Obligation (FOB)	Obligation Period	Export Obligation fulfilled (Rs. in Lakhs)	Balance Export Obligation (Rs. in Lakhs) (FOB)	Value of machinery imported (CIF Rs.)
1.	0310396882	28.08.06	368,891,250.00	28.08.2008	Nil	368,891,250.00	320,775,000
2.	0330011498	28.03.05	4,080,995.68	28.03.2013	Nil	4,080,995.68	1,607,400
3.	0330012500	10.07.06	5,864,816.00	10.07.2014	Nil	5,864,816.00	2,310,000
<b>Total</b>			<b>378,837,061.68</b>		<b>378,837,061.68</b>		<b>324,692,400</b>

The percentage break-up of sales made to each country of Export as on 30<sup>th</sup> September 2006 is stated as here-under.

Country	% of Total Export Sales	Country	% of Total Export Sales
Africa	0.11%	Korea	1.11%
Algeria	0.03%	Ksa	0.23%
Argentina	0.13%	Kuwait	0.59%
Australia	1.65%	Malaysia	1.17%
Belgium	0.77%	Mali	0.60%
Brazil	5.95%	Netherland	2.94%
Chile	0.75%	New Zealand	0.36%
China	1.12%	Norway	0.31%
Colombia	0.59%	Philippines	0.01%
Cuba	0.19%	Poland	12.18%
Czech Republic	0.14%	Saudi Arabia	0.66%
Denmark	0.25%	Singapore	2.35%
Egypt	0.05%	South Africa	0.39%
France	1.17%	Spain	1.65%
Germany	3.96%	Sri Lanka	1.78%
Greece	0.18%	Sweden	0.85%
Hong Kong	0.03%	Switzerland	0.31%
Hongkong	0.57%	Syria	0.26%
Hungary	8.50%	Taiwan	1.04%
Iran	1.31%	Thailand	0.65%
Ireland	8.94%	Turkey	0.82%
Israel	0.74%	UAE	3.52%
Italy	6.44%	United Kingdom	15.76%
Ivory Coast	0.25%	USA	6.33%
Jordan	0.26%	Zaire	0.03%
<b>TOTAL</b>			<b>100.00%</b>



## Competition

In the domestic market we face competition from both the organised and unorganised sectors. Even with a diversified product portfolio, quality approach, manufacturing flexibility and modern technology we may have to face intense competitive pressures.

Further, in the free trade regime, there will be intense competition both in the domestic and international markets. Countries such as Mexico have the advantage of being located in proximity to our main markets of the US and EU. These countries can shorten the lead time required by being able to deliver products to the customers in shorter time. We also face competition from manufacturers in other cost efficient supplier countries, which have low labour costs.

We intend to meet this competition through product differentiation, whereby we will offer value added, design based products in the respective segments.

## Property

The details of Freehold properties of the Company are as follows:

Sr. No.	Description of the property	Description of the document	Area
1.	Flat No.182A and 182B situate at Beach Towers, 18 <sup>th</sup> Floor, Prabhadevi, Mumbai 400 025.	Sale Deed dated June 17, 2003.	1,437 square feet
2.	Flat No.12 situate at Vandana Co-operative Housing Society, 3 <sup>rd</sup> Floor, J.B. Nagar, Andheri (E), Mumbai 400 059	Sale Deed dated July 26, 1979	
3.	Flat No.301 situate at Shiv Siddhi Building, 3 <sup>rd</sup> Floor, Masoba Maidan, Off. Syndicate Chikangar, Murbad Road, Kalyan (West)	Agreement for Sale dated July 27, 1989	500 square feet
4.	Flat No.205 situate at Shiv Siddhi Building, 2 <sup>nd</sup> Floor, Masoba Maidan, Off. Syndicate Chikangar, Murbad Road, Kalyan (West)	Agreement for Sale dated April 10, 1989	603 square feet
5.	Flat No.18 situate at Concorde Co-operative Housing Society Limited, J.B. Nagar, Andheri (E), Mumbai 400 059	Sale Deed dated June 3, 1980	525 square feet
6.	Flat bearing Flat No.10 situate at Green Fields Co-operative Housing Society Limited, Building F1, 2 <sup>nd</sup> Floor, Godrej Park, Barave, Kalyan (W)	Sale Deed dated December 10, 1994	909 square feet
7.	Flat No.2 situate at Green Valley Co-operative Housing Society Limited, Building D1, Ground Floor, Godrej Park, Barave, Kalyan (W)	Sale Deed dated June 17, 1994	477 square feet
8.	Office No.155, situate at Mittal Court, A Wing, Nariman Point, Mumbai 400 021	Agreement dated November 9, 1990	725 square feet
9.	Gala No.15, situate at Sanjay Building No.6, Udit Mittal Industries Premises Co-operative Society Limited, Sir.M.V. Road, Andheri (East), Mumbai 400 059.	Agreement dated January 21, 1981	1727 square feet
10.	Gala No.16, situate at Sanjay Building No.6, Udit Mittal Industries Premises Co-operative Society Limited, Sir M.V. Road, Andheri (East), Mumbai 400 059.	Agreement dated January 3, 1981	1722 square feet
11.	Gala No.17, situate at Sanjay Building No.6, Udit Mittal Industries Premises Co-operative Society Limited, Sir.M.V. Road, Andheri (East), Mumbai 400 059.	Agreement dated January 3, 1981	1967 square feet
12.	Unit No.135 situate at Mittal Court, A Wing, 13 <sup>th</sup> Floor, Nariman Point, Mumbai 400 021	Agreement for sale dated August 12, 1981	538.79 square feet
13.	Unit No. 136A situate at Mittal Court, A Wing, 13 <sup>th</sup> Floor, Nariman Point, Mumbai 400 021	Agreement for sale dated August 12, 1981	587.77 square feet

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The following are the properties leased to the Company:

Sr. No.	Description of the property	Lessor	Period	Description of the document	Area
1.	Plot No.A-4/1, Situate at Murbad Industrial Area, Thane District	State Industrial Investment Corporation of Maharashtra (SICOM)	95 years from 16.06.1994	Lease Deed dated June 28, 1994	50864 sq. mtr
2.	Plot No. A-25, situate at Marol Industrial Area MIDC, Andheri (East), Mumbai 400 059	Maharashtra Industrial Development Corporation (MIDC)	95 years from 27 <sup>th</sup> March, 1972	Lease Deed March 27, 1972	1000 sq. mtr.
3.	Plot No.C5 situate at Murbad Industrial Area District Thane	Maharashtra Industrial Development Corporation (MIDC)	95 years from 1 <sup>st</sup> February, 1983	Lease Deed dated March 3, 1997	8250 sq mtrs.

### Insurance

Details of various categories of risks covered and the sum insured under this insurance policy are as given:

Sr. No.	Insured	Issuing Authority	Type of Policy	Policy No.	Date of Policy	Date of Expiry	Sum Insured	Insurance Premium paid including Service Tax
1.	Technocraft Industries (I) Ltd. Village Dahivali Murbad Industrial Area Murbad -421 401	Reliance GIC Ltd.	Group Personal Accident Insurance Policy	11010629 14000009	13.08.2006	12.08.2007	16,53,50,000/-	33,032/-
2.	Technocraft Industries (I) Ltd., A-25, Technocraft House, Street No.3, MIDC, Marol Indl Area, Mumbai 400 093.	Reliance GIC Ltd.	Group Personal Accident Insurance Policy	11-29-14-00142-05	02.10.2006	01.10.2007	24,97,176/-	2,72,097/-
3.	Technocraft Industries (I) Ltd., A-25, Technocraft House, Street No.3, MIDC, Marol Indl Area, Mumbai 400 093.	Cholamandalam MS General Insurance	Fire and Special Perils Ins. Policy.	PSP-00025 492-000-00	01.10.2006	30.09.2007	5,08,00,000/-	31,405/-
4.	Technocraft Industries (I) Ltd., A-25, Technocraft House, Street No.3, MIDC, Marol Indl Area, Mumbai 400 093.	Cholamandalam MS General Insurance	Fire and Special Perils Ins. Policy	PSP-000250 16-000-00	16.09.2006	15.9.2007	15,00,00,000/-	3,59,870/-
5.	Technocraft Industries (I) Ltd., A-25, Technocraft House, Street No.3, MIDC, Marol Indl Area, Mumbai 400 093.	Cholamandalam MS General Insurance	Fire and Special Perils Ins. Policy	PSP-000250 15-000-00	16.09.2006	15.9.2007	35,97,48,000/-	8,63,082/-
6.	Technocraft Industries (I) Ltd. A-25, Technocraft House, Street No.3, MIDC, Marol Indl Area, Mumbai 400 093.	Iffco-Tokio General Insurance Company Ltd.	Open Policy (Inland Transit)	21232786	11.02.2006	10.2.2007	25,00,00,000/-	96,426/-
7.	Technocraft Industries (I) Ltd., A-25, Technocraft House, Street No.3, MIDC, Marol Indl Area, Mumbai 400 093.	TATA AIG GIC Ltd.	Money Insurance Policy	0600005846	27.01.2006	26.1.2007	5,00,000/-	4,797/-



Sr. No.	Insured	Issuing Authority	Type of Policy	Policy No.	Date of Policy	Date of Expiry	Sum Insured	Insurance Premium paid including Service Tax
8.	Technocraft Industries (I) Ltd., A-25, Technocraft House, Street No.3, MIDC, Marol Indl Area, Mumbai 400 093.	TATA AIG GIC Ltd.	Marine Cargo Open Policy (Pipe)	0840000130	28.12.2005	27.12.2006	15,00,00,000/-	82,650/-
9.	Technocraft Industries (I) Ltd., A-25, Technocraft House, Street No.3, MIDC, Marol Indl Area, Mumbai 400 093.	TATA AIG GIC Ltd.	Marine Cargo Open Policy (Yarn)	0800005242	01.04.2006	31.03.2007	80,00,00,000/-	4,00,000/-
10.	Technocraft Industries (I) Ltd. and/or BMS Ind. Ltd. A-25, Technocraft House, Street No.3, MIDC, Marol Indl Area, Mumbai 400 093.	TATA AIG GIC Ltd.	Marine Cargo Open Policy (Drum Closure)	0800005240	01.04.2006	31.3.2007	15,00,00,000/-	4,00,000/-

#### Our Offices and Production Facilities

We have acquired immovable properties for setting up our offices and production facilities for the purpose of business. These properties are held either on a freehold or a leasehold basis. Our registered office is located in Mumbai and manufacturing facilities are based at Murbad, Thane District. Set forth below is a brief summary of our office/production properties:

#### CORPORATE OFFICE:

A-25, M.I.D.C.,  
Marol Industrial Area,  
Road No. 3, Opp. ESIC Hospital,  
Andheri (East),  
Mumbai - 400 093, India.

#### WORKS & FACTORIES

Drum Closure Division  
C-5, M.I.D.C.  
Murbad Industrial Area  
Murbad, Dist. Thane-421 401  
Maharashtra, India

#### Pipes & Scaffoldings Division

A-4/1, M.I.D.C.  
Murbad, Dist. Thane-421 401  
Maharashtra India

#### Yarn Division

Village Dhanivali  
Murbad, Dist.Thane-421 401  
Maharashtra, India.

#### FOREIGN OFFICES

##### TECHNOCRAFT INTERNATIONAL LTD.

St. Christopher House  
217 Wellington Road South  
Stockport SK2 5NG  
United Kingdom

##### TECHNOCRAFT TRADING Sp.zo.o.

ul. Gornicza 18/36  
91-765 Lodz, Poland

## **TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**

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### **TECHNOCRAFT HUNGARY Kft.**

1191 Budapest, Ulloi Ut 200  
Hungary.

### **CAE SYSTEMS GMBH**

Londoner Bogen 4,  
44269 Witten, Germany

### **IMPACT ENGINEERING SOLUTIONS, INC**

Milwaukee,  
Wisconsin,  
USA.

### **BOPP A. G.**

Seelachstrasse 16  
D-74177 Bad Friedrichshall  
Germany

### **TECHNOCRAFT AUSTRALIA PTY LIMITED**

27, Fitzpatrick Street,  
Revesby NSW 2212,

### **Corporate Values**

- We are committed to actions to restore and preserve the environment.
- We are committed to developing safe and clean technologies using the best environmental practices.
- We are committed to minimizing waste and pollutants, conserving resources, and recycling materials at every stage of the product life cycle.
- We will continue to work with customers and public authorities, vigorously pursuing the development, and implementation of improved technologies and products by minimizing their impact on the environment.
- We will develop effective methods and procedures, and will promote a culture in which all employees share this commitment.

In this way, we aim to have an environmental performance we can be proud of, to earn the confidence and respect of customers, shareholders, and society at large, and to contribute to sustainable development.



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## REGULATIONS AND POLICIES

We are a multi divisional company engaged in the manufacture of a drum closures, pipes and scaffoldings and fabrics and garments with modern production facilities. In India our business is regulated by the Textiles and Taxation legislations formulated by Government of India.

### A. TECHNOLOGY UPGRADATION FUND SCHEME:

In order to provide impetus to the modernization of textile and jute industry, Government of India, Ministry of Textiles has launched a Technology Upgradation Fund Scheme (TUFS), which is in operation from 1.4.1999 to 31.03.2007. The Government funding is limited to reimbursement of 5% interest charged by the financial institutions / banks for Rupee Term Loan (RTL) or exchange rate fluctuation/forward cover premium limited to 5% for Foreign Currency Loan (FCL) on a project of technology Upgradation in conformity with the scheme. With effect from 1.1.2002, an option has been provided to small scale textile and jute industry to avail of either 12% credit link capital subsidy or the existing 5% interest reimbursement. For small scale Powerloom units, with effect from 6.11.2003 an additional option of credit linked upfront 20% capital subsidy for Powerloom.

### B. DUTY REMISSION SCHEME

Duty exemption schemes enable duty free import of inputs required for export production. An Advance Licence is issued as a duty exemption scheme. A Duty Remission Scheme enables post export replenishment/ remission of duty on inputs used in the export product. Duty remission schemes consist of (a) DFRC (Duty Free Replenishment Certificate) and (b) DEPB (Duty Entitlement Passbook Scheme).

DFRC permits duty free replenishment of inputs used in the export product. DEPB allows drawback of import charges on inputs used in the export product.

#### a. DUTY FREE REPLENISHMENT CERTIFICATE (DFRC)

DFRC is issued to a merchant-exporter or manufacturer-exporter for the import of inputs used in the manufacture of goods without payment of basic customs duty. However, such inputs shall be subject to the payment of additional customs duty equal to the excise duty at the time of import.

#### b. DUTY ENTITLEMENT PASSBOOK SCHEME

The objective of DEPB is to neutralise the incidence of Customs duty on the import content of the export product. The neutralisation shall be provided by way of grant of duty credit against the export product.

Under the Duty Entitlement Passbook Scheme (DEPB), an exporter may apply for credit, as a specified percentage of FOB value of exports, made in freely convertible currency. The credit shall be available against such export products and at such rates as may be specified by the Director General of Foreign Trade by way of public notice issued in this behalf, for import of raw materials, intermediates, components, parts, packaging material etc.

### C. THE EXPORT PROMOTION OF CAPITAL GOODS (EPCG) SCHEME

The scheme allows import of capital goods for pre production, production and post production at 5% Customs duty subject to an export obligation of 8% of the duty saved on the capital goods imported under the Scheme to be fulfilled over a period of 8 years from the date of Issuance of Authorisation. The scheme covers manufacturer exporters with or without supporting manufacturer(s)/ vendor(s), merchant exporters tied to supporting manufacturer(s) and service providers.

### D. HUMAN RESOURCES DEVELOPMENT

Manufacturing and textiles industry are highly labour intensive in nature. Managing a team engaged doing largely repetitive work is one of the challenges that we face. Further, with competition from other companies in labour intensive business, retaining our workforce is another challenge that we face. Our human resource policies are targeted at creating a motivated work force. Our efforts in building a conducive work atmosphere have helped us in having lower attrition rates than the rest of the industry. We have over 900 employees working with us as on date.

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

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### 1. Employee Development Policy and Training

Our Human Resource vision is to create a committed workforce through people enabling processes and knowledge sharing practices based upon our value system. We believe that learning and development is an integral part of business operations. We have annual assessment process for every level within the organization, including the top management. Under this, employees are subject to performance appraisal and are assessed on specific skill requirements. For each employee areas of development are identified and training is given in those areas, based on the employee's career plan. We also use these assessment processes to carry out promotions at all levels, through a completely transparent process.

Our corporate objective is to provide every employee training, which is one of the mandatory leadership competencies for promotion.

### 2. Compensation Policy

Our compensation policy is based on employee's qualification age, experience and level. The policy also compares industry practices in this regard. Compensation among others is used to attract and retain talent in the company

### 3. Corporate Social Responsibility

Corporations do not create a team. It's a good team, which creates a good corporation. We fully realize this fact and therefore provides its team with the best working and social environment. From a highly creative office atmosphere to an eco-friendly manufacturing infrastructure, our business philosophy is finely guided by protecting the environment and the interest of its people, customers and business associates. From healthcare to international standards of social compliance, we treat every issue as a means to higher efficiency of our social responsibility.

### 4. Health and Safety

We follow a strict code of Health & Safety practices at conditions in the workplace and beyond. The code is monitored continually by internal management reviews, which involve representatives from all areas of the business. The group also reviews and updates the code regularly. Ensuring that all legislation and recommended practice is complied with. We constantly strive to remain eco-friendly by adhering to the highest international standards of manufacturing and affluent treatment to ensure the welfare of our consumers and the sanctity of our natural environment.

## E. CUSTOMS REGULATIONS:

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

## F. EXCISE REGULATIONS:

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

## G. ENVIRONMENTAL AND OTHER REGULATIONS:

We have to comply with the provisions of Environment Protection Act, 1986. Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981.

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





## BRIEF HISTORY OF THE COMPANY AND OTHER CORPORATE MATTERS

### About the company

Technocraft was established in 1972 by two brothers Mr. S.K. Saraf and Mr. S.M. Saraf. The brothers, who are IIT Graduates & Technologists, had started with the aim of manufacturing high precision and sophisticated Drum Closures Products.

Until 1976 Technocraft focused on the domestic market. India was not recognized as reliable export nation during those days, against all the odds, the company launched a major export drive in 1977. "Technocraft" was recognised as an export house by government of India in 1979. "Technocraft" initially captured the Middle East export market. Gradually Technocraft moved to USA and Europe. Since customers in USA and Europe were used to buy Drum Closures from the Company's competitors based in Europe and USA, on a very short notice, Technocraft established several foreign subsidiary companies for facilitation of the stock flow to their customers in Europe and USA.

At the initial stages the group's strengths were in manufacturing of Drum closures. From inception till 1994, Technocraft continued developing and increasing the production of Drum Closures until it became one of the largest and most recognized suppliers of Drum Closures in the world. The company subsequently in 1994 acquired a sick unit "Maharashtra Steel Tubes Ltd" from SICOM, which was into the manufacture of Steel Pipes. The initial production in the early years post acquisition was 500 metric ton per month and in those days Europe was a major importer of steel pipe. Technocraft opened an office in United Kingdom (UK) so as to tap into the European market. This was the turning point in its expansion program.

In 1997, Technocraft diversified into manufacturing of Cotton Yarn. The Unit was accorded a 100% EOU status. The cotton yarn division is into Manufacturing & Exporting of high quality 100% Cotton Ring Spun Yarn. From NE 20 to NE 40, The spinning mill is equipped with world class Swiss, Japanese and other equipment. The cotton yarn division employs highly trained technical experts in all aspects of yarn spinning. It also has a Captive power generation plant in the yarn division to cater to its power requirements.

Technocraft as a group has been a predominant player in the precision engineering sector & it has done a forward integration of Tube Division by producing high precision scaffolding systems for building construction. The cotton yarn division has also forward integrated its operations by production & export of Garments through its subsidiary. Technocraft has been constantly upgrading its capacity & improving its standards to meet the ever increasing expectations of its customers. The strategy adopted by the company comprises of growth through constant innovation, enter new categories, and focus both on domestic as well as foreign markets.

### Major events in the history of the Company

Year	Events/Milestones/ Achievements
1993	Set up of its first Foreign subsidiary in United Kingdom
1994	Merger of Technocraft Fabricators (Bombay) Limited and Eskiedee Metal Crafts Private Limited
1994	Acquisition of Maharashtra Steel Tubes Limited – Pipe Division
1997	Setting up of 100% EOU Yarn Unit
1998	Setup Subsidiary in Poland
2000	Setup Subsidiary in Hungary
2000	Awarded the National Award for Export Excellence by Ministry of Commerce and Industry, Award Presented by then Prime Minister of India
2001	Awarded Export Excellence Award for all steel products by Engineering Export Promotion Council – Maharashtra
2003	Setting up of Subsidiary Company Danube Fashions Limited
2004	Awarded 3 Star Export House Certificate Achieved the Export Targets set by Government of India in the yarn Division under the target Plus Scheme
2005	Setup a Subsidiary in Germany Launched Haute Chilli Brand in India Achieved the export targets set by Government of India in the yarn Division 2 <sup>nd</sup> year straight
2006	Setup a Subsidiary in Australia

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

### Main Objects of the Company

The main objects as per our Memorandum of Association are as follows :

- 1A. To re-register the existing the existing unlimited Company into limited company u/s 32 of the Companies Act, 1956.
- 1B. To carry on the business of designing, developing, fabricating, processing, repairing, assembling, manufacturing, buying, selling, importing, exporting, distributing, hiring, letting on hire or otherwise dealing in parts, components and product of plastic, Rubber, Chemical products or ferrous and non – ferrous metal including Flanges, Bungs, Capseals, Light Closure of all kinds of Drum Closures, Drums, Barrels, Tins, Containers, Tools, Moulds, Dies, Jigs, Fixtures, Mechanical Instruments, devices and their attachments, Rods, Sheets, Plates, wire and wire products.

\*\* 1C. Sale, Purchase, Distribute, Make a Drum Closure Manufacturing Plant and for such manufacturing may enter into contracts with other companies/ Firms etc.

\*\* Inserted vide special resolution in the AGM held on 27.07.1998.

### Change of address of the Registered office of the Company (since incorporation)

Date of Change	Resolution approving change	Address
Since Incorporation 05.06.2000	Since Incorporation Board Resolution	135-A, Mittal Court, Nariman Point, Mumbai – 400 021 25-A, M.I.D.C., Street No.3, Marol Industrial Area, Opp. E.S.I.S. Hospital, Andheri (East), Mumbai – 400 093

### Change in Memorandum of Association of the Company

The Company was originally incorporated as a partnership firm on June 6th, 1972 with the aim of manufacturing high precision and sophisticated Drum Closures Products. Since incorporation of the Company, the following changes have been made to the Memorandum of Association:

Date of change	Particulars
22 <sup>nd</sup> October 1991	Incorporated as unlimited company by converting Partnership Firm under Part IX of the Companies Act, 1956
28 <sup>th</sup> October, 1992	Converted from unlimited company into limited company
29 <sup>th</sup> August, 1994	Increase in authorised share capital from 1.00 crore to 11.00 crores
28 <sup>th</sup> December, 1995	Increase in authorised share capital from 11.00 crores to 14.00 crores
27 <sup>th</sup> July, 1998	Change in the Main Object Clause of the Company
1 <sup>st</sup> June, 1999	Change in Authorised Share capital from Rs.14,00,00,000/- comprising of 1,40,00,000 equity shares of Rs.10/- each to Rs.14,00,00,000/- comprising of 70,00,000 equity shares of Rs.10/- each and 70,00,000 preference shares of Rs.10/- each
12 <sup>th</sup> April, 2003	Amendment to Object Clause of Memorandum of Association by addition thereto clauses 49 to 54 in Other Object clause.
12 <sup>th</sup> April, 2003	Commencement of objects specified in clause 34 of Other Objects Clause pursuant to section 149(2A) of the Act.
9 <sup>th</sup> March, 2005	Change in Authorised Share capital from Rs.14,00,00,000/- comprising of 70,00,000 equity shares of Rs.10/- each and 70,00,000 preference shares of Rs.10/- each to Rs. 14,00,00,000 comprising of 1,40,00,000 equity shares of Rs.10/- each.
28 <sup>th</sup> February, 2006	Change in Authorised Share capital from Rs.14,00,00,000/- comprising of 1,40,00,000 equity shares of Rs.10/- each to Rs.35,00,00,000/- comprising of 3,50,00,000 equity shares of Rs.10/- each.



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## **Our Subsidiaries**

The Company has the following as its subsidiaries:

### **Indian Subsidiaries**

1. Technosoft Information technologies (I) Limited
2. Techno Exports Private Limited
3. Danube Fashions Limited

### **Foreign Subsidiaries**

1. Technocraft Trading Spolka, Z.O.O Poland
2. Technocraft (Hungary) KFT
3. Technocraft International Ltd
4. Bopp A. G.
5. CAE Systems GmbH
6. Impact Engineering Solutions Inc.
7. Technocraft Australia Pty. Ltd.

For more information on our subsidiaries kindly refer page 137 under the section “Our Subsidiaries and Group Companies” of this Red Herring Prospectus

### **Shareholder Agreements**

There are no shareholders agreements entered into by the Company with any of the shareholders.

### **Material Contracts, Strategic Partners, Financial Partners**

#### **Demerger of the Investment Division**

The Company had passed a resolution on 16th August, 2005 for the de-merger of the investment division of the Company to Technocraft Global Holdings Limited. By virtue of the de-merger the Company has inter alia transferred 76,800 equity shares of Rs. 10/ each and 5,950,000 Preference Shares of Ashrit Holdings Limited and 76 equity shares of BMS Industries Ltd. (Formerly known as Brihan Maharashtra Steel Industries) and also other moveable and immovable assets belonging to the investment division of the Company to Technocraft Global Holdings Limited. The Company has transferred the lease rights, tenancy rights, all privileges and benefits of all contracts, agreements and all other licenses, powers and facilities of every kind, nature and description appertaining to the investment division to Technocraft Global Holdings Limited. The Bombay High Court has passed an Order dated 13th January, 2006 under Section 394 of the Act approving the aforesaid de-merger. The Company has filed Form 21 as required under the Act with ROC on 27th February, 2006.

Manufacturing Contract with BMS Industries Ltd (Formerly known as Brihan Maharashtra Steel Industries Ltd)

Technocraft has entered into a manufacturing contract with BMS Industries Ltd (BMSI) whereby the company would be taking over the production facilities of BMSI and the reimburse the cost of operations and over and above make an annual payment of Rs.6.50 lakhs per Month. With effect from 1<sup>st</sup> April 2006 the entire production would be dedicated to Technocraft exclusively. The terms and conditions of this manufacturing contract is mentioned below:

1. To supply complete raw material, consumable stores and other inputs as required for manufacturing products as per our requirements.
2. The machines and the entire manufacturing facility would be dedicated only for Technocraft’s production exclusively.
3. Technocraft would maintain the machines and other facilities.
4. The complete cost of the employees with effect from 1<sup>st</sup> April 2006 would be borne by Technocraft. However, for all statutory purposes such employees shall remain the employees of BMSI.

## **TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**

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5. Technocraft shall reimburse the cost of electric power, water and other utilities consumed during manufacturing. The cost of consumable and raw material lying in stock as on 31/03/06, would be reimbursed to BMSI.
6. Over and above the reimbursement as mentioned above, Technocraft would pay BMSI a sum of Rs. 6.50 lakhs per month for the financial and other administration charges.
7. This Manufacturing Contract is for a period of five years starting from 1<sup>st</sup> April, 2006.



## MANAGEMENT AND ORGANISATION

The Company is managed by the Board of directors under the Chairmanship of Shri Madhoprasad Saraf. The day-to-day operations of the Company are looked after by the Managing Directors Shri Sharad Kumar Saraf and Shri Sudarshan Kumar Saraf. The Company has 10 directors on the Board including the Chairman and the Managing Directors.

Board of Directors as on the date of this Red Herring Prospectus:

Sr. No.	Name, Designation, Address, Occupation, Term, Date of Birth (DOB), and Age	Other Directorships
1.	<b>Shri Madhoprasad Dwarkadas Saraf</b> Chairman S/o Shri Dwarkadas Saraf Term: for 5 yrs w.e.f. 1.09.2003 Address: 33, Rajat Apartments Mount Pleasant Road Mumbai – 400 006 Business Dt. of Birth: 5.11.1929	1. Danube Fashions Limited 2. BMS Industries Ltd. (Formerly known as Brihan Maharashtra Steel Industries Limited) 3. Ashrit Holdings Limited 4. Technosoft Information Technologies (India) Limited 5. Technocraft Global Holdings Limited 6. Technocraft Exports Pvt. Ltd. 7. M.D. Saraf Securities Private Limited
2.	<b>Shri Sharad Madhoprasad Saraf</b> Managing Director S/o Shri. Madhoprasad Dwarkadas Saraf Term : for 5 years w.e.f. 1.09.2003 Address: 191, Beach Towers Condominium P. Balu Marg (Tata Press Street) Prabhadevi, Mumbai – 25 Business Dt. of Birth: 5.09.1947	1. Danube Fashions Limited 2. BMS Industries Ltd. (Formerly known as Brihan Maharashtra Steel Industries Limited) 3. Ashrit Holdings Limited 4. Technosoft Information Technologies (India) Limited 5. Technocraft Exports Private Limited 6. Technocraft Global Holdings Limited 7. Technocraft Trading Spolka, Z.O.O., Poland 8. Technocraft International Limited, United Kingdom 9. Bopp A. G. (Formerly known as Bopp Casual Wear Gmbh)
3.	<b>Shri Sudarshan Madhoprasad Saraf</b> Managing Director S/o Shri. Madhoprasad Dwarkadas Saraf Term : for 5 years w.e.f. 1.09.2003 Address: 38, Rajat Apartments Mount Pleasant Road, Mumbai – 400 006 Business Dt. of Birth: 7.06.1949	1. Danube Fashions Limited 2. BMS Industries Ltd. (Formerly known as Brihan Maharashtra Steel Industries Limited) 3. Ashrit Holdings Limited 4. Technosoft Information Technologies (India) Limited 5. Technocraft Exports Private Limited 6. Technocraft Global Holdings Limited 7. CFDtech Solutions Limited 8. Impact Engineering Solutions, INC.
4.	<b>Shri Subhroo S. Kole</b> Wholetime Director S/o Shri Shankar Yallapa Kole Term: w.e.f 25.05.2005 Address: 302, Jayaswapn Building Plot No. 25, Wadavali Section Ambernath (East), District Thane Service Dt. of Birth : 5.01.1963	Nil

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Sr. No.	Name, Designation, Address, Occupation, Term, Date of Birth (DOB), and Age	Other Directorships
5.	<p><b>Shri Vaibhav V Agarwal</b> Independent Director S/o Shri Vinod Agarwal Term: w.e.f. 01.03.2006 Address: B-103, Adarsh Classic Adarsh Vihar Complex Off: Marve Road, Malad West Mumbai – 400 064 Business Date of Birth: 11.09.1983</p>	Nil
6.	<p><b>Shri Ganesh Kumar Gupta</b> Independent Director S/o Shri Satish Kumar Gupta Term: w.e.f. 28.02.2006 Address: Flat No. 1, Block No. 1 The Colaba Land Co-op. Housing Society Ltd. Sorab Bharucha Road Colaba, Mumbai – 400 005 Business Date of Birth: 09.12.1952</p>	<ol style="list-style-type: none"> <li>1. Vijay Silk House Private Limited</li> <li>2. Vijay Silk House (Mumbai) Limited</li> <li>3. Vijay Silk House (Surat) Limited</li> <li>4. Vijay Silk House (Varansi) Limited</li> <li>5. Vijay Silk House (Bangalore) Limited</li> <li>6. Vijay Silk House (Delhi) Limited</li> <li>7. Vijay Silk House (Tripur) Limited</li> <li>8. VSH Silk Mills Ltd.</li> <li>9. White Pearls Hotels &amp; Investments Pvt. Ltd.</li> <li>10. Bharat Tiles &amp; Marble Pvt. Ltd.</li> <li>11. Springfield Estate Developers Pvt. Ltd.</li> <li>12. Vinayak Nirman Pvt. Ltd.</li> <li>13. Shreenathji Dwelling Pvt. Ltd.</li> <li>14. Veema Land Developers Pvt. Ltd.</li> <li>15. Vandit Developers Pvt. Ltd.</li> <li>16. Monarch Realtors Pvt. Ltd.</li> <li>17. Neil Investments Pvt. Ltd.</li> <li>18. Sarju International Limited;</li> </ol>
7.	<p><b>Shri Jayant Narayan Godbole</b> Independent Director S/o Shri Narayan Godbole Term: w.e.f. 28.02.2006 Address: 604 A Cottage Land CHS Plot No. 16A, Sector 19A, Nerul (E) Navi Mumbai - 400 706 Professional Date of Birth:- 17.02.1945</p>	<ol style="list-style-type: none"> <li>1. Invent Asset Securitization &amp; Reconstruction Pvt. Ltd.</li> <li>2. Invent ARC Pvt Ltd</li> <li>3. Emmellen Biotech Pharmaceuticals Limited</li> <li>4. J. K. Cement Ltd.</li> </ol>
8.	<p><b>Shri S.B. Agarwal</b> Independent Director S/o Shri Shyam Saran Agarwal Term: w.e.f. 28.02.2006 Address: 31, Sai Nara 17, Cuffe Parade, Mumbai – 400 005 Professional Date of Birth: 12.07.1938</p>	<ol style="list-style-type: none"> <li>1. Bombay Rayon Fashions Ltd.</li> <li>2. Banswara Syntex Limited</li> <li>3. Rani Sati Trading Company Private Limited</li> <li>4. Zarhan Laxmi Trading Company Private Limited</li> <li>5. Bhagvan Computerpersonal Private Limited</li> <li>6. Netit Technology (I) Private Limited</li> <li>7. Netit (I) Innovation Private Limited</li> </ol>



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**Brief Profile of the Directors:**

1. **Shri Madhoprasad Saraf;** Chairman, aged 76 years, is a commerce graduate. Started his career with the Birla group of companies and has been associated with the Technocraft Group since inception. Mr. Saraf is the Chairman of the company since incorporation and actively associated with all the group companies.

He has wide interest in the areas of business handles the Stock Brokerage, Finance, Accounting, taxation matters of the company, Mr. Saraf is also on the board of BMS Industries Ltd. (Formerly known as Brihan Maharashtra Steel Industries Limited), Ashrit Holdings Limited, Technosoft Information Technologies (India) Limited, Danube Fashions Limited and M.D.Saraf Securities Private Limited. Mr. Saraf is associated through various capacities in the social field as a trustee of various charitable trusts funded by the group.

2. **Shri Sharad Kumar Saraf;** Managing Director, aged 59 years, is holding a degree in electronics engineering from the prestigious Indian Institute of Technology, Bombay. After graduating from IIT in 1969, underwent one-year Industrial Training in Germany in 1970. Promoted the Technocraft group in 1972, and since has been instrumental in the overall progress of the organisation, handles all the commercial aspects of the company.

He is the President of Confederation of Exporting Units (CEU), Chairman (WR) of Federation of Indian Export Organisations (FIEO), Indo Romanian Chamber of Commerce, Chairman, Indo Europe Business Committee, Bombay Chamber, Honorary Ambassador of New Orleans, LA, U.S.A., was Vice Chairman – Engineering Export Promotion Council and is associated as Member of Custom Advisory Committee, Indian Merchant Chamber, Bombay Chamber of Commerce & Industry, World Trade Centre, Mumbai, Managing Committee Member of Engineering Export Promotion Council of India, Mill Owners' Association, Indian Cotton Mills' Federation, etc, he has been a keen observer and activists representing the different industry groups. He is also on the board of BMS Industries Ltd (Formerly known as Brihan Maharashtra Steel Industries Limited), Ashrit Holdings Limited, Technosoft Information Technologies (India) Limited, Danube Fashions Limited and Technocraft Exports Private Limited. He is also a trustee of the various charitable organisations supported by the group.

3. **Shri Sudarshan Kumar Saraf;** Managing Director, aged 56 years, holds Bachelors in Mechanical Engineering from the prestigious Indian Institute of Technology, Bombay. He founded the group and has been instrumental in the growth of the group to its present size starting from almost scratch. He directs all the engineering operations of the group.

Mr. Saraf was conferred the distinguished service award for the year 1999 by the Institute of Technology, Bombay, he pioneered the development of interval thread rolling process, developed and built SPM's and tools that increased yields and some were first of its kind introduced in America which saved the customer a few people per shift, he holds 3 patents each in new process, new product and new tooling.

He is also on the board of BMS Industries Limited, Ashrit Holdings Limited, Technosoft Information Technologies (India) Limited, Danube Fashions Limited and Technocraft Exports Private Limited. He is trustee of the trusts supported by the promoters.

4. **Shri Subhraj K. Kole,** Wholetime Director, aged 43 years he holds Bachelors in Science and a Masters in Labour Studies from Mumbai University. He has had a wide variety of experience in organizations like Hikal Limited, Pal Peugeot Limited, and Dharmasi Morarji Chemical co. Ltd. The Indian Hume Pipe Co. Ltd etc mainly in the area of Human resource Development, personnel management, in all he has vast experience of over 18 years serving in different areas & capacities.

5. **Shri Vaibhav V. Agarwal,** Independent Director, aged 22 years, he holds a Bachelor in Management Studies from Mumbai University. He has completed his MBA with Specialisation in Finance from TASMACH, Pune.

6. **Shri Ganesh Kumar Gupta,** Independent Director, aged 53 year, he is an Inter Science from UP Board. He is the Chairman of the group popularly known as Vijay Silk House Group. The Group was promoted by Shri. Ganesh Kumar Gupta and Sh. Dilkhush R. Doshi in the year 1975 as a partnership firm with the main business activity of exports of fabric, sarees, shirting's etc. made of silk and other natural fibers as well as man made fibers.

Vijay Silk House Pvt. Ltd was incorporated as a private limited company in the year 1983 which ultimately became the flagship company of 'Vijay Silk House' Group and today four of group companies are recognized trading houses. He is a widely traveled man and has thorough knowledge of the import-export trade and all the connected

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

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laws as well as the foreign exchange regulations. He is a very well known figure in the Textile Industry. Going by his vast experience and wide popularity in the textile trade, he has been accredited with different positions at different times by Government of India. In the past, he has been: He was the Chairman of the Government of India's Textile Committee. He has also been Chairman of the Synthetic and Rayon Textile Export Promotion Council, constituted by Ministry of Textiles, government of India and is responsible for the betterment of synthetic and rayon textile industry. He has also been the Chairman of Indian Silk Export Promotion Council – this is also sponsored by Ministry of Textiles, Government of India and is responsible for the promotion of silk industry in India. He is also associated with the Federation of Indian Export Organizations (FIEO) -an organization sponsored by Ministry of Commerce, Government of India; FIEO is the confederation of all export promotion councils/commodity boards etc. Its members account for nearly three-fourths of the country's exports. At present, he is chairman (Western region) of FIEO. Apart from above, he has been on the board/managing committee of many other institutions.

7. **Shri Jayant N. Godbole** Independent Director, aged 61 years He holds a degree in Chemical Engineering from the prestigious Indian Institute of Technology, Powai, Bombay in 1968. He has done his Financial Management course from Bajaj Institute of Management Studies. He had participated in the Corporate Long Range Planning from Indian Institute of Management (IIM) Bangalore. He is also as Associate Member of Indian Institute of Chemical Engineers.

In the year 1974 he joined IDBI as Industrial Finance Officer/Deputy Manager IDBI, India. He has a rich experience of 37 years in varied areas such as Project cocevment, implementation, operation of the SSI Sector and handling of Mega projects abroad to Industrial Banking, Project Financing, Business Development, Ventures Capital, Merchant Banking, Corporate Debt Restructuring etc. In the year 1991, he was instrumental in starting the Business development department in IDBI. He was the Executive Director in the Industrial Investment Bank of India (IIBI). He has been the Nominee Director of IDBI on the Board of various Companies from time to time. He has been for more than 5 years as the Executive Director of IDBI. He retired as the Chairman of IDBI Ltd.

8. **Shri S.B. Agarwal**, Independent Director, aged 68 years He is a Chartered Accountant. He also holds a degree of Bachelor of Commerce, Master in Commerce, Bachelor of Law and Master of Arts.

He has rich experience in the Textile Industries. He has completed various consulting assignments of Textile Companies. He is dynamic in Export business Development, Quality Control, Setting of new Units. He has promoted Technosolutions (I) Pvt. Ltd. Netit Technology (I) Pvt. Ltd. and SBA Consulting Group. He was the Business Head and Director of Birla Management Corporation for global textile business in Aditya Birla Group. He is also part of the Board of Banswara Syntex Limited and Bombay Rayon Fashion Limited. He is actively associated as Member of Industry & Finance Committee, India Interest Group, Industry Committee and Indian Merchant Chambers.

### **Borrowing Powers of the Board of Directors of our Company**

Pursuant to a resolution passed by our shareholders in accordance with the provisions of the Companies Act, our Board has been authorised to borrow money for the purposes of the Company upon such terms and conditions and with/without security as the Board of Directors may think fit, provided that the money or monies to be borrowed together with the monies already borrowed by the Company (apart from the temporary loans obtained from the Company's bankers in the ordinary course of business) shall not exceed, at any time, a sum of Rs.30,000 lakhs.

### **Compensation of Directors and Term of Office**

In accordance with the Companies Act and the Articles of Association of the Company, all the Directors except the Executive Chairman, are required to retire by rotation.

#### **A. Shri Sudarshan Kumar Saraf, Managing Director is paid remuneration as detailed under:**

1. APPOINTMENT

For a period of Five Years from 1<sup>st</sup> September 2003

2. SALARY

Rs. 2,00,000/-(Rupees Two Lakhs only) per month with effect from 1<sup>st</sup> September 2003, with such revision as may be decided by the shareholders from time to time.





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3. COMMISSION

Payable for each financial year, up to 1% of net profits of the Company for that year, subject to such ceiling as may be fixed by the Board of Directors from time to time, with the present ceiling fixed by the Board being an amount equivalent to the Annual Salary for the relevant financial year. The amount of Commission shall be payable after the Annual Accounts are approved by the Board of Directors and adopted by the Shareholders.

4. BONUS

Annual Bonus at the same rate as payable to other senior employees of the Company.

5. HOUSE RENT ALLOWANCE

60% of salary as House Rent Allowance.

The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be subject to a ceiling of 10% of the salary.

6. PERQUISITES

(i) Earned Leave/Privilege Leave: On full pay and allowance as per the rules of the Company, but not more than one month's leave for every 11 months of service. The balance of leave at the end of each year will be encashable as per the Company's Rules.

(ii) Reimbursement of medical expenses: incurred in India or abroad including hospitalization, nursing home and surgical charges for self and family. However, the reimbursement shall not exceed one-month salary in a year or three months salary over a period of three years.

(iii) Leave travel concession: For self and family once in a year in accordance with the Rules of the Company.

(iv) Telephone: Free use of Telephone at residence.

(v) Club Fees: Fees for clubs subject to a maximum of two clubs.

(vi) Servant's salary: Servant's salary, subject to a maximum of 2 servants on a salary of up to Rs.2500/- per servant per month.

(vii) Personal Accident Insurance: Premium not to exceed Rs.4000/- per annum.

(viii) Car: Free use of Company's Car with driver. If the Company does not provide driver, reimbursement of actual salary paid to the driver.

(ix) Entertainment expenses: Reimbursement of entertainment expenses incurred in the course of business of the Company.

(x) Corporate Credit Card – for use both in India and Abroad for business purposes

(xi) Subject to any statutory ceiling/s, Mr. S. M. Saraf, Whole Time Director may be given any other allowances, perquisites, benefits and facilities as the share holders of the Company from time to time may decide.

7. GRATUITY

Not to exceed half a month's salary for each completed year of service, subject to a ceiling as may be fixed by the Government.

8. MINIMUM REMUNERATION

Where in any financial year, the Company has no profit or its profits are inadequate, the Company will pay him minimum remuneration as provided in Section II of Part II of Schedule XIII of the Companies Act, 1956 as notified from time to time.

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

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### B. Shri Sharad Kumar Saraf, Managing Director is paid remuneration as detailed under:

1. APPOINTMENT

Five Years from 1<sup>st</sup> September 2003

2. SALARY

Rs. 2,00,000/-(Rupees Two Lakhs only) per month with effect from 1<sup>st</sup> September 2003, with such revision as may be decided by the shareholders from time to time.

3. COMMISSION

Payable for each financial year, up to 1% of net profits of the Company for that year, subject to such ceiling as may be fixed by the Board of Directors from time to time, with the present ceiling fixed by the Board being an amount equivalent to the Annual Salary for the relevant financial year. The amount of Commission shall be payable after the Annual Accounts are approved by the Board of Directors and adopted by the Shareholders.

4. BONUS

Annual Bonus at the same rate as payable to other senior employees of the Company.

5. HOUSE RENT ALLOWANCE

60% of salary as House Rent Allowance.

The expenditure incurred by the Company on Gas, Electricity, Water and Furnishings shall be subject to a ceiling of 10% of the salary.

6. PERQUISITES

- i) Earned Leave/Privilege Leave: On full pay and allowance as per the rules of the Company, but not more than one month's leave for every 11 months of service. The balance of leave at the end of each year will be encashable as per the Company's Rules.
- ii) Reimbursement of medical expenses: incurred in India or abroad including hospitalization, nursing home and surgical charges for self and family. However, the reimbursement shall not exceed one-month salary in a year or three months salary over a period of three years.
- iii) Leave travel concession: For self and family once in a year in accordance with the Rules of the Company.
- iv) Telephone: Free use of Telephone at residence.
- v) Club Fees: Fees for clubs subject to a maximum of two clubs.
- vi) Servant's salary: Servant's salary, subject to a maximum of 2 servants on a salary of up to Rs.2500/- per servant per month.
- vii) Personal Accident Insurance: Premium not to exceed Rs.4000/- per annum.
- viii) Car: Free use of Company's Car with driver. If the Company does not provide driver, reimbursement of actual salary paid to the driver.
- ix) Entertainment expenses: Reimbursement of entertainment expenses incurred in the course of business of the Company.
- x) Corporate Credit Card – for use both in India and Abroad for business purposes
- xi) Subject to any statutory ceiling/s, Mr.S.K.Saraf may be given any other allowances, perquisites, benefits and facilities as the share holders of the Company from time to time may decide.

7. GRATUITY

Not to exceed half a month's salary for each completed year of service, subject to a ceiling as may be fixed by the Government.



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8. MINIMUM REMUNERATION

Where in any financial year, the Company has no profit or its profits are inadequate, the Company him minimum remuneration as provided in Section II of Part II of Schedule XIII of the Companies Act, 1956 as notified from time to time.

**C. Shri Subhram Kole Whole Time Director, is paid remuneration as detailed under**

APPOINTMENT:

With effect from 25<sup>th</sup> May 2005

1. SALARY

Basic Salary of Rs. 16,750 (Rupees Sixteen Thousand Seven Hundred and Fifty only) per month, subject to such revision as may be decided by the shareholders from time to time.

2. BONUS

Annual Bonus which may be declared by the Company in future as payable to Staff and Workers of the Company subject to the terms and conditions governing such payments.

3. HOUSE RENT ALLOWANCE

Rs. 1,865 (Rupees One Thousand Eight hundred and sixty five only) per month.

4. CONVEYANCE ALLOWANCE

Rs. 800 (Rupees Eight Hundred only) per month.

5. LEAVE TRAVEL ALLOWANCE:

Reimbursement up to one Month basic salary per year.

6. MEDICAL ALLOWANCE:

Rs. 1200.00 (Rupees Twelve Hundred only) per month.

7. OTHER ALLOWANCES AND PERQUISITES:

Leave salary: 30 days' Privilege Leave Plus 5 days' Casual Leave per year.

Provident Fund: Eligible to join Provident Fund Scheme as applicable in the Company.

8. GRATUITY: As per the Payment of Gratuity Act, 1972.

9. MINIMUM REMUNERATION:

Where in any financial year the company has no profit or its profits are inadequate, the Company will pay to Mr. Subrao Shankar Kole, Wholetime Director, Minimum remuneration as provided in Part II in Section II of Schedule XIII of the Companies Act, 1956 as amended/ notified from time to time".

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

### Shareholding of Directors

Directors' Shareholding as on date of filing of the Red Herring Prospectus are as follows:

Sr. No.	Name of Director	No. of Shares held	% of Shareholding
1.	Shri Madhoprashad Saraf	94,759	0.41%
2.	Shri Shard Saraf	207,767	0.90%
3.	Shri Sudarshan Saraf	8,536,153	36.78%
<b>TOTAL</b>		<b>88,38,679</b>	<b>38.09%</b>

For details regarding Equity Shares held by the promoters and their families and entities controlled by them, please see "Capital Structure of the Company" on page 14 of this Red Herring Prospectus.

### Changes in Our Board of Directors during last 3 years

The changes in the Board of Directors of our Company during last three years are as under:

Name	Date of appointment	Date of cessation	Reasons
Madhoprasad Dwarkadas Saraf	28.10.1992		Resigned as whole time Director w.e.f. 31.01.2006, continues to be an ordinary Director
Sharad Madhoprasad Saraf	28.10.1992		Re-appointed as managing director on 1.09.2003 for 5 years
Sudarshan Madhoprasad Saraf	28.10.1992		Re-appointed as managing director on 1.09.2003 for 5 years
Navneet Kumar Saraf	14.09.2001	23.12.2006	Appointed as wholetime director on 1.04.2005. Now Resigned.
Ashish Kumar Saraf	14.09.2001	23.12.2006	Appointed as wholetime director 12.09.2005. Now Resigned.
Gajendra Singh Tanwar	20.01.2003	2.12.2003	Resigned
Hemant Rajaram Shinde	20.01.2003	30.03.2004	Resigned
Subhash Khandelwal	1.04.2005	28.04.2005	Resigned
Subhraj Shankar Kole	25.05.2005		Appointed as Wholetime director
Ajithkumar Molicklal Gopinathan Nair	27.08.2005	01.03.2006	Resigned
Rajkumar.B.Agarwal	17.09.1998	01.03.2006	Resigned
S.B.Agarwal	01.03.2006		Appointed as Independent Directors
Jayant.N.Godbole	01.03.2006		Appointed as Independent Directors
Ganesh Gupta	01.03.2006		Appointed as Independent Directors
Vaibhav.V.Agarwal	01.03.2006		Appointed as Independent Director

### Corporate Governance

The Company stands committed to good Corporate Governance practices. We have set up internal policies to ensure best practices in corporate governance. Our corporate governance philosophy is dedicated to the attainment of the highest levels of accountability and transparency in dealings with our stakeholders. Our corporate governance policies lay emphasis on communication (both internal and external) and reporting. These vital initiatives extend beyond mandatory corporate



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governance requirements and are in accordance with our aim of establishing voluntary best practices for good corporate governance practices.

The Guidelines issued by SEBI in respect of Corporate Governance will be applicable to us immediately upon applying for in-principle approval for listing of our Equity Shares on the Stock Exchanges. Accordingly, we have undertaken steps to comply with the SEBI Guidelines on Corporate Governance.

The Board has eight Directors, of which four are independent directors in accordance with the requirements of Clause 49 of the listing agreement of the Stock Exchanges. The Chairman of the Board is a non-executive Director. Committees of the Board have been constituted in order to look into the matters in respect of audit, compensation of executive directors, shareholding/Investors Grievance Redressal, details of which are as follows:

#### **Audit Committee**

The Audit Committee has been constituted on 1<sup>st</sup> March 2006 which consists of three directors viz. Shri. S.B.Agarwal, Shri. Ganesh Gupta and Shri. Jayant.N.Godbole. Subsequently the board meeting held on August 14, 2006 Mr. Vaibhav Agarwal has been appointed as a new member of the audit committee. All these directors are independent directors with Shri. S.B.Agarwal and Shri. Jayant.N.Godbole with finance and accounting background. The members shall elect the chairman of the Committee from amongst themselves.

The terms of the Audit Committee is to comply with the requirements of section 292 A of the Companies Act and Clause 49 of the listing agreement to be entered into with the Stock Exchange (S). The scope of Audit Committee shall include but shall not be restricted to the following:

- a) Authority to investigate any matter pertaining to the items specified in section 292A of the Companies Act or referred to it by the Board
- b) Investigate any activity within its terms of reference
- c) Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible
- d) Reviewing with management the annual financial statements
- e) Reviewing with the management, external and internal auditors, and the adequacy of internal control systems.
- f) Reviewing the adequacy of internal audit function, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit
- g) Reviewing the Company's financial and risk management policies
- h) Periodic discussion with the auditors about internal control systems, scope of audit including the observations of the auditors and review the quarterly, half-yearly, and annual financial statements before submissions to the Board.

#### **Remuneration Committee**

The Remuneration Committee has been constituted on 1<sup>st</sup> March 2006. The Committee currently consists of three directors, Viz. Shri. S.B.Agarwal, Shri. Ganesh Gupta and Shri. Jayant.N.Godbole. All these directors are independent directors. The members shall elect the chairman of the Committee from amongst themselves.

The Committee has been formed to decide and approve the terms and conditions for appointment of executive directors of the Company and remuneration payable to other directors and executives of the Company and other matters related thereto.

#### **Shareholders / Investor Grievance and Share Transfer Committee**

The Shareholders / Investor Grievance Committee has been constituted on 1<sup>st</sup> March 2006. The Committee currently consists of Shri Navneet Saraf, Shri Jayant.N.Godbole, Shri Ganesh Gupta. The members shall elect the chairman of the Committee from amongst themselves.

The Committee has been formed to specifically look into all the works relating to shares and shareholders grievance, i.e., approval of transfer/transmission/demat/remat of shares, issue of duplicate, split-up, consolidation, renewal of share certificate, non receipt of balance sheet, non receipt of declared dividends etc.

## **TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**

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### **Management Committee**

The Management Committee has been constituted on 14<sup>th</sup> August 2006. The Committee currently consists of Shri. S. K. Saraf, Shri S. M. Saraf, the Chief Operating Officer-Shri Navneet Saraf and the President (Marketing) Shri Subhash Khandelwal. The members shall elect the chairman of the Committee from amongst themselves.

The Committee has been formed to review the day to day business operations of the Company.

### **Investment Committee**

The following are the members of the Investment Committee, which has been constituted on December 22, 2006- Shri Madhoprasad Saraf, Director, Shri Vinod Gadodia, Manager- Accounts, Shri Nayan Bauwa, Manager – Finance and Shri Vaibhav Agarwal – Independent Director. The members shall elect the chairman of the Committee from amongst themselves. The Committee has been formed to review the day to day business investments of the Company.

### **IPO Committee**

The following are the members of the Constitution of IPO Committee, which has been constituted on December 22, 2006- Shri Sharad Kumar Saraf, Managing Director – Commercial, Shri Vaibhav Agarwal, Independent Director and Shri Navneet Kumar Saraf, Chief Operating Officer of the Company. The members shall elect the chairman of the Committee from amongst themselves. The Committee has been formed to review the initial public issue operations of the Company.

### **Interest of Directors (Other than promoter directors)**

Except as stated in “Statement of Related Party Transactions” on page 117 of the Red Herring Prospectus, and to the extent of shareholding in the Company as stated below, the directors do not have any other interest in the business. Except to the extent of their compensation as mentioned on page 84 of the Red Herring Prospectus, and their shareholding or shareholding of companies they represent, the Directors, other than the Promoters who are also Directors, do not have any other interest in the Company. All Directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by the Company with any company in which they hold Directorships or any partnership firm in which they are partners as declared in their respective declarations.

Except as stated otherwise, in the Red Herring Prospectus, the Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of the Red Herring Prospectus in which the directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

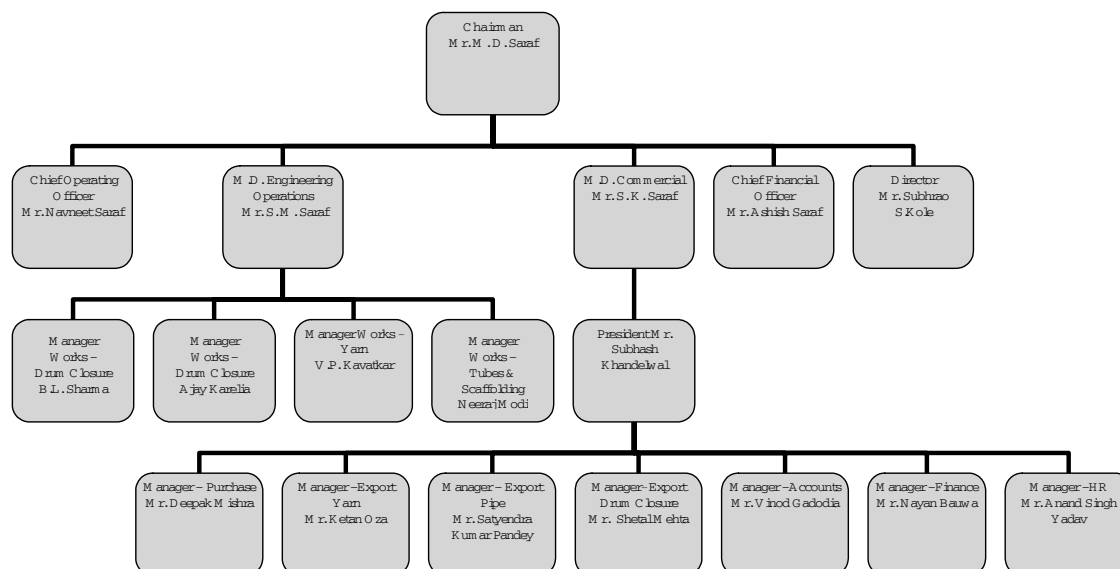
The Articles of Association provide that the Directors and officers shall be indemnified by the Company against loss in defending any proceeding brought against Directors and officers in their capacity as such, if the indemnified Director or officer receives judgment in his favour or is acquitted in such proceeding.

### **Changes in Auditors**

There is no change in the Auditors in the last three years.



## ORGANISATION STRUCTURE



The overall supervision and control of the Company's functions rests with the Board of Directors. The day-to-day operational charge of the Company is with its Managing Directors, being Shri .S.K.Saraf and Shri S.M.Saraf

The organization is functionally divided into two parts Engineering Operations & Commercial. The technical wing handles all the core functions relating to the three divisions Viz. Drum closures, Tubes & Cotton yarn. The Commercial wing takes care of functions relating to Marketing, Finance and Legal. All the functional heads report to the Managing Directors.

### Key Managerial Personnel

The Company is managed by Board of Directors, assisted by qualified professionals with vast experience in Manufacturing industry. The following key managerial personnel assist the management.

- 1. Shri. Navneet Kumar Saraf, Chief Operating Officer, aged 28 years**, he holds a bachelors degree in mechanical engineering from the University of Manchester, United Kingdom. He handles the overseas, commercial, information technology operations of the group. He founded Technosoft Information Technologies (India) Limited, which is the group's engineering software services Subsidiary. He is also on the board of BMS Industries Ltd. (Formerly known as Brihan Maharashtra Steel Industries Limited), Ashrit Holdings Limited, Technosoft Information Technologies (India) Limited, Danube Fashions Limited, M.D.Saraf Securities Private Limited, Technocraft Exports Private Limited and Technocraft Australia Pty. Limited. He is trustee of the many trusts created by the promoters.
- 2. Shri. Ashish Kumar Saraf, Chief Financial Officer, aged 24 years**; he holds a Bachelors degree of Commerce from the University of Mumbai. He has successfully completed his Masters in Textile Technology from Manchester University, UK. He has also completed a course on Cotton Management from Rhodes Institute, Memphis, USA. He is handling the operations of Danube Fashions Ltd. He has directorships in other group companies like, Danube Fashions Limited; BMS Industries Ltd. (Formerly known as Brihan Maharashtra Steel Industries Limited); Ashrit Holdings Limited; Technocraft Exports Private Limited; Technocraft Trading Spolka, Z.O.O., Poland.
- 3. Shri Subhash Khandelwal, Director – Marketing, aged, 44 years**, is Bachelor in Textile from T.I.T., Bhiwani, holding Diploma in Export – Import Management. He started his career in Technocraft group in the year 1988, and is a director of the company since its incorporation.

He has a wide area of interest in business and industries. He is having extensive knowledge and experience in international sales and marketing. He handles client relationship management, business development, brand building & management, exports and import commercial operations. He has diverse experience in Export Business Development and Business Strategy Planning and implementation. His gross remuneration is Rs.11,34,228/- p.a.

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

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4. **Shri B.L.Sharma, Factory Manager – Drum Closures, aged 48 years** is a graduate in Commerce. He is with the company since 1987 and is associated with the drum closures division since its beginning. He is responsible for the constant innovation in drum closures along with Shri S M Saraf. He is in overall in-charge of the drum closure division and is responsible for day to day functioning of the division. His gross remuneration is Rs 5,40,434/- p.a.
5. **Shri. Ajay Liladhar Karella, Factory Manager – Drum Closure, aged 52**, he is a very senior manager with high engineering skills and has been a favourite of companies customers particularly in the US. He has contributed a lot in building company's reputation as a high reliability and quality conscious drum closure manufacturers in the world. He has been with the company since 27 years. His gross remuneration is Rs.6,58,793/- p.a.
6. **Shri V.P.Kavatkar, Factory Manager – Yarn Division, aged 48 years**, is a Diploma holder in Textile Technology from V.J.T.I., Mumbai. He is a man of diverse experience of over 22 years having worked previously in Kamla Mills, Soma Textiles, Hanil Era Textiles and Victoria Mills. He joined the Technocraft group in 1997 and has been instrumental in setting up the yarn division of the company. It is he who has modernized the yarn division of the company and is looking after the day to day efficient functioning of the division, including quality control, benchmarking and upgradation. His gross remuneration is Rs.6,87,793/- p.a.
7. **Shri Neeraj Modi, Factory Manager – Tubes & scaffoldings division Division, aged 37 years**. He is a very senior executive with high technical skills and has contributed greatly towards the growth of this division. He has been with the company since last sixteen years. His gross remuneration is Rs. 3,65,000/-p.a.
8. **Shri Satyendra Kumar Pandey, Manager – Pipes, aged 28 years**, is a Commerce Graduate. He joined Technocraft in 2001 as a Export Officer and was elevated to the current position in the year 2006. He handles Export documentation, audits, booking orders from overseas buyers, marketing of pipes, flex spout, Drum closures and scaffolding, liasoning with the factory for execution of the orders, attending customer queries in consultation with the technical personnel and exploring new markets for pipes. His gross remuneration is Rs 1,67,709/- p.a.
9. **Shri Ketan Oza, Manager – Yarn, aged 36 years** holds a Bachelors in Commerce from Mumbai University. He joined Technocraft in 1997 as an Export Officer and later was promoted to Manager in a short span of time. His career spans over 15 years across various organizations such as Jal Enterprises, Arjan Khimji & Co, Patsons International and presently in Technocraft.

He is involved in marketing of cotton yarn, knitted fabric and garments, developing new clients for above products, ensuring consistent sales growth, coordinating with factories for sampling, production, delivery and quality related matters, liasoning with overseas subsidiaries for their requirements, attending customer queries, quality complaints etc, handling a team for sourcing of synthetic & blended yarn for overseas subsidiaries and export shipping documentation department and liasoning with export promotion councils for market information and quota related matters. His gross remuneration is Rs 4,50,511/- p.a.
10. **Shri Shetal Mehta, Manager – Drum Closures, aged 40 years** is a Bachelors in Commerce from Mumbai University. He joined Technocraft in the year 1988 as a Management Trainee and subsequently climbed the ladder to reach the current position.

He has vast experience in marketing of precision products. Currently he handles the marketing of drum closures, negotiation with banks (forex department) for obtaining best deals for forex rates, liasoning with the factory and clearing agents for overseeing proper shipment and dispatch of goods, attending overseas customer queries, arranging short term financing for the company and handling special assignments as given by the management. His gross remuneration is Rs 5,26,018/- p.a.
11. **Shri Deepak Mishra, Manager – Purchases aged 37 Years**, He holds a PGDBM in Materials Management from Indian Institute of Materials Management. He is also a BSc in Physics and holds a Diploma in Computer Applications, both being from Gujarat University. He has been with the company since the last 13 years and has been effectively and efficiently heading the purchasedepartment of the company. His Gross Remuneration is Rs. 4,22,708/-p.a.
12. **Vinod Gadodia, Manager – Accounts, aged 43 Years**, he is a graduate from Gujarat University and has been heading the accounts department. He has experience of over twenty-seven years in finance and accounts related matters. His Gross remuneration is Rs.4,71,573/- P.a.
13. **Nayan Bauwa, Manager Finance, aged 28 years**. He is a graduate from Mumbai University and a Chartered





Accountant. He joined Technocraft in 2005. He is actively participating in the various finance functions of the organization. His Gross Remuneration is Rs. 4,78,373/- p.a.

14. **Anand Singh Yadav – Manager – Personnel, aged 31 years** is a Post Graduate Diploma in Personnel Management. He joined Technocraft in the year of 2005 as a Manager. He is actively associated with the company in its HR issues and liasoning with various legal consultants.

He is involved in the overall human resources/ personnel in the organization like Payroll, Recruitment, Time Office. His gross remuneration is Rs 3,40,600 /- p.a.

15. **Shri Vikas Patangia, Manager – Legal, aged 35 years** is a Masters in Economics and MBA in Marketing. He joined Technocraft in the year 1991 as a Management Trainee and has subsequently climbed the ladder to reach the current position. He is actively associated with the company in its legal issues, handling legal compliances and liasoning with the various legal consultants, patent attorneys for IPR issues of the company, registration of the patents, trademarks etc. He is also involved in the overall Imports &Exports (customs documentation), logistics and human resources/ personnel in the organization. His gross remuneration is Rs 4,26,039/- p.a.

16. **Shri Manoj Jain, Company Secretary**, aged 29 years is a grauate in commerce and an associate member of the Institute of Company Secretaries of India. He joined Technocraft on December 01, 2006. His gross remuneration is Rs.2,30,000/- p.a.

The persons whose names appear as key management personnel are on the pay roll of the Company as permanent employees.

#### Shareholding of Key Employees

Sr. No.	Name of Director	No. of Shares held	% of Shareholding
1.	Shri. Navneet Kumar Saraf	1,124,280	4.84%
2.	Shri. Ashish Kumar Saraf	70,742	0.30%

None of the key employees, except as above and other than the promoters of the Company hold any shares of the Company.

#### Changes in Key Managerial Employees during the last three years

Following are the changes in the key managerial personnel within one year prior to the date of filing this Red Herring Prospectus:

Sr. No.	Name	Designation	Date of Joining	Date of Leaving	Reason
1	Mr. Dinkar Rai	Company Secretary	September 01, 2004	January 25, 06	Personal
2	Mr. Ashok Amin	Manager – Pipe Export	October 05, 1998	May 11, 06	Transferred to Foreign Subsidiary company
3	Mr. Tunu Sahu	Company Secretary	May 16, 2006	November 27, 2006	Personal
4	Mr. Navneet Saraf	Chief Operating Officer	December 23, 2006	-	Appointed
5	Mr. Ashish Saraf	Chief Financial Officer	December 23, 2006	-	Appointed
6	Mr. Manoj Jain	Company Secretary	December 01, 2006	-	Appointed

Except as stated above, there has been no change in the Key Managerial Personnel in last one year.

#### Bonus or Profit Sharing Plan for the Key Managerial Personnel

Currently, we do not have a performance linked bonus or a profit sharing scheme for our Employees. However, our Employees are entitled to bonus equivalent to one-month basic salary payable annually. Additionally, our Non-Executive Chairman is entitled to a commission of 1% of the net profits of the Company. The key managerial personnel do not have any interest in the Company other than to the extent of the remuneration or benefits to which they are entitled as per their terms of appointment, 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.

## **TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**

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### **Interest of Promoters, Directors & Key Managerial Personnel**

Except as stated in “Statement of Related Party Transactions” on page 117 of this Red Herring Prospectus, and to the extent of shareholding in the Company, the Promoters do not have any other interest in the Company’s business.

The Promoters have all voting rights in the Company under the terms of the Articles of Association, since they hold 100% of the voting capital. For additional information, see page 95 of this Red Herring Prospectus.

The key managerial employees, other than the promoters, of the Company do not have any interest in the Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment and reimbursement of expenses incurred by them during the ordinary course of business.

All Directors may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them under the Articles of Association. The whole time Directors are interested to the extent of remuneration paid to them for services rendered by them as officers or employees of our Company. All Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in the Company, or that may be subscribed for and allotted to them, out of the present Issue in terms of this Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

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

Except as stated otherwise in this Red Herring Prospectus, the Company has not entered into any contract, agreements or arrangement during the preceding two years from the date of this Red Herring Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of these contracts, agreements or arrangements or are proposed to be made to them.

### **Employee Stock Option Scheme**

The Company does not have any employee stock option scheme as on date.

### **Non Salary Related Payment or Benefit to Employees/Key Managerial Personnel of the Company**

There has been no other payment or benefit to the employees/key managerial personnel of the Company.



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## PROMOTERS AND THEIR BACKGROUND



### **Shri. Madhoprasad Saraf; Chairman, Aged 77 Years**

He is a commerce graduate. He started his career with the Birla group of companies and has been associated with the Technocraft Group since inception. Mr. Saraf is the Chairman of the company since incorporation and actively associated with all the group companies.

He has wide interest in the areas of business handles the Stock Brokerage, Finance, Accounting, taxation matters of the company, Mr. Saraf is also on the board of BMS Industries Limited (Formerly known as Brihan Maharashtra Steel Industries Limited), Ashrit Holdings Limited, Technosoft Information Technologies (India) Limited, Danube Fashions Limited and M.D.Saraf Securities Private Limited.

Mr. Saraf is associated through various capacities in the social field as a trustee of various charitable trusts funded by the group.

**(Driving licence No. : 28498; Passport No. : A3239648; PAN: AAHPS 8160Q)**



**Shri. Sharad Kumar Saraf; Managing Director, aged 58 years**, is holding Bachelors degree in Electronics Engineering from the prestigious Indian Institute of Technology, Bombay.

After graduating from IIT in 1969, he underwent one-year Industrial Training in Germany in 1970. He, along with Shri Sudarshan Kumar Saraf and Shri M.D. Saraf Promoted the Technocraft group in 1972, and since has been instrumental in the overall progress of the organisation, handles all the commercial aspects of the company.

He is the President of Confederation of Exporting Units (CEU), Chairman (WR) of Federation of Indian Export Organisations (FIEO), Honorary Ambassador of New Orleans, LA, U.S.A. He was the Vice Chairman – Engineering Export Promotion Council and is associated as Member of Custom Advisory Committee, Indian Merchant Chamber, Bombay Chamber of Commerce & Industry, World Trade Centre, Mumbai, Managing Committee Member of Engineering Export Promotion Council of India, Mill Owners' Association, Indian Cotton Mills' Federation, he has been a keen observer and activists representing the different industry groups. He is also on the board of BMS Industries Ltd (Formerly known as Brihan Maharashtra Steel Industries Limited), Ashrit Holdings Limited, Technosoft Information Technologies (India) Limited, Danube Fashions Limited and Technocraft Exports Private Limited. He is also a trustee of the various charitable organisations supported by the group.

**(Driving licence No. : 303981; Passport No. : Z1515149; PAN: AAIPS 1238A)**



**Shri. Sudarshan Kumar Saraf; Managing Director, aged 56 years**, holds a Bachelor in Mechanical Engineering from the prestigious Indian Institute of Technology, Bombay. He founded the group and has been instrumental in the growth of the group to its present size starting from almost scratch. He directs all the engineering operations of the group.

Mr. Saraf was conferred the distinguished service award for the year 1999 by the Institute of Technology, Bombay, he pioneered the development of interval thread rolling process, developed and built SPM's and tools that increased yields and some were first of its kind introduced in America which saved the customer a few people per shift. He holds 3 patents each in new process, new product and new tooling. He holds many innovative patents, most profitable of which has been for GRT Flange, which while yielding a much superior product also increased raw material yield by almost 20%.

He is also on the board of BMS Industries Limited, Ashrit Holdings Limited, Technosoft Information Technologies (India) Limited, Danube Fashions Limited and Technocraft Exports Private Limited. He is trustee of the trust supported by the promoters.

**(Driving Licence No.: 31749; Passport No. : F0942206; PAN: AAIPS 1022Q)**

We confirm that the Permanent account number, Bank account number and the Passport number of the promoters have been submitted to BSE & NSE at the time of filing the Draft Red Herring Prospectus.

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

### PROMOTER GROUP

In terms of 6.8.3.2(k) Explanation II of the DIP Guidelines, the following persons form part of our Promoter Group.

Promoters	Relation
Mr. Sudarshan Madhoprasad Saraf	Son of Shri. Madhoprasad Saraf
Mrs. Shakuntala Sharad Saraf	Wife of Shri Sharad Saraf
Mrs. Shantidevi Madhoprasad Saraf	Mother of Shri. Sudarshan and Sharad Kumar Saraf
Mrs. Suman Sudarshan Saraf	Wife of Shri Sudarshan Saraf
Ms. Ritu Sharad Saraf	Daughter of Shri Sharad Saraf
Mr. Navneet Sudarshan Saraf	Son of Shri Sudarshan Saraf
Mr. Ashish Sharad Saraf	Son of Shri Sharad Saraf
Mr. Madhoprasad Dwarkadas Saraf	Father of Shri Sudarshan and Sharad Kumar Saraf
Mr. Sharad Madhoprasad Saraf	Son of Shri Madhoprasad Saraf
Mrs. Nidhi Navneet Saraf	Wife of Navneet Saraf

### Promoter Group Entities

1. BMS Industries Ltd. (Formerly known as Brihan Maharashtra Steel Industries Ltd)
2. Ashrit Holdings Ltd
3. M.D.Saraf Securities Pvt Ltd
4. Technocraft Global Holdings Ltd
5. M.T.Information Technologies
6. CFDtech Solutions Limited

For More information relating to the Promoter Group Companies please refer to the Section "Financials of Subsidiaries and Group Companies" on page 137 of this Red Herring Prospectus

None of the above mentioned persons have been restrained from accessing the capital market for any reasons by SEBI or any other authorities.

The promoters, their relatives, the company, its group and associate companies are not detained as willful defaulters by RBI/ Government authorities and there are no violations of securities laws committed by them in the past or pending against them.

Companies of the promoter group/subsidiaries referred to BIFR/under winding up/ having negative net worth

There are no companies of the promoter group/subsidiaries, which are either referred to BIFR or under winding up or have negative net worth.

### Sales or Purchase between companies in the Promoter Group

There have been no sales or purchases between companies in the promoter group exceeding in value in the aggregate 10% of the total sales or purchases of the Company.

### Common Pursuits

There are no common pursuits in the business of the Company and other companies promoted by the Promoters.

### Companies with which the Promoters have disassociated themselves in the last three years

The promoters of the company have not disassociated themselves from any company in last three years.



## RELATED PARTY DISCLOSURES

For Related party disclosure kindly refer to Annexure – 6 of the section titled 'Financial Statement' on page 116 of this Red Herring Prospectus.

## CURRENCY OF PRESENTATION

For currency of presentation used in the Red Herring Prospectus kindly refer to the section titled 'Currency of Presentation' on page viii of the Red Herring Prospectus.

## DIVIDEND POLICY

The declaration and payment of dividends will be recommended by our Board of Directors and our shareholders upon their discretion and will depend on a number of factors, including but not limited to, our earnings, capital requirements and overall financial condition. Dividends paid by our Company during the last five years are presented below:

### Dividend History in the last five years

(Rs. in lakhs)

Particulars	For the year ended March 31 <sup>st</sup>				
	2002	2003	2004	2005	2006
<b>Class of Shares</b>					
Equity Share Capital (Face value Rs.10 each)	596.75	663.05	663.05	1326.1	2320.68
<b>Dividend on Equity Shares</b>					
Interim Dividend					
- Rate	100%	0%	10%	0%	0%
- Amount	596.75	-	66.31	-	-
Final Dividend					
- Rate	0%	0%	20%	0%	0%
- Amount	-	-	132.61	-	-
<b>Total Equity Dividend</b>	596.75	-	198.92	-	-
<b>Corporate Dividend Tax</b>	60.87	-	25.49	-	-

However the dividend paid in the past are not necessarily indicative of our dividend amounts, if any, or our dividend policy, in the future.

**SECTION V FINANCIAL INFORMATION**

1. Financial Statements
  - a. Statement of Assets and Liabilities and Profits and Losses, as restated, for the half year ended September 30, 2006 and for the years ended March 31, 2002, 2003, 2004, 2005 and 2006
  - b. Statement of Consolidated Assets and Liabilities and Consolidated Profits and Losses, as restated, for the half year ended September 30, 2006 and for the years ended March 31, 2002, 2003, 2004, 2005 and 2006
2. Subsidiary and Group Company Information
3. Management Discussion & and Analysis of financial Condition and Results of Operations
4. Financial Indebtedness



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## FINANCIAL STATEMENTS

### *Auditor's Report as required by Part II of Schedule II to the Companies Act, 1956.*

The Board of Directors,  
Technocraft Industries (India) Limited  
A-25, MIDC,  
Marol Industrial Area,  
Street No. 3, Andheri (East),  
Mumbai – 400 093.

Dear Sirs,

1. We have examined the financial information of Technocraft Industries (India) Limited (the company) annexed to this report which have been prepared in accordance with the requirements of :
  - i. Paragraph B (1) of Part I I of Schedule II to the Companies Act, 1956 ('the Act');
  - ii. The Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines 2000 ('the Guidelines') issued by the Securities and Exchange Board of India ('SEBI') on January 19, 2000 in pursuance of Section 11 of the Securities and Exchange Board of India Act, 1992; and
  - iii. The terms of reference received from the Company, requesting us to carry out work, proposed to be included in the Red Herring Prospectus / Red Herring Prospectus / Prospectus (hereinafter referred to as "Offer Document") of the Company in connection with its proposed Public Issue (referred to as 'the Issue').
2. The Issue will be for a fresh issue by the Company of 83,20,000 Equity Shares of Rs. 10/- each at such premium, by way of book building process, as may be decided by the Board of Directors. The Issue is being made through the 100 per cent book-building scheme.

### ***Financial Performance of the Company as per audited financial statements***

3. We have examined the 'statement of assets and liabilities – Restated' (Annexure – 1) of the Company for half year ended September, 30<sup>th</sup> 2006 and each of year ended March, 31<sup>st</sup>, 2006, 2005, 2004, 2003 and 2002 and the 'statement of profit and loss account – restated' for each of the period/years ended on those dates (see Annexure - 2), the 'statement of Cash Flows – restated' for the period/years ended on those dates (see Annexure – 3), and the related Financial Schedules (Annexure – 5 to 17) as extracted from the audited financial statements each of the financial years ended on March 31, 2006, 2005, 2004, 2003 and 2002 and adopted by the members of the Company and for the half year ended on September 30<sup>th</sup> 2006 approved by the Board of Directors of the company and after making the necessary and relevant disclosures and adjustments as appropriate and required to be made, in our opinion in accordance with the provisions of Part II and Schedule II of the Companies Act, 1956 and SEBI Guidelines. Based on our examination of these summary statements, we confirm that,
  - i. The impact of changes in accounting policies adopted by the Company as at 30<sup>th</sup> September 2006 and for the year ended March 31<sup>st</sup> 2006 have been adjusted with retrospective effect in the attached summary statements; Except as otherwise stated in notes and significant accounting policies as per Annexure 4 attached with this report
  - ii. The prior period items have been adjusted in the summary statements in the years to which they relate;
  - iii. There are no qualifications in the auditors' reports, except (as otherwise stated in notes and significant accounting policies as per Annexure 4 attached with this report) which require any adjustments to the summary statements.
4. The summary of significant accounting policies adopted by the Company together with the notes pertaining to the audited financial statements for the half year ended September 30<sup>th</sup> 2006 are enclosed as Annexure 4 to this report.
5. We have examined the following financial information relating to the Company proposed to be included in the Letter of Offer, approved by the Board of Directors and annexed to this report:

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

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- i. Details of Segment Reporting (Annexure 5)
  - ii. Details of Related party Disclosure (Annexure 6)
  - iii. Details of Principal Terms & Conditions of Loans Outstanding (Annexure 7)
  - iv. Details of Investments (Annexure 8)
  - v. Details of Sundry debtors (Annexure 9)
  - vi. Details of loans and advances (Annexure 10)
  - vii. Details of secured loan (Annexure 11)
  - viii. Detail of Contingent Liabilities (Annexure 12)
  - ix. Details of Dividends paid by the Company (Annexure 13)
  - x. Summary of accounting ratios based on the adjusted profits relating the earning per share, net asset value and return on net worth (Annexure 14)
  - xi. Capitalisation statement of the Company (Annexure 15)
  - xii. Details of other income and operating Revenues (Annexure 16)
  - xiii. Tax Shelter statement (Annexure 17)
6. Consolidated Group Financials:
- a. We have examined the 'Statement of Consolidated Assets and Liabilities – Restated' (Annexure – 18) for half year ended on September 30<sup>th</sup> 2006 and each of the financial years ended on March 2006 2005 2004 2003 and 2002 'statement of consolidated profits and losses – Restated' (Annexure – 19), for the period/years ended as on those dates and the 'Statement of Consolidated Cash Flow – Restated' (Annexure – 20) for the period/years ended on those dates as approved by the Board of Directors of the Company and after making the necessary and relevant disclosures and adjustments as appropriate and required to be made in our opinion in accordance with the provisions of Part II of Schedule II of the Companies Act, 1956 and the SEBI Guidelines.
  - b. The Consolidated Financial Information is based on the audited Balance Sheets and Profit and Loss Account of the respective companies being consolidated. We have relied on the Financial Statement of the subsidiaries, which have been reported upon by the respective auditors and as approved by the Board of Directors of the Company and which have been prepared under the relevant applicable Generally Accepted Accounting Principles (GAAP) of the country where the subsidiary is registered. However financial statements of foreign Subsidiaries for the period ended on June 30, 2006 which are unaudited and certified by the management, consolidated with the parent company financial statement of Accounts for the half year ended on September 30, 2006. Adjustments have been made to realign the significant accounting policies of these subsidiaries to those of Technocraft Industries (India) Limited wherever practicable and except as otherwise stated in notes and significant Accounting Policies as per Annexure '4 & 21'. Further, where the reporting dates of the respective subsidiary is not the same as Technocraft Industries (India) Limited, adjustments have been made for the effects of significant transactions or other events that have occurred between the reporting date of the subsidiary and the date of Technocraft Industries (India) Limited's Financial Statement.





## LIST OF SUBSIDIARY COMPANIES

Name of the Company	Extent of Company's Interest							Country of Incorporation
	Year Ended	Half year ended September 30, 2006	2005-06	2004-05	2003-04	2002-03	2001-02	
<b>Subsidiaries:</b>								
Technosoft Information Technologies (I) Ltd.	31 <sup>st</sup> March	94.99%	99.99%	99.99%	99.99%	99.99%	99.99%	India
Techno Exports Private Limited	31 <sup>st</sup> March	100.00%	100.00%	100.00% (Note 1)	100.00% (Note 1)	—	—	India
Danube Fashions Limited	31 <sup>st</sup> March	99.99%	99.99%	99.99%	99.99%	—	—	India
Technocraft Trading Poland	31 <sup>st</sup> Dec	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	Poland
Technocraft (Hungary) KFT	31 <sup>st</sup> Dec	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	Hungary
Technocraft International Ltd.	31 <sup>st</sup> Dec	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	United Kingdom
Bopp A. G.	31 <sup>st</sup> Dec	70.00%	70.00%	-	-	-	-	Germany
CAE Systems Gmbh. (Note 2 & 3)	(Note 2 & 3)	81.99%	81.99%	-	-	-	-	Germany
Technocraft Australia Pty. Ltd. (Note 3)	(Note 4)	100%	-	-	-	-	-	Australia
Impact Engineering Pvt. Ltd.	(Note 3 & 4)	85%	-	-	-	-	-	U. S. A.

### Notes:

- Out of 100% Share of Techno Exports Private limited, 49% share is owned by Technosoft Information Technologies (I) limited which is 100% subsidiary of Parent company.
- Out of 100% share of CAE Systems Gmbh, 82% shares is owned by Technosoft Information Technologies(I) Ltd which is the wholly owned subsidiary of Technocraft Industries (India) Limited.
- Out of 100% share of Impact Engineering Pvt. Ltd, 85% shares is owned by Technosoft Information Technologies (I) Ltd Which is the subsidiary of Technocraft Industries (India) Limited.
- Financials for CAE System Gmbh, Technocraft Australia Pty. Ltd. are not consolidated since no financials for the same are made.
- In our opinion, the 'financial information as per audited financial statements' and consolidated group statements read with the notes to accounts and other financial information' as per annexure 4 & 21 have been prepared after making adjustments and regroupings as considered appropriate and in accordance with Part II of Schedule II of the Companies Act 1956 and the SEBI Guidelines.
- This report is intended solely for the use of Technocraft Industries (India) Limited for the purpose of inclusion in the Offer Document in connection with the Public Issue of the Company. This report may not be used or relied upon by or disclosed, referred to or communicated by yourself (in whole or in part) to any third party for any purpose other than the stated use, except with our written consent in each instances, and which consent, may be given, only after full consideration of the circumstances at that time.

For **M. L. SHARMA & CO.**  
Chartered Accountants

(V. L Bajaj)  
**Partner**  
Membership No. 104982

Place: Mumbai  
Dated: December 22, 2006

**TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**

**ANNEXURE – 1**

**STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED – STAND ALONE**

*(Rs. in Lakhs)*

Particulars	As at the Financial Year ended March 31,					
	2002	2003	2004	2005	2006	For the half year ended September 30, 2006
<b>Fixed Assets</b>						
Gross Block	9,065.50	10,137.18	11,792.22	12,669.00	13,432.61	13,850.58
Less: Accumulated Depreciation	5,502.71	6,141.20	7,016.12	7,998.91	8,935.20	9,362.03
Net Block	3,562.79	3,995.98	4,776.11	4,670.09	4,497.41	4,488.55
Less: Revaluation Reserves	537.19	501.92	471.05	442.40	415.76	403.33
Capital Work in Progress	2.11	64.94	56.78	23.48	145.81	431.99
Assets in Transit	-	-	18.01	25.03	.62	37.03
Total (A)	3,027.72	3,559.00	4,379.85	4,276.20	4,228.08	4,554.25
Investments (B)	5,782.19	4,100.69	2,733.75	2,651.21	1,736.36	2,236.36
<b>Deferred Tax Assets (C)</b>	-	<b>8.16</b>	-	-	<b>17.84</b>	<b>40.61</b>
<b>Current Assets, Loans and Advances</b>						
Inventories	2,735.12	4,389.12	8,117.71	9,923.73	7,086.74	5,608.40
Sundry Debtors	3,913.49	5,033.96	8,512.12	8,828.35	7,149.99	7,949.06
Cash and Bank Balances	1,259.09	1,217.14	1,251.64	1,096.07	1,151.58	1,353.65
Loan and Advances	1,480.63	2,306.52	3,350.89	5,099.76	8,641.21	11,796.56
Total (D)	9,388.32	12,946.74	21,232.37	24,947.90	24,029.51	26,707.66
<b>Liabilities &amp; Provisions</b>						
Secured Loan	1,014.04	1,010.88	3,598.58	3,584.48	3,043.08	2,674.26
Deferred Tax Liabilities	-	308.07	283.27	96.09	72.59	51.08
Current Liabilities and Provisions	1,853.92	2,608.58	3,738.76	5,017.41	6,107.63	7,791.97
Total (E)	2,867.96	3,927.53	7,620.60	8,697.98	9,223.03	10,517.31
Net Worth (A+B+C+D-E) = F	15,330.27	16,687.07	20,725.36	23,177.33	20,788.47	23,021.57
<b>Represented by</b>						
1. Share Capital	596.75	663.05	663.05	1,326.10	2,320.68	2,320.68
2. Reserves	15,278.31	16,531.13	20,536.39	22,295.54	18,922.47	21,146.60
Less: Revaluation Reserves	537.19	501.92	471.05	442.40	415.76	403.33
Reserves (Net of Revaluation Reserves)	14,741.12	16,029.21	20,065.34	21,853.14	18,506.72	20,743.28
<b>Total</b>	<b>15,337.87</b>	<b>16,692.26</b>	<b>20,728.39</b>	<b>23,179.24</b>	<b>20,827.39</b>	<b>23,063.95</b>
Less: Misc. Expenditure not written of	7.59	5.19	3.03	1.91	38.92	42.38
<b>Net Worth</b>	<b>15,330.27</b>	<b>16,687.07</b>	<b>20,725.36</b>	<b>23,177.33</b>	<b>20,788.47</b>	<b>23,021.57</b>



**ANNEXURE - 2**

**STATEMENT OF PROFIT AND LOSS ACCOUNT, AS RESTATED – STAND ALONE**

*(Rs. In Lakhs)*

Particulars	As at the Financial Year ended March 31,					
	2002	2003	2004	2005	2006	For the half year ended September 30, 2006
<b>INCOME</b>						
<b>Sales</b>						
-Domestic	1,041.82	925.26	2,574.03	5,009.07	5,572.99	2,027.41
-Export	15,070.45	16,790.86	21,880.62	24,254.28	22,493.00	13,410.24
<b>TOTAL</b>	<b>16,112.27</b>	<b>17,716.12</b>	<b>24,454.65</b>	<b>29,263.34</b>	<b>28,065.99</b>	<b>15,437.66</b>
Other Income	1,592.19	2,190.48	3,757.43	3,089.54	1,564.56	969.88
Increase / (Decrease) in Stocks	228.87	346.41	2,774.32	(721.09)	(1,478.10)	(596.67)
<b>TOTAL INCOME ( A )</b>	<b>17,933.33</b>	<b>20,253.01</b>	<b>30,986.40</b>	<b>31,631.79</b>	<b>28,152.45</b>	<b>15,810.87</b>
<b>EXPENDITURE</b>						
Cost of Goods Sold	10,156.63	11,540.28	21,417.16	22,209.09	19,554.47	9,036.99
Operating & Other Expenses	1,967.00	2,497.69	2,838.13	3,633.82	3,229.44	2,290.05
Employees' Remuneration & Benefits	710.98	811.07	889.79	980.82	1,358.11	608.83
Financial Charges	110.60	131.37	189.71	266.80	112.09	147.69
Depreciation	743.38	697.95	852.08	954.57	909.58	414.14
Preliminary Expenditure written off	2.36	2.40	2.17	1.78	4.65	2.32
<b>TOTAL EXPENDITURE(B)</b>	<b>13,690.95</b>	<b>15,680.77</b>	<b>26,189.02</b>	<b>28,046.89</b>	<b>25,168.33</b>	<b>12,500.02</b>
<b>Profit / (Loss) before Tax and Extraordinary items</b>	<b>4,242.38</b>	<b>4,572.24</b>	<b>4,797.38</b>	<b>3,584.91</b>	<b>2,984.12</b>	<b>3,310.85</b>
Add: Exceptional Items [Income/(Exp.)]	-	-	-	-	-	-
<b>Profit before Tax</b>	<b>4,242.38</b>	<b>4,572.24</b>	<b>4,797.38</b>	<b>3,584.91</b>	<b>2,984.12</b>	<b>3,310.85</b>
Provision for Taxation						
- Current Tax	445.00	769.00	728.50	1,170.00	922.00	1,120.00
- Fringe Benefit Tax	-	-	-	-	10.93	2.78
- Earlier Years	32.13	11.14	175.01	(41.14)	3.67	(3.92)
- Less/ (Add) Deferred Tax	-	299.91	16.64	5.19	(41.33)	(44.29)
<b>Profit available for appropriations</b>	<b>3,765.25</b>	<b>3,492.20</b>	<b>4,260.53</b>	<b>2,450.85</b>	<b>2,088.85</b>	<b>2,236.27</b>
Add / (Less) Balance Brought from Previous year	2,871.72	3,797.90	4,388.30	4,424.42	4,333.14	6,421.99
Appropriations:						
General Reserve	2,181.45	2,901.81	4,000.00	2,542.14	-	-
Capital Redemption Reserve	-	-	-	-	-	-
Proposed Dividend	596.75	-	198.92	-	-	-
Tax on Dividend	60.87	-	25.49	-	-	-
<b>Balance carried to Summary of Assets and Liabilities</b>	<b>3,797.90</b>	<b>4,388.30</b>	<b>4,424.42</b>	<b>4,333.14</b>	<b>6,421.99</b>	<b>8,658.26</b>

**TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**

**ANNEXURE - 3**

**CASH FLOW STATEMENT**

Particulars	As at the Financial Year ended March 31,					
	2002	2003	2004	2005	2006	For the half year ended September 30, 2006
<b>Cash flow from operating activities:</b>						
Net (loss)/profit before tax but after exceptional/extraordinary items	4,242.38	4,572.24	4,797.38	3,584.91	2,984.12	3,310.85
<b>Adjustments for:</b>						
Depreciation	743.38	697.95	852.08	954.57	909.58	414.14
Interest Expense	20.27	29.03	90.50	153.62	116.92	69.42
Interest Income	(464.87)	(132.44)	(126.72)	(126.59)	(238.79)	(178.76)
Dividend Received	(367.44)	(0.01)	(705.63)	(465.34)	(22.27)	(0.04)
Business Service Inome	-	-	(1.80)	(11.43)	(12.14)	(7.55)
Rent Received	-	-	(3.14)	(7.07)	(24.58)	(13.22)
Rent Paid	-	-	-	1.80	-	-
(Profit)/Loss on Fixed Assets sold	(67.03)	(32.64)	0.56	0.44	-	-
(Profit)/Loss on sale of Investments	(9.74)	(269.36)	(582.71)	(13.86)	(196.55)	(0.39)
Preliminary Expenditure written off	2.36	2.40	2.17	1.78	4.65	2.32
Gain on Exchange (Net)	(272.41)	(667.69)	(602.26)	(942.81)	(377.56)	(216.91)
Operating profit before working capital changes	3,826.90	4,199.48	3,720.43	3,130.04	3,143.37	3,379.86
<b>Adjustments for changes in working capital :</b>						
- (INCREASE)/DECREASE in Sundry Debtors	528.32	(1,120.48)	(3,478.16)	(316.23)	1,678.36	(799.07)
- (INCREASE)/DECREASE in Other Receivables	2,966.90	179.73	(129.31)	(1,075.31)	(2,134.96)	(2,702.29)
- (INCREASE)/DECREASE in Inventories	(582.74)	(1,654.01)	(3,728.59)	(1,806.02)	2,836.99	1,478.34
- INCREASE/(DECREASE) in Trade and Other Payables	251.15	(11.61)	390.43	115.38	158.09	568.68
Cash generated from operations	6,990.52	1,593.12	(3,225.20)	47.86	5,681.85	1,925.53
- Taxes (Paid) / Received	(471.38)	(991.79)	(713.27)	(803.56)	(1,343.13)	(441.02)
- Gain on Exchange (Net)	272.41	667.69	602.26	942.81	377.56	216.91
Prior Period Expenses	-	-	-	-	-	-
Net cash from operating activities (A)	6,791.55	1,269.02	(3,336.21)	187.11	4,716.28	1,701.42



Particulars	As at the Financial Year ended March 31,					
	2002	2003	2004	2005	2006	For the half year ended September 30, 2006
<b>Cash flow from Investing activities:</b>						
Purchase of fixed assets	(280.06)	(1,192.81)	(1,749.56)	(880.69)	(735.77)	(454.38)
(Increase)/ Decrease in Capital Work in Progress	(1.73)	(62.83)	8.16	33.30	(122.25)	(285.93)
Proceeds from Sale of fixed assets	84.22	59.05	8.12	0.04	-	-
Net realisation on Sale of Investments	9.75	3,049.14	4,238.25	2,516.86	525.51	564.39
Net additions to investments :						
in subsidiaries	(668.62)	(239.46)	(945.61)	-	(357.29)	-
in others	(4,907.41)	(858.82)	(1,343.00)	(2,401.00)	(3475.00)	(1,064.00)
Interest Received	433.14	104.66	100.31	107.18	179.39	171.27
Dividend Received	367.44	0.01	705.63	445.88	0.04	0.04
Business Service Inome Received	-	-	1.43	9.40	9.17	5.80
Rent Received	-	-	3.14	6.07	19.93	10.42
Net cash used in investing activities (B)	(4,963.27)	858.94	1,026.87	(162.96)	(3956.28)	(1052.39)
<b>Cash flow from financing activities:</b>						
Redemption of preference Share Capital	-	-	-	-	-	-
Buy Back of Equity Share Capital	(1,445.45)	(2,137.81)	-	-	-	-
Rupee Short Term Loan & Foreign Currency Loan From BOI	(429.31)	477.50	1,130.04	(1,120.94)	(434.24)	705.67
Net short term borrowings from Banks	637.53	(480.66)	1,517.46	1,102.83	(110.60)	(1,074.49)
Interest Paid	(22.98)	(28.95)	(79.25)	(160.95)	(117.99)	(72.35)
Dividend Paid	(629.90)	-	(198.92)	-	-	-
Dividend Tax Paid	(64.25)	-	(25.49)	-	-	-
Miscllaneous Expenditure	-	-	-	(0.66)	(41.67)	(5.78)
Net cash used in financing activities (C)	(1,954.36)	(2,169.92)	2,343.85	(179.72)	(704.49)	(446.95)
Net Increase/(Decrease) in Cash & Cash Equivalents (A)+(B)+ ( C )	(126.08)	(41.95)	34.51	(155.57)	55.51	202.07
Cash and cash equivalents at the beginning of the year	1,385.17	1,259.09	1,217.14	1,251.64	1,096.07	1,151.58
Cash and cash equivalents at the end of the year	1,259.09	1,217.14	1,251.64	1,096.07	1,151.58	1,353.65
<b>Cash and cash equivalents comprise</b>						
Cash on hand	2.01	4.90	6.75	6.96	6.74	12.78
Balance with Scheduled Banks	1,257.08	1,212.24	1,244.89	1,089.11	1,144.84	1,340.87
Balance as per Balance Sheet	1,259.09	1,217.14	1,251.64	1,096.07	1,151.58	1,353.65

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

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### ANNEXURE – 4

#### STATEMENT OF ACCOUNTING POLICIES AND CHANGES IN POLICIES DURING THE FINANCIAL YEAR ENDED ON 31<sup>ST</sup> MARCH, 2002, 2003, 2004, 2005, 2006 AND FOR THE HALF YEAR ENDED 30<sup>TH</sup> SEPTEMBER, 2006

##### SIGNIFICANT ACCOUNTING POLICIES:

###### **A. GENERAL**

- i) These Financial Statement are prepared on the historical cost basis, in accordance with the Generally Accepted Accounting Principles in India, the Accounting Standards issued by the Institute of Chartered Accountants of India (except to the extent otherwise stated herein 2(i) & 2(ii) below) and the provisions of the Companies Act, 1956, adjusted by valuation of certain Fixed Assets and on the accounting principles of a going concern.
- ii) Accounting Principles not specifically referred to otherwise are consistent and in consonance with the generally accepted accounting principles.

###### **B. RECOGNITION OF INCOME AND EXPENDITURE**

Income and expenditure are recognized on accrual basis except benefits on Special Import License Premium, Sales Tax set off, Duty Drawback and all cash incentives, Claims receivable and Government taxes, which have been accounted on cash basis.

###### **C. SALES**

- i) Sales are reported net of trade discounts, returns and rebates, Excise Duty and Sales Tax.
- ii) Sales of Scrap/Unusable Waste are reported net of Excise duty and Sales Tax.

###### **D. FIXED ASSETS**

Fixed Assets are stated at cost of acquisition or construction inclusive of incidental expenses related there to and includes amount added on revaluation less accumulated depreciation & CENVAT credit. Adjustment arising from Foreign exchange rate variations attributable to the fixed assets are capitalized.

###### **E. DEPRECIATION**

- i) Depreciation on Fixed Assets has been provided on pro-rata basis on the written down value method at the rates specified in schedule XIV, of the Companies Act, 1956.
- ii) Leasehold Land is amortized over the period of lease.
- iii) Depreciation on Revalued Assets is charged for each year after deducting the amount of depreciation on the revalued cost, transferred from revaluation reserve.

###### **F. EXPENDITURE DURING CONSTRUCTION PERIOD**

Expenditure during construction period is included under Capital Work in Progress and the same is allocated to the respective Fixed Assets on the completion of its construction.

###### **G. INVENTORIES**

- i) Inventories of Raw Materials, Finished Goods, Semi-Finished Goods, Trading Goods, Raw Material Scrap and Stores Spares and other components, Packing Materials, Fuel and Oil are valued at cost or net realizable value, whichever is lower.
- ii) Goods in transit is valued at cost or net realizable value, whichever is lower.
- iii) Cost comprises of all cost of purchases, cost of conversion and other costs incurred in bringing the inventory to their present location and conditions.
- iv) Cost is arrived at on FIFO basis.



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#### **H. DEFERRED REVENUE EXPENDITURE**

The expenses disclosed under Miscellaneous Expenditure are amortized as follows:

Preliminary expenses have been amortized over a period of 10 years.

#### **I. RESEARCH & DEVELOPMENT EXPENDITURE**

Research & Development Expenditure costs of a revenue nature are charged as an expense in the year in which these are incurred.

#### **J. FOREIGN EXCHANGE TRANSACTIONS**

- i) Transactions denominated in foreign currency are normally accounted for at the exchange rate prevailing at the time of transaction.
- ii) Gains and losses on foreign exchange transactions other than those relating to Fixed Assets are recognized in respective heads of accounts of Profit and Loss Account.
- iii) Monetary assets and Liabilities related to foreign currency transactions remaining unsettled at the end of the year are translated at the year end rates.
- iv) Exchange differences in respect of liabilities incurred to acquire fixed assets are adjusted to the carrying amount of such fixed assets.

#### **K. GOVERNMENT GRANTS**

Capital Grants for Project Capital Subsidy are credited to the Capital Reserve Account.

#### **L. INVESTMENTS**

Long Term Investments are stated at Cost and provision for diminution in value in the perception of the management will only be considered.

#### **M. RETIREMENT BENEFITS**

- i) The Company makes regular contribution to the Employees' Provident Fund and Employees' Pension Fund Schemes and these contributions are charged to Profit and Loss Account.
- ii) Year-end liabilities on account of Leave encashment's Benefits to employees are accounted for on Accrual basis and provision for actual earned leave accrued and provided as per the balance of unclaimed leave at the year end since there is no scheme in the company for leave encashment benefits.
- iii) Year-end liabilities on account of gratuity payable to the employees were accounted for on Accrual basis. The company has taken group gratuity policy with the Birla sun life insurance Corporation and the present liability for future payment of gratuity is determined at actuarial valuation is being provided for during the year.

#### **N. BORROWING COST**

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of the assets upto the date the assets are put to use. Other borrowing costs are charged to the Profit & Loss Account in the year in which they are incurred.

#### **O. LEASES**

Lease rentals in respect of the assets acquired on Lease are charged to Profit and Loss Account.

#### **P. TAXATION**

Provision for current tax is made on the assessable income at the tax rate applicable to the relevant assessment year. Deferred tax resulting from timing difference between book and taxable profit is accounted for using the tax rate and tax laws that have been enacted or substantively enacted by the Balance Sheet Date. Deferred tax assets are recognized, only to the extent there is a reasonable certainty of its realisation. At each Balance sheet date, the carrying amount of Deferred tax assets are reviewed to reassure realisation.

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

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### Q. EARNING PER SHARE

Basic earning (Loss) per share are calculated by dividing Net Profit after Tax and Prior Period Adjustment with the weighed average number of equity shares outstanding during the year.

### R. SEGMENT REPORTING

The company has chosen primary segment considering the nature of the products, the deferring risk and returns and the internal financial reporting systems and also the geographical segments based on areas where the customers are located.

The company is engaged primarily in manufacture and sale of Drum Closures Steel Tubes and scaffoldings, 100% cotton yarn and investment.

### S. IMPAIRMENT OF ASSETS

The company has considered its fixed assets at Cost of Acquisition or cost of construction, less Depreciation as per the policies adopted by the Company vide Note No. 1(D), (E) & (F) and none of the Assets has been revalued during the year. Based on the internal and external sources of information available with the Company, recoverable amount of fixed Assets are higher than the carrying amount of Fixed Assets therefore there is no Impairment of Assets.

### T. CONTINGENT LIABILITIES AND ASSETS

Provisions involving substantial degree of estimation in measurement are recognized when there is present obligation as a result of past events and it is probable that there will be an outflow of resources Contingent Liabilities are not recognized but are disclosed in the notes. Contingent Assets are neither recognized nor disclosed in the financial statements.

## 2. NOTES TO ACCOUNTS:

- i) The Stock of Raw material and Stores & Spares (including Packing material) have been valued at cost or net realizable value whichever is lower considering the CENVAT and MVAT credit element of cost as against Exclusive of CENVAT and MVAT credit specified by Accounting Standard – 2 (Revised) being consistent are the reason for such deviation from Accounting Standard, the stock of Raw material and Stores & Spares (including Packing material) is on higher side by Rs.265.18 lakhs for the year ended 31<sup>st</sup> March 2006 and Rs.404.00 lakhs for the half year ended 30<sup>th</sup> September 2006. However, there is no impact on the profit of the Company because of such deviation.
- ii) Excise duty in respect of finished goods is being accounted at the time of clearance of goods as per the practice followed by the Company. Such excise duty liability on goods pending clearance, if accounted for shall not affect the profit of those respective years.
- iii) Accounts are not restated for the periods prior to which the Accounting Standard, as Stated under, became effective:

***Accounting Standard***

***Effective date***

Accounting Standard 28 - Impairment of Assets

Period commencing on or after 1-.4-2004

Accounting Standard 22 – Taxes on Income

Period commencing on or after 1-.4-2002

- iv) Short/excess provision for Income-Tax

The profit and loss account of certain years includes amounts paid/provided for or refunded, in respect of shortfall/excess income-tax arising out of assessments, appeals, etc. Since in the opinion of the Company, the impact of the same is not material, no adjustments have been made in respect of this item.

- v) The investment division of the company has been transferred to Technocraft Global Holding Ltd. in accordance with the scheme of arrangement which were approved by the shareholders of the company by their consent letter and by the High Court of judicature at Bombay under section 391 read with section 394 of the Companies Act, 1956 by its order dated 13th January 2006 with effect from the appointed date, i.e., 16th August, 2005.





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- vi) Pursuant to scheme of Arrangement approved by the High Court, the Assets and liabilities of Investment division of the company were transferred to and vested in transferee company, i.e., Technocraft Global Holding Ltd., at their book value and the difference between and Assets and Liabilities has been adjusted to the General reserve of the Company amounting to Rs.4,440.41 lakhs. Accordingly the scheme has been given effect to in these accounts as per the relevant High Court order given on 13th January,2006 and the effective date of Order was 27.02.2006 i.e., the date on which the order of the Bombay High Court sanctioning the scheme are duly filed with the Register of Companies, Maharashtra, Mumbai.
  - vii) All profits accruing to or losses arising / or incurred by the company relating to the investment division with effect from the appointed day, i.e., 16th August 2005 to effective date i.e. 27.02.2006 has been treated as the Profit or Losses of the Technocraft Global Holding Ltd and accordingly the effect has been given to in these accounts for the period from 16.08.2005 to 27.02.2006 for such transactions.
  - viii) Rs.7.70 lakhs has been debited to in these Accounts as an Expenditure relating to the carrying out and implementing the above scheme of demerger.

### **3. CHANGE IN ACCOUNTING POLICIES**

#### **DURING FINANCIAL YEAR 2004-05**

There has been a change in the method of valuation of closing stock of raw material and stores & spares (including packing material) arising out of the inclusion of amount of cenvat credit as a element of cost which was exclusive in previous years as required under as-2 "valuation of inventories" and accordingly closing stock of raw material and stores & spares (including packing materials) is on higher side by Rs.327.71 lakhs. However, there is no impact on the profit of the company because of such change.

#### **During Financial year 2005- 06**

- i) Due to change of accounting policy for leave encashment, i.e., from Cash basis to accrual basis, The present liability has been worked out on the basis of balance of unclaimed leave at the year end which also includes balances of unclaimed leave up to Financial Year 2004-05 amounting to Rs.63.62 lakhs and Rs.56.29 lakhs respectively and the same has been debited to Profit and Loss Account. As a result thereof, the profit for the year is lower to that extent. The effect of such changes have not been adjusted/restated in earlier years financial statements since in the opinion of the management Leave encashment Liability for each of earlier years are not quantifiable.
- ii) Rs.7.84 lakhs has also been debited to Profit and Loss Account as leave encashment being leave encashed by the employees of the company during the year under reference against their accumulated balances of unclaimed leave.
- iii) Due to change of accounting policy for gratuity payment, i.e., from cash basis to accrual basis, the present liability has been worked out by actuarial valuation for past services as well as for current year is Rs.173.38 lakhs and Rs.1.44 lakhs respectively and the same has been debited to Profit & Loss Account. As a result thereof, the profit for the year is lower to that extent. .The effect of such changes have not been adjusted/ restated in earlier years financial statements since in the opinion of the management gratuity liability for each of earlier years are not quantifiable.
- iv) The group gratuity policy has not been taken for employees to whom gratuity payments is made during the year because of their retirement or resignation from the employment. Amount of such payment is Rs.15.17 lakhs.

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

### ANNEXURE – 5

#### DETAILS OF SEGMENT REPORTING

In compliance with AS-17 “SEGMENT REPORTING”, which has become mandatory, the required information are as under:-

#### A. PRIMARY SEGMENT-

The Business Segment has been considered as the primary segment for disclosure. The categories included in each of the reported business segments are as follows:-

- i) Investment
- ii) Drum Closures
- iii) Steel Tubes and Scaffoldings
- iv) 100 % Cotton Yarn

The above business segments have been identified considering:-

- I. The nature of the product
- II. The deferring risk and returns
- III. The internal financial reporting systems

Revenue and expenses has been accounted for based on the basis of their relationship to the operating activities of the segment. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been included under “Unallocable Assets/Liabilities.” Inter segment transfer if any, are accounted for at competitive market prices, charged to unaffiliated customer for similar goods.

#### STATEMENT OF SEGMENT REPORTING

(Rs. in lakhs)

Particulars	Investment	Drum Closures	Steel Tubes & Scaffoldings	100% Cotton Yarn	Inter unit Elimination	Unallocable	Total	Year
<b>SEGMENT REVENUE</b>		4,726.41	6,954.27	3,885.58	129.01	0.41	15,437.66	September-06
	-	7,526.76	11,768.97	7,293.24	311.88	1,788.90	28,065.99	2005-2006
	-	6,449.34	13,324.50	7,042.15		2,447.35	29,263.34	2004-2005
	-	6,256.39	8,881.19	8,278.57		1,038.50	24,454.65	2003-2004
	-	5,261.95	6,639.68	5,080.69		-	16,982.32	2002-2003
	-	5,550.98	5,021.22	4,758.90		-	15,331.10	2001-2002
<b>SEGMENT RESULT</b>		1,782.37	1,430.31	618.40		(18.36)	3,812.72	September-06
	(3.35)	1,586.52	1,035.73	1,105.91	-	228.97	3,953.78	2005-2006
	(2.58)	1,807.04	1,333.06	102.71		211.64	3,451.86	2004-2005
	-	3,396.17	103.54	1,087.45		(868.79)	3,718.93	2003-2004
	-	1,981.39	555.46	622.89		1,460.21	4,619.95	2002-2003
	-	2,197.39	310.12	108.10		436.42	3,052.04	2001-2002



Particulars	Investment	Drum Closures	Steel Tubes & Scaffoldings	100% Cotton Yarn	Inter unit Elimination	Unallocable	Total	Year
<b>Less :</b>								
Interest Expenses							69.42	September-06
							116.92	2005-2006
							153.62	2004-2005
							90.50	2003-2004
							29.03	2002-2003
							20.27	2001-2002
Unallocable Expenses							624.86	September-06
							1,334.94	2005-2006
							326.24	2004-2005
							292.46	2003-2004
							70.55	2002-2003
							53.78	2001-2002
Loss on sale of Assets							-	September-06
							-	2005-2006
							0.44	2004-2005
							0.56	2003-2004
							0.47	2002-2003
							-	2001-2002
<b>Add :</b>								
Other Income							192.02	September-06
							285.64	2005-2006
							599.49	2004-2005
							879.26	2003-2004
							19.23	2002-2003
							1,264.39	2001-2002
Profit on sale of investment							0.39	September-06
							196.55	2005-2006
							13.86	2004-2005
							582.71	2003-2004
							269.36	2002-2003
							9.74	2001-2002
<b>Profit before taxation</b>							3,310.85	September-06
							2,984.12	2005-2006
							3,584.91	2004-2005
							4,797.38	2003-2004
							4,572.24	2002-2003
							4,242.38	2001-2002

**TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**

Particulars	Investment	Drum Closures	Steel Tubes & Scaffoldings	100% Cotton Yarn	Inter unit Elimination	Unallocable	Total	Year
Provision for taxes							1,078.49	September- 06
							891.60	2005-2006
							1,175.19	2004-2005
							711.86	2003-2004
							1,068.91	2002-2003
							445.00	2001-2002
<b>Profit After Tax</b>							<b>2,232.36</b>	<b>September-06</b>
							<b>2,092.52</b>	<b>2005-2006</b>
							<b>2,409.71</b>	<b>2004-2005</b>
							<b>4,085.52</b>	<b>2003-2004</b>
							<b>3,503.34</b>	<b>2002-2003</b>
							<b>3,797.38</b>	<b>2001-2002</b>
<b>OTHER INFORMATION</b>								
<b>Assets</b>								
Segment Assets		4,206.11	10,593.81	6,259.12	-	-	21059.04	September-06
	-	3,253.14	8,277.34	7,173.81			18,704.30	2005-2006
	1,272.14	3,862.23	11,423.84	6,916.24			23,474.46	2004-2005
	-	2,934.86	7,502.32	7,070.94			17,508.12	2003-2004
	-	2,245.10	5,680.17	5,534.46			13,459.73	2002-2003
	-	1,905.37	3,878.33	4,647.27			10,430.97	2001-2002
Unallocable Assets							12,925.55	September-06
							11,744.33	2005-2006
							8,845.16	2004-2005
							11,311.92	2003-2004
							7,653.82	2002-2003
							8,312.05	2001-2002
<b>Total of Assets</b>							<b>33,984.59</b>	September-06
							<b>30,448.63</b>	2005-2006
							<b>32,319.61</b>	2004-2005
							<b>28,820.04</b>	2003-2004
							<b>21,113.55</b>	2002-2003
							<b>18,743.02</b>	2001-2002
<b>Liabilities</b>								
Segment Liabilities		831.86	2,765.54	1,252.28	0.00	0.00	4,849.67	September-06
	-	1,486.18	2,212.04	780.37			4,478.60	2005-2006
	-	1,393.52	1,937.32	1,683.43			5,014.27	2004-2005
	-	718.76	1,752.41	1,866.06			4,337.24	2003-2004
	-	2,245.10	5,680.17	5,534.46			13,459.73	2002-2003
	-	1,905.37	3,878.33	4,647.27			10,430.97	2001-2002



Particulars	Investment	Drum Closures	Steel Tubes & Scaffoldings	100% Cotton Yarn	Inter unit Elimination	Unallocable	Total	Year
Unallocable Liabilities							5,667.93	September-06
							4,781.66	2005-2006
							3,587.91	2004-2005
							3,000.38	2003-2004
							7,653.82	2002-2003
							8,312.05	2001-2002
<b>Total of Liability</b>							<b>10,517.60</b>	September-06
							<b>9,260.26</b>	2005-2006
							<b>8,602.18</b>	2004-2005
							<b>7,337.62</b>	2003-2004
							<b>21,113.55</b>	2002-2003
							<b>18,743.02</b>	2001-2002
<b>Capital Expenditure</b> (excluding capital WIP)								
Segment Capital Expenditure		168.01	227.01	11.65		11.29	417.96	September-06
	-	102.84	364.16	247.71		45.45	760.17	2005-2006
	-	59.72	368.82	423.06		22.07	873.66	2004-2005
	-	101.86	464.47	1,020.59		144.63	1,731.55	2003-2004
	-	67.64	252.82	860.83		11.52	1,192.81	2002-2003
	-	13.42	83.84	180.08		2.72	280.06	2001-2002
<b>Depreciation</b>								
Segment Depreciation		38.99	128.25	236.55			403.79	September-06
		56.96	247.73	585.23			889.92	2005-2006
	-	53.72	205.02	679.96		-	938.70	2004-2005
	-	37.02	141.86	659.04		-	837.91	2003-2004
	-	27.92	75.88	586.10		-	689.90	2002-2003
	-	29.48	61.52	643.23		-	734.24	2001-2002
Unallocable Depreciation							10.35	September-06
							19.66	2005-2006
							15.87	2004-2005
							14.17	2003-2004
							8.05	2002-2003
							9.15	2001-2002
<b>Total of Depreciation</b>							<b>414.14</b>	September-06
							<b>909.58</b>	2005-2006
							<b>954.57</b>	2004-2005
							<b>852.08</b>	2003-2004
							<b>697.95</b>	2002-2003
							<b>743.38</b>	2001-2002

**TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**

Particulars	Investment	Drum Closures	Steel Tubes & Scaffoldings	100% Cotton Yarn	Inter unit Elimination	Unallocable	Total	Year
<b>Non Cash Expenses Other than Depreciation</b>								
Segment Non cash Expenditure	-	-	-	-	-	-	-	September-06
	-	-	-	-	-	-	-	2005-2006
	-	-	-	-	-	-	-	2004-2005
	-	-	-	-	-	-	-	2003-2004
	-	-	-	-	-	-	-	2002-2003
	-	-	-	-	-	-	-	2001-2002
Unallocable							2.32	September-06
							4.65	2005-2006
							1.78	2004-2005
							2.17	2003-2004
							2.40	2002-2003
							2.36	2001-2002
<b>B.GEOGRAPHICAL SEGMENT</b>								
<b>Sales Revenue</b>								
India		248.67	947.43	959.91	129.01	0.41	2027.41	September-06
	-	403.21	2,093.78	1,598.99	311.89	1,788.90	5,572.99	2005-2006
	-	230.29	921.04	1,284.36		2,447.35	4,883.05	2004-2005
	-	181.84	506.71	846.99		1,038.50	2,574.03	2003-2004
	-	-	184.59	6.87		-	191.46	2002-2003
	-	-	224.78	35.88		-	260.66	2001-2002
Outside India		4,477.74	6,006.84	4,235.81			13,410.24	September-06
	-	7,123.56	9,675.19	5,694.25		-	22,493.00	2005-2006
	-	6,219.05	12,403.46	5,757.79		-	24,380.30	2004-2005
	-	6,074.55	8,374.48	7,431.59		-	21,880.62	2003-2004
	-	5,261.95	6,455.09	5,073.82		-	16,790.86	2002-2003
	-	5,550.98	4,796.44	4,723.02		-	15,070.45	2001-2002
<b>Sales Revenue</b>		<b>4,726.41</b>	<b>6,954.27</b>	<b>3,885.58</b>	<b>129.01</b>		<b>15,437.66</b>	<b>September-06</b>
	-	7,526.76	11,768.97	7,293.24	311.89	1,788.90	28,065.99	2005-2006
	-	<b>6,449.34</b>	<b>13,324.50</b>	<b>7,042.15</b>		<b>2,447.35</b>	<b>29,263.34</b>	<b>2004-2005</b>
	-	6,256.39	8,881.19	8,278.57		1,038.50	24,454.65	2003-2004
	-	5,261.95	6,639.68	5,080.69		-	16,982.32	2002-2003
	-	5,550.98	5,021.22	4,758.90		-	15,331.10	2001-2002



Particulars	Investment	Drum Closures	Steel Tubes & Scaffoldings	100% Cotton Yarn	Inter unit Elimination	Unallocable	Total	Year
<b>Assets</b>								
India		2,731.30	6,801.60	4,235.81		12,925.55	26,694.27	September-06
	-	1,814.11	5,125.15	4,898.76		9,469.28	21,307.31	2005-2006
	1,272.14	1,906.78	6,561.17	4,795.13		8,845.16	23,380.38	2004-2005
	-	1,280.07	4,643.59	4,306.61		11,311.92	21,542.18	2003-2004
	-	1,104.39	3,607.44	3,732.70		7,653.82	16,098.34	2002-2003
	-	925.00	2,047.28	2,996.88		8,312.05	14,281.21	2001-2002
Outside India		1,474.81	6,801.60	4,235.81		-	7,290.32	September-06
	-	1,439.03	3,152.19	2,275.05		2,275.05	9,141.32	2005-2006
	-	1,955.45	4,862.67	2,121.11		-	8,939.23	2004-2005
	-	1,654.80	2,858.74	2,764.33		-	7,277.86	2003-2004
	-	1,140.72	2,072.73	1,801.76		-	5,015.20	2002-2003
	-	980.37	1,831.05	1,650.39		-	4,461.80	2001-2002
<b>Total Assets</b>		<b>4,206.11</b>	<b>10,593.81</b>	<b>6,259.12</b>		<b>12,925.55</b>	<b>33,984.59</b>	<b>September-06</b>
	-	<b>3,253.14</b>	<b>8,277.34</b>	<b>7,173.81</b>		<b>11,744.33</b>	<b>30,448.63</b>	<b>2005-2006</b>
	<b>1,272.14</b>	<b>3,862.23</b>	<b>11,423.84</b>	<b>6,916.24</b>		<b>8,845.16</b>	<b>32,319.61</b>	<b>2004-2005</b>
	-	<b>2,934.86</b>	<b>7,502.32</b>	<b>7,070.94</b>		<b>11,311.92</b>	<b>28,820.05</b>	<b>2003-2004</b>
	-	<b>2,245.10</b>	<b>5,680.17</b>	<b>5,534.46</b>		<b>7,653.82</b>	<b>21,113.55</b>	<b>2002-2003</b>
	-	<b>1,905.37</b>	<b>3,878.33</b>	<b>4,647.27</b>		<b>8,312.05</b>	<b>18,743.02</b>	<b>2001-2002</b>

**TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**

**ANNEXURE – 6**

**STATEMENT OF RELATED PARTY DISCLOSURES**

Nature of relationship	As at the Financial Year/Period ended March 31,					
	31-Mar-02 Name of Party	31-Mar-03 Name of Party	31-Mar-04 Name of Party	31-Mar-05 Name of Party	31-Mar-06 Name of Party	For the Period ended 30.06.06
Subsidiary Companies	Technocraft International Ltd, U.K.  Technocraft Trading Spolka Z.o.o, Poland  Technocraft (Hungary) Kft  Technosoft Information Technologies (India) Ltd	Technocraft International Ltd, U.K.  Technocraft Trading Spolka Z.o.o, Poland  Technocraft (Hungary) Kft  Technosoft Information Technologies (India) Ltd	Technocraft International Ltd, U.K.  Technocraft Trading Spolka Z.o.o, Poland  Technocraft (Hungary) Kft  Technosoft Information Technologies (India) Ltd  Danube Fashions Ltd	Technocraft International Ltd, U.K.  Technocraft Trading Spolka Z.o.o, Poland  Technocraft (Hungary) Kft  Technosoft Information Technologies (India) Ltd  Danube Fashions Ltd  Technocraft Exports Pvt Ltd	Technocraft International Ltd, U.K.  Technocraft Trading Spolka Z.o.o, Poland  Technocraft (Hungary) Kft  Technosoft Information Technologies (India) Ltd  Danube Fashions Ltd  Technocraft Exports Pvt Ltd  Bopp A. G. CAE Systems Gmbh.	Technocraft International Ltd, U.K.  Technocraft Trading Spolka Z.o.o, Poland  Technocraft (Hungary) Kft  Technosoft Information Technologies (India) Ltd  Danube Fashions Ltd  Technocraft Exports Pvt Ltd  Bopp A.G. CAE Systems Gmbh.  Technocraft Australia Pty Ltd.
Associates	Ashrit Holdings Ltd  BMS Industries Ltd (Formerly known as Brihan Maharashtra Steel Industries Ltd)  M. D. Saraf Securities Pvt. Ltd.	Ashrit Holdings Ltd  BMS Industries Ltd (Formerly known as Brihan Maharashtra Steel Industries Ltd)  M. D. Saraf Securities Pvt. Ltd.	Ashrit Holdings Ltd  BMS Industries Ltd (Formerly known as Brihan Maharashtra Steel Industries Ltd)  M. D. Saraf Securities Pvt. Ltd.	Ashrit Holdings Ltd  BMS Industries Ltd (Formerly known as Brihan Maharashtra Steel Industries Ltd)  M.T. Information Technology  M. D. Saraf Securities Pvt. Ltd.	Ashrit Holdings Ltd  BMS Industries Ltd (Formerly known as Brihan Maharashtra Steel Industries Ltd)  M.T. Information Technology  Technocraft Global Holding Ltd.  M. D. Saraf Securities Pvt. Ltd.	Ashrit Holdings Ltd  BMS Industries Ltd (Formerly known as Brihan Maharashtra Steel Industries Ltd)  M.T. Information Technology  Technocraft Global Holding Ltd.  M. D. Saraf Securities Pvt. Ltd.  CFD Tech Solutions
Key Management Personnel ('KMP')	S.K.Saraf S.M.Saraf M.D.Saraf  Navneet Kumar Saraf  Ashish Kumar Saraf	S.K.Saraf S.M.Saraf M.D.Saraf  Navneet Kumar Saraf  Ashish Kumar Saraf	S.K.Saraf S.M.Saraf M.D.Saraf  Navneet Kumar Saraf  Ashish Kumar Saraf	S.K.Saraf S.M.Saraf M.D.Saraf  Hemant Sinde	S.K.Saraf S.M.Saraf M.D.Saraf  Navneet Kumar Saraf  Ashish Kumar Saraf	S.K.Saraf S.M.Saraf M.D.Saraf  Navneet Kumar Saraf  Ashish Kumar Saraf
Relatives of Key	Madhoprasad Shantidevi Saraf (H.U.F.)	Madhoprasad Shantidevi Saraf (H.U.F.)	Madhoprasad Shantidevi Saraf (H.U.F.)	Madhoprasad Shantidevi Saraf (H.U.F.)	Madhoprasad Shantidevi Saraf (H.U.F.)	Madhoprasad Shantidevi Saraf (H.U.F.)
Management Personnel	S.K.Saraf (H.U.F.)	S.K.Saraf (H.U.F.)	S.K.Saraf (H.U.F.)	S.K.Saraf (H.U.F.)	Sharad Kumar Madhoprasad Saraf (H.U.F.)	Sharad Kumar Madhoprasad Saraf (H.U.F.)





Nature of relationship	As at the Financial Year/Period ended March 31,					
	31-Mar-02 Name of Party	31-Mar-03 Name of Party	31-Mar-04 Name of Party	31-Mar-05 Name of Party	31-Mar-06 Name of Party	For the Period ended 30.06.06
('RKMP')	S.M.Saraf (H.U.F.)	S.M.Saraf (H.U.F.)	S.M.Saraf (H.U.F.)	S.M.Saraf (H.U.F.)	Sudarshan Kumar Madhoprasad Saraf (H.U.F.)	Sudarshan Kumar Madhoprasad Saraf (H.U.F.)
	Shakuntala Saraf	Shakuntala Saraf	Shakuntala Saraf	Navneet Kumar Saraf	Shakuntala Saraf	Shakuntala Saraf
	Suman Saraf	Suman Saraf	Suman Saraf	Ashish Kumar Saraf	Suman Saraf	Suman Saraf
	Nidhi Saraf	Nidhi Saraf	Nidhi Saraf	Shakuntala Saraf	Nidhi Saraf	Nidhi Saraf
	Ritu Saraf	Ritu Saraf	Ritu Saraf	Suman Saraf	Ritu Saraf	Ritu Saraf
	Executor to the estate of Late Rukmani Devi Saraf	Executor to the estate of Late Rukmani Devi Saraf	Executor to the estate of Late Rukmani Devi Saraf	Nidhi Saraf	Executor to the estate of Late Rukmani Devi Saraf	Executor to the estate of Late Rukmani Devi Saraf
	Shantidevi Saraf	Shantidevi Saraf	Shantidevi Saraf	Ritu Saraf  Executor to the estate of Late Rukmani Devi Saraf  Shantidevi Saraf	Shantidevi Saraf	Shantidevi Saraf

#### STATEMENT OF RELATED PARTY TRANSACTIONS

(Rs. In Lakhs)

Particulars	Nature of Relationship	As at the Financial Year ended March 31,					For the half year ended 30.09.06
		2002	2003	2004	2005	2006	
<b>Purchase &amp; Sales</b>							
Purchase of Goods & Services	Subsidiary Companies	-	1.27	687.82	-	33.24	11.92
	Associates	1,258.28	979.89	850.48	482.46	1,018.98	364.14
	Where KMP/RKMP exercise significant influence	-	-	-	-	-	-
Purchase of Fixed Assets	Subsidiary Companies	0.45	-	0.26	-	86.54	-
	Associates	-	3.97	1.48	-	10.72	20.18
	Where KMP/RKMP exercise significant influence	-	-	-	-	-	-
Sales of Good & Services	Subsidiary Companies	6,436.67	7,225.88	11,003.46	12,392.19	9523.43	3,553.69
	Associates	66.08	85.94	68.23	95.38	95.41	20.20
	Where KMP/RKMP exercise significant influence	-	-	-	-	-	-
Sales of Fixed Assets	Subsidiary Companies	-	-	-	-	-	-
	Associates	-	-	-	-	-	-
	Where KMP/RKMP exercise significant influence	-	-	-	-	-	-

**TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**

(Rs. In Lakhs)

Particulars	Nature of Relationship	As at the Financial Year ended March 31,					For the half year ended 30.09.06
		2002	2003	2004	2005	2006	
<b>Expenses</b>							
Director's Remuneration	Where KMP/RKMP exercise significant influence	102.15	141.59	191.63	211.75	307.38	133.60
Commission & Brokerage	Subsidiary Companies	43.65	132.65	8.48	29.41	-	-
	Associates	12.06	7.38	-	-	-	-
Consultancy Charges	Where KMP/RKMP exercise significant influence	4.50	-	-	-	-	-
	Subsidiary Companies	-	-	-	-	0.37	-
Rent Paid	Associates	-	-	-	-	-	-
	Where KMP/RKMP exercise significant influence	-	-	-	-	-	-
Dividend Paid	Subsidiary Companies	-	-	-	-	-	-
	Associates	-	-	-	1.20	-	-
	Where KMP/RKMP exercise significant influence	-	-	1.20	1.80	3.60	-
	Subsidiary Companies	-	-	-	-	-	-
	Associates	-	-	-	-	-	-
	Where KMP/RKMP exercise significant influence	596.75	-	198.91	-	-	-
<b>Income</b>							
Dividend Received	Subsidiary Companies	4.08	-	-	-	-	-
	Associates	-	-	-	-	-	-
Rent Received	Where KMP/RKMP exercise significant influence	-	-	-	-	-	-
	Subsidiary Companies	-	-	-	0.50	0.5	-
	Associates	-	-	-	-	1.2	-
	Where KMP/RKMP exercise significant influence	-	-	-	-	-	-
Interest received	Subsidiary Companies	-	0.027	4.43	18.71	50.88	108.30
	Associates	16.70	3.97	5.88	22.15	66.97	36.34
Electricity charges received	Where KMP/RKMP exercise significant influence	-	-	-	-	-	-
	Subsidiary Companies	2.45					
Power charges received	Associates						
	Where KMP/RKMP exercise significant influence	7.51					



(Rs. In Lakhs)

Particulars	Nature of Relationship	As at the Financial Year ended March 31,					For the half year ended 30.09.06
		2002	2003	2004	2005	2006	
<b>Finance</b>							
Consideration for Buyback of Shares	Subsidiary Companies	-	-	-	-	-	-
	Associates	-	-	-	-	-	-
	Where KMP/RKMP exercise significant influence	1,445.45	2,137.81	-	-	-	-
<b>Outstanding Balances</b>							
Sundry Creditors	Subsidiary Companies	-	-	-	-	-	1.01
	Associates	7.59	-	165.28	208.33	-	-
	Where KMP/RKMP exercise significant influence	-	-	-	0.60	-	-
Sundry Debtors	Subsidiary Companies	2,601.78	3,256.03	5,871.72	6,356.63	3,904.48	3,297.87
	Associates	1.97	19.21	-	-	19.64	97.51
	Where KMP/RKMP exercise significant influence	-	-	-	-	-	-
Loans and Deposits Outstanding	Subsidiary Companies	-	77.50	49.87	362.32	2,172.87	2,925.98
	Associates	16.30	8.06	105.73	611.95	1,339.08	672.74
	Where KMP/RKMP exercise significant influence	-	-	-	-	-	-
Sundry Creditors (Expenses)	Subsidiary Companies	-	132.65	-	-	-	-
	Associates	-	-	165.26	-	0.01	-
	Where KMP/RKMP exercise significant influence	4.54	-	76.50	-	-	-

**TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**

**ANNEXURE – 7**

**DETAILS OF PRINCIPAL TERMS AND CONDITIONS OF LOANS OUTSTANDING AS AT September 30, 2006**

**Secured Loans:**

Sr. No.	Name of the Institution	Amount (Rs. in lakhs)	Interest Rate	Repayment Terms	Security
1	Bank of India, <b>TUFS Loan for Yarn Division</b>  <b>Total Sanctioned Loan</b> <b>**Rs.5352 lakhs</b>	705.67	BPLR (-)225 BPS i.e.9.00 % p.a.	Rapayable in 8 Equal half yearly instalments starting  after 1 yr from the date of first instalment i.e. 07/06/2007	Principal:- Hypothecation of specific Machineries, accessories  Collateral:- Equitable Mortgage of Drum Closure & Yarn Divisions' specific Immovable Properties

**Working Capital Facilities:**

Name of the Institution	Amount	Interest Rate	Repayment Terms	Security
Various Working Capital Facilities with Bank of India for Drum Closure & Yarn Division and with IDBI Bank, CITI Bank, and HDFC Bank for Pipe Division :-  Bank of India IDBI Bank CITI Bank HDFC Bank	150.49 85.70 1,055.47 676.92	Rupee Credit 6.75% to 7.25%  Foreign Currency Libor + 75 bps	Generally W.Cap facilities are repayable on Demand	Principal:- Hypothecation of Stock & Book Debts Collateral:- Hypothecation of Fixed Assets & Equitable Mortgage of Drum Closure, Yarn Divisions & Pipe Divisions' specific Immovable Properties Overdraft Facility is secured against FDRs
<b>Total</b>	<b>1,968.59</b>			

\*\* We have applied to the bank to reduce the loan amount as the overall project cost has reduced to Rs.60.80 crores. Hence the term loan will be Rs.48.64 crores, however we are waiting the revised sanction letter from the bank.



**ANNEXURE – 8**

**DETAILS OF INVESTMENTS**

*(Rs. in Lakhs)*

Particulars	As at the Financial Year ended March 31,					For the half year ended 30.09.06
	2002	2003	2004	2005	2006	
<b>Quoted Investments</b>						
a) In Subsidiaries Companies	-	-	-	-	-	-
b) In Associate Companies	-	-	-	-	-	-
c) In Units of Mutual Fund	4,983.01	3,064.54	752.00	669.46	-	500.00
<b>TOTAL (A)</b>	<b>4,983.01</b>	<b>3,064.54</b>	<b>752.00</b>	<b>669.46</b>	-	<b>500.00</b>
<b>Unquoted Investments</b>						
a) In Subsidiaries Companies						
- Technocraft International Ltd. (UK)	63.69	63.69	63.69	63.69	381.77	381.77
- Technocraft Hungary Ltd. (Hungary)	57.18	57.18	242.79	242.79	242.79	242.79
- Technocraft Trading Ltd. (Poland)	25.61	265.07	265.07	265.07	265.07	265.07
- Technosoft Information Technologies I Ltd.	49.99	47.49	47.49	47.49	47.49	47.49
- Danube Fashions Ltd.	-	-	760.00	760.00	760.00	760.00
- Technocraft Exports P Ltd.	-	-	0.00	0.00	0.49	0.49
- Bopp A. G.	-	-	-	-	38.72	38.72
b) In Associate Companies						
- Ashrit Holding Ltd.	602.68	602.68	602.68	602.68	-	-
- BMS Industries Ltd.	0.01	0.01	0.01	0.01	-	-
c) In Others						
- Mittal Court Premises Co. Op. Society	0.02	0.02	0.02	0.02	0.02	0.02
- Udit 'Mittal Court Industrial Premises Co. Op. Society	0.01	0.01	0.01	0.01	0.01	0.01
- Godrej Flat	0.01	0.01	0.01	0.01	0.01	0.01
<b>TOTAL (B)</b>	<b>799.19</b>	<b>1,036.15</b>	<b>1,981.75</b>	<b>1,981.75</b>	<b>1,736.36</b>	<b>1,736.36</b>
<b>GRAND TOTAL (A+B)</b>	<b>5,782.19</b>	<b>4,100.69</b>	<b>2,733.75</b>	<b>2,651.21</b>	<b>1,736.36</b>	<b>2,236.36</b>
<b>Market Value of Quoted Investments</b>	5,095.13	3,285.22	770.01	624.02	-	502.39

**TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**

**ANNEXURE – 9**

**DETAILS OF SUNDRY DEBTORS**

*(Rs. in Lakhs)*

Particulars	As at the Financial Year ended March 31,					For the half year ended 30.09.06
	2002	2003	2004	2005	2006	
<b>DEBTORS</b>						
Outstanding for more than six months	18.54	-	-	1,412.18	217.80	-
Other Debts	3,894.94	5,033.96	8,512.12	7,416.17	6,932.19	7,949.06
<b>TOTAL</b>	<b>3,913.49</b>	<b>5,033.96</b>	<b>8,512.12</b>	<b>8,828.35</b>	<b>7,149.99</b>	<b>7,949.06</b>

**ANNEXURE – 10**

**STATEMENT OF LOANS AND ADVANCES**

*(Rs. in Lakhs)*

Particulars	As at the Financial Year ended March 31,					For the half year ended 30.09.06
	2002	2003	2004	2005	2006	
<b>(Unsecured Considered good by the Management)</b>						
- Advance to Subsidiary Companies	-	76.49	49.88	362.32	2,172.87	2,925.98
- Advance to Other Companies	16.30	7.98	105.73	611.95	1,339.08	672.74
- Advance receivable in cash or in kind for value to be received	646.29	166.60	90.16	194.73	219.48	2,433.23
- Deposit with Government Department	63.13	70.26	90.71	90.72	81.14	94.44
- Balance with Central Excise Department	63.75	287.63	396.74	538.68	137.70	511.99
- Balance with Sales Tax Department	-	-	-	0.41	0.41	25.13
- Advance Tax	684.04	1,689.60	2,604.01	3,280.84	4,678.15	5,128.33
- Prepaid Expenses	6.41	7.27	12.47	18.27	10.52	3.20
- Security and other deposits	0.70	0.70	1.19	1.84	1.86	1.51
<b>TOTAL</b>	<b>1,480.63</b>	<b>2,306.52</b>	<b>3,350.89</b>	<b>5,099.76</b>	<b>8,641.21</b>	<b>11,796.56</b>
The above include the following loans and advances to related parties						
(a) Deposits to related parties	16.30	84.47	155.61	974.27	3,511.94	3,598.72
<b>TOTAL</b>	<b>16.30</b>	<b>84.47</b>	<b>155.61</b>	<b>974.27</b>	<b>3,511.94</b>	<b>3,598.72</b>



**ANNEXURE – 11**

**STATEMENT OF SECURED AND UNSECURED LOANS**

*(Rs. in Lakhs)*

Particulars	As at the Financial Year ended March 31,					For the half year ended 30.09.06
	2002	2003	2004	2005	2006	
<b>SECURED LOANS</b>						
Term Loan						
Bank of India, Foreign Currency	-	477.50	865.73	430.81	-	705.67
Bank of India, Rupee Short Term Loan	-	-	682.00	-	-	
From Banks						
1. Bank of India - Overdraft Account	-	1.77	1.33	78.83	188.22	37.51
2. Idbi - Overdraft Account	-	-	123.48	78.18	1.64	85.70
3. Cash Credit Account	40.32	102.45	193.71	132.25	136.00	4.25
4. Export Packing Credit Against L/cs Confirmed Orders	973.71	429.16	864.06	2,095.39	1,034.69	108.73
5. Citibank PCFC Account	-	-	868.27	769.03	1,090.95	1,055.47
6. H.D.F.C P.C.F.C A/C					591.57	676.92
<b>TOTAL (A)</b>	<b>1,014.04</b>	<b>1,010.88</b>	<b>3,598.58</b>	<b>3,584.48</b>	<b>3,043.08</b>	<b>2,674.26</b>
<b>UNSECURED LOANS</b>	-	-	-	-	-	-
<b>TOTAL (B)</b>	-	-	-	-	-	-
<b>TOTAL (A+B)</b>	<b>1,014.04</b>	<b>1,010.88</b>	<b>3,598.58</b>	<b>3,584.48</b>	<b>3,043.08</b>	<b>2,674.26</b>

**TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**

**ANNEXURE – 12**

**STATEMENT OF CONTINGENT LIABILITIES**

*(Rs. in Lakhs)*

Sr. No.	Description	As at the Financial Year ended March 31,					For the half year ended 30.09.06
		2002	2003	2004	2005	2006	
	<b>Claims against the company not acknowledged as debts</b>						
a.	Claims made against the Company in respect of Electricity Demand (net of advance) not acknowledged as debts.	8.36	8.36	8.36	8.36	4.02	4.02
b.	Bank guarantee in favour of bank on behalf of its subsidiary company in Technocraft Trading Ltd., Poland (Year ended 2004 - \$ 8,00,000) (Year ended 2005 - \$ 15,00,000)	-	-	350.00	660.00	672.38	1,710.25
c.	Amount of statutory dues which have not been deposited with the appropriate authorities are as under :						
	- Central Sales Tax	-	-	2.41	2.41	2.41	2.41
	- Electricity Duty	-	-	4.02	4.02	4.02	4.02
	- Income Tax & Interest						
	i) A.Y. 1992-1993	-	-	-	22.77	-	-
	ii) A.Y. 1999-2000	-	-	-	98.89	-	-
	iii) A.Y. 2001-2002	-	-	183.47	-	-	-
	iv) A.Y. 2002-2003	-	-	-	733.33	414.43	414.43
	v) A.Y. 2003-2004	-	-	-	-	543.13	543.13





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**ANNEXURE – 13****STATEMENT OF DIVIDEND PAID***(Rs. in Lakhs)*

Particulars	Face Value Rs./Share	As at the Financial Year ended March 31,					For the half year ended 30.09.06
		2002	2003	2004	2005	2006	
<b>Class of Shares</b>							
Equity Share Capital	10	596.75	663.05	663.05	1,326.1	2,320.675	2,320.675
<b>Dividend on Equity Shares</b>							
Interim Dividend							
- Rate		100%	0%	10%	0%	0%	0%
- Amount		596.75	-	66.31	-	-	-
Final Dividend							
- Rate		0%	0%	20%	0%	0%	0%
- Amount		-	-	132.61	-	-	-
<b>Total Equity Dividend</b>		596.75	-	198.92	-	-	-
<b>Corporate Dividend Tax</b>		60.87	-	25.49	-	-	-

**TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**

**ANNEXURE – 14**

**ACCOUNTING RATIOS**

*(Rs. in Lakhs)*

Particulars	2002	2003	2004	2005	2006	For the Period ended 30.06.06
Earning Per Share (Rs.)	15.23	14.91	18.36	10.56	9.00	19.27 (note 4)
Return on Net Worth %	25%	21%	21%	11%	10%	9.71% (note 4)
Net Asset Value per Equity Share (Rs.)	256.90	251.67	312.58	174.78	89.58	99.20
Total Debt / Equity Ratio	0.07	0.06	0.17	0.15	0.15	0.12
Weighted average no of equity shares outstanding during the year/period	247.20	234.22	232.07	232.07	232.07	232.07
Total no of equity shares outstanding at the end of the year.	59.67	66.31	66.31	132.61	232.07	232.07

**Notes :**

1. The ratio have been computed as below :

Earning Per Share (Rs.)	Net Profit as restated, attributable to equity shareholders
	Weighted average no of equity shares outstanding during the year/period
Return on Net Worth %	Net Profit after tax as restated
	Net Worth
Net Asset Value per Equity Share (Rs.)	Net Worth
	Total no of equity shares outstanding at the end of the year.
Total Debt / Equity Ratio	Long Term Debt + Short Term Debt
	Equity Share Capital + Reserve & Surplus

2. Net worth means Equity Share Capital + Resreve and surplus - miscellaneous expenditure not written off or adjusted.
3. Of the total equity capital of 2,32,06,750 equity shares, 99,45,750 equity shares were issued as bonus shares in the ratio of 3 equity shares of every 4 equity shares held during the financial year 2005-2006, 66,30,500 equity shares were issued as bonus shares in the ratio of 1 equity shares of every 1 equity shares held during the financial year 2004-2005 and 15,60,604 equity shares were issued as bonus shares in the ratio of 0.3 equity shares of every 1 equity shares held during the financial year 2002-2003. These, as per the requirements of Accounting standard-20 'Earning Per Share' issued by the Institute of Chartered Accountant of India, have been considered in the computation of weighted average number of shares for computation of EPS for the period and for earliest period reported since the bonus issue is an issue without consideration, the issue is treated as if it had occurred prior to the beginning of the year 2006, the earliest period reported.
4. EPS and Return on network are annualized for the period ended September 30, 2006.



**ANNEXURE – 15**

**CAPITALISATION STATEMENT**

*(Rs. in lakhs)*

Particulars	Pre Issue as at 30.09.2006	Post Issue*
<b>DEBT</b>		
Short Term Debt	1,968.58	
Long Term Debt	705.67	
<b>TOTAL DEBT</b>	<b>2,674.25</b>	
<b>SHAREHOLDERS FUND</b>		
Share Capital	2,320.68	
Reserves and Surplus (excluding revaluation reserve)	20,743.28	
<b>TOTAL</b>	<b>23,063.95</b>	
Long Term Debt / Shareholder's Fund		
Total Debt / Shareholder's Fund	0.12	

\*share capital and reserves, post issue can be ascertained only on book building process

**ANNEXURE – 16**

**OTHER INCOME**

*(Rs. in lakhs)*

Particulars	As at the Financial Year ended March 31,					For the half year ended 30.09.06
	2002	2003	2004	2005	2006	
Other Income	59.95	110.79	151.91	174.11	101.09	23.96
Cenvat Credit	159.81	566.13	842.97	1,056.38	486.63	455.77
DEPB Licence Sale	746.94	1,075.64	1,264.90	1,199.37	457.38	201.90
C.S.T. Refund Received	36.35	-	36.24	46.78	37.27	95.86
Interest Income	144.92	120.67	137.03	126.59	238.79	178.76
Dividend Received	367.44	0.01	705.63	465.34	22.27	0.04
Rent Income	-	3.46	3.14	7.57	24.58	13.22
Profit/(loss) on Sale of Investment (net)	9.74	269.36	582.71	13.86	196.55	0.39
Profit/(loss) on sale of Fixed Assets (net)	67.03	32.64	(0.56)	(0.44)	-	-
Interest Received from Income Tax	-	11.77	33.46	-	-	-
<b>TOTAL</b>	<b>1,592.19</b>	<b>2,190.48</b>	<b>3,757.43</b>	<b>3,089.54</b>	<b>1,564.56</b>	<b>969.88</b>

**TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**
**ANNEXURE – 17**
**TAX SHELTER STATEMENT**
*(Rs. in lakhs)*

Particulars	As at the Financial Year ended March 31,					For the half year ended 30.09.06
	2002	2003	2004	2005	2006	
<b>Profit before taxes</b> A	4,242.38	4,303.26	4,214.67	3,584.91	2,789.04	3,310.85
Normal Tax rate (%) B	35.70	36.75	35.88	36.47	33.50	33.66
Tax Impact C = (A*B)	1,514.53	1,581.45	1,512.01	1,307.35	934.43	1,114.43
<b>Adjustments</b>						
<b>Permanent Differences</b>						
Exemption under section 10B of the Income - tax Act ('the Act')	(185.93)	(575.35)	(1,027.38)	(47.17)	(552.15)	(325.04)
Deduction under section 80HHC of the Act ('the Act')	-	-	-	-	-	-
	(2,468.95)	(1,781.31)	(673.18)	-	-	-
Other Deductions under Chapter VI-A of the Act	-	(0.01)	-	-	-	-
Dividend exempt under the Act	(363.36)	-	(705.63)	(465.34)	(22.27)	-
Others	46.35	(6.16)	23.59	30.42	282.18	143.01
<b>Total D</b>	<b>(2,971.89)</b>	<b>(2,362.83)</b>	<b>(2,382.60)</b>	<b>(482.08)</b>	<b>(292.23)</b>	<b>(182.03)</b>
<b>Temporary Differences</b>						
Difference between book depreciation and tax depreciation	13.03	6.08	(48.34)	(15.21)	70.69	20.47
Loss on sale/ discard of Fixed Assets	(61.32)	0.23	0.56	0.44	-	-
Others	-	-	-	-	-	-
<b>Total E</b>	<b>(48.29)</b>	<b>6.31</b>	<b>(47.78)</b>	<b>(14.77)</b>	<b>70.69</b>	<b>20.47</b>
<b>Net Adjustments F = D+E</b>	<b>(3,020.18)</b>	<b>(2,356.52)</b>	<b>(2,430.38)</b>	<b>(496.85)</b>	<b>(221.54)</b>	<b>(161.56)</b>
Tax saving thereon G = F* B	(1,078.20)	(866.02)	(871.90)	(181.19)	(74.22)	(54.38)
Tax Liability, after considering the effect of adjustments H = C+G	436.32	715.43	640.12	1,126.16	860.21	1,060.05
Income from Capital Gain I	-	268.99	582.71	-	195.07	-
Tax Liability on long term capital gain J	-	28.24	59.73	-	21.89	-
Total Tax Liabilities K =H+J	436.32	743.67	699.84	1,126.16	882.09	1,060.05
Taxable income (Book Profits) as per MAT* L	1,270.10	2,145.86	2,413.73	3,097.12	2,563.12	3,130.48
MAT Rate M	7.65	7.88	7.69	7.84	8.42	11.22
Tax liability as per MAT N = L * M	97.16	168.99	185.56	242.85	215.69	351.24
Tax liability being higher of H or K O	436.32	743.67	699.84	1,126.16	882.09	1,060.05
Interest payable under the Act P	40.36	25.01	28.44	48.16	41.35	42.56
Tax payable for the year Q=O+P	476.68	768.69	728.28	1,174.32	923.44	1,102.61

**Notes:**

1. Profit Before Tax is exclusive of Income from capital gain, for which the tax is charged at Special rates
2. The permanent/timing differences have been computed considering the acknowledged copies of the income tax returns filed by the company for each of the respective years stated above



**ANNEXURE – 18**

**STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES, AS RESTATED**

*(Rs. in lakhs)*

Particulars	As at the Financial Year ended March 31,					For the half year ended September 30, 2006
	2002	2003	2004	2005	2006	
<b>Fixed Assets</b>						
Gross Block	9,105.89	10,196.70	13,222.91	14,668.50	15,977.01	16,497.52
Less: Accumu. Depreciation	5,521.85	6,171.62	7,103.67	8,374.39	9,591.36	10,216.65
Net Block	3,584.04	4,025.09	6,119.24	6,294.11	6,385.66	6,280.87
Less: Revaluation Reserve	537.19	501.92	471.05	442.40	415.76	403.33
Capital Work in Progress	2.11	64.94	65.48	25.23	145.81	431.99
Assets in Transit	-	-	64.43	25.03	0.62	37.03
<b>Total (A)</b>	<b>3,048.97</b>	<b>3,588.11</b>	<b>5,778.10</b>	<b>5,901.97</b>	<b>6,116.32</b>	<b>6,346.56</b>
<b>Goodwill on Consolidation (B)</b>	<b>0.50</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Investments (C)</b>	<b>5,596.98</b>	<b>3,752.01</b>	<b>1,556.60</b>	<b>1,482.94</b>	<b>32.20</b>	<b>1,848.52</b>
<b>Deffered Tax Assets (D)</b>	<b>-</b>	<b>9.83</b>	<b>3.20</b>	<b>4.60</b>	<b>82.42</b>	<b>40.61</b>
<b>Current Assets, Loans and Advances</b>						
Inventories	4,013.51	5,582.89	10,528.47	13,409.60	10,579.00	7,749.62
Sundry Debtors	3,029.76	3,901.71	6,582.69	7,891.36	8,059.36	9,836.30
Cash and Bank Balances	1,500.92	1,586.20	1,655.88	1,560.92	1,879.72	2,194.90
Loan and Advances	1,545.69	2,315.01	3,637.07	5,192.03	6,753.32	9,535.23
<b>Total (E)</b>	<b>10,089.87</b>	<b>13,385.81</b>	<b>22,404.11</b>	<b>28,053.90</b>	<b>27,271.39</b>	<b>29,316.05</b>
<b>Liabilities &amp; Provisions</b>						
Secured Loan	1,149.61	1,712.16	5,260.54	6,319.04	6,186.28	5,595.89
Unsecured Loan	-	-	-	-	0.00	457.02
Deffered Tax Liabilities	-	317.92	315.52	163.80	82.91	60.87
Minority Interest	0.01	0.02	0.03	0.05	17.73	45.04
Current Liabilities and Provisions	4,006.31	4,464.90	7,387.57	9,086.04	8,766.67	10,663.57
<b>Total (F)</b>	<b>5,155.93</b>	<b>6,495.00</b>	<b>12,963.66</b>	<b>15,568.93</b>	<b>15,053.59</b>	<b>16,822.39</b>
<b>Net Worth (A+B+C+D+E-F) = G</b>	<b>13,580.40</b>	<b>14,240.75</b>	<b>16,778.35</b>	<b>19,874.49</b>	<b>18,448.74</b>	<b>20,729.36</b>
<b>Represented by</b>						
1. Share Capital	596.75	663.05	663.05	1,326.10	2,320.68	2320.68
2. Reserves	13,528.60	14,056.16	16,527.13	18,929.81	16,366.81	18637.84
3. Capital Reserve on Consolidation	-	28.74	66.03	66.03	218.88	218.88
Less: Revaluation Reserves	537.19	501.92	471.05	442.40	415.76	403.33
Reserves (Net of Revaluation Reserves)	<b>12,991.41</b>	<b>13,582.98</b>	<b>16,122.10</b>	<b>18,553.44</b>	<b>16,169.93</b>	<b>18,453.40</b>
<b>Total</b>	<b>13,588.15</b>	<b>14,246.03</b>	<b>16,785.15</b>	<b>19,879.54</b>	<b>18,490.61</b>	<b>20,774.07</b>
Less: Misc. Expenditure not written of	7.76	5.27	6.80	5.05	41.87	44.71
<b>Net Worth</b>	<b>13,580.40</b>	<b>14,240.75</b>	<b>16,778.35</b>	<b>19,874.49</b>	<b>18,448.74</b>	<b>20,729.36</b>

**TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**

**ANNEXURE - 19**

**STATEMENT OF CONSOLIDATED PROFIT AND LOSSES ACCOUNT, AS RESTATED**

*(Rs. in lakhs)*

Particulars	As at the Financial Year ended March 31,					For the half year ended September 30, 2006
	2002	2003	2004	2005	2006	
<b>INCOME</b>						
<b>Sales</b>						
-Domestic	1,060.61	950.58	2,607.21	5,216.06	6,478.05	2,373.89
-Export	16,997.94	18,798.30	27,067.63	32,678.05	29,812.08	18,947.15
<b>TOTAL</b>	<b>18,058.54</b>	<b>19,748.88</b>	<b>29,674.84</b>	<b>37,894.11</b>	<b>36,290.12</b>	<b>21,321.04</b>
Other Income	1,676.63	2,179.82	3,865.27	3,686.93	1,817.33	984.65
Increase / (Decrease) in Stocks	(198.11)	261.78	3,947.51	339.02	(1,525.90)	(776.76)
<b>TOTAL INCOME ( A )</b>	<b>19,537.06</b>	<b>22,190.48</b>	<b>37,487.62</b>	<b>41,920.07</b>	<b>36,581.55</b>	<b>21,528.93</b>
<b>EXPENDITURE</b>						
Cost of Goods Sold	13,303.44	13,565.23	28,400.72	30,193.17	24,181.49	12,293.28
Operating & Other Expenses	2,179.61	2,831.68	3,419.70	4,454.20	4,807.64	4,199.84
Employees' Remuneration & Benefits	767.08	947.25	1,105.37	1,300.12	1,901.39	962.92
Financial Charges	214.16	228.13	283.05	429.68	576.58	75.59
Depreciation	752.41	708.41	911.52	1,248.69	1,223.52	601.60
Preliminary Expenditure written off	2.44	2.48	3.18	2.81	5.87	2.94
<b>TOTAL EXPENDITURE(B)</b>	<b>17,219.14</b>	<b>18,283.17</b>	<b>34,123.53</b>	<b>37,628.68</b>	<b>32,696.51</b>	<b>18,136.16</b>
<b>Profit / (Loss) before Tax and Extraordinary items</b>	<b>2,317.92</b>	<b>3,907.30</b>	<b>3,364.09</b>	<b>4,291.39</b>	<b>3,885.05</b>	<b>3,392.76</b>
Add: Exceptional Items [Income/(Exp.)]	-	-	-	-	-	-
<b>Profit before Tax</b>	<b>2,317.92</b>	<b>3,907.30</b>	<b>3,364.09</b>	<b>4,291.39</b>	<b>3,885.05</b>	<b>3,392.76</b>
Provision for Taxation						
- Current Tax	435.23	797.62	764.29	1,199.96	973.03	1,155.52
- Fringe Benefit Tax	-	-	-	-	12.09	3.82
- Earlier Years	32.13	11.15	(175.01)	(59.17)	3.67	31.66
- Less/ (Add) Deferred Tax	-	302.34	4.10	56.20	(158.85)	(44.81)
-Excess DTL provided in earlier years						120.26
-Less/(Add)Excess provision written off	(5.66)					
<b>Profit available for appropriations</b>	<b>1,850.56</b>	<b>2,796.20</b>	<b>2,770.70</b>	<b>3,094.40</b>	<b>3,055.11</b>	<b>2,195.28</b>
<b>Add/(Less) balance brought from Previous year</b>	<b>3,036.19</b>	<b>2,047.69</b>	<b>1,931.41</b>	<b>477.71</b>	<b>879.98</b>	<b>3,935.09</b>
<b>Appropriations:</b>						
Debenture Redemption Reserve	-	-	-	-	-	-
General Reserve	2,181.45	2,901.81	4,000.00	2,692.14	-	-
Capital Redemption Reserve	-	2.50	-	-	-	-
Proposed Dividend	596.75	-	198.92	-	-	-
Tax on Dividend	60.87	-	25.49	-	-	-
<b>Balance carried to Summary of Assets and Liabilities</b>	<b>2,047.69</b>	<b>1,939.58</b>	<b>477.71</b>	<b>879.98</b>	<b>3,935.09</b>	<b>6,130.37</b>



ANNEXURE – 20

CONSOLIDATED CASH FLOW STATEMENT

(Rs. in Lakhs)

Particulars	As at the Financial Year ended March 31,					For the half year ended 30.09.06
	2002	2003	2004	2005	2006	
<b>A. Cash flow from operating activities:</b>						
Net (loss)/profit before tax but after exceptional/extraordinary items	2,317.92	3,907.30	3,364.09	4,291.39	3,885.05	3,392.76
<b>Adjustments for:</b>						
Depreciation	752.41	708.41	911.52	1,248.69	1,223.52	601.60
Interest Expense	23.69	29.07	156.65	277.09	340.18	261.27
Interest Income	(150.29)	(136.21)	(188.84)	(111.18)	(254.56)	(188.07)
Dividend Received	(363.36)	(0.01)	(718.99)	(473.22)	(25.61)	(6.12)
Business Service Inome	-	-	(1.80)	(11.43)	(12.14)	(7.75)
Rent Received	-	-	(3.14)	(7.07)	(24.58)	(13.62)
Rent Paid	-	-	-	1.80	-	-
(Profit)/Loss on Fixed Assets sold	(69.64)	(32.64)	0.56	(59.81)	(26.33)	1.46
(Profit)/Loss on sale of Investments	(9.84)	(269.36)	(589.30)	(66.01)	(199.02)	(0.40)
Preliminary Expenditure written off	2.44	2.48	3.18	2.81	5.87	2.94
Gain on Exchange (Net)	(21.53)	117.71	24.47	103.11	(140.61)	(23.39)
Operating profit before working capital changes	2,481.79	4,326.74	2,958.42	5,196.18	4,771.76	4,020.66
<b>Adjustments for changes in working capital :</b>						
- (INCREASE)/DECREASE in Sundry Debtors	2,725.97	(871.94)	(2,680.98)	(1,308.67)	(168.00)	(1,776.94)
- (INCREASE)/DECREASE in Other Receivables	2,915.90	262.76	(373.14)	(831.97)	(62.35)	(2,275.26)
- (INCREASE)/DECREASE in Inventories	(155.76)	(1,569.38)	(4,945.58)	(2,881.12)	2,833.61	2,829.38
- INCREASE/(DECREASE) in Trade and Other Payables	(403.47)	(338.68)	2,131.43	511.19	(1,261.98)	786.70
Cash generated from operations	7,564.43	1,809.50	(2,909.86)	685.61	6,113.04	3,584.55
- Taxes (Paid) / Received	(510.00)	(1,039.37)	(775.77)	(853.04)	(1,445.82)	(456.16)
- Gain on Exchange (Net)	21.53	(117.71)	(24.47)	(103.11)	140.61	23.39
Net cash from operating activities (A)	7,075.96	652.43	(3,710.10)	(270.55)	4,807.83	3,151.79

**TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**
*(Rs. in Lakhs)*

Particulars	As at the Financial Year ended March 31,					For the half year ended 30.09.06
	2002	2003	2004	2005	2006	
<b>B. Cash flow from Investing activities:</b>						
Purchase of fixed assets	(294.35)	(1,211.12)	(3,109.66)	(1,437.70)	(1,358.55)	(536.65)
(Increase)/ Decrease in Capital Work in Progress	(1.73)	(62.83)	(0.54)	40.25	(120.50)	(286.19)
Proceeds from Sale of fixed assets	88.79	59.05	8.12	84.69	67.58	1.98
Net realisation on Sale of Investments	20.61	2,973.65	4,318.83	1,009.13	1,041.64	564.40
Net additions to investments :						
in subsidiaries	-	-	-	-	(357.29)	-
in others	(5,567.62)	(830.07)	(1,496.83)	(869.46)	(3,475.00)	(2,380.32)
Interest Received	182.02	108.43	162.43	91.78	195.16	180.58
Dividend Received	363.36	0.01	718.99	453.77	3.38	6.12
Business Service Inome Received	-	-	1.43	9.40	9.17	6.00
Rent Received	-	-	3.14	6.07	19.93	10.82
Net cash used in investing activities (B)	(5,208.92)	1,037.11	605.91	(612.09)	(3,974.47)	(2,433.26)
<b>C. Cash flow from financing activities:</b>						
Issue of Equity Share Capital	-	-	-	-	-	-
Buy Back of Equity Share Capital	(1,445.45)	(2,137.81)	-	-	-	-
Rupee Short Term Loan & Foreign Currency Loan From Bank of India	(429.31)	477.50	1,130.04	(1,120.94)	(434.24)	830.48
Net short term borrowings from Banks	726.37	85.05	2,418.34	2,179.45	301.47	(1,420.87)
Increase/(Decrease) in Unsecured Loan	-	-	-	-	-	457.02
Interest Paid	(20.98)	(28.99)	(145.41)	(269.77)	(339.11)	(264.20)
Dividend Paid	(634.08)	-	(198.92)	-	-	-
Dividend Tax Paid	(64.24)	-	(25.49)	-	-	-
Miscllaneous Expenditure	-	-	(4.71)	(1.06)	(42.69)	(5.78)
Net cash used in financing activities (C)	(1,867.70)	(1,604.25)	3,173.86	787.68	(514.57)	(403.34)
<b>Net Increase/(Decrease) in Cash &amp; Cash Equivalents (A)+(B)+ ( C )</b>	<b>(0.65)</b>	<b>85.28</b>	<b>69.67</b>	<b>(94.96)</b>	<b>318.80</b>	<b>315.19</b>
Cash and cash equivalents at the beginning of the year	1,501.57	1,500.92	1,586.21	1,655.88	1,560.92	1,879.72
Cash and cash equivalents at the end of the year	1,500.92	1,586.21	1,655.88	1,560.92	1,879.72	2,194.90
<b>Cash and cash equivalents comprise</b>						
Cash on hand	3.19	5.28	7.30	14.71	11.70	21.89
Balance with Scheduled Banks	1,497.73	1,580.92	1,648.58	1,546.21	1,868.01	2,173.02
Balance as per Balance Sheet	<b>1,500.92</b>	<b>1,586.20</b>	<b>1,655.88</b>	<b>1,560.92</b>	<b>1,879.72</b>	<b>2,194.90</b>





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## ANNEXURE - 21

### TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

#### Consolidated financial information as per Audited Consolidated Financial Statements.

#### I. NOTES TO ACCOUNTS – CONSOLIDATION

##### 1. PRINCIPLES OF CONSOLIDATION

- i. The financial statements have been prepared to comply in all material aspects with applicable accounting principles in India, and the Accounting Standards issued by the Institute of Chartered Accountants of India (ICAI).
- ii. **CONSOLIDATED FINANCIAL STATEMENTS** relates to Technocraft Industries (India) Limited, the Company and its Subsidiaries. The Consolidated Financial Statements are in conformity with the AS -21 issued by ICAI and are prepared on the following:
  - a) The financial statements of the Company and its Subsidiaries have been combined on a line by line basis by adding together the book values of like items of assets, liabilities, income and expense, after fully eliminating inter-company balances and transactions including profits in year end inventories.
  - b) The consolidated financial statements are prepared by adopting uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the company's separate financial statement except otherwise stated elsewhere in this schedule.
  - c) The excess of cost to the Company of its investments in the subsidiaries over its portion of equity of subsidiaries at the dates they become subsidiaries is recognised in the financial statements as goodwill.
  - d) The excess of Company's portion of equity of the subsidiaries over cost to the Company of its investments at the dates they become subsidiaries is recognised in the financial statements as capital reserve.
  - e) Minority Interests in the consolidated financial statements is identified and recognised after taking in to consideration:

The amount of equity attributable to minorities at the date on which investments in a subsidiary is made.

- f) Accounting policy for Depreciation on Fixed Assets of foreign subsidiaries companies are not consistent with accounting policy for depreciation on fixed assets of parent company and it is impracticable for the company to restate such accounting policies as per parent company policy since the historical cost of the fixed assets of foreign subsidiaries companies are not ascertainable.
- g) In Consolidated financial statements, the closing stock includes goods sold by holding company to its subsidiary companies (as certified by the management) which have been valued at cost by eliminating stock reserve considering gross profit margin of the holding company in respective years.
- h) Financials OF Impact Engineering Solutions which is a subsidiary of Technosoft Information Technology (I) Ltd which is wholly owned subsidiary of Technocraft Industries (I) Limited are not consolidated since company is incorporated after the date of consolidation.
- i) Accounting Policies

Most of the accounting policies of the reporting Company and that of its Subsidiaries are similar and are in line with generally accepted accounting principles in India. However since certain subsidiaries are in the business lines which are distinct from that of the Reporting Company and function in a different regulatory environment, certain policies in respect of investment, gratuity, depreciation / amortization etc. differ.

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

2. The consolidated financial statements comprise the financial statements of Technocraft Industries (India) Limited and its subsidiaries.

Name of the Company	Extent of Company's Interest							Country of Incorporation
	Year Ended	For the half year ended September 30, 06	2005-06	2004-05	2003-04	2002-03	2001-02	
<b>Subsidiaries:</b>								
Technosoft Information Technologies (I) Limited	31 <sup>st</sup> March	99.99%	99.99%	99.99%	99.99%	99.99%	99.99%	India
Techno Exports Private Limited	31 <sup>st</sup> March	100.00%	100.00%	100.00% (Note 1)	100.00% (Note 1)	—	—	India
Danube Fashions Limited	31 <sup>st</sup> March	99.99%	99.99%	99.99%	99.99%	—	—	India
Technocraft Trading Poland	31 <sup>st</sup> Dec	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	Poland
Technocraft (Hungary) KFT	31 <sup>st</sup> Dec	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	Hungary
Technocraft International Ltd.	31 <sup>st</sup> Dec	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	United Kingdom
Bopp A.G.	31 <sup>st</sup> Dec	70.00%	70.00%	-	-	-	-	Germany
CAE Systems Gmbh. (Note 2&3)	(Note 2 & 3)	81.99%	81.99%	-	-	-	-	Germany
Technocraft Australia Pty. Ltd.	(Note 4)	100%	-	-	-	-	-	Australia
Impact Engineering Pvt. Ltd.	(Note 3 & 4)	85%	-	-	-	-	-	U. S. A.

### Notes:

- Out of 100% Share of Techno Exports Private limited, 49% share is owned by Technosoft Information Technologies (I) limited which is 100% subsidiary of Parent company.
- Out of 100% share of CAE Systems Gmbh, 82% shares is owned by Technosoft Information Technologies(I) Ltd which is the wholly owned subsidiary of Technocraft Industries (India) Limited.
- Out of 100% share of Impact Engineering Pvt. Ltd., 85% shares is owned by technocraft Information Technologies (I) Ltd which is the subsidiary of Technocraft Industries (India) Limited.
- Financials for CAE System Gmbh, Technocrafts Australia Pty. Ltd. and Impact Engineering Pvt. Ltd. are not consolidated since no financial for the same are made.
- In accordance with the requirement of Accounting Standard – 11(Revised) – “The effects of changes in foreign exchange rates” operations of foreign subsidiaries have been considered as Integral operations and accordingly their financial statements have been converted in Indian Rupees at following exchange rates:
  - Revenue and Expenses: At the average exchange rate during the period.  
(Average rates are taken on the basis of opening and closing exchange rates at the beginning of the period and at the end of the period respectively instead of average rates at the end and close of every month and its effect is insignificant on the profit.)
  - Current Assets and Liabilities: Exchange rates prevailing at the end of the period
  - Fixed Assets: Exchange rate prevailing at the end of the period instead of exchange rates at the date of transaction

The resultant translation exchange difference has been transferred to profit & loss A/c.



4. Accounts are not restated for the periods prior to which the Accounting Standard, as Stated under, became effective:

Accounting Standard	Effective date
Accounting Standard 21 – Consolidated Financial Statement	Period commencing on or after 1-4-2001
Accounting Standard 28 - Impairment of Assets	Period commencing on or after 1-4-2004
Accounting Standard 11(revised) – The effect of changes in foreign exchange rates	Period commencing on or after 1-4-2004
Accounting Standard 23 – Accounting for Investment in Associates	Period commencing on or after 1-4-2001

5. **Non-Adjustment items**

**Gratuity**

- i. Upto the year ended March 31, 2005 the Gratuity Liability was accounted on cash basis. During the financial year 2005-06 company has changed its accounting policy for Gratuity liability and taken group gratuity policy with the Birla sun life insurance Corporation and the present liability for future payment of gratuity is determined at actuarial valuation is being provided for during the year.

No adjustment has been made for earlier periods since in the opinion of the company gratuity liability for each of earlier years are not quantifiable.

- ii. Year end liabilities on account of gratuity benefits to employees are accounted on cash basis by subsidiaries as against accrual basis followed by the parent company

**Leave Encashment**

Upto the year ended March 31, 2005 the Leave Encashment Liability is accounted on cash basis. During the financial year 2005-06 company has changed its accounting policy for Leave Encashment Liability and taken group gratuity policy with the Birla sun life insurance Corporation and the present liability for future payment of gratuity is determined at actuarial valuation is being provided for during the period.

No adjustment has been made for earlier periods since in the opinion of the company Leave Encashment Liability for each of earlier year are not quantifiable.

6. Excise duty in respect of finished goods is being accounted at the time of clearance of goods as per the practice followed by the Company. Such excise duty liability on goods pending clearance, if accounted for shall not affect the profit of those respective years;
7. Deferred revenue expenditure are amortised over a period five years by subsidiaries as against ten years in case of parent company and it is not restated as per parent company accounting policy since from 1.4.1998 as per income tax act such expenditure should be amortised over a period of five years and parent company is incorporated prior to 1.4.1998.
8. As per the provision of Accounting Standards 23 “Accounting for Investments in an associate” An investment in an associate should be accounted for in consolidated financial statement under the Equity method specified by the AS-23. However the Company accounted such investments as per the provision of AS-13 “Accounting for Investments” since it believes that such investments are held exclusively with a view to its subsequent disposal in the near future.
9. Short/excess provision for Income-Tax

The profit and loss account of certain years includes amounts paid/provided for or refunded, in respect of shortfall/excess income-tax arising out of assessments, appeals, etc. Since in the opinion of the Company, the impact of the same is not material, no adjustments have been made in respect of this item.

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

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### 10. Scheme of Arrangement

- i) The investment division of the company has been transferred to Technocraft Global Holding Ltd. in accordance with the scheme of arrangement which were approved by the shareholders of the company by their consent letter and by the High Court of judicature at Bombay under section 391 read with section 394 of the Companies Act, 1956 by its order dated 13th January 2006 with effect from the appointed date, i.e., 16th August, 2005.
- ii) Pursuant to scheme of Arrangement approved by the High Court, the Assets and liabilities of Investment division of the company were transferred to and vested in transferee company, i.e., Technocraft Global Holding Ltd., at their book value and the difference between and Assets and Liabilities has been adjusted to the General reserve of the Company amounting to Rs.4,440.40 lakhs Accordingly the scheme has been given effect to in these accounts as per the relevant High Court order given on 13<sup>th</sup> January,2006 and the effective date of Order was 27.02.2006 i.e., the date on which the order of the Bombay High Court sanctioning the scheme are duly filed with the Register of Companies, Maharashtra, Mumbai.
- iii) All profits accruing to or losses arising / or incurred by the company relating to the investment division with effect from the appointed day, i.e., 16th August 2005 to effective date i.e. 27.02.2006 has been treated as the Profit or Losses of the Technocraft Global Holding Ltd and accordingly the effect has been given to in these accounts for the period from 16.08.2005 to 27.02.2006 for such transactions.
- ix) Rs.7.70 lakhs has been debited to in these Accounts as an Expenditure relating to the carrying out and implementing the above scheme of demerger.

## II. CHANGE IN ACCOUNTING POLICIES

### **During Financial year 2004 - 05**

There has been a change in the method of valuation of Closing Stock of Raw Material and Stores & Spares (including Packing Material) arising out of the inclusion of amount of cenvat credit as a element of cost which was exclusive in previous years as required under AS-2 "VALUATION OF INVENTORIES" and accordingly Closing Stock of Raw Material and Stores & Spares (including Packing Materials) is on higher side by Rs.330.92 lakhs. However, there is no impact on the profit of the Company because of such change.

### **During Financial year 2005- 06**

- i) Due to change of accounting policy for leave encashment, i.e., from Cash basis to accrual basis, the present liability has been worked out on the basis of balance of unclaimed leave at the year end which also includes balances of unclaimed leave up to Financial Year 2004-05 amounting to Rs.74.89 lakhs and Rs.59.32 lakhs respectively and the same has been debited to Profit and Loss Account. As a result thereof, the profit for the year is lower to that extent. The effect of such changes have not been adjusted/restated in earlier years financial statements since in the opinion of the management Leave encashment Liability for each of earlier years are not quantifiable.
  - ii) Rs.7.84 lakhs has also been debited to Profit and Loss Account as leave encashment being leave encashed by the employees of the company during the year under reference against their accumulated balances of unclaimed leave.
  - iii) Due to change of accounting policy for gratuity payment, i.e., from cash basis to accrual basis, the present liability has been worked out by actuarial valuation for past services as well as for current year is Rs.173.38 lakhs and Rs.1.44 lakhs respectively and the same has been debited to Profit & Loss Account. As a result thereof, the profit for the year is lower to that extent. The effect of such changes have not been adjusted/restated in earlier years financial statements since in the opinion of the management gratuity liability for each of earlier years are not quantifiable.
  - iv) The Group gratuity policy has not been taken for employees to whom gratuity payments is made during the year because of their retirement or resignation from the employment. Amount of such payment is Rs 15.17 lakhs.
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## OUR SUBSIDIARIES AND GROUP COMPANIES

### OUR SUBSIDIARIES:

#### INDIAN SUBSIDIARIES

##### 1. Technosoft Information Technologies (India) Limited :

It was incorporated on 28.02.2000 and its main business is to carry on the business of providing engineering design and software development services. Its registered office is situated at A-25, MIDC, Marol Industrial Area, Andheri (East), Mumbai – 400 093

**Board of Directors** comprises of:

1. M.D.Saraf
2. Sharad Kumar Saraf
3. Sudarshan Kumar Saraf
4. Navneet Kumar Saraf

#### Shareholding

Sr. No.	Name of the Member	Equity Shareholding	
		No. of Shares of Rs 10/- each	% of holding
1	Mr. Sharad Kumar Saraf	10	0.002%
2	Mrs. Shakuntala Saraf	10	0.002%
3	Mr. Sudarshan Kumar Saraf	10	0.002%
4	Mrs. Suman Saraf	10	0.002%
5	Mr. Madhoprasad Saraf	10	0.002%
6	Mr. Navneet Kumar Saraf	10	0.002%
7	Mr. Ashish Kumar Saraf	10	0.002%
8	Technocraft Industries (India) Ltd.	474,930	94.986%
9	Mr. Mark S. Peters	25,000	5.000%
	<b>Total</b>	<b>500,000</b>	<b>100.00%</b>

#### Financial Highlights

(Rs. in lakhs)

Particulars	Half year ended September 30, 2006	31st March 2006	31st March 2005	31st March 2004
Sales & Other Income	526.41	1,309.90	402.11	324.41
PAT	88.47	99.92	116.39	96.02
Equity Capital	50.00	47.50	47.50	47.50
Res.& Surplus excluding Revaluation Reserves	610.49	406.13	306.21	189.82
Def.Tax Liability	9.80	10.31	7.48	5.41
EPS (Rs.) (Annualised)	35.39	21.04	24.50	20.78
<b>Book Value Per Share (Rs)</b>	<b>90.73</b>	<b>95.50</b>	<b>74.47</b>	<b>49.96</b>

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

### 2. Technocraft Exports Private Limited

It was incorporated on July 18, 2001 and its main business is to carry on the business of distributor's agents or representatives, import and export agents, buyers, sellers, promoters and dealers in all classes and description of goods. Its registered office is situated at A-25, MIDC, Marol Industrial Area, Andheri (East), Mumbai – 400 093

**Board of Directors** comprises of:

1. Sharad Kumar Saraf
2. Sudarshan Kumar Saraf
3. Navneet Kumar Saraf
4. Ashish Kumar Saraf
5. Vinod Gadodia
6. Sunil Bajaj
7. Vikas Patangia

#### Shareholding

Sr. No.	Name of the Member	Equity Shareholding	
		No. of Shares of Rs 10/- each	% of holding
1	Technocraft Industries (India) Ltd.	9,999	99.99%
2	Danube Fashions Limited	1	0.01%
	<b>TOTAL</b>	<b>10,000</b>	<b>100.00%</b>

#### Financial Highlights

(Rs. in lakhs)

Particulars	Half year ended September 30, 2006	31st March 2006	31st March 2005	31st March 2004
Sales & Other Income	459.45	825.54	0.01	9.59
PAT	(192.10)	(281.63)	0.00	8.22
Equity Capital	1.00	1.00	1.00	1.00
Res.& Surplus excluding Revaluation Reserves	(4,425.43)	(281.57)	0.06	0.06
Def.Tax Liability	-	-	-	-
EPS(Rs.) (Annualised)	(3,841.91)	(2,816.33)	-	82.20
<b>Book Value Per Share</b>	<b>(4,733.82)</b>	<b>(2,805.57)</b>	<b>10.60</b>	<b>10.58</b>



### 3. Danube Fashions Limited

It was incorporated on 22.05.2003 and its main business is to carry on the business of garment manufacturing. It also undertakes orders for job work from parties abroad. Its registered office is situated at A-25, MIDC, Marol Industrial Area, Andheri (East), Mumbai – 400 093

**Board of Directors** comprises of:

1. M.D.Saraf
2. Sharad Kumar Saraf
3. Sudarshan Kumar Saraf
4. Navneet Kumar Saraf
5. Ashish Kumar Saraf
6. Sanjay Panchlangia

#### Shareholding

Sr. No.	Name of Shareholders	No. of Equity Shares of Rs 10/- each	% of holding
1	Technocraft Industries (India) Limited	4,999,994	100.00%
2	Mr. Sharad Kumar Saraf	1	0.00%
3	Mr. Sudarshan Kumar Saraf	1	0.00%
4	Mr. Navneet Kumar Saraf	1	0.00%
5	Mr. Ashish Kumar Saraf	1	0.00%
6	Mr. Madhoprasad Saraf	1	0.00%
7	Ms. Shakuntala Saraf	1	0.00%
	<b>Total</b>	<b>5,000,000</b>	<b>100.00%</b>

#### Financial Highlights

(Rs. in lakhs)

Particulars	Half year ended September 30, 2006	31st March 2006	31st March 2005	31st March 2004
Sales & Other Income	652.37	1,337.84	534.13	54.92
PAT	(195.73)	(240.47)	(412.54)	(102.06)
Equity Capital	500.00	500.00	500.00	500.00
Res.& Surplus excluding Revaluation Reserves	(668.96)	(477.03)	(236.56)	154.00
EPS(Rs.) (Annualised)	(7.83)	(4.81)	(8.25)	(2.04)
<b>Book Value Per Share</b>	<b>(3.38)</b>	<b>0.46</b>	<b>5.21</b>	<b>13.08</b>

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

### FOREIGN SUBSIDIARIES

#### 1. Technocraft International Limited, United Kingdom

It was incorporated on 2<sup>nd</sup> April 1993 and its main business is to trade in goods manufactured by Technocraft industries (India) Ltd. Its registered office is situated at Unit 2, Hammond Avenue, Whitehill Industrial Estate, Stockport, Cheshire SK4 1PQ, England.

**Board of Directors** comprises of:

1. S.K.Saraf
2. Navneet Saraf
3. C.I.Howard

#### Shareholding

Its shareholders comprises of Technocraft Industries (India) Ltd which holds 100% of the equity share capital.

#### Financial Highlights

Sr. No.	Particulars	As at and for the year ended December 31					
		2005		2004		2003	
		In £	Rs. (in lakhs)	In £	Rs. (in lakhs)	In £	Rs. (in lakhs)
A	Turnover	12,267,726	9,831.73	13,714,741	11,258.30	9,568,853	7,578.41
B	Profit/Loss after Tax	(1,44,043)	(141.47)	14,168	18.08	17,888	28.56
C	Equity Capital of £1 each	5,00,002	1,00,002	1,00,002			
D	Reserve & Surplus	1,34,843	109.15	2,78,886	250.62	2,64,718	232.54
E	EPS (in £)	<b>0.29</b>		<b>0.14</b>		<b>0.18</b>	
F	Book Value (In £ Per Share)	<b>1.27</b>		<b>3.79</b>		<b>3.65</b>	

#### 2. Technocraft (Hungary), KFT

It was incorporated on 28<sup>th</sup> August 2000 and its main business is to trading of yarn and galvanized steel tubes, sale of products made by the Technocraft Industries (India) Ltd in Hungary and neighbouring countries, further on import of other products of Indian origin, sale of them in Hungary and neighbouring countries. Its registered office is situated at 1191 Budapest, Hunyadi u. 6. fsz. Hungary.

#### Board of Directors

1. Gasztonyine Podmaniczky Julianna

#### Shareholding

Its shareholders comprises of Technocraft Industries (India) Ltd which holds 100% of the equity share capital





### Financial Highlights

Sr. No.	Particulars	As at and for the year ended December 31					
		2005		2004		2003	
		In HUF ('000)	Rs. (in lakhs)	In HUF ('000)	Rs. (in lakhs)	In HUF ('000)	Rs. (in lakhs)
A	Total Income	5,364.10	1,206.73	7,38,992	1,690.15	950,019	2,049.15
B	Profit/Loss after Tax	1,367.00	(45.07)	30,734	102.35	4,430	16.86
C	Equity Capital of HUF 5000 each	120,000.00		120,000		32,800	
D	Reserve & Surplus	50,397.00	117.61	49,030	163.31	18,296	60.96
E	EPS (In HUF)	0.06		1.28		0.68	
F	Book Value (In HUF Per Share)	7.10		7.04		7.79	

### 3. Technocraft Trading Spolka, Z.O.O, Poland

It was incorporated on 14th May 1998 and its main business is in to trading of yarn, drum closures and steel tubes , sale of products made by the Technocraft Industries (India) Ltd in Poland and neighbouring countries, further on import of other products of Indian origin, sale of them in Poland and neighbouring countries Its registered office is situated at UL. Gomicza 18/36, 91-765 Lodz – Polska.

**Board of Directors** comprises of:

1. S.K.Saraf
2. Balraj Jadhav

#### Shareholding

Its shareholders comprises of Technocraft Industries (India) Ltd which holds 100% of the equity share capital.

### Financial Highlights

Sr. No.	Particulars	As at and for the year ended December 31					
		2005		2004		2003	
		In PLN	Rs. (in lakhs)	In PLN	Rs. (in lakhs)	In PLN	Rs. (in lakhs)
A	Total Income	26,951,213	3,810.85	59,413,315	7,901.95	46,302,472	5,715.13
B	Profit/Loss after Tax	(806,189)	(136.75)	16,27,954	295.45	2,21,700	27.11
C	Equity Capital (PLN500 Per share)	2,250,000		2,250,000		2,250,000	
D	Reserve & Surplus	1,245,320	218.96	2,051,508	355.71	4,23,554	60.26
E	EPS (in PLN)	(179.15)		361.77		49.27	
F	Book Value (PLN Per Share)	776.74		955.89		594.12	

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

### 4. Bopp A.G. (Formerly known as Bopp Casual Wear GmbH)

The company was incorporated on 25<sup>th</sup> April 2005 and its main business is to Purchase, sale and distribution of technical and other products, including but not limited to textiles, among others being in the brand BOPP, and their import and export thereof. Its registered office is situated at Seelachstrasse 16, D-74177 Bad Friedrichshall Germany. (Regn. No. HRB 8890).

#### Board of Directors

The Board of Directors of Bopp A.G. comprises of

1. Sharad kumar Saraf
2. Timo Sporle

#### Shareholding Pattern

As on date the company's equity capital is 1,00,000 Euros owned by:

Name of the shareholder	Value of shares (In Euros)	% of Shares Held
Technocraft Industries (India) Ltd	70,000	70%
Timo Sporle	30,000	30%
<b>Total</b>	<b>1,00,000</b>	

#### Financial Highlights

Sr. No.	Particulars	As at and for the year ended December 31, 2005	
		In (Euros)	(Rs. in lakhs)
A	Total Income	725,394.99	396.14
B	Profit/Loss after Tax	(11,103.89)	8.03
C	Equity Capital	96,002.43	
D	Reserve & Surplus	(11,103.89)	8.03

### 5. CAE Systems GmbH

The company was incorporated on September 1, 2005 and its main business is to carry out software development and other related services. The basic operations are to cater to the European market. Its registered office is situated at Londoner Bogen 4, 44269 Witten Germany (Regn No. HRB 19144).

#### Board of Directors

The Board of Directors of CAE systems GmbH comprises of

1. Rainer Seiber
2. Manfred Alshut
3. Navneet Saraf

#### Shareholding Pattern

As on date CAE's equity capital is 60,000 Euros owned by:

Name of the shareholder	Value of shares (In Euros)	% of Shares Held
Technosoft Information Technologies (India) Ltd	49,200	82%
Reiner Seiber	5,400	9%
Manfred Alshut	5,400	9%
<b>Total</b>	<b>60,000</b>	<b>100%</b>



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### Financial Details

Since the company had started its operations on September 1, 2005. The Financial detail of the same is not available for the year ended December 31, 2005.

#### 6. Technocraft Australia Pty Limited

The Company was incorporated on 29<sup>th</sup> March 2006 and its main business is to trade in goods manufactured by Technocraft Industries (India) Limited. Its registered office is situated at 27, Fitzpatrick Street, Revesby NSW 2212.

**Board of Directors** comprise of:

1. Navneet Kumar Saraf
2. Ashok Amin

#### Shareholding

As on the date shareholders comprises of Technocraft Industries (India) Limited which holds 100% of the equity share capital.

### Financial Details

Since the Company had stated its operation from 29<sup>th</sup> March 2006, the financial detail of the same is not available for the year ended December 31, 2006.

#### 7. Impact Engineering Solutions, INC

The Company was incorporated on 11<sup>th</sup> June 1993 and its main business is providing an integrated line of engineering services including services related to mechanical design and engineering, product simulation, technical staffing, systems integration and relates consulting to manufacturers. Technosoft Information Technologies (India) Limited acquired 85% stock of the company on 31<sup>st</sup> August 2006. Its registered office is situated at Milwaukee, Wisconsin, USA.

**Board of Directors** comprise of:

1. Mark Peters
2. Navneet Kumar Saraf
3. Sudarshan Kumar Saraf
4. Ashish Kumar Saraf

#### Shareholdings

Sr. No.	Name of the Shareholder	No.of Shares of Rs. 10 each	% of Share holdings
1	Technosoft Information Technologies (India) Limited	1,734.0	85.00%
2	Mark Peters	230.4	11.29%
3	Jane Armstrong	32.4	1.59%
4	Tom Volk	28.8	1.41%
5	Tom Miller	14.4	0.70%
	<b>Total</b>	<b>2,040.0</b>	<b>100%</b>

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

### COMPANIES PROMOTED BY THE PROMOTERS / PROMOTER GROUP

#### 1. BMS Industries Limited (Formerly known as Brihan Maharashtra Steel Industries Limited)

The company was incorporated on April 24, 1974 as Brihan Maharashtra Steel Industries Limited. The main business of the Company is to carry on the business of designing, developing, fabricating, processing, repairing, assembling, manufacturing, buying, selling, importing, exporting, distributing, hiring, letting on hire or otherwise dealing in parts, components and products of ferrous or non-ferrous metal. As on October 05, 2006 the Company has changed its name from Brihan Maharashtra Steel Industries Limited to BMS Industries Limited.

Its registered office is situated at A-25, MIDC, Marol Industrial Area, Andheri (East), Mumbai – 400 093

**Board of Directors** comprises of:

1. M.D.Saraf
2. Sharad Kumar Saraf
3. Sudarshan Kumar Saraf
4. Navneet Kumar Saraf
5. Ashish Kumar Saraf
6. Ajay Karelia
7. Vinod Gadodia
8. Vikas Patangia
9. Srikishan Bangar

#### Share Holding

Sr. No.	Name of the shareholder	Shareholding	
		No. of Shares @ Rs. 100 each	% of holding
1	Sudarshan Kumar Saraf	135,150	22.80%
2	Suman Saraf	56,100	9.46%
3	Sharad Kumar Saraf	61,200	10.32%
4	Shakuntala Saraf	154,785	26.11%
5	Ashish Kumar Saraf	51,127	8.62%
6	Madhoprasad Dwarkadas Saraf	3,060	0.52%
7	Navneet Kumar Saraf	73,950	12.47%
8	Madhoprasad Dwarkadas Saraf & Shantidevi Saraf	11,399	1.92%
9	Shantidevi Saraf	43,350	7.31%
10	Technocraft Global Holdings Ltd.	76	0.01%
11	Navneet Kumar Saraf (HUF)	2,678	0.45%
	<b>Total</b>	<b>592,875</b>	<b>100.00%</b>



## Financial Highlights

(Rs. in lakhs)

Particulars	31st March 2006	31st March 2005	31 <sup>st</sup> March 2004
Sales & Other Income	2465.71	2569.42	1894.87
PAT	474.02	167.78	247.58
Equity Capital	592.87	592.87	592.87
Res.& Surplus excluding Revaluation Reserves	1292.80	823.33	655.56
<b>EPS (RS.)</b>	79.95	28.30	41.76
<b>Book Value per Share</b>	318.06	238.87	210.57

## 2. Ashrit Holdings Ltd

The company was incorporated on 12<sup>th</sup> May 1992 and its main object is to carry on the business as an investment Company. Its registered office is situated at 191, Beach Towers Condominium, P.Balu Marg, Prabhadevi, Mumbai – 400 025

**Board of Directors** comprises of:

1. M.D.Saraf
2. Sharad Kumar Saraf
3. Sudarshan Kumar Saraf
4. Navneet Kumar Saraf
5. Ashish Kumar Saraf
6. Vinod Gadodia
7. Shakuntala Saraf

## Share Holding Pattern

Sr. No.	Name of the shareholders	Shareholdings		
		Kind of Shares	No. of Shares @ Rs. 10/- each	% of holding
1	Mr. Sharad Kumar Saraf	Equity	23,900	8.16%
2	Mrs. Shakuntala Saraf	Equity	24,000	8.20%
3	Mr. Sudarshan Kumar Saraf	Equity	23,900	8.16%
4	Mrs. Suman Saraf	Equity	24,000	8.20%
5	Ms. Ritu Saraf	Equity	24,000	8.20%
6	Mrs. Shantidevi Saraf	Equity	24,000	8.20%
7	Mr. Madhoprasad Saraf	Equity	23,900	8.16%
8	Mr. Navneet Kumar Saraf	Equity	23,800	8.13%
9	Mr. Ashish Kumar Saraf	Equity	24,000	8.20%
10	Sharad Kumar Madhoprasad Saraf HUF	Equity	100	0.03%
11	Sudarshan Kumar Madhoprasad Saraf HUF	Equity	100	0.03%
12	Navneet Kumar Nidhi Saraf HUF	Equity	100	0.03%
13	Mrs. Nidhi Saraf	Equity	100	0.03%
14	Madhoprasad Shantidevi Saraf HUF	Equity	100	0.03%
15	Technocraft Global Holdings Ltd.	Equity	76,800	26.23%
	<b>SUB TOTAL</b>		<b>292,800</b>	<b>100.00%</b>
1	Technocraft Industries (India) Ltd.	Preference	5,950,000	100%
	<b>SUB TOTAL</b>		<b>5,950,000</b>	<b>100%</b>
	<b>TOTAL</b>		<b>6,242,800</b>	

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

### Financial Highlights

(Rs. in lakhs)

Particulars	31st March 2006	31st March 2005	31st March 2004
Sales & Other Income	3186.44	747.78	230.92
PAT	169.13	-5.22	3.16
Equity Capital	29.28	29.28	29.28
Res.& Surplus excluding Revaluation Reserves	240.98	71.85	77.07
<b>EPS (Rs.)</b>	<b>57.76</b>	<b>-1.78</b>	<b>1.08</b>
<b>Book Value per Share</b>	<b>223.21</b>	<b>34.26</b>	<b>35.76</b>

### 3. M.D.Saraf Securities Private Limited

The company was incorporated on 9<sup>th</sup> August 1999 and its main business is that of carrying on the business of stock and share broking. It also is involved in investment in securities. Its registered office is situated at A-25, MIDC, Marol Industrial Area, Andheri (East), Mumbai – 400 093. It is registered as a Stock Broker with BSE bearing Registration No.INB011074532.

**Board of Directors** comprises of:

1. M.D.Saraf
2. Navneet Kumar Saraf
3. Shakuntala Saraf
4. Nidhi Saraf
5. Ramavtar Gadodia

### Share Holding Pattern

Sr. No.	Name of the shareholder	Shareholding	
		No. of Shares @ Rs. 100 each	% of holding
1	M.D.Saraf	208,000	52.00%
2	Navneet Kumar Saraf	95,990	24.00%
3	Shakuntala Saraf	96,000	24.00%
4	Nidhi Saraf	10	0.00%
	<b>Total</b>	<b>400,000</b>	<b>100.00%</b>

### Financial Highlights

(Rs. in lakhs)

Particulars	31st March 2006	31st March 2005	31st March 2004
Sales & other Income	109.57	56.46	76.33
PAT	56.59	17.96	30.37
Equity Capital	40.00	40.00	40.00
Res.& Surplus excluding Revaluation Reserves	116.21	59.63	41.67
EPS(Rs.)	14.15	4.49	7.59
<b>Book value per Share</b>	<b>39.05</b>	<b>24.91</b>	<b>20.36</b>



#### 4. Technocraft Global Holdings Limited

The company was incorporated on 5<sup>th</sup> August 2005 and its main business is that to acquire shares or stocks, debentures, bonds, or any other securities by any other corporation. Its registered office is situated at A-25, MIDC, Marol Industrial Area, Andheri (East), Mumbai – 400 093.

##### Board of Directors:

1. Madhoprasad Saraf
2. Sharad Kumar Saraf
3. Sudarshan Kumar Saraf
4. Navneet Kumar Saraf

##### Share Holding Pattern

Sr. No.	Particulars	No. of Shares of Rs. 10/- each	% holding
1	Mr. Sudarshan Kumar Saraf	8,96,395	36.78%
2	Mrs. Shakuntala Saraf	7,07,728	29.04%
3	Mrs. Shantidevi Saraf	3,11,199	12.77%
4	Sharad Kumar Saraf (HUF)	3,01,903	12.39%
5	Mrs. Suman Saraf	16,062	0.66%
6	Madhoprasad Shantidevi Saraf(HUF)	22,532	0.92%
7	Mrs. Ritu Saraf	7,730	0.32%
8	Mr. Sudarshan Kumar Saraf(HUF)	10,239	0.42%
9	Mr. Navneet Kumar Saraf	1,18,062	4.84%
10	Mr. Ashish Kumar Saraf	7,428	0.30%
11	Mr. Madhoprasad Saraf	9951	0.41%
12	Mr. Sharad Kumar Saraf	21818	0.90%
13	Mrs. Nidhi Saraf	5933	0.24%
	<b>Total..</b>	<b>2,436,980</b>	<b>100.00%</b>

##### Financial Highlights

(Rs. in lakhs)

Particulars	31st March 2006
Income from Investment	946.80
PAT	866.85
Equity Capital	243.70
Res.& Surplus excluding Revaluation Reserves	5068.56
<b>EPS(Rs.)</b>	<b>35.57</b>
<b>Book value per Share</b>	<b>217.99</b>

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

### 5. CFDtech Solutions Limited

It was incorporated on 19<sup>th</sup> May 2006 as a joint venture between Technosoft Engineering Technologies India Limited, CFD Engineering, Ingenieurbuero A. Fisher Germany and Mr. Manoj Gupta. Its main business is to provide engineering and software services. Its registered office is situated at 301-303, Decision Tower, Pune Satara Road, Bibwewadi, Pune-411037, India.

**Board of Directors** comprise of:

1. Sudarshan Kumar Saraf
2. Navneet Kumar Saraf
3. Achim Fischer
4. Manoj A. Gupte

#### Shareholdings

Sr. No.	Name of the Shareholder	No. of Equity Shares of Rs. 10/- each	% of Share holdings
1	Sudarshan Kumar Saraf	1	0.00%
2	VinodKumar Shirsath	1	0.00%
3	Technosoft Information Technologies (India) Limited	182278	49.00%
4	Manoj A.Gupte	7439	2.00%
5	Hemchandra Kabre	1	0.00%
6	Achim Fischer	182278	49.00%
7	Erik Fischer	1	0.00%
8	Henrike Fischer	1	0.00%
	<b>Total</b>	<b>372000</b>	<b>100%</b>

#### Financial Details

Since the Company had stated its operation from 15<sup>th</sup> September 2006, the financial details of the same is not available.

### VENTURES OF PROMOTERS – PARTNERSHIP FIRM

#### 1. M.T.Information Technologies

The partnership firm was incorporated on June 7<sup>th</sup>, 2000 and the main activity is to carry on the activity of rental business.

#### Partners

1. Mr S.K.Saraf
2. Mr S.M.Saraf
3. Madhoprasad Shantidevi Saraf (HUF)

#### Share Holding

The profit sharing ratio between the partners is 40:40:20 in the order mentioned above.

#### Financial Highlights

(Rs. in lakhs)

Particulars	31st March 2006	31st March 2005	31st March 2004
Sales & Other Income	1.76	0.60	2.17
Profit	0.76	0.03	0.07
Partners Capital	51.47	51.98	51.52
Earnings per rupee of Capital	0.015	—	—





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## MANAGEMENTS DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion of our financial condition and results of operations together with our audited financial statements for the half year ended September 30, 2006 and each of financial years 2006, 2005 and 2004, including the notes thereto and the reports thereon, which appear elsewhere in this Red Herring Prospectus.

The following discussion is based on our audited unconsolidated financial statements for the period ended September 30, 2006 and each of financial years 2006, 2005 and 2004, which have been prepared in accordance with Indian GAAP. These data have been reclassified in certain respects for purposes of presentation. Our financial year ends on March 31 of each year, so all references to a particular financial year are to the twelve-month period ended March 31 of that year.

### Overview

Technocraft was established in 1972 by a group of IIT Graduates & Technologists Mr. S.K. Saraf and Mr. S.M. Saraf with the aim of manufacturing high precision and sophisticated products, Drum Closures.

Until 1976 Technocraft focused on the domestic market. India was not recognized as reliable export nation during those days, against all the odds, the company launched a major export drive in 1977. "Technocraft" was recognised as an export house by government of India in 1979. "Technocraft" initially captured the Middle East export market. Gradually Technocraft moved to USA and Europe. Since customers in USA and Europe were used to buy Drum Closures just in time from their competitors based in Europe and USA, they established several subsidiary companies in Europe and USA and started keeping stock in warehouses situated in USA and Europe.

At the initial stages the group's strengths were in manufacturing of Drum closures. With this back ground the company acquired a sick unit "MAHARASHTRA PIPES" from SICOM. The initial production in the early years post acquisition was 500 metric ton per month and in those days Europe was a major importer of Indian steel pipe. It opened an office in United Kingdom (UK) so as to tap into the European market. This was the turning point in its expansion program.

In 1997, Technocraft diversified into manufacturing of Cotton Yarn. The Unit was accorded a 100% EOU status. The cotton yarn division is into Manufacturing & Exporting of 100% Cotton Ring Spun Yarn. From NE 20 to NE 40, & also Carded & Combed variety of cotton yarn is produced. The spinning mill is equipped with world class Swiss, Japanese and other equipment. The cotton yarn division employs highly trained technical experts in all aspects of yarn spinning. It also has a Captive power generation plant to cater to its power requirements.

Technocraft as a group has been a predominant player in the precision engineering sector & recently it has done a forward integration from its cotton yarn division to production & export of Garments through its subsidiary. Technocraft has been constantly upgrading its capacity & improving its standards to meet the ever increasing expectations of its customers. The strategy adopted by the company comprises of growth through constant innovation, enter new categories, and focus both on domestic as well as foreign markets.

### Key factors influencing results of operations

Several factors influence our results of operations, financial condition and cash flow significantly. The key factors affecting our operations include:

1. Fluctuation and increase in raw material prices
2. New competitive businesses
3. Government Regulations and Policies
4. Fluctuation in Exchange rate
5. Any slow down in the economic growth

For more information on these and other factors/developments which have or may affect us, see "Risk Factors" on page x of this Red Herring Prospectus and "Our Business" on page 51 of this Red Herring Prospectus.

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

### INCOME STATEMENT

Income for the last 3 years and half year ended September, 2006 as per our audited unconsolidated financial statement is as under,

(Rs. In lakhs)

Particulars	For the half year ended September 30, 2006	For the Year ended on March 31		
		2006	2005	2004
Net Sales	15,437.66	28,065.99	29,263.35	24,454.65
DEPB Licence Sales	201.90	457.38	1,199.37	1,264.90
Increase/(Decrease) in Stocks	(596.67)	(1,478.10)	(721.09)	2,774.32
Other Income	767.98	1,107.18	1,890.17	2,492.53
<b>TOTAL INCOME</b>	<b>15,810.87</b>	<b>28,152.45</b>	<b>31,631.80</b>	<b>30,986.40</b>

Our net sales for the year 2004 to 2006 and for the period ended September 30, 2006 reflect sales of Steel Pipes & Scaffolding, Cotton Yarn, Drum Closures and others. Our revenue also includes the sale of trading goods such as plastic flex spouts. The company also receives the income from DEPB Licence Sales from Pipe division and Drum Closure division. The income from DEPB Licence sales decrease on account of the decrease in DEPB rates in the year 2005 and 2006.

Others income mainly comprised of interest income, profit on sale of investments, profit on sale of fixed assets, dividend income and CENVAT credit received etc.

The total income of the Company is reduced from 31,631.80 lakhs in 2005 to Rs. 28,152.45 lakhs in 2006 due to reduction in price of HR pipes used in Pipe division leads to reduction in realization of Steel Pipe products.

### OPERATIONAL INCOME - DOMESTIC & EXPORTS

The trend of total turnover (Export & Domestic) for the past three years and for the half year ended September 30, 2006 is as under:

(Rs. In lakhs)

Particulars	For the half year ended September 30, 2006	For the Year ended on March 31		
		2006	2005	2004
Domestic Sales	2,027.41	5572.99	5,009.07	2,574.03
Export Sales	13,410.24	22493.00	24,254.28	21,880.62
<b>Total</b>	<b>15,437.66</b>	<b>28,065.99</b>	<b>29,263.35</b>	<b>24,454.65</b>

Our export sales represented 89.47%, 82.88%, 80.14% and 86.87% of our total Sales fiscal 2004, fiscal 2005 fiscal 2006 and for the quarter ended September, 2006 respectively. The contribution of export sales is more than 80% of all the three years which indicate the strength of the company outside India.

### SALES MIX

We manufacture a range of products like Drum Closures, Steel Tubes, Scaffolding System, Nipples, Fence Panel, Cotton Yarn and others. The sales mix of the Company's operating income can be analysed into three divisions viz. Yarn, Pipe and Drum Closure division.

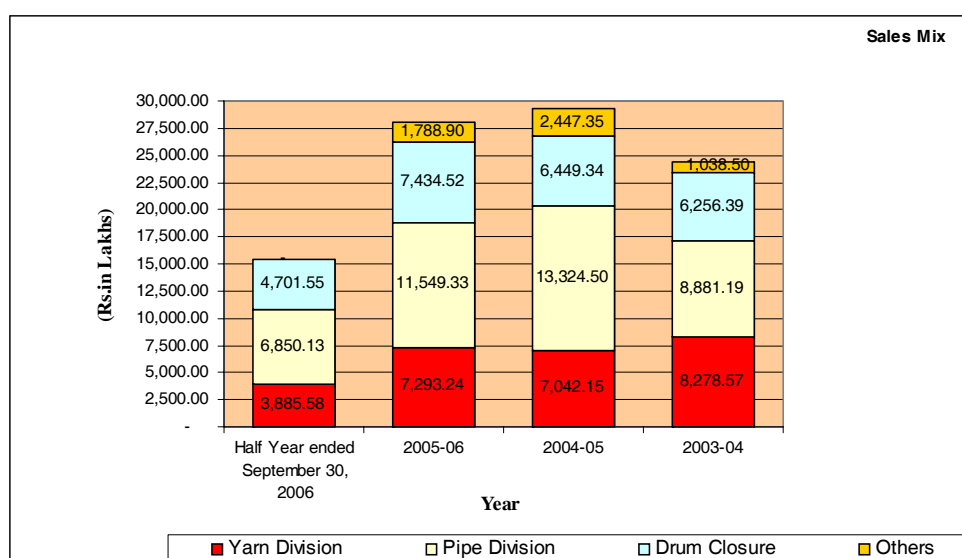


The following table shows the composition of the Company's revenues as % of the Company's total Operational Income:

(Rs. In lakhs)

Particulars	Half year ended September 30, 2006 % to Total	2005-06 % to Total	2004-05 % to Total	2003-04 % to Total
Yarn Division	25.17%	25.99%	24.06%	33.85%
Pipe Division	44.37%	41.15%	45.53%	36.32%
Drum Closure	30.46%	26.49%	22.04%	25.58%
Others	0.00%	6.37%	8.36%	4.25%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>	<b>100.00%</b>

As it is evident from the above that that company is concentrating on all the three segments. There is no significant change in the sales mix over past three years.



#### CLIENT CONCENTRATION

PARTICULARS	For the half year ended September 30, 2006	FOR THE YEAR ENDED ON MARCH 31		
		2006	2005	2004
<b>YARN DIVISION</b>				
Top client contribution to revenues	35%	29%	24%	21%
Top 5 client contribution to revenues	68%	50%	43%	60%
Top 10 client contribution to revenues	83%	64%	55%	73%
<b>PIPE DIVISION</b>				
Top client contribution to revenues	17%	29%	59%	55%
Top 5 client contribution to revenues	53%	64%	73%	77%
Top 10 client contribution to revenues	66%	72%	79%	86%
<b>DRUM CLOSURE</b>				
Top client contribution to revenues	16%	18%	17%	34%
Top 5 client contribution to revenues	32%	40%	39%	55%
Top 10 client contribution to revenues	45%	51%	50%	64%

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

The top client of Yarn division has contributed 21% of total sales in fiscal 2004 which is increased to 29% and 35% in Fiscal 2006 and for the half year ended September 30, 2006 respectively. The top client of Yarn division consists of one of the subsidiary of Technocraft Industries (India) Ltd. The increase in sales to subsidiary reflects better distribution capability of our subsidiary company.

The top client of Pipe division has contributed 55% of total sales in fiscal 2004 which is reduced to 29% and 17% in Fiscal 2006 and for the half year ended September 30, 2006 respectively. The top client of Drum Closure division has contributed 34% in fiscal 2004 which is reduced to 18% and 16% in Fiscal 2006 and for the half year ended September 30, 2006 respectively.

The top 10 client of Pipe division has contributed 86% of total sales in fiscal 2004 which is reduced to 72% and 66% in Fiscal 2006 and for the half year ended September 30, 2006 respectively. The top 10 client of Drum Closure division has contributed 64% of total sales in fiscal 2004 which is reduced to 51% and 45% in Fiscal 2006 and for the period ended September 30, 2006 respectively.

### RAW MATERIAL COST

(Rs. In Lakhs)

Division	Particulars	For the half year ended September 30, 2006	For the Year ended on March 31		
			2006	2005	2004
Yarn Division	Total Sales	3,885.58	7,293.24	7,042.15	8,278.57
	Raw material Consumed	2,266.82	4,038.45	4,604.32	4,739.32
	<i>% of RM consumed to total sales</i>	<i>58.34%</i>	<i>55.37%</i>	<i>65.38%</i>	<i>57.25%</i>
Pipe Division	Total Sales	6,850.13	11,549.33	13,324.50	8,881.19
	Raw material Consumed	3,505.40	7,967.84	10,293.79	5,879.56
	<i>% of RM consumed to total sales</i>	<i>51.17%</i>	<i>68.99%</i>	<i>77.25%</i>	<i>66.20%</i>
Drum Closure Division	Total Sales	4,701.55	7,434.52	6,449.34	6,256.39
Raw material Consumed		1,475.69	3,073.57	2,690.44	1,027.86
<i>% of RM consumed to total sales</i>		<i>31.39%</i>	<i>41.34%</i>	<i>41.72%</i>	<i>16.43%</i>

### OTHER OPERATIONAL COST

(Rs. In lakhs)

Particulars	For the half year ended September 30, 2006	For the Year ended on March 31		
		2006	2005	2004
Employee Cost to Total Income	3.85%	4.82%	3.10%	2.87%
Employee Cost	608.83	1358.11	980.82	889.79
Operating & other expenses to Total Income	14.48%	11.47%	11.49%	9.16%
Operating & Other Expenses	2,290.05	3229.44	3633.82	2838.13
Total Operating Cost (in %)	18.33%	16.29%	14.59%	12.03%
<i>Total Operating Cost</i>	<i>2,898.88</i>	<i>4587.55</i>	<i>4614.64</i>	<i>3727.92</i>

The Other operating cost was 12.03% of the Company's Operating Income in the FY 2004 which increased to 14.59% in FY 2005 and further increased to 16.29% in the FY 2006. In the half year ended September 30, 2006 the operating cost is further increased to 18.33% of total income.



## EARNINGS BEFORE INTEREST, DEPRECIATION, TAX AND AMORTIZATION (EBITDA)

A comparison of EBITDA in absolute amount as well as a percentage of total income is as under:

(Rs. In lakhs)

Particulars	For the half year ended September 30, 2006	For the Year ended on March 31		
		2006	2005	2004
Total Sales	15,437.66	28,065.99	29,263.35	24,454.65
Profit After Tax	2,236.27	2,088.85	2,450.85	4,260.53
Add: Financial Charges	147.69	112.09	266.80	189.71
Depreciation	414.14	909.58	954.57	852.08
Tax	1,074.57	895.27	1,134.05	536.85
Amortisation	2.32	4.65	1.78	2.17
<b>EBIDTA</b>	<b>3,874.99</b>	<b>4,010.44</b>	<b>4,808.05</b>	<b>5,841.34</b>
% of EBIDTA to the total Sales	25.10%	14.29%	16.43%	23.89%

The EBIDTA margin for the half year ended September 30, 2006 is 25.10%. The reason for increase in EBIDTA margin is on account of low raw material cost i.e. Steel used in Drum closure and Pipe division as compared to previous years. We have also minimized the scrap generation resulting into the increase in yield. The EBIDTA margin for fiscal year 2006 has decreased marginally over fiscal year 2005 by around 2.14%. The margin for the year 2005 decreased to 16.43% mainly because of the extra ordinary increase in the raw material cost and increase in other operating expenses. It may be mentioned here that the comparative reduction in the EBIDTA percentage in fiscal year 2005 is lesser than the comparative percentage increase in the raw material price.

## PROFIT AFTER TAX

(Rs. In lakhs)

Particulars	For the half year ended September 30, 2006	For the Year ended on March 31		
		2006	2005	2004
Profit Before Tax	3,310.85	2984.12	3584.91	4797.38
Net Profit After Tax/Adjustments	2,236.27	2088.85	2450.85	4260.53
% of Net Profit After Tax to total sales	14.48%	7.44%	8.38%	17.42%

## DEBTORS TURNOVER RATIO

The following table presents the details of our debtors.

(Rs. In lakhs)

Particulars	For the half year ended September 30, 2006	For the Year ended on March 31		
		2006	2005	2004
Outstanding Debtors at the end of the Period	7,949.06	7,149.99	8,828.35	8,512.12
Debtors less than 180 Days as a % of total debtors	100.00%	96.95%	84.00%	100.00%
Debtors more than 180 Days as a % of total debtors	-	3.05%	16.00%	-
No. of Days outstanding Debtors (Days) on an Average	94	93	110	127
Debtors Turnover Ratio		3.93	3.31	2.87

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

The Company usually realizes its debts within a span of 90 to 120 days from its sales. However, the outstanding period of Debtors reduced from 127 days in 2004 to 93 days in FY 2006. As it is apparent from above table that most of the dues which is outstanding for less than six period.

### EQUITY AND RESERVES & SURPLUS

(Rs. In lakhs)

Particulars	For the half year ended September 30, 2006	For the Year ended on March 31		
		2006	2005	2004
Equity Share Capital	2,320.68	2,320.68	1,326.10	663.05
Reserves & Surplus (Excluding Revaluation Reserve)	20,743.28	18,506.72	21,853.14	20,065.34
Preliminary Expenses to the extent not w/off	42.38	38.92	1.91	3.03
<b>Net Worth</b>	<b>23,021.58</b>	<b>20,788.48</b>	<b>23,177.33</b>	<b>20,725.36</b>

In February, 2006 99,45,750 Equity shares of Rs.10/- each have been issued as Bonus Shares from General Reserve in the ratio of 3:4. In March 2005 66,35,000 Equity Shares of Rs.10/- each have been issued as bonus shares from General Reserve in the ratio of 1:1.

### RELATED PARTY TRANSACTION

Please refer to Page 117 of this Red Herring Prospectus for further details on "Related party Transaction".

### CONTINGENT LIABILITIES

(Rs. In Lakhs)

Sr. No.	Description	For the half year ended September 30, 2006	For the Year ended on March 31		
			2006	2005	2004
	<b>Claims against the company not acknowledged as debts</b>				
a.	Claims made against the Company in respect of Electricity Demand (net of advance) not acknowledged as debts.	4.02	4.02	8.36	8.36
b.	Bank guarantee in favour of bank on behalf of its subsidiary company in Technocraft Trading Ltd., Poland ( Year ended 2004 - \$ 8,00,000) (Year ended 2005 - \$ 15,00,000)	1,710.25	672.38	660.00	350.00
c.	Amount of statutory dues which have not been deposited with the appropriate authorities are as under :				
	- Central Sales Tax	2.41	2.41	2.41	2.41
	- Electricity Duty	4.02	4.02	4.02	4.02
	- Income Tax & Interest				
	i) A.Y. 1992-1993	-	-	22.77	-
	ii) A.Y. 1999-2000	-	-	98.89	-
	iii) A.Y. 2001-2002	-	-	-	183.47
	iv) A.Y. 2002-2003	414.43	414.43	733.33	-
	v) A.Y. 2003-2004	543.13	543.13		



## RESULTS OF OPERATIONS

The table below sets forth various items from the company's restated financial statement for fiscal 2004, 2005, 2006 and for the half year ended September 30, 2006 & the corresponding % to the total income has been calculated.

### STATEMENT OF PROFIT AND LOSSES

(Rs. in lakhs)

Particulars	Half Year Ended				Year ended March 31,			
	September 30, 2006	% of Total Income	2006	% of Total Income	2005	% of Total Income	2004	% of Total Income
<b>INCOME</b>								
<b>Sales</b>								
-Domestic	2,027.41	12.82%	5,572.99	19.80%	5,009.07	15.84%	2,574.03	8.31%
-Export	13,410.24	84.82%	22,493.00	79.90%	24,254.28	76.68%	21,880.62	70.61%
<b>TOTAL</b>	<b>15,437.66</b>	<b>97.64%</b>	<b>28,065.99</b>	<b>99.69%</b>	<b>29,263.34</b>	<b>92.51%</b>	<b>24,454.65</b>	<b>78.92%</b>
Other Income	969.88	6.13%	1,564.56	5.56%	3,089.54	9.77%	3,757.43	12.13%
Increase / (Decrease) in Stocks	(596.67)	-3.77%	(1,478.10)	-5.25%	(721.09)	-2.28%	2,774.32	8.95%
<b>TOTAL INCOME (A)</b>	<b>15,810.87</b>	<b>100.00%</b>	<b>28,152.45</b>	<b>100.00%</b>	<b>31,631.79</b>	<b>100.00%</b>	<b>30,986.40</b>	<b>100.00%</b>
<b>EXPENDITURE</b>								
Cost of Goods Sold	9,036.99	57.16%	19,554.47	69.46%	22,209.09	70.21%	21,417.16	69.12%
Administrative, General & Other Exp.	2,290.05	14.48%	3,229.44	11.47%	3,633.82	11.49%	2,838.13	9.16%
Employees Remuneration & Benefits	608.83	3.85%	1,358.11	4.82%	980.82	3.10%	889.79	2.87%
Financial Expenses	147.69	0.93%	112.09	0.40%	266.80	0.84%	189.71	0.61%
Depreciation	414.14	2.62%	909.58	3.23%	954.57	3.02%	852.08	2.75%
Preliminary Exp. written off	2.32	0.01%	4.65	0.02%	1.78	0.01%	2.17	0.01%
<b>TOTAL EXPENDITURE (B)</b>	<b>12,500.02</b>	<b>79.06%</b>	<b>25,168.33</b>	<b>89.40%</b>	<b>28,046.89</b>	<b>88.67%</b>	<b>26,189.02</b>	<b>84.52%</b>
Profit / (Loss) before Tax and Extraordinary items	3,310.85	20.94%	2,984.12	10.60%	3,584.92	11.33%	4,797.38	15.48%
Add: Exceptional Items Income/(Exp.)	-		-		-		-	
Profit Before Tax	3,310.85	20.94%	2,984.12	10.60%	3,584.92	11.33%	4,797.38	15.48%
Provision for Taxation								
- Current Tax	1,120.00	3.85%	922.00	3.28%	1,170.00	3.70%	728.50	2.35%
- Fringe Benefit tax	2.78		10.93		-		-	
- Deferred Tax	(44.29)	2.62%	(41.33)	(0.15)%	5.19	0.02%	(16.64)	-0.05%
	2,232.36	14.12%	2,092.52	7.43%	2,409.73	7.62%	4,085.52	13.18%
Adjustments								
Taxes of Earlier Years	(3.92)		3.67		(41.14)		(175.01)	
	2,236.27	14.14%	2,088.85	7.42%	2,450.87	7.75%	4,260.53	13.75%
Add / (Less) balance brought from P.Y.	6,421.99		4,333.14		4,424.42		4,388.30	
Profit available for appropriations	8,658.26	54.76%	6,421.99	22.81%	6,875.28	21.74%	8,648.83	27.91%
<b>Less: Appropriations</b>								
Dividend (Incl. Tax)	-		-		-		224.41	
Transfer to General Reserves	-		-		2,542.14		4,000.00	
Balance Carried to Summary of Assets & Liabilities	8,658.26		6,421.99		4,333.15		4,424.42	

## **TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**

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### **COMPARISON OF THE FINANCIALS OF FY 2006 VIS-À-VIS FY 2005:**

#### **TOTAL REVENUE**

The total revenue of the Company during fiscal 2006 is Rs.28,152.45 lakhs as compared to Rs. 31,631.79 lakhs in fiscal 2005.

Our total sales reflect sales of Steel Pipes & Scaffolding, Cotton Yarn, Drum Closures and others. Our revenue also includes the sale of trading goods such as plastic flex spouts. The Company's total sales for the fiscal 2006 was Rs.28,065.99 lakhs compared to Rs. 29,263.34 lakhs in fiscal 2005. The Company showed marginal decline in its total sales. The sale for the year 2006 is declined by 4.09% as compared to previous year which is on account of lower realization in Tubes & scaffoldings business throughout the year. In the year 2006 there is a reduction in the price of HR steel leads to reduction in selling price of pipes.

#### **OTHER INCOME**

The Other Incomes of the Company was Rs.1,564.56 lakhs in FY 2006 vis-à-vis Rs. 3,089.54 lakhs in FY 2005.

Others income mainly comprised of interest income, profit on sale of investments, profit on sale of fixed assets, dividend income and CENVAT credit received etc. The company also receives the income from DEP B Licence Sales from Pipe division and Drum Closure division. The customs duty rates have been reducing during the fiscal 2006, the DEP B rates have also been reducing as a consequence.

#### **COST OF GOODS SOLD**

Our total cost of goods sold was Rs.19,554.47 lakhs in fiscal 2006 as compared to Rs.22,209.09 lakhs in fiscal 2005. There is marginal reduction in the cost of goods sold. The ratio of Raw Material purchase to total income was decreased from 70.21% of total income in fiscal 2005 to 69.46% in fiscal 2006.

#### **OPERATING COST**

The administrative and other expenses for the fiscal 2006 was Rs.3,229.44 lakhs i.e. 11.47% of total income as compared to Rs.3,633.82 lakhs i.e. 11.49% of total income for the fiscal 2005. The Employee cost for the fiscal 2006 increased to Rs.1,358.11 lakhs i.e. 4.82% of total income from Rs.980.82 lakhs i.e. 3.10% in fiscal 2005. The employee cost increased by 38.47% of previous year cost which is on account of provision made for Gratuity and leave Encashment to the tune of Rs. 173.38 lakhs and Rs. 63.62 lakhs respectively.

#### **EARNING BEFORE INTEREST, DEPRECIATION, TAX AND EXTRAORDINARY EXPENSES**

EBIDTA margin decreased by 16.59% from Rs.4,808.05 Lakhs in fiscal year 2005 to Rs.4,010.44 Lakhs in fiscal year 2006. The decrease in profit is mainly due to lower realisation on sale of Pipe & Scaffoldings and increase in other operating expenses.

#### **FINANCE CHARGES**

Finance charges decreased to Rs.112.09 lakhs i.e. 0.40% of total income in fiscal 2006 as compared to Rs.226.80 lakhs i.e. 0.84% of total income in fiscal 2005. This was mainly due to lesser utilization of working capital and other non-fund base finance facilities.

#### **DEPRECIATION**

Depreciation decreased from Rs.954.57 lakhs i.e. 3.02% of total income in fiscal year 2005 to Rs.909.58 lakhs i.e. 3.23% of total income in fiscal year 2006.

#### **INCOME TAX**

Provision for current tax decreased from Rs.1,170 lakhs in fiscal year 2005 to Rs.922 lakhs in fiscal year 2006, mainly due to reduction in profit of the year.

#### **PROFIT AFTER TAX**

The profit after tax was Rs.2,450.87 lakhs in fiscal year 2005 as compared to Rs.2,088.85 lakhs in fiscal year 2006. The profit after tax as a percentage to total income decrease marginally from 7.75% in the fiscal year 2005 to 7.42% in fiscal year 2006.

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## **COMPARISON OF THE FINANCIALS OF FY 2005 VIS-À-VIS FY 2004:**

### **TOTAL REVENUE**

The total revenue of the Company grew by 2.08% from Rs.30,986.40 lakhs in fiscal 2004 as compared to Rs. 31,631.80 lakhs during fiscal 2005.

The Company's total sales for the fiscal 2005 was Rs.29,263.34 lakhs compared to Rs.24,454.65 lakhs in fiscal 2004. The Company sales were grown by 19.66% over fiscal 2004 which is on account of better utilization of production capacity available with the group.

### **OTHER INCOME**

The other income of the Company was Rs.3,089.54 lakhs in FY 2005 vis-à-vis Rs.3,757.43 lakhs in FY 2004.

Others income mainly comprised of interest income, profit on sale of investments, profit on sale of fixed assets, dividend income and CENVAT credit received etc. The company also receives the income from DEPB Licence Sales from Pipe division and Drum Closure division. The customs duty rates have been reducing during the fiscal 2005, the DEPB rates have also been reducing as a consequence.

### **COST OF GOODS SOLD**

Our total cost of goods sold was Rs.22,209.09 lakhs in fiscal 2005 as compared to Rs.21,417.16 lakhs in fiscal 2004. The Cost of goods sold was marginally increased from 69.12% of total income in fiscal 2004 to 70.21% in fiscal 2005.

### **OPERATING COST**

The administrative and other expenses for the fiscal 2005 was Rs. 3,633.82 lakhs i.e. 11.49% of total income as compared to Rs. 2,838.13 lakhs i.e. 9.16% for the fiscal 2004. The Employee cost for the fiscal 2005 increased to Rs. 980.82 lakhs i.e. 3.10% from Rs. 889.79 lakhs i.e. 2.87% in fiscal 2004.

### **EARNING BEFORE INTEREST, DEPRECIATION, TAX AND EXTRAORDINARY EXPENSES**

EBIDTA margin decreased by 17.69% from Rs. 5,841.34 lakhs in fiscal year 2004 to Rs. 4,808.05 lakhs in fiscal year 2005. The decrease in profit is mainly due to significant increase in cost of raw material and increase in other operational cost.

### **FINANCE CHARGES**

Finance charges increased by 40.53% from Rs. 189.71 lakhs in fiscal year 2004 to Rs. 266.80 lakhs in fiscal year 2005. This was mainly due to growth in revenue resulting into higher utilization of working capital and other non-fund base finance facilities.

### **DEPRECIATION**

Depreciation increased by 12.03% from Rs. 852.08 Lakhs in fiscal year 2004 to Rs. 954.57 lakhs in fiscal year 2005, corresponding to the increase in gross block of fixed assets by 7.44% from Rs.11,792 lakhs in fiscal year 2004 to Rs. 12,669 lakhs in fiscal year 2005.

### **INCOME TAX**

Provision for current tax increased from Rs. 728.50 lakhs in fiscal year 2004 to Rs. 1,170.00 lakhs in fiscal year 2005, mainly due to reduction in the concessional tax treatment eligible for income from the exports.

### **PROFIT AFTER TAX**

The profit after tax is Rs 2,450.85 lakhs in fiscal year 2005 as compared to profit after tax of Rs. 4,260.53 lakhs in fiscal year 2004. The profit after tax as a percentage to total income decrease from 13.75% in the fiscal year 2004 to 7.75% in fiscal year 2005. This was largely due to the increase in the raw material cost and decrease in other income in the fiscal year 2005, as explained earlier.

## **TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**

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### **COMPARISON OF THE FINANCIALS OF FY 2004 VIS-À-VIS FY 2003:**

#### **TOTAL REVENUE**

The total revenue of the Company grew by 53% from Rs. 20,253.01 lakhs in fiscal 2003 as compared to Rs. 30,986.40 lakhs during fiscal 2004.

The Company's total sales for the fiscal 2004 was Rs. 24,454.65 lakhs compared to Rs. 17,716.12 lakhs in fiscal 2003. The Company's sales has grown by 38.04% over fiscal 2003 which is on account of better utilization of production capacity available with the group.

#### **OTHER INCOME**

The other income increased by around 71.53% from Rs. 2190.48 lakhs in fiscal year 2003 to Rs.3757.43 lakhs in fiscal year 2004. The increase mainly resulted from the increase in dividend income and profit on sale of investments.

#### **COST OF GOODS SOLD**

Our total cost of goods sold was Rs. 21,417.16 lakhs in fiscal 2004 as compared to Rs. 11,540.28 lakhs in fiscal 2003. The Cost of goods sold was increased significantly from 56.98% of total income in fiscal 2003 to 69.12% in fiscal 2004.

#### **OPERATING COST**

The administrative and other expenses for the fiscal 2004 was Rs. 2,838.13 lakhs i.e. 9.16% of total income as compared to Rs. 2,497.69 lakhs i.e. 12.33% of total income in fiscal 2003. There is decline in operating expenses by 13.63% in the fiscal year 2004. The Employee cost for the fiscal 2004 increased to Rs. 889.79 lakhs i.e. 2.87% of total income from Rs. 811.07 lakhs i.e. 4.00% of total income in fiscal 2003.

#### **EARNING BEFORE INTEREST, DEPRECIATION, TAX AND EXTRAORDINARY EXPENSES**

EBIDTA margin increased by 8.09% from Rs. 5,403.98 lakhs in fiscal year 2003 to Rs. 5,841.34 lakhs in fiscal year 2004. The increase in EBIDTA margin is mainly due to cheaper raw material.

#### **FINANCE CHARGES**

Finance charges increased by 44.41% from Rs. 131.37 lakhs in fiscal year 2003 to Rs. 189.71 lakhs in fiscal year 2004. This was mainly due to growth in revenue resulting into higher utilization of working capital and other non-fund base finance facilities.

#### **DEPRECIATION**

Depreciation increased by 22.08% from Rs. 697.95 lakhs in fiscal year 2003 to Rs. 852.08 lakhs in fiscal year 2004, corresponding to the increase in gross block of fixed assets by 16.33% from Rs.10,137.18 lakhs in fiscal year 2003 to Rs. 11,792.22 lakhs in fiscal year 2004.

#### **INCOME TAX**

Provision for current tax decreased from Rs. 769 lakhs in fiscal year 2003 to Rs. 728.50 lakhs in fiscal year 2004, mainly due to increase in dividend income which is tax free as per the Income Tax Act.

#### **PROFIT AFTER TAX**

The profit after tax is Rs 4,260.53 lakhs in fiscal year 2004 as compared to profit after tax of Rs. 3,492.20 lakhs in fiscal year 2003. The profit after tax as a percentage to total income decrease from 17.24% of total income in the fiscal year 2003 to 13.75% in fiscal year 2004. This was largely due to the increase in the raw material cost and other administrative expenses in the fiscal year 2004, as explained earlier.

The Directors confirm that there have been no events or circumstances since the date of the last financial statements as disclosed in the prospectus which materially or adversely affect or is likely affect the trading or profitability of the company, or the value of its assets, or its ability to pay liabilities within next twelve months.



## FINANCIAL INDEBTEDNESS

### MATERIAL COVENANTS

The Company has working capital limits. The breakup of salient terms of all our working capital loans (secured) is as below:

Sr. No.	Lender	Working Capital Limits	Interest Rate
1.	Citibank N.A. <b>Other Details</b> :Working capital limits :	2,900 lakhs	6.75% to 7.25% p.a.
	(i) Fund Based	- Rs. 1,200 lakhs	
	(ii) Non Fund Based	- Rs. 1,700 lakhs	
		Rs. 2,000 lakhs	

#### Loan Documentation :

- (i) Goods Security Agreement dated 29<sup>th</sup> December, 2003;
- (ii) Deed of Modification dated 17<sup>th</sup> December, 2004;
- (iii) Memorandum of Entry for creation of equitable mortgage on 6<sup>th</sup> August, 2005

#### Amount Outstanding as on 30.09.2006 :

- a. Fund Based : Rs.1,055.47 lakhs
- b. Non – Fund based : Rs. 1,676.10 lakhs

#### Security Created :

- (i) Hypothecated assets :The whole of the fixed and moveable assets at the Pipe division including book debts, plant and machinery, both present and future stocks of raw materials and manufactured goods and articles together with all stores, components and spares
- (ii) Equitable Mortgage created on property situated at A-4/1, MIDC, Murbad, District Thane as security in favour of Citibank N.A., IDBI Bank and HDFC Bank on pari passu basis.

#### Material Covenants :Terms and conditions of the facilities :

- (i) Margin on Hypothecated assets : 40%
- (ii) Covenant by the Company to repay the facility and pay interest and all other monies in accordance with the loan agreement.
- (iii) The charge on the Hypothecated assets created in favour of Citibank N.A. shall rank pari passu with the existing charge created in favour of IDBI Bank Limited as security for repayment of the loan with all interest, liquidated damages, premia on prepayment or on redemption, costs, charges and other expenses payable by the Company to the lenders.
- (iv) The Company to keep the said assets in marketable and good condition and also insured as provided therein.

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

Sr. No.	Lender	Working Capital Limits	Interest Rate
2.	IDBI Bank Limited <b>Other Details :</b> Working capital limits : (i) Fund Based (ii) Non Fund Based	2,000 lakhs  - Rs. 400 lakhs - Rs.1,600 lakhs Rs.2,000 lakhs	6.75% to 7.25% p.a.

### Loan Documentation :

- (i) Agreement of Hypothecation of Goods and Assets dated 11.12.1997;
- (ii) Loan Agreement for overall limit dated 11.12.1997;
- (iii) Creation of equitable mortgage by deposit of title deeds on 25.08.1998;
- (iv) Agreement of Hypothecation of Goods & Assets dated 4.09.1999
- (v) Creation of equitable mortgage by re-deposit of title deeds on 19.03.2003;
- (vi) Creation of equitable mortgage by constructive delivery of title deeds on 6.08.2005

### Amount Outstanding as on 30.09.2006 :

- 1. Fund Based : Rs.85.70 lakhs
- 2. Non – Fund based : Rs.1,274.69 lakhs

### Security Created :

- (i) All the present and future goods, books debts and all other movable assets of the Company in respect of its Pipe Division at Murbad.
- (ii) Equitable Mortgage created on property situated at A-4/1, MIDC, Murbad, District Thane as security in favour of IDBI Bank, Citibank N.A. and HDFC Bank on pari passu basis.

### Material Covenants :

Terms and conditions of the facilities:

- i) The Charge on the goods and assets shall operate as security for the due repayment by the company to IDBI Bank Limited of its facilities together with interest, additional interest, liquidated damages, charges, etc.
- (ii) The Company undertakes to keep the goods and assets in marketable and good condition at its own costs and to insure the same.
- (iii) The security on the goods and assets shall be continuing security for the Company's indebtedness and liabilities due to IDBI Bank Limited
- (iv) The goods hypothecated and all realisation and insurance proceeds thereof and all the documents in respect of the said security are to be kept distinguishable and held as the exclusive property of the lenders.



Sr. No.	Lender	Working Capital Limits	Interest Rate
3.	HDFC Bank Limited <b>Other Details :</b> Working Capital Limit: (i) Fund Based (ii) Non Fund Based	1,300 lakhs  - Rs. 750 lakhs - Rs. 550 lakhs Rs.1,300 lakhs	6.75% to 7.25% p.a.

**Loan Documentation :**

- (i) Letter of Hypothecation of Stocks and Book debts and Machinery dated 7.12.2004;
- (ii) Creation of equitable mortgage by constructive delivery of title deeds on 6.08.2005

**Amount Outstanding as on 30.09.2006 :**

- 1. Fund Based : Rs.676.92 lakhs
- 2. Non – Fund based : Nil lakhs

**Security Created :**

- (i) All the stock in trade both present and future consisting of raw materials, finished goods, goods in process of manufacturing and trading whatsoever being movable properties now or at any time hereafter belonging to Borrower or at its disposal and now or at any time and from time to time stored or brought into or upon or in course of transit to Borrower's factory or premises or at any other place.
- (ii) All the Book debts, outstanding monies receivables, claims and bills which are now due and owing or which may at any time hereafter during the continuance of this security become due and owing to the Borrower.
- (iii) All the movable plant and machinery both present and future.
- (iv) Equitable Mortgage created on property situated at A-4/1, MIDC, Murbad, District Thane as security in favour of HDFC Bank, Citibank N.A. and IDBI Bank on pari passu basis.

**Material Covenants :**

Terms and conditions of the facilities :

- (i) The Charge on the goods, debts and machinery shall be hypothecated by way of first charge on pari passu basis to bank to secure as continuing security for the due repayment by the Company to the Bank at any time on demand.
- (ii) The Company shall at all times during the continuance of security (i.e. goods, debts and machinery) maintain the said goods, debts and machinery of a sufficient quantity and value (as estimated by the Bank) so as to provide the margin of security as may from time to time be advised by the Bank to the Company.
- (iii) The security on the goods, debts and machinery shall be continuing security for the Company's indebtedness and liabilities.

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

Sr. No.	Lender	Working Capital Limits	Interest Rate
4.	Bank of India <b>Other Details :</b> Working Capital Limits: Rs.5,900 lakhs	5,900 lakhs	6.50% to 7.25% p.a.

(Can be used as both on fund based as well as non Fund based subject to the above maximum Limit)**Loan Documentation :**

1. Agreement of Hypothecation of Plant and Machinery, Stocks and Book Debts dated 5.03.2003
2. Modification of charge dated May 29, 2006

**Amount Outstanding as on 30.09.2006 :**

1. Fund Based : Rs.150.49 lakhs
2. Non – Fund based: Rs.2,562.30 lakhs

**Security Created :**

- (i) All tangible movable machineries and plant, both present and future whether installed or not and whether lying loose or in cases, at site or in transit or which may at any time during the continuance of security being installed or lying loose or in cases or being in or upon or about the Borrower's premises godowns at Yarn Division n Village Dhanavali and Drum Closure Division at Plot No. C-5 in Murbad or wherever else the same may be or be held by any party any where to the order and disposition of the Borrower or in the course of transit to the Borrower.
- (ii) All tangible movable properties and assets of whatsoever nature of the Borrower including all stocks of raw materials such as Steel sheets, zinc, Cotton, etc and finished goods Drum Closures and its Accessories, Cotton Yarn etc. and semi finished goods, spare parts, components (including spare parts and stores relating to plant and machinery both present and future) and stocks in process of the Borrower wheresoever situate at yarn Division at Village Dhanavali and Drum Closure Division at Plot No. C-5 in Murbad or wherever else the same may be or be held by any party any where to the order and disposition of the Borrower or in the course of transit to the Borrower.
- (iii) All the Book debts, outstanding monies receivables, claims and bills which arenow due and owing or which may at any time hereafter during the continuance of this security becomes due and owing to the Borrower (related to Yarn Division and Drum Closure Divsion of the Company).

**Material Covenants :**

Terms and conditions of the facilities :The rates of interest, commission, charges, etc. on various facilities are mutually agreed upon and subject to H.O. circulars, RBI guidelines, etc. from time to time.



Sr. No.	Lender	Term Loan under TUF facility	Interest Rate
5.	Bank of India  <b>Other Details :</b> Term Loan under TUF facility : Rs.5,352 lakhs (availed and used for Yarn division)	5,352 lakhs	BPLR (-)225 BPS i.e. 9.00 % p.a.

**Loan Documentation :**

1. Hypothecation Cum Loan Agreement of Plant and Machinery, Stocks and Book Debts dated May 29, 2006.

**Amount Outstanding as on 30.09.2006 : Rs. 705.67 lakhs**

**Security Created :**

- (i) All tangible movable machineries and plant, both present and future whether installed or not and whether lying loose or in cases, at site or in transit or which may at any time during the continuance of security being installed or lying loose or in cases or being in or upon or about the Borrower's premises godowns at Yarn Division n Village Dhanavali and Drum Closure Division at Plot No. C-5 in Murbad or wherever else the same may be or be held by any party any where to the order and disposition of the Borrower or in the course of transit to the Borrower.
- (ii) All tangible movable properties and assets of whatsoever nature of the Borrower including all stocks of raw materials such as Steel sheets, zinc, Cotton, etc and finished goods Drum Closures and its Accessories, Cotton Yarn etc. and semi finished goods, spare parts, components (including spare parts and stores relating to plant and machinery both present and future) and stocks in process of the Borrower wheresoever situate at yarn Division at Village Dhanavali and Drum Closure Division at Plot No. C-5 in Murbad or wherever else the same may be or be held by any party any where to the order and disposition of the Borrower or in the course of transit to the Borrower.
- (iii) All the Book debts, outstanding monies receivables, claims and bills which are now due and owing or which may at any time hereafter during the continuance of this security becomes due and owing to the Borrower (related to Yarn Division and Drum Closure Division of the Company).

**Material Covenants :**

Terms and conditions of the facilities :The rates of interest, commission, charges, etc. on various facilities are as mutually agreed upon and subject to H.O. circulars, RBI guidelines, etc. from time to time.

**Note:**

**We have applied to Bank of India to reduce the above sanctioned Term Loan from Rs.5,352 lakhs to Rs.4,864 lakhs. The revised sanction for the reduction in the term loan amount is awaited from the Bank.**

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

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### FINANCIAL MARKET RISKS

#### Quantitative and Qualitative Disclosures about Market Risk

##### Interest rate risk

Our interest rate risk results from changes in interest rates, which may affect our financial expenses. The interest rates on working capital finance are linked to PLR of the lending banks. Hence, our interest rate risk is limited only to the extent of changes in PLR. In respect all other secured long-term loans, the interest rates are fixed.

##### Exchange rate risk

We face exchange rate risk to the extent that our certain borrowings are denominated in currencies other than Indian rupees. The Company is exposed to foreign exchange risk in respect to realization from debtors. For the Fiscal 2004, the outgo in foreign exchange for was Rs. 17.99 lakhs as compared to NIL in Fiscal 2005. We face exchange rate risk to the extent that our certain borrowings are denominated in currencies other than Indian rupees. We are also exposed to foreign exchange risk with respect to our import and export transactions. Thus, The Company is subject to Foreign Exchange Rate Risk.

#### Quantitative and Qualitative disclosure about Market Risk

##### Interest Rate Risk

The Company's interest rate risk results from changes in interest rates, which may affect the financial expenses. The interest rates on working capital finance are linked to PLR of the lending banks. Hence, the interest rate risk is limited only to the extent of changes in PLR. In respect of foreign currency loans, interest rates are linked to LIBOR and outgo may also effect with fluctuations on foreign exchange rates.

##### Exchange Rate Risk

We face exchange rate risk to the extent that our certain borrowings are denominated in currencies other than Indian rupees. The Company is exposed to foreign exchange risk in respect to realization from debtors, payment to suppliers and expenditure in foreign currency. We face exchange rate risk to the extent that our certain borrowings are denominated in currencies other than Indian rupees. We are also exposed to foreign exchange risk with respect to our import and export transactions. Thus, The Company is subject to Foreign Exchange Rate Risk.

##### Effect of Inflation

The Company sets the price of its products based on various factors, including inflation. In line with changing inflations, the Company will alter its margins to absorb the inflationary impact. Inflation has not had a significant effect on the result of the Company's operations to date and the management does not expect that inflation rates in India will have a significant impact on the Company's results of operations for the foreseeable future.

### OTHER INDUSTRY AND COMPANY SPECIFIC INFORMATION

#### INFORMATION REQUIRED AS PER CLAUSE 6.10.5.5 (A) OF THE DIP GUIDELINES

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

There have been no events, to the best of our knowledge, other than as described in this Red Herring Prospectus, which may be called "unusual" or "infrequent".

##### *Significant Economic Changes that materially affect or are likely to affect income from continuing operations*

Government's focus on Textile Industry will have major bearing on the companies involved in Textile sector. Any major changes in policies of the Government would have the significant impact on the profitability of our Company. The risk relating to the changes in the economic or regulatory environment and its impact on our business is discussed separately in the section titled "Risk Factors" on page x of this Red Herring Prospectus.

##### *Known trends and uncertainties that have or are expected to have a material adverse impact on sales, revenues or income from operations*

Other than as described in this Red Herring Prospectus, to our knowledge, there are no known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income of the Company from continuing operations.





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***Future relationship between costs and income***

Other than as described in this Prospectus, to our knowledge, there are no known factors, which will affect the future relationship between the costs and income, or which will have a material impact on the operations and finances of the Company.

***Total turnover of each major industry segment***

We are operating in three major industry segments – i.e. manufacture of Cotton Yarn, Steel Tubes and Drum Closures. As such the particulars of our turnover as stated on page 149 under the section of “Management Discussion and Analysis” of this Red Herring prospectus are pertaining to this broad industry segment only.

For more information kindly refer to the section relating to Management Discussion and Analysis of page 149 of this Red Herring Prospectus.

***Seasonality of Business***

Our business cannot be regarded to be in the nature of the seasonal business. However, our revenues and profits are dependent on a number of unpredictable factors. For further details please refer to the section titled “Risk factors” on page x of this Red Herring Prospectus.

***New products or business segments***

The company is planning to introduce new products in their respective divisions.

In the Drum Closure Division the company would be introducing new products like 63 Flex Spout, 42MM Flex Spout and 2” and ¾ “ nylon plugs. We will thereby add more varieties of drum closures to our basket.

In the Pipes division various new scaffolding systems are being added to improve our product range which currently is predominantly dependant on the Kwikstage type system. Some of the products which the company intends to introduce are cuplocks, Ring Scaffolding System, tube products for the Infrastructure Sectors, Nipple products.

***Dependence of single or few suppliers / customers***

The company sources its raw materials from a number of suppliers and is not under any threat from excessive dependence on any single supplier. The top client of Yarn division and Pipe division consist of subsidiary of the company. Hence, the threat from excessive dependence on a single customer/product is not significant as Technocraft’s customer base is diversified on a global scale.

For more information kindly refer to the section relating to Management Discussion and Analysis of page 149 of this Red Herring Prospectus.

***Competitive conditions***

The company may face competition from other established players in the Drum closure, Pipes& Scaffoldings & Cotton yarn Industry and also from the unorganized players. For further details, please refer to the discussions of competition in the sections titled “Risk Factors” and “Business Overview” on pages x and 51 respectively of this Red Herring Prospectus.

***Significant development after September 30, 2006 that may affect the result of operations of the Company***

Except as stated elsewhere in this Red Herring Prospectus, to our knowledge no circumstances have arisen since the date of the last financial statements as disclosed in this Red Herring Prospectus which materially and adversely affect or are likely to affect, the trading or profitability of the Company or the value of its assets or its ability to pay material liabilities within the next twelve months.

***Significant Accounting Policies***

Our financial statements are prepared on historical cost basis and on going concern basis in accordance with generally accepted accounting principles, the applicable accounting standards issued by the institute of chartered accountants of India and the relevant provisions of the companies Act, 1956. Certain of our accounting policies are particularly important to the portrayal of our financial position and further details see the section of Financial Information on page 95 of this Drfat Red Herring Prospectus.

## SECTION VI LEGAL AND REGULATORY INFORMATION

### OUTSTANDING LITIGATIONS

Save as stated below, based on records available as on February 28, 2006, there are no outstanding/pending litigation, suits, criminal/civil prosecution, proceedings initiated for offence (including past cases, economic offences etc.) irrespective of whether specified in paragraph (1) of Schedule XIII of the Companies Act and litigation for tax liabilities against the Company, its subsidiaries, the promoter company and group companies and its directors and there are no defaults/non payment/overdue of statutory due, institutional/bank dues and dues towards holders of debentures, bonds and fixed deposit and arrears of preference share etc. other than unclaimed liabilities of the Company and other group companies.

There will be no material effect on the financial position of the Company due to any adverse finding in these litigations.

#### A. Litigation filed by the Company

1. The Company has filed a Suit against the State of Maharashtra and SICOM, for recovery of a sum of Rs. 1,50,00,000/-. The Government of Maharashtra had announced special incentive schemes for 100 % Export Oriented Units located within the State of Maharashtra. The companies falling under this incentive scheme were eligible to receive electric duty refund from the State. The yarn unit of the Company, being a 100% Export Oriented Unit, was eligible for receiving these incentives and thus was eligible for the electric duty refund. The Company had made an application in this regard to SICOM, who was the implementing agency of incentive scheme that was announced by the State Government for the said electric duty refund. The Company also sent repeated reminders to the Government of Maharashtra for refund of the electric duty amounts. However, SICOM informed the Company stating that they were not eligible to claim the refund. The Company has thus filed a suit in the Hon'ble High Court at Mumbai for recovery of the said amount. The matter is still pending for hearing.
2. The Company had procured steel products from Premier Wires Limited ("PWL") for its use. However, the product quality of the steel used in the products was not satisfactory and the products were returned to PWL. The Company then requested PWL to refund to it the amounts paid by it for the purchase of the steel products. PWL issued various cheques in favour of the Company as re-payment of the purchase price paid. Three cheques amounting to Rs. 75,000/- bounced. PWL also issued cheques amounting to Rs. 64,600/- that were honoured. Despite repeated reminders from the Company, PWL failed to pay the unpaid amounts to the Company. The Company had filed this complaint under Section 138 of the Negotiable Instruments Act, 1881 for the recovery of the said amounts from PWL. The complaint was heard out in the Small Causes Court, but since neither Party's advocates were present, the case was dismissed.
3. The Company filed a subsequent case against PWL, in the Esplanade Court, Mumbai under Sections 406, 409 and 420 of the Indian Penal Code for cheating. No verdict has been delivered in this matter as yet.
4. The Company filed a subsequent suit in the High Court at Mumbai for recovery of a sum of Rs. 1,21,723/- from PWL (Rs. 65,000/- being the unpaid sum of money and interest of Rs.56,723/- thereon). The matter is still pending for hearing in the court, and no order has been passed in this regard.
5. The Company had filed a Suit in the Court of the Civil Judge (S.D.) at Kalyan (Special Suit No. 63/2003) against the Maharashtra State Electricity Board ("MSEB"). The Company had purchased a tube plant that was closed down by SICOM. An Agreement was made on 15<sup>th</sup> June, 1995 between MSEB and the Company for purchase of power from MSEB. A new electricity meter was installed in the factory premises of the Company on 12<sup>th</sup> February, 1996. The meter was calibrated, tested and placed in an inner box, which was further placed in an outer box, and both boxes were sealed. From 25<sup>th</sup> August, 1996, the Company took daily meter readings of the meter and entered the readings in the tariff cards provided by MSEB. A flying squad of MSEB visited the Company's factory premises and opened the sealed boxes. Both the seals on the boxes were found intact, but the flying squad contended that there were two tiny hole marks on the inner box. MSEB vide their reports contended that the Company had tampered with the electric meter and were pilfering electricity from MSEB. Further, MSEB made a demand of Rs. 1,83,49,698.58/- from the Company for theft of electricity, stating that if the demand was not met immediately, the electric supply to the factory premises of the Company would be cut off. The Company made a representation to the Chairman for of MSEB to apprise



him of the Company's stand on the matter. Further, the Company paid an amount of Rs.10,00,000/- under protest without prejudice to its rights and contentions. MSEB, by an assessment order dated 9<sup>th</sup> December, 1998 recorded that the competent authority had finalized the assessment for the charges payable at Rs.18,35,764.41/-. The Company challenged the Assessment Order before the Appellate Authority of MSEB, who passed an order on 3<sup>rd</sup> May, 2001, stating that the final assessment made by the Assessing Officer was correct and the Company had not submitted certain documents as directed to them by MSEB vide their letter dated 23<sup>rd</sup> March, 2001. The Company contended that they had not received the said letter. The Company filed a writ petition no 2419 of 2002 in High Court at Bombay on grounds of breach of natural justice. The Hon'ble Court by its order, directed MSEB to give the Company a fair hearing and allow the Company to produce the documents as required by MSEB's letter dated 23<sup>rd</sup> March, 2001. The Appellate Authority held the hearing on 17<sup>th</sup> October, 2002. The Appellate Authority of MSEB passed an order on 31<sup>st</sup> January, 2003 upholding MSEB's demand MSEB, in its bills made to Company dated 26<sup>th</sup> December, 2002, for the month of December, 2002 and dated 27<sup>th</sup> January, 2003, for the month of January 2003 had included sums of Rs. 835764.41/- and Rs. 859473.84 respectively. Thus, the present suit has been filed against the MSEB, to protest against the demand letter sent by the MSEB to the Company dated 7<sup>th</sup> March, 2003, demanding payment of the outstanding dues. The matter is pending.

6. The Company had filed a suit against Euram Lines and Navigation Inc. & Others in the High Court at Bombay being Suit No. 2161 of 1984. The Company was importing from West Germany 105 packages of CRCA Steel Sheets, weighing 3,32,080 kgs. On the 31<sup>st</sup> January, 1984, the Company's suppliers handed over the said shipment to Euram Lines and Navigation Inc. and /or their said agents Antwerp Shipping & Chartering Services N.V. for carriage by sea to Bombay from Antwerp. The ship arrived in the port of Bombay on or about 29<sup>th</sup> April, 1984, but a strike was going on in the port. The said ship was diverted to the port of Mina Qaboos and the goods were unloaded on the said port. Euram Lines and Navigation Inc informed the company that the goods would be brought to Bombay for an additional charge on \$50.00/freight tonne. Euram Lines and Navigation Inc then further increased the amount to \$51.25/tonne per freight tonne and thus collected a sum of Rs. 1,87,699/- from the Company. The Company had filed this suit in the Court for recovery of the said amounts. The matter is pending.
7. The Company has filed Suit No. 118/1988 against Diamond Tin Works ("DTW") in the High Court at Bombay. DTW had placed oral order on 30<sup>th</sup> November, 1984, for printing 7806 tin sheets with the Company. The Company had accepted the order and processed the order at the cost of Rs. 5750 per 1000 sheets. The Company completed and delivered the order on 1<sup>st</sup> January, 1985 and submitted its invoice bearing no TC 78:84 for Rs. 46,759.50. Despite repeated reminders, DTW failed and neglected to pay the Company the amounts payable. The Company thus filed a suit on 19<sup>th</sup> December 1987 for recovery of a sum of Rs. 71,658.66/- together with further interest on Rs. 46,759.50 @ 18% p.a. The matter is pending.
8. The Company has filed a writ petition in the Bombay High Court on 21<sup>st</sup> October, 2005 against the State of Maharashtra, Assistant Commissioner of Labour, Inspector under Child Labour (Prohibition & Regulation) Act, 1986 and IVR Construction Limited ("IVRCL"), against the order of the Labour Inspector directing the Company to pay a sum of Rs. 80,000/- for violation of the provisions of the Child Labour (Prohibition & Regulation) Act, 1986. The claim of the Company is that IVRCL is a construction company who was given the contract to construct the factory and godown of the Company as the bid made by the contractor was accepted in October, 1994. As per the contract the employees for the construction were to be engaged by the contractor and the contractor was responsible for all the statutory compliances. During the construction of the factory the premises were under the possession of the contractor and not the Company and there was no factory within the meaning of the Factories Act, 1948 and the Company could not be regarded as the occupier. On 20<sup>th</sup> March, 1997 pursuant to a survey carried out by Inspector under the Child Labour (Prohibition & Regulation) Act, 1986, notices were issued to the Company to pay Rs. 80,000/- as penalty and other notices received on 26<sup>th</sup> March, 1997 and the Company denied employment of child labour in the factory.

There were two notices issued by the Inspector one claiming that the employment of child labour was prohibited and followed by the other that the employment of child labour was permitted with certain restrictions / conditions. A similar notice was also issued to IVRCL alleging that they too employed child labour. Further, when the inspection was carried out no factory was in existence and criminal proceedings were pending before learned Judicial Magistrate First Class, Murbad for the recovery of Rs. 80,000/-. Hence, the Company

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filed a writ petition challenging the above action.

There was another writ petition filed by the Company (7016 of 2004). Based on the minutes of the order of that petition, the Company was directed to deposit Rs. 40,000/- with Assistant Commissioner of Labour but they refused to accept and directed the Company to deposit the amount to the credit of Child Labour Rehabilitation and Welfare Fund. The Company paid the amount on 3<sup>rd</sup> November, 2004 and the Hon'ble High Court directed that the Company be given an opportunity to be heard and conduct appropriate proceedings. The proceedings were conducted before the Assistant Commissioner of Labour, whereby the Company was required to pay Rs. 80,000/- as compensation vide Order dated 19<sup>th</sup> July, 2005. The present writ petition is for quashing the Order dated 19<sup>th</sup> July, 2005 and is in violation of the Child Labour (Prohibition & Regulation) Act, 1986 and challenging the show cause notice issued by the Assistant Commissioner of Labour.

9. The Company had filed a case No. 438 of 2002 in the Industrial Court of Maharashtra against Shramik Sena ("**Respondent Union**"), being the Workers Union representing a group of employees of the Company, and Dilip Bhavarthe, Vishwanath Palavi and Vilas Chorge ("**Respondents No. 2, 3 and 4, respectively**"). Service Conditions of the employees working in the Company's factory at Murbad were fixed through various settlements made between the Company and various unions representing the employees. The last settlement in respect of Respondent Union had expired on 30<sup>th</sup> June, 2001. Respondent Union was engaged in negotiations with the Company for settling the conditions of service of the employees. The settlement was reached on 4<sup>th</sup> September, 2002.

While the negotiations were going on, several employees of the Company including Respondent No. 2, 3 & 4 resorted to various acts of force, threats, rioting and violence.

On 23<sup>rd</sup> October 2002, Kashinath Pawar and Daji Pawar, both officers of the Company were threatened by Respondents 2 & 3. The Company took stringent action against the defaulting activities, and suspended them from service. Respondents No. 2, 3 & 4 alongwith other suspended employees started gathering at the gates on the Company's factory and started holding demonstrations and intimidating employees in protest of the action taken by the Company. On 28<sup>th</sup> November 2002, Respondent Nos 2, 3 & 4 alongwith some outsiders prevented shift I employees of the factory from going into the factory. The General Shift employees were also prohibited by them from entering the factory premises. They also threatened the Security at the premises that they would intensify their agitation by blocking all activities of the factory, and they also threatened the managers they if they did not co-operate they would be harmed.

The Company has filed this case to prevent these employees from holding any demonstrations, dharnas, and to prevent them from squatting near the factory gates, holding any violent demonstrations within 300 metres of the factory gates and placing any placards, banners, flags, caricatures etc. at the main gate, or any other place in the factory premises. Vide Order dated March 14, 2006, the Industrial Court has disposed off the matter for want of prosecution.

The Court has granted the Company interim relief by granting the prayers requested by the Company.

10. The Company has filed a case (No. 348/02) against Pandurang Vaniar under the Industrial Disputes Act, 1971, in the III<sup>rd</sup> Labour Court at Thane. Pandurang Vaniar, an employee of the Company had resigned from his employment with effect from 5<sup>th</sup> January, 2002, citing personal reasons. He then made a reference to the Labour Court, Thane, stating that he was forced to resign, and upon hearing Pandurang Vaniar, the Deputy Commissioner of Labour passed an Order directing the Company to re-instate him to his employment with full back wages and continuity of wages with effect from 7<sup>th</sup> January, 2002. The Company has filed this case challenging against the Order passed by the Deputy Commissioner of Labour. The matter is pending.
11. The Company has filed a case No. 329/02 against Pandit Ambo Vishe under the Industrial Disputes Act, 1971, in the III Labour Court at Thane. Pandit Ambo Vishe was removed from service by the Company. Pandit Ambo Vishe filed a complaint with the Deputy Commissioner of Labour, alleging that the Company had illegally terminated his services. The Deputy Commissioner of Labour passed an order re-instating Pandit Ambo Vishe to his employment in the Company with back wages and continuity of service from 16<sup>th</sup> August, 1998. The present case has been filed by the Company challenging the Order passed by the Deputy Commissioner. The Company has filed its written statement in the matter. The matter is pending.



12. The Company has filed this case (No. 228/2001) against Rajaram Ramchandra Mhatre in the Labour Court at Mumbai. Rajaram Ramchandra Mhatre was employed with the Company from 21<sup>st</sup> January, 1979 to 31<sup>st</sup> March, 1987. Rajaram Ramchandra Mhatre had to work overtime regularly during the period of his employment with the Company for approximately 4 hours everyday. Rajaram Ramchandra Mhatre has filed this case claiming s that he was entitled to overtime wages for the period of his employment from 21<sup>st</sup> January, 1979 to 31<sup>st</sup> March. 1987 amounting to Rs.1,10,600/-
13. An appeal was made by the Company to the Sales Tax Tribunal, Maharashtra in respect of a demand made by the Assistant Commissioner of Sales Tax, Mumbai. The Assistant Commissioner of Sales Tax, Mumbai had passed an assessment order in respect of the sales tax payable by the Company for period 1<sup>st</sup> April, 1993 to 31<sup>st</sup> March, 1994 and made a demand of Rs.4,22,969/-. A Member of the Tribunal passed an Order on 25<sup>th</sup> October, 2000, to stay the demand made by the Assistant Commissioner of Sales Tax, Mumbai until final hearing of the appeal provided that the Company pays Rs. 1,75,000/- within four weeks from the date of the order . The Company has paid the said sum of Rs.1,75,000/-. The Company has informed us that the matter is yet to be decided.
14. The Company had filed Appeal with the Commissioner of Income Tax (Appeals), aggrieved by the demand made by the Assessing Officer of Rs. 67,79,138/- for AY 1999-2000. The Commissioner of Income Tax (Appeals) heard the Company and partly allowed the Appeal. The Company then filed an appeal against the Order of The Commissioner of Income Tax (Appeals). The matter is pending.
15. The Company had filed Appeal with the Commissioner of Income Tax (Appeals), aggrieved by the demand made by the Assessing Officer of Rs. 5,39,88,958/- for AY 2000-2001. The Commissioner of Income Tax (Appeals) heard the Company and partly allowed the Appeal by an Order passed on 12<sup>th</sup> March 2004. The Company then filed an appeal against the order of the Commissioner of Income Tax (Appeals) for modifying the Appellate Order of The Commissioner of Income Tax (Appeals) be modified accordingly.
16. The Company had filed Appeal with the Commissioner of Income Tax (Appeals), aggrieved by the demand made by the Assessing Officer of Rs. 3,57,75,349/- for AY 2001-2002 by an Order dated 2<sup>nd</sup> July 2004. The Commissioner of Income Tax (Appeals) heard the appellant and partly allowed the Appeal. The Company then filed an appeal against the order of The Commissioner of Income Tax (Appeals) for modifying the Appellate Order of The Commissioner of Income Tax (Appeals) be modified accordingly.
17. The Company had filed Appeal with the Commissioner of Income Tax (Appeals), aggrieved by the demand made by the Assessing Officer of Rs. 7,33,33,105/- for AY 2002-2003 by an Order dated 29<sup>th</sup> March, 2005. The Company vide its letter dated 26<sup>th</sup> December 2005, wrote to The Tax Recovery Officer requesting them to accept payment of amounts totaling to 50% of the amount demanded by the Assessing Officer in the schedule specified by the Company in their letter. The Tax Recovery Officer, vide its letter dated 6<sup>th</sup> January, 2006, had ordered the Company to make full payment of the demand raised by the Assessment Officer. As on the date the Company has made payments of Rs. 1,98,89,688 and Rs. 1,20,00,000/- towards the aforesaid demand. Vide Order dated March 10, 2006, the Commissioner of Income-Tax (Appeals) *inter alia* disallowed the appeal in respect of modvat credit on closing stock, expenditure on dividend income, scrap sale and commission on export. Against this Order, the Company has preferred an appeal with the Income Tax Appellate Tribunal on March 28, 2006. The Appeal is pending.
18. The Company had filed an Appeal with the Commissioner of Income Tax (Appeals) aggrieved by the demand of Rs. 22,77,374/- made by the Assessing Officer for AY 1992-1993. The Appeal was partly allowed by the Commissioner of Income Tax (Appeals). However, the Assessing Officer is yet to verify the Order passed, and is yet to make a fresh demand to the Company in this matter.

#### **B. Litigation filed against the Company**

1. One Premkumar Aich, a civil contractor has filed a suit against the Company and its directors in the Court of Civil Judge (Senior Division) at Kalyan (Special Civil Suit 304 of 1998) for the recovery of Rs. 3,46,733.15 along with future interest @ 21% for carrying out civil work at the factory of the Company during the period May, 1997 to February, 1998. The Company has paid an amount of Rs. 6,85,400/- towards the work completed by the Contractor and has denied any further amount to be payable by the Company to the contractor. The Company has disputed this amount. The Court on 11<sup>th</sup> November, 2002 dismissed the suit as neither the

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contractor nor the Company were present. The suit was restored and on the board on 8<sup>th</sup> August, 2005 which was later adjourned to 29<sup>th</sup> August, 2005. The Company has informed us that the Court has passed an Order on April 7, 2006 directing the Company to pay a sum of Rs.3,03,263/- plus interest @18% from the date of filing of the suit until realization. The Company had filed an appeal being First Appeal No.3079 of 2006 before the High Court, Bombay, challenging the said Order. Vide Order dated December 11, 2006 the High Court has stayed the execution of the Order dated April 7, 2006 subject to the Company depositing decretal amount in the Court of Civil Judge, Senior Division at Kalyan. The Company has informed us that it has not yet deposited the said amount in the Court but would be depositing the same shortly.

2. The Complainant, Laxman Bhande, along with other employees of the Yarn Division of the Company, Balkrishna Dhondu Patil and Bhagwan Narayan Bhoir were dismissed by the Company on account of illegal strike and their riotous behavior. They contended that the enquiry conducted by the enquiry officer was baseless and against the principles of natural justice and filed a Complaint on 24<sup>th</sup> January, 2001 [Complaint 50 of 2001] under Maharashtra Recognition of Trade Union & Prevention of Unfair Labour Practices Act, 1971 in the Fourth Labour Court at Thane for Unfair Labour Practices. They complained that they were paid less than the minimum wages as prescribed under the Minimum Wages Act, 1948. The employees have challenged the suspension by the Company and the report of the enquiry officer, alleging that it was not conducted as per the principles of natural justice. The employees in their complaint have demanded their reinstatement with full back wages and continuity in service and set aside the illegal suspension issued and declare the enquiry conducted as illegal and further restrain the Company from terminating the services of the employees. Further the Complainant had filed an application for amendment of the Complaint on 30<sup>th</sup> April 2001 to which the Court ordered on 3<sup>rd</sup> October 2001 for amendment but the amendment was not be carried out by the Complainant. The Complainant further applied on 7<sup>th</sup> January, 2001 to carry out the amendment. The Company has informed us that the matter is pending.
3. The employee, Ashok Raghunath Kadam was employed as "machine operator" in the Ring frame (Spinning Department) of the Company since October 1996. . The Company dismissed him with effect from 31<sup>st</sup> July, 2001 on account of assaulting another employee and was not given a fair chance before the Enquiry Officer in the enquiry conducted by him. Pursuant to the dismissal, he sent a letter dated 24<sup>th</sup> September, 2002 to the Company under Section 42(4) of the Bombay Industrial Relations Act, 1946 ("BIRA") demanding reinstatement with back wages and continuity in service with effect from 29<sup>th</sup> July, 2002. As the Company did not pay any heed to the above letter, he filed an application [Application no. 40 of 2002 under Sections 78 & 79 of BIRA demanding that the dismissal order be set aside and reinstate him with back wages and continuity in service with effect from 29<sup>th</sup> July, 2002 and to pay him a compensation of Rs. 2,00,000/- for mental agony and hardship and pending the application reinstate him.
4. Notices dated 19<sup>th</sup> September, 1997 were issued by the Assistant Inspector of Labour to the yarn division of the Company alleging that the provisions of Child Labour (Prohibition & Regulation) Act, 1986 have been violated by the Company in respect of employment of child labour. Vide an order-dated 25<sup>th</sup> August, 1997 of the Inspector of Labour the Company was ordered to pay Rs. 80,000/- to the credit of Child Labour Rehabilitation Welfare Fund.

Pursuant to the Order a complaint has been filed in the Court of Judicial Magistrate, First Class (Case No. 340, 358, 341, 342 of 1997) by the Labour Officer and Inspector under Section 3 of the Child Labour (Prohibition & Regulation) Act, 1986 and that the Company has committed an offence under Section 3 of the said Act and hence, is punishable under Section 14 of the Act and hence is liable to pay Rs. 80,000/- to the credit of Child Labour Rehabilitation Welfare Fund. The Company has informed us that they have paid an amount of Rs. 40,000/- and for the balance amount of Rs. 40000/- the Company has filed a writ petition.

5. Hercules Mechanical Works has filed this suit, being Special Suit No. 96/97 at Court of Civil Judges (S.D.) at Kalyan against the Company. The Company had placed an order with Hercules Mechanical Works for supply and erection of crane together with traveling trolley on 12<sup>th</sup> June, 1987 for certain specifications as specified by the Company. Prior to placing the order, the Company had obtained a quotation from Hercules Mechanical Works in the name of Brihan Maharashtra Steel Industries Private Limited. The total cost that was quoted to them was Rs. 43,190 /-The Company placed an order for the crane and had paid an advance of Rs. 15,000/ -. The Company claims that the after installation of the crane at the factory premises, it appeared that the crane was not as per the specifications requested by it while placing the order. Hercules Mechanical Works



then filed a suit against the Company for recovery of a sum of Rs.1,58,525,47/- and interest @18 % p.a. The Company has filed a counter claim against Hercules Mechanical Works for recovery of a sum of Rs. 3,86,382.36/- being the losses incurred by the Company for incurring expenses towards repairing the defective crane supplied by Hercules Mechanical Work, and hiring labour to carry out the lifting jobs that were to be done by the crane, when the crane was not working.

6. IVRCL Infrastructure and Projects Limited (“IVRCL”) had filed a case against the Company in the City Civil Court, Hyderabad, restraining them from invoking the bank guarantees that they had made to the Company. The Company had allotted a contract to IVRCL to construct its Yarn Division. One of the conditions of the contracts was that the IVRCL was to deposit bank guarantees with the Company for performance and completion on the contract. There was a dispute between IVRCL and the Company, as a result of which, the construction of the Yarn Unit was not completed. The Company thus wrote to IVRCL stating that they were invoking both the performance as well as the completion guarantees. IVRCL thus filed this suit in the City Civil Court, Hyderabad, restraining the Company from invoking the guarantees submitted by them. The Hon’ble Court passed an interim Order allowing the Company to invoke the bank guarantees. IVRCL, however, appealed against the Order passed by the Hon’ble City Civil Court, Hyderabad, in the High Court of Andhra Pradesh. The Hon’ble High Court of Andhra Pradesh passed an interim Order, quashing the Order passed by the Hon’ble City Civil Court, Hyderabad, and allowed the Company to invoke only the performance guarantee and restraining from invoking the completion guarantee. The Company has informed us that the matter is still being heard in the Hon’ble City Civil Court, Hyderabad.
7. The Company had filed its return of income for the Assessment Year 2003-2004 at an income of Rs. 22,15,72,910/-. The Deputy Commissioner of Income-Tax has *inter alia* disallowed certain deductions vide Order dated 27<sup>th</sup> January, 2006 under Section 80HHC of the Income-Tax Act, 1961, (“IT Act”) modvat credit, commission paid to the subsidiaries of the Company and recomputed the assessable income of the Company at Rs. 39,27,19,890/- and made a demand of Rs. 7,73,13,141/- along with interest under Section 234B of the IT Act. The Deputy Commissioner of Income-Tax vide Order dated August 2, 2006 disallowed the deductions under Section 80HHC of the IT Act, modvat credit on closing stock, scrap sale and payment of commission to its group/subsidiary companies. Aggrieved by the said Order the Company has preferred an appeal before the Income Tax Appellate Tribunal on September 1, 2006. The Appeal is pending.

**C. Litigation filed by Brihan Maharashtra Steel Industries Limited (name changed to BMS Industries Limited).**

1. BMS Industries Limited (“BMSIL”) has filed an Appeal before the Sales Tax Tribunal, Mumbai aggrieved by a demand made by the Deputy Commissioner, Sales Tax. under Order No. 33/59 dated 27<sup>th</sup> July 2004, for Rs. 3,58,051/- towards Sales Tax payable by BMSIL for the period 1<sup>st</sup> April 1997 to 31<sup>st</sup> March 1998. The matter is pending.
2. The writ petition was filed by BMS Industries Limited (“BMSIL”) against the Government of Maharashtra & “SICOM” at the High Court at Bombay, being Writ Petition No. 6276 of 2004. The Government of Maharashtra has announced special incentives for industries having their units in specified areas. BSMIL being eligible for the incentives, applied to the Government of Maharashtra, through the incentive division of SICOM for this eligibility. SICOM approved the disbursement of the incentives of Rs 30,00,000/- payable to BSMIL as incentive, but the Government failed to pay them to BSMIL. Despite repeated reminders, the Government neglected to pay the said amounts to BSMIL. The present writ petition was filed by BSMIL to recover the amount from the Government of Maharashtra. The High Court Vide order dated September 12, 2006 has directed SICOM to disburse the remaining amount of Rs.30,00,000/- by March 31, 2007.

**D. Litigation filed by M.D. Saraf Securities Private Limited (Group Company).**

1. M.D. Saraf Securities Private Limited (“MDSPL”) has filed an Appeal No. 199 of 2004 before the Securities Appellate Tribunal (“SAT”) challenging the Order of Securities and Exchange Board of India (“SEBI”). Mr. Madhoprasad Saraf was a member of Bombay Stock Exchange (“BSE”) in his individual capacity. The proprietary business of MrMadhoprasad. Saraf was converted into a corporate body i.e. into MDSPL on February 1, 2000 vide BSE Circular No. 2316/97 dated May 28, 1997. By virtue of the above circular the corporate body so converted was entitled to the benefits of the membership fees paid by the erstwhile member provided the outgoing member along with his family members holds for at least three years from the

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date of conversion more than 51% of the share capital of that incorporated corporate body. At the time of conversion Mr. Madhoprasad Saraf held more than 52% of the capital in MDSPL. MDSPL has paid an amount of Rs. 3,56,188/- pursuant an interim order. As SEBI has refused to grant the membership fee continuity benefit and the demanded a turnover of Rs. 41,56,832 including outstanding interest as on August 31, 2004 in terms of Schedule III of SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992, MDSPL had filed this appeal. The Company has informed us that the appeal is pending before SAT.

### LICENCES AND APPROVALS

The Company has the following licences / approvals:

It must, however, be understood that in granting the above consents/licences/permission/approvals, the GOI does not take any responsibility for our financial soundness or for the correctness of any of the statements made.

In view of the approvals listed below, the Company can undertake this Issue and its current business activities.

#### A. Licenses for the Company

1. The Company has obtained an Import-Export Code from the Ministry of Commerce, Joint Director General of Foreign Trade (DGFT) on April 1<sup>st</sup>, 1998 bearing No. 0388023091. The Code issued was modified by the DGFT on January 15<sup>th</sup> 1996 pursuant to a change in address by the Company.
2. The Company has obtained a Permanent Account Number (PAN) AAAC2724P and a Tax Deduction Account Number (TAN) MUMT09029G from the Income-Tax Department.
3. The Company has obtained Service Tax registration bearing No. M-IV/ST/BAS/333/2004 from the Assistant Commissioner of Service Tax for the payment of service tax on business auxiliary services.
4. The Company is registered with the Federation of Indian Export Organization bearing registration no. FIEC/WR/0835/2004-2004/0835. The registration is valid till March 31<sup>st</sup>, 2007.
5. The Company has obtained Three Star Export House status from the Joint Director General of Foreign Trade under the Foreign Trade Policy 2004-2009, which is valid from April 2004 – March 2009.
6. The Company is registered under the Central Sales Tax (Registration and Turnover) Rules, 1957 bearing no. 400093/C/4214.
7. The Company has obtained Provident Fund registration bearing no. MH/16455 under the Employees Provident Fund and Miscellaneous Provisions Act, 1952.
8. The Company has obtained Employees State Insurance Code no. 31-12376 under the Employees State Insurance Act, 1948.
9. The Company had filed an application with the Commissioner of Income tax on November 2<sup>nd</sup>, 2004 under Section 109 of the Income-Tax Rules, 1962 for the formation of an employees group gratuity fund for 1100 employees. Vide Order dated March 7, 2006, the Commissioner of Income-Tax has approved the formation of 'Technocraft Industries (India) Limited Employees Group Gratuity Fund' with effect from October 21, 2004.
10. The Company has been allotted a Taxpayers Identification Number (TIN) bearing No. 0017860 under the Maharashtra Value Added Tax Act, 2002.
11. The Company has obtained from the Joint Director General of Foreign Trade under the Foreign Trade (Development and Regulation) Act, 1992 duty exemption licenses.

#### B. Licenses for the Pipes and Tubes Division

1. The Company has obtained a factory license vide registration No. Kalyan/28939/134A under the Factories Act, 1948. The said license is valid till December, 2006.
2. The Company has obtained from Maharashtra Pollution Control Board consent to operate a factory vide consent no. BO/PCI-III/EIC-KN-0156-05/CC-71 under Section 26 of the Water (Prevention and Control of Pollution) Act, 1974; Section 21 of the Air (Prevention and Control of pollution) Act, 1981 and under Rule 5 of the Hazardous Wastes (Management and Handling) Rules, 1989. The said consent is valid till 31<sup>st</sup>





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December, 2006 and is valid for the manufacture of 1000MT per month of ERW Black Pipes, 2500MT per month of G.I Pipes and 8760MT per month of Rubber Gaskets and washers.

3. The Company has obtained SIA memorandum for manufacture of MS and galvanized pipes and tubes and manufacture of fabricated metal products bearing No. 3573/SIA/IMO/2003 dated 9<sup>th</sup> December, 2003.
4. The Company has obtained a License No. P/WC/MH/15/2052(P125618) dated 16<sup>th</sup> August, 2004 in Form XV under the Petroleum Rules, 2002 that is valid till 31<sup>st</sup> December, 2006 for storage of Petroleum in Class B.
5. The Company has obtained a License No. QSC/L-013935 for quality management systems under Bureau of Indian Standards Act, 1996 for manufacture and supply of high frequency welded black and galvanized steel tubes and scaffolding excluding design and development activities. The License is valid from 16<sup>th</sup> October 2003 to 15<sup>th</sup> October 2006. The Company has informed us that it has applied for renewal of this Licence. The authority of Bureau of Indian Standards has already carried out their inspection for renewal of the Certificate for further three years. However, the renewed Licence yet to be received.
6. The Company has obtained a certificate of registration from the Labour Commissioner under Section 7 (2) of the Contract Labour (Regulation and Abolition) Act, 1970 vide. Registration no. ACL/KYN/CLA/RC-296/99 on August 19<sup>th</sup>, 1999 enumerating the contract labour employed.
7. The Company has obtained Central Excise registration bearing no. AA ACT2724PXM002 under Rule 9 of Central Excise Rules, 2002.
8. The Company is registered under the Bombay Sales Tax Rules, 1959 under registration No. 421401-S-168.

#### **C. Licenses for the Yarn Division**

1. The Company has obtained a factory license vide registration No. Kalyan/2357/7A under the Factories Act, 1948. The said license is valid till December 2006.
2. The Company has obtained from Maharashtra Pollution Control Board consent to operate a factory vide consent no. BO/ROK-35/Ulhas/Thane-R/CC-159 under Section 26 of the Water (Prevention and Control of Pollution) Act, 1974; Section 21 of the Air (Prevention and Control of pollution) Act, 1981 and under Rule 5 of the Hazardous Wastes (Management and Handling) Rules, 1989. The said consent is valid till 30<sup>th</sup> September, 2008 for the manufacture of 370MT per month of cotton yarn.
3. The Company is registered as 100% EOU in respect of its yarn division with the Ministry of Industry, Department of Industrial Development.
4. The Company is registered with the Cotton Textile Export Promotion Council as manufacturer exporter for cotton yarn and knitted fabrics. The registration is valid till 31<sup>st</sup> March, 2007.
5. The Company has obtained license bearing no. VIII/Cus/30/1/95/7960 dated 23<sup>rd</sup> December, 1996 for the Private Bonded Warehouse from the Commissioner of Central excise in respect of its 100 % EOU yarn unit.
6. The Company has renewed B-17 Bond bearing no. B-17/10/03-04 dated 5<sup>th</sup> May, 2006 from the Deputy Commissioner of Central Excise. The bond is valid till 22<sup>nd</sup> December, 2006.
7. The Company has obtained a License No. QSC/L-7001252.1 for quality management systems under Bureau of Indian Standards Act, 1996 for manufacture and supply of carded/combed cotton yarn for knitting or weaving either waxed or unwaxed excluding design and development activities. The License is valid from 10<sup>th</sup> May, 2004 to 09<sup>th</sup> May, 2007.
8. The Company has obtained a certificate of registration from the Labour Commissioner under Section 7 (2) of the Contract Labour (Regulation and Abolition) Act, 1970 vide. Registration no. ACL/KYN/CLA/RC-297/99 on August 19<sup>th</sup>, 1999 enumerating the contract labour employed in the Yarn Division of the Company.
9. The Company has obtained Central Excise registration bearing no. AA ACT2724PXM003 under Rule 9 of Central Excise Rules, 2002.
10. The Company is registered under the Bombay Sales Tax Rules, 1959 under registration No. 400093/S/4616.

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

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### D. Licenses for the Drum Division

1. The Company has obtained a factory license vide registration No. Kalyan/28939/133A under the Factories Act, 1948. The said license is valid till December 2006.
2. The Company has obtained Service Tax registration bearing No. ST/MUM/DIV/-VI/GTA/181/Th-1/04-05 for the drum unit from the Assistant Commissioner of Service Tax for the payment of service tax on goods transport agency.
3. The Company has obtained Central Excise registration bearing no. AAAct2724PXM001 under Rule 9 of Central Excise Rules, 2002.
4. The Company has obtained from Maharashtra Pollution Control Board consent to operate a factory vide consent no. BO/WPAE/ROK/TB/B-3742 under Section 26 of the Water (Prevention and Control of Pollution) Act, 1974; Section 21 of the Air (Prevention and Control of pollution) Act, 1981 and under Rule 5 of the Hazardous Wastes (Management and Handling) Rules, 1989. The consent is valid for the manufacture of 125MT/month of drum closures. The said consent expired on 31<sup>st</sup> December, 2005 and the Company has made a fresh application vide letter dated 06/12/2006 for the renewal of the consent. The renewal of the same is pending till date.
5. The Company is registered as manufacturer / exporter for drums closures and components for street drums with the Engineering Export Promotion Council. The registration bearing No. RCMC: B: MFG: 4792:2004-05 is valid till 31<sup>st</sup> March, 2007.
6. The Company has obtained SIA memorandum for manufacture of drum closure components for steel drums bearing No. 3888/SIA/IMO/95 dated 24<sup>th</sup> July, 2005.
7. The Company is registered under the Bombay Sales Tax Rules, 1959 under registration No. 421401-S-71.
8. The Company has obtained a license from the Department of Explosives dated 23<sup>rd</sup> February, 2004 bearing no. MR/TH-1357 for storage of Petroleum in Class A/B/C under the Petroleum Rules, 1976. The license is valid till 31<sup>st</sup> December, 2006.
9. The Company has obtained a License No. QSC/L-7000639.1 for quality management systems under Bureau of Indian Standards Act, 1996 for manufacture and supply of drum closures and accessories excluding design and development activities. The License is valid from 18<sup>th</sup> February, 2004 to 17<sup>th</sup> February, 2007.
10. The Company has obtained a certificate of registration from the Labour Commissioner under Section 7 (2) of the Contract Labour (Regulation and Abolition) Act, 1970 vide. Registration no. ACL/KYN/CLA/RC-295/99 on August 19<sup>th</sup>, 1999 enumerating the contract labour.

### Material Developments

In the opinion of the Board of Directors, there have not arisen, since the date of the last financial statements except as disclosed in this Red Herring Prospectus, any circumstances that materially or adversely affect or are likely to affect the profitability of the Company and its subsidiaries taken as a whole or the value of their consolidated assets or their ability to pay their material liabilities within the next twelve months.



## SECTION VII OTHER REGULATORY AND STATUTORY DISCLOSURES

### Authority for the Issue

The Board of Directors has, pursuant to resolution passed at its meeting held on 1<sup>st</sup> February, 2006, authorised the Issue subject to the approval by the shareholders of the Company under section 81(1A) of the Companies Act.

The shareholders have authorised the Issue by a special resolution in accordance with section 81(1A) of the Companies Act, passed at the Extra-Ordinary General Meeting of the Company held on 28<sup>th</sup> February, 2006.

### Prohibition by SEBI

Our Company, our Directors, our Promoter, other companies/entities promoted by our Promoters, and companies/entities with which our Directors are associated as directors, have not been prohibited from accessing the capital markets under any order or direction passed by SEBI. None of our Directors or the persons in control of our Promoter companies have been prohibited from accessing the capital markets or restrained from buying/selling/dealing in securities under any order or direction passed by SEBI.

### Eligibility of the Issuer Company

The Company is eligible for the Issue as per Clause 2.2.1 of the SEBI Guidelines as explained under:

- The Company has net tangible assets of at least Rs.3 crores in each of the preceding three full years (of 12 months each), of which not more than 50% is held in monetary assets and is compliant with Clause 2.2.1(a) of the SEBI DIP Guidelines;
- The Company has a track record of distributable profits as per Section 205 of Companies Act for at least three out of the immediately preceding five years and is compliant with Clause 2.2.1(b) of the SEBI DIP Guidelines;
- The Company has a pre-Issue net worth of not less than Rs.1 crore in each of the three preceding full years and is compliant with Clause 2.2.1(c) of the SEBI DIP Guidelines;
- The Company has not changed its name during the last one year and is compliant with Clause 2.2.1(d) of the SEBI DIP Guidelines except for the deletion of the word "Private" on conversion of the Company from Private Limited to Limited.
- The proposed Issue size would not exceed five times the pre-Issue net worth as per the audited accounts for the last FY and is compliant with Clause 2.2.1(e) of the SEBI DIP Guidelines;

The net tangible assets, monetary assets, net profits (as restated) and net worth (as restated) as derived from the unconsolidated financial statements (restated), included in the Red Herring Prospectus under the section titled "Financial Statements" as at September 30, 2006, and for the last five years ended March 31, 2006 is set forth below:

(Rs. In lakhs)

Particulars	For the financial year ended					Half year ended 30 September, 2006
	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	
Distributable Profits <sup>(1)</sup>	6,636.97	7,290.11	8,648.82	6,875.27	6,421.99	8,658.26
Net Worth <sup>(2)</sup>	15,330.28	16,687.07	20,725.36	23,177.33	20,788.47	23,021.57
Net Tangible Assets <sup>(3)</sup>	18,198.23	20,614.60	28,345.96	31,875.31	30,011.78	33,550.19
Monetary Assets <sup>(4)</sup>	1,259.09	1,217.14	1,251.64	1,096.07	1,151.58	1,353.65
Monetary Assets as a % of Net Tangible Assets	6.92%	5.90%	4.42%	3.44%	3.84%	4.04%

## **TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**

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1. Distributable profits have been defined in terms of Section 205 of the Companies Act.
2. Net worth has been defined as the aggregate of equity share capital and reserves, excluding miscellaneous expenditures, if any.
3. Net tangible assets means the sum of all net assets of the Company excluding intangible assets as defined in Accounting Standard 26 issued by Institute of Chartered Accountants of India.
4. Monetary assets comprise of cash and bank balances, public deposit account with the Government.

### **Disclaimer Clause**

**AS REQUIRED, A COPY OF THE RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI.**

**IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY THE 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 RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGER VIZ., ANAND RATHI SECURITIES LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (DISCLOSURE AND INVESTOR PROTECTION) GUIDELINES, 2000 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 ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER VIZ., ANAND RATHI SECURITIES LIMITED HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED NOVEMBER 15, 2006 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:**

- “1. WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIALS IN CONNECTION WITH THE FINALISATION OF THE RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- 2. ON THE BASIS OF SUCH EXAMINATION AND DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PROJECTED PROFITABILITY, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS MENTIONED IN THE ANNEXURE AND OTHER PAPERS FURNISHED BY THE COMPANY.**

**WE CONFIRM THAT:**

- 1. THE RED HERRING PROSPECTUS FORWARDED TO SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
- 2. ALL THE LEGAL REQUIREMENTS CONNECTED WITH THE SAID ISSUE, AS ALSO THE GUIDELINES, INSTRUCTIONS, ETC. ISSUED BY SEBI, THE GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**
- 3. THE DISCLOSURES MADE IN THE RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE.**
- 4. BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE RED HERRING PROSPECTUS ARE REGISTERED WITH SEBI AND THAT TILL DATE SUCH REGISTRATIONS ARE VALID**
- 5. WE HAVE SATISFIED OURSELVES ABOUT THE NET WORTH OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.**



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**THE FILING OF THE RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 AND SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THE RED HERRING PROSPECTUS.**

**WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SECURITIES AS PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SECURITIES PROPOSED TO FORM PART OF PROMOTERS CONTRIBUTION SUBJECT TO LOCK-IN WILL NOT BE DISPOSED/SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE RED HERRING PROSPECTUS.**

**ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE HAVE BEEN COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE ROC IN TERMS OF SECTION 60B OF THE ACT. ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WOULD BE COMPLIED WITH AT THE TIME OF REGISTRATION OF THE FINAL PROSPECTUS WITH THE ROC IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT."**

#### **General Disclaimer**

The Company, the Directors and the BRLMs accepts no responsibility for statements made otherwise than in the Red Herring Prospectus or in the advertisements or any other material issued by or at instance of the above mentioned entities and anyone placing reliance on any other source of information, including our website, [www.technocraftgroup.com](http://www.technocraftgroup.com), would be doing so at his or her own risk.

The BRLMs accept no responsibility, save to the limited extent as provided in the Underwriting Agreement to be entered into among the Underwriters and the Company and the Memorandum of Understanding among the among ARSL and the Company dated March 16, 2006 and Centrum Capital Limited and the Company dated November 10, 2006.

All information shall be made available by us and the BRLMS to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports or at bidding centres, etc.

We shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

Further, the Company and the BRLMs undertake to update the Red Herring Prospectus and keep the public informed of any material changes till the listing and trading commencement.

#### **Disclaimer in Respect of Jurisdiction**

The Issue is being made in India to persons resident in India (including Indian nationals resident in India) who are Majors, HUFs, Companies, Corporate Bodies and Societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian Financial Institutions, Commercial Banks, Regional Rural Banks, Co-operative Banks (subject to RBI permission), Trusts (registered under the Societies Registration Act, 1860, as amended from time to time, or any other Trust law and who are authorized under their constitution to hold and invest in shares) permitted insurance companies and pension funds and to permitted Non-Residents including NRIs and FIIs and eligible Foreign investors on repatriable / non- repatriable basis. . This Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to shares offered hereby in any other jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Red Herring Prospectus comes is required to inform him or herself about and to observe any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Red Herring Prospectus has been submitted to the SEBI for observations. Accordingly, the Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that

## **TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**

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there has been no change in our affairs since the date hereof or that the information contained herein is correct as of any time subsequent to this date.

A copy of the Draft Red Herring Prospectus, along with the documents has been filed with the Corporate Finance Department of SEBI, at Block -G, SEBI Bhavan, Besides Star House, Bandra Kurla Complex, Bandra(E), Mumbai – 400 051 and SEBI vide its letter no No.CFD/DIL/ISSUES/PB/PR/82650/2006 dated December 19, 2006 has given its comments.

A copy of the Red Herring Prospectus, along with the documents required to be filed under Section 60B of the Act, would be delivered for registration to the Registrar of Companies at, 100, Everest, Marine Drive, Mumbai-400 002 and a copy of the Prospectus would also be delivered to the Registrar of Companies.

Investors may please note that Central Government / RBI does not take any responsibility for the financial soundness or correctness of the statements disclosed in this Red Herring Prospectus.

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

**AS REQUIRED, A COPY OF THIS RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO NATIONAL STOCK EXCHANGE OF INDIA LIMITED (HEREINAFTER REFERRED TO AS NSE). NSE HAS VIDE ITS LETTER NO NSE/LIST/34501-7 DATED DECEMBER 05, 2006, GIVEN PERMISSION TO THE ISSUER TO USE NSE'S NAME IN THIS PROSPECTUS AS ONE OF THE STOCK EXCHANGES ON WHICH THIS ISSUER'S SECURITIES ARE PROPOSED TO BE LISTED. NSE HAS SCRUTINIZED THE PROSPECTUS FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO THIS ISSUER. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE AFORESAID PERMISSION GIVEN BY NSE SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE PROSPECTUS HAS BEEN CLEARED OR APPROVED BY NSE; NOR DOES IT IN ANY MANNER WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THIS PROSPECTUS; NOR DOES IT WARRANT THAT THIS ISSUER'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON THE NSE; NOR DOES IT TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS ISSUER, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THE ISSUER.**

**EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRE ANY SECURITIES OF THIS ISSUER MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST NSE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION /ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR ANY OTHER REASON WHATSOEVER.**

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

**AS REQUIRED, A COPY OF THIS RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO THE BOMBAY STOCK EXCHANGE LIMITED ("BSE"). BSE HAS VIDE ITS LETTER NO. DCS/IPO/MT/IPO-IP1/76/2006 DATED NOVEMBER 27, 2006 GIVEN PERMISSION TO THE COMPANY TO USE BSE'S NAME IN THIS PROSPECTUS AS ONE OF THE STOCK EXCHANGES ON WHICH THIS COMPANY'S FURTHER SECURITIES ARE PROPOSED TO BE LISTED. BSE HAS SCRUTINIZED THIS PROSPECTUS FOR ITS LIMITED INTERNAL PURPOSE OF DECIDING ON THE MATTER OF GRANTING THE AFORESAID PERMISSION TO US. BSE DOES NOT IN ANY MANNER:**

**WARRANT, CERTIFY OR ENDORSE THE CORRECTNESS OR COMPLETENESS OF ANY OF THE CONTENTS OF THE RED HERRING PROSPECTUS; OR**

**WARRANT THAT THIS COMPANY'S SECURITIES WILL BE LISTED OR WILL CONTINUE TO BE LISTED ON BSE; OR TAKE ANY RESPONSIBILITY FOR THE FINANCIAL OR OTHER SOUNDNESS OF THIS COMPANY, ITS PROMOTERS, ITS MANAGEMENT OR ANY SCHEME OR PROJECT OF THIS COMPANY;**

**AND IT SHOULD NOT FOR ANY REASON BE DEEMED OR CONSTRUED TO MEAN THAT THIS RED HERRING PROSPECTUS HAS BEEN CLEARED OR APPROVED BY BSE.**

**EVERY PERSON WHO DESIRES TO APPLY FOR OR OTHERWISE ACQUIRES ANY SECURITIES OF THIS COMPANY MAY DO SO PURSUANT TO INDEPENDENT INQUIRY, INVESTIGATION AND ANALYSIS AND SHALL NOT HAVE ANY CLAIM AGAINST BSE WHATSOEVER BY REASON OF ANY LOSS WHICH MAY BE SUFFERED BY SUCH PERSON CONSEQUENT TO OR IN CONNECTION WITH SUCH SUBSCRIPTION/ACQUISITION WHETHER BY REASON OF ANYTHING STATED OR OMITTED TO BE STATED HEREIN OR FOR ANY OTHER REASON WHATSOEVER.**



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### **Filing of Red Herring Prospectus with Registrar of Companies**

A copy of this Red Herring Prospectus along with the documents required to be filed under section 60 B of the Companies Act will be delivered for registration to the Registrar of Companies at at, 100, Everest, Marine Drive, Mumbai – 400 002. A copy of this Red Herring Prospectus required to be filed under section 60 of the Companies Act have been delivered for Registration with the RoC, having attached thereto the Material Contracts and Documents for Inspection referred in section titled “Material Contracts and Documents for Inspection” on page 250 of the Red Herring Prospectus.

### **Filing of Red Herring Prospectus with SEBI**

A copy of this Red Herring Prospectus has been filed with SEBI at SEBI Bhavan, Block -G, Besides Star House, Bandra Kurla Complex, Bandra(E), Mumbai – 400 051, for its observations.

### **Listing**

Applications have been made to NSE and BSE for permission to deal in and for an official quotation of the Equity Shares of the Company. We have received in principle approvals from BSE and NSE pursuant to letters dated November 27, 2006 and December 05, 2006 respectively. BSE shall be the Designated Stock Exchange with which the basis of allocation will be finalized for the QIB Portion, the Non-Institutional Portion and Retail Portion.

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

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

### **Undertaking from the Promoters and Directors**

We accept full responsibility for the accuracy of the information given in the Red Herring Prospectus and confirms that to the best of their knowledge and belief, there are no other facts, their omission of which make any statement in the Red Herring Prospectus misleading and they further confirm that they have made all reasonable inquiries to ascertain such facts. We further declare that the Stock Exchanges to which an application for official quotation is proposed to be made do not take any responsibility for the financial soundness of the Issue or for the price at which the Equity Shares are offered or for the correctness of the statement made or opinions expressed in the Red Herring Prospectus. The Promoters/Directors declare and confirm that no information/material likely to have a bearing on the decision of investors in respect of the Equity Shares offered in terms of the Red Herring Prospectus has been suppressed, withheld and/or incorporated in the manner that would amount to misstatement, misrepresentation and in the event of its transpiring at any point of time till allotment/refund, as the case may be, that any information/material has been suppressed /withheld and/or amounts to a misstatement/ misrepresentation, the Promoters/Directors undertake to refund the entire application monies to all the subscribers within 7 days thereafter without prejudice to the provisions of Section 63 of the Companies Act.

### **Consents**

The written consents of Promoters, Directors, Company Secretary, Auditors, Legal Advisors, Book Running Lead Manager, Registrars to the Issue, Bankers to the Company and Bankers to the Issue to act in their respective capacities, have been obtained and filed along with a copy of the Red Herring Prospectus with the Registrar of Companies, Maharashtra, Mumbai as required under Section 60 of the Act and such consents have not been withdrawn up to the time of delivery of the Red Herring Prospectus for registration.

### **Expert Opinion**

Except for details mentioned elsewhere in the Red Herring Prospectus our Company has not obtained any other expert opinion.

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

### Expenses of the Issue

The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, legal fees, statutory advertisement expenses and listing fees. The estimated expenses of the Issue are as follows:

Activity	Estimated Amount (Rs. In Lacs)	% of Total Expenses	% of Total Issue Size*
Lead Management Fee*	[●]	[●]	[●]
Underwriting Commission*	[●]	[●]	[●]
Selling Commission*	[●]	[●]	[●]
Advertising and Marketing expenses**	[●]	[●]	[●]
Printing and Stationery**	[●]	[●]	[●]
Registrar to the Issue**	[●]	[●]	[●]
Others (legal fee, listing fee, etc.)**	[●]	[●]	[●]
<b>Total estimated Issue expenses</b>	[●]	[●]	[●]

\* Will be incorporated after finalization of Issue Price

\*\* Will be incorporated at the time of filing of the Red Herring Prospectus

The Company shall pay the listing fees and all other expenses with respect to the Issue.

### Fees payable to the Book Running Lead Managers and Syndicate Members

The total fees payable by us to the Book Running Lead Managers (including underwriting commission and selling commission) will be as per Engagement Letter dated February 03, 2006 with ARSL and dated November 10, 2006 with Centrum, a copy of which is available for inspection at our registered office.

### Fees payable to the Registrar to the Issue

The total fees payable by the Company to the Registrar to the Issue will be as per the Memorandum of Understanding dated March 08, 2006 signed with the Company, a copy of which is available for inspection at the registered office of the Company.

Adequate funds will be provided to the Registrar by the Company to enable them to send refund orders or allotment advice by registered post.

### Underwriting Commission, Brokerage and Selling Commission

The underwriting commission and selling commission for the Issue are set out in the Underwriting Agreement amongst us, the BRLMs and the Syndicate Members. The underwriting commission shall be paid as set out in the Underwriting Agreement based on the Issue Price and the amount underwritten as stated in paragraph "Underwriting Agreement" on page 13 of this Red Herring Prospectus.

### Previous Public or Rights Issues

This is our first public issue. We have not made any Rights or Public issue previously.

### Previous Issue of Shares Otherwise than for Cash

Save as stated in the section entitled "Capital Structure of the Company" on page 14 of this Red Herring Prospectus, we have not issued any Equity Shares for consideration otherwise than for cash.

### Commission or Brokerage on Previous Issues

We have not made any public or rights Issue since our inception and have accordingly not paid any commission or brokerage.





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**Particulars in Regard to the Company and Other Listed Companies under the Same Management within the meaning of Section 370(1)(B) of the Companies Act, 1956, which made any Capital Issue during last three years**

There are no listed companies under the same management within the meaning of section 370 (1)(B) of the Companies Act that made any capital issue during the last three years.

**Promises vis-a-vis Performance**

We have not made any public issue of shares since its incorporation. There is no group company, which has made any public issues.

**Outstanding Debentures or Bonds or Redeemable Preference Shares**

Except as stated herein, there are no outstanding bonds or redeemable preference shares and other instruments issued by the Company as of the date of this Red Herring Prospectus. For details please see the section titled "Capital Structure" beginning on page 14.

**Stock Market Data**

This being the first public issue by the Company, no stock market data is available.

**Disclosure on Investor Grievances and Redressal System**

We will settle investor grievances expeditiously and satisfactorily. The Memorandum of Understanding between us and the Registrar will provide for retention of records with the Registrar for a period of one year from the last date of dispatch of Letters of Allotment / Share Certificates / Refund Orders to enable the investors to approach the Registrar for redressal of their grievances.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, Datamatics Financial Services Limited , giving full details such as name, address of the applicant, number of Shares applied for, amount paid on application and the bank branch/collection center where the application was submitted.

**Disposal of Investor Grievances**

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

We have appointed Mr. Manoj Jain, the Company Secretary as the Compliance Officer and he may be contacted in case of any Pre-Issue or Post-Issue related problems or investor grievances. He can be contacted at the following address:

**Mr. Manoj Jain**

Technocraft Industries (India) Limited,  
M.I.D.C Marol Industrial Area A-25,  
Road No.3, Andheri (E)  
Mumbai – 400 093  
Tel: +91-22-2830 0625/1677;  
Fax: +91-22-28356559  
E-mail: ipo@technocraftgroup.com  
Website: technocraftgroup.com

**Changes in the Auditors during the last Three Years and Reasons thereof**

We have not changed our Auditors M/s.M. L. Sharma & Co., Chartered Accountants, over the last three years.

**Capitalization of Reserves or Profits during the Last Five Years**

Date of Allotment	Number of Equity Shares	Face Value	Nature of Allotment
28.02.2006	99,5,750	10	Bonus Shares issued in ratio 3:4
10.03.2005	66,30,500	10	Bonus Shares issued in ratio 1:1
11.03.2005	15,60,604	10	Bonus Shares issued in ratio 0.31:1

## **TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**

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Save as stated in the section entitled "Capital Structure" on page 14 of this Red Herring Prospectus, the Company has not capitalized its reserves or profits at any time.

### **Revaluation of Assets during the last Five Years**

The company has revalued its assets during the year 1994. As on September 30, 2006, the revaluation reserve stands at Rs. 403.33 Lakhs.

### **Credit Rating**

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



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## SECTION VIII ISSUE RELATED INFORMATION

### Terms of The Issue

The Equity Shares being issued are subject to the provisions of the Companies Act, 1956, Securities Contracts (Regulation) Act, 1956, Securities Contracts (Regulation) Rules, 1957, the Memorandum and Articles of the Company, NOC from RBI, the terms of this Red Herring Prospectus, Bid cum Application Form, the Revision Form, the Confirmation of Allocation Note ("CAN") and other terms and conditions as may be incorporated in the allocation advices, and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, Stock Exchanges, RBI, RoC and/or other authorities, as in force on the date of the Issue and to the extent applicable.

### Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of the Companies Act, 1956, the Memorandum and Articles of Association of the Company and shall rank *pari passu* in all respects with the existing Shares of the Company, including rights in respect of dividends and other corporate benefits, if any, with the other existing Equity Shares of the Company. Kindly refer to the section titled "Main Provisions of Articles of Association of the Company" on page 216 of this Red Herring Prospectus.

### Mode of payment of Dividend

The declaration and payment of dividends will be recommended by the Board of Directors of the Company and the shareholders at their discretion, and will depend on a number of factors, including but not limited to the earnings, capital requirements and overall financial condition. We shall pay dividend to our shareholders as per the provisions of the Companies Act.

### Face Value and Issue Price

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

The face value of the shares is Rs. 10 and the Floor Price is 9.5 times of the face value and the Cap Price is 10.5 times of the face value.

### Compliance with SEBI Guidelines

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

### Rights of the Equity Shareholders

Subject to applicable laws, the equity shareholders have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a poll either in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a public company under the Companies Act and Memorandum and Articles of Association of the Company.

For a detailed description of the main provisions of the Company's Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, kindly refer to the section titled "Main Provisions of Articles of Association of the Company" on page 216 of this Red Herring Prospectus.

## **TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**

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### **Market Lot and Trading Lot**

In terms of Section 68B of the Companies Act, 1956, the Equity Shares shall be allotted in dematerialized form. As per the existing SEBI Guidelines, the trading in the Equity Shares shall only be in dematerialized form for all investors. Since trading of our Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment through this Issue will be done only in electronic form in multiples of one Equity Share subject to a minimum allotment of one Equity Share.

**For details of allocation and allotment, see “Other Regulatory and Statutory Disclosure – Basis of Allotment and Allocation” on page 208 of this Red Herring Prospectus.**

### **Nomination Facility to the Investor**

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 sole bidder or in case of joint bidders, death of all the bidders, as the case may be, the Equity Shares allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Shares in the event of his/her death during the minority. A nomination shall stand rescinded upon a sale / transfer / alienation of Equity Shares by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be only on the prescribed form available on request at the office of the Company or at the registrar and Transfer Agents of the Company.

In accordance with section 109B of the Companies Act, any person, who becomes a nominee by the virtue of the provisions of section 109A of the Companies Act, shall upon production of such evidence as may be required by the Board of Directors, elect either:

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

Notwithstanding anything stated above, since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with the Company. Nominations registered with respective depository participant of the applicant would prevail. If the investors wish to change the nomination, they are requested to inform their respective depository participant.

### **Minimum Subscription**

“If the Company does not receive the minimum subscription of 90% of the Net offer to Public including devolvement of Underwriters, within 60 days from the date of closure of the Issue, we shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after we become liable to pay the amount (i.e. 60 days from the Bid Closing Date), we shall pay interest prescribed under section 73 of Companies Act, 1956.”

### **Jurisdiction**

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

### **Arrangements for Disposal of Odd Lots**

The Company’s shares will be traded in dematerialized form only and therefore the marketable lot is one (1) share, hence there is no possibility of odd lots.

### **Restriction on Transfer and Transmission of Shares/debentures and on their consolidation/splitting**

For a detailed description in respect of restrictions, if any, on transfer and transmission of shares and on their consolidation / sub division, please refer the section titled “Main Provisions of the Articles of Association” on page 216 of this Red Herring Prospectus.



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No fee shall be charged for sub-division and consolidation of share certificates (physical form), debenture certificates and detachable warrants and for sub-division of letters of allotment and split, consideration, renewal and pucca transfer receipts into denomination corresponding to the market units of trading.

**Application by Non Residents / NRIs / FIIs / Foreign Venture Capital Fund / Multilateral and Bilateral Development Financial Institutions**

There is no reservation for any Non-Residents, NRIs, FIIs, Foreign Venture Capital investors registered with SEBI and Multilateral and Bilateral Development Financial Institutions and such Non-Residents, NRIs, FIIs, Foreign Venture Capital investors registered with SEBI and Multilateral and Bilateral Development Financial Institutions will be treated on the same basis with other categories for the purpose of allocation.

**AS PER RBI REGULATIONS, OVERSEAS CORPORATE BODIES CANNOT PARTICIPATE IN THE ISSUE.**

**Withdrawal of the Issue**

We in consultation with the BRLMs, reserve the right not to proceed with the Issue at anytime including after the Bid Closing Date, without assigning any reason thereof.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (“the Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

### ISSUE STRUCTURE

Public Issue of 83,20,000 Equity Shares of Rs. 10/- each at the Issue Price of Rs. [●] for cash aggregating Rs. [●] lakh. Out of this 4,20,000 Equity Shares are reserved for allocation to Employees of the Company. The Net Issue to Public is 79,00,000 Equity Shares. The Issue is being made through a 100% book building process. Details of the Issue structure are tabulated below:

	Reserved portion for Employees of the Company	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares	Up to 4,20,000 Equity Shares	Upto 39,50,000 Equity Shares or Issue size less allocation to Non-Institutional Bidders and Retail Individual Bidders	Minimum of 11,85,000 Equity Shares or Issue size less allocation to QIBs and Retail Individual Bidders	Minimum of 27,65,000 Equity Shares or Issue size less allocation to QIBs and Non-Institutional Bidders
Percentage of Issue size available for Allocation	Up to 5.05 % of the Issue size	Not more than 50 % of Net Issue to Public. 5% of the QIB portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB portion will also be eligible in the remaining QIB portion. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs.	Minimum 15 % of Net Issue to Public or Issue size less allocation to QIBs and Retail Individual Bidders	Minimum 35% of Net Issue to Public or Issue size less allocation to QIBs and Non-Institutional Bidders
Basis of Allocation if respective category is oversubscribed	Proportionate	Proportionate a. 197,500 Equity shares shall be allocated on a proportionate basis to Mutual Funds; and b. 37,52,500 Equity shares shall be allocated on a proportionate basis to all QIBs including Mutual Funds receiving allocations as per a. above.	Proportionate	Proportionate
Minimum Bid	65 Equity Shares and thereafter in multiples of 65 Equity Shares	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000/- and in multiples of 65 Equity Shares	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of 65 Equity Shares	65 Equity Shares and thereafter in multiples of 65 Equity Shares
Maximum Bid	Such number of Equity Shares that the number of Equity Shares Bid for should not exceed 1,76,808 Equity Shares	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of [●] Equity Shares, not exceeding the Issue size subject to applicable regulations	Such number of Equity Shares that the Bid Amount exceeds Rs. 1,00,000 and in multiples of [●] Equity Shares, not exceeding the Issue size	Such number of Equity Shares so as to ensure that the Bid Amount does not exceed Rs. 1,00,000
Mode of Allotment	Compulsory in Dematerialised form	Compulsory in Dematerialised form	Compulsory in Dematerialised form	Compulsory in Dematerialised form
Trading Lot	One	One	One	One
Size of allocation	Minimum of 65 Equity Shares and in multiples of one Equity Share thereafter	Minimum of 65 Equity Shares and in multiples of one Equity Share thereafter	Minimum of 65 Equity Shares and in multiples of one Equity Share thereafter	Minimum of 65 Equity Shares and in multiples of one Equity Share thereafter



	<b>Reserved portion for Employees of the Company</b>	<b>QIBs</b>	<b>Non-Institutional Bidders</b>	<b>Retail Individual Bidders</b>
Who can Apply	Eligible Employees who are permanent employees of our Company; or a Director of our Company (whether a whole-time Director, part time Director or otherwise); an Employee should be an Indian national, based in India and physically present in India on the date of submission of the Bid-cum-Application Form. Also, such person should be an Employee on the payroll of the Company on the date of filing the Red Herring Prospectus with SEBI. Promoter Directors are not permitted to participate in this category.	Public financial institutions, as specified in section 4A of the Companies Act, scheduled commercial banks, mutual funds, foreign institutional investors registered with SEBI, multilateral and bi-lateral development financial institutions, venture capital funds registered with SEBI, Foreign Venture Capital Investors registered with SEBI, State Industrial Development Corporations, Insurance companies registered with Insurance Regulatory and Development Authority (IRDA), Provident Funds with minimum corpus of Rs. 2500 Lakh and Pension Funds with minimum corpus of Rs. 2500 Lakh who are authorized under their constitution to hold and invest in Equity Shares	Resident Indian individuals, HUF (in the name of Karta), companies, corporate bodies, NRIs, societies and trusts	Individuals (including NRIs and HUFs) applying for up to Rs. 1,00,000
Terms of Payment	Margin Amount applicable to reserved portion for Employees of the Company at the time of submission of Bid-cum-Application Form to the members of the Syndicate	Margin Amount applicable to QIB Bidders at the time of submission of Bid-cum-Application Form to the members of the Syndicate	Margin Amount applicable to Non-Institutional Bidders at the time of submission of Bid-cum-application Form to the members of the Syndicate	Margin Amount applicable to Retail Bidders at the time of submission of Bid cum Application Form to the members of the Syndicate
Margin Amount	Full Bid Amount on Bidding	At least 10% of the Full Bid Amount on Bidding	Full Bid Amount on Bidding	Full Bid Amount on Bidding

**Notes:**

1. The unsubscribed portion, if any, in the employee reservation portion will be added back to the Net Issue to Public and will be considered for allotment only on a proportionate basis.
2. Subject to valid Bids being received at or above the Issue Price. Under subscription, if any, in the Retail Individual Investors, Non-institutional Investors or QIBs portion would be allowed to be met with spill over from any other category at the sole discretion of the Company and the BRLMs subject to applicable provisions of SEBI Guidelines.
3. In case the Bid Cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and in the same sequence in which they appear in the Bid Cum Application Form.

**ISSUE PROCEDURE**

**Book Building Process**

Book Building Process, with reference to the Issue, refers to the process of collection of Bids, on the basis of this Red Herring Prospectus within the Price Band. The Issue Price is fixed after the Bid / Issue Closing Date.

The principal parties involved in the Book Building Process are:

- The Company;
- The Book Running Lead Managers;
- The Syndicate Members, who are intermediaries registered with SEBI or registered as a broker with NSE / BSE and eligible to act as underwriters. The Syndicate Members are appointed by the BRLM; and
- The Registrar to the Issue.

SEBI, through its guidelines, has permitted issue of securities to the public through 100% Book Building Process, wherein: (i) Upto 50% of the Issue to the public shall be allocated on a proportionate basis to QIBs, including up to 5% of the QIB Portion that shall be available for allocation on a proportionate basis to Mutual Funds only and the remainder of the QIB Portion shall be available for Allocation on a proportionate basis to all QIB Bidders, including Mutual Funds; (ii) not less than 15% of the Issue to the public shall be available for allocation on a proportionate basis to the Non-Institutional Bidders and (iii) not less than 35% of the Issue to the public shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.

QIBs are not allowed to withdraw their Bid(s) after the Bid /Issue Closing Date. For further details please see the section titled “Terms of the Issue” beginning on page 183.

Our Company shall comply with guidelines issued by SEBI for this Issue. In this regard, our Company has appointed Anand Rathi Securities Private Limited as the BRLM to manage the Issue and to procure subscription to the Issue.

**Investors should note that Equity Shares would be allotted to all successful allottees only in the dematerialized form. Bidders will not have the option to getting allotment in physical form. The Equity Shares, on allotment, shall be traded only in the dematerialized segment of the Stock Exchange(s).**

**Illustration of Book Building and Price Discovery Process** *(Investors may note that this illustration is solely for the purpose of easy understanding and is not specific to the Issue).*

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 40 to Rs. 48 per share, issue size of 6,000 equity shares and receipt of nine 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 websites of the BSE ([www.bseindia.com](http://www.bseindia.com)) and NSE ([www.nseindia.com](http://www.nseindia.com)). The illustrative book as shown below, shows the demand for the shares of a company at various prices and is collated from bids from various investors.

Number of equity shares bid for	Bid Price (Rs.) shares bid	Cumulative equity	Subscription
500	48	500	8.33%
700	47	1,200	20.00%
1,000	46	2,200	36.67%
400	45	2,600	43.33%
500	44	3,100	51.67%
200	43	3,300	55.00%
2,800	42	6,100	101.67%
800	41	6,900	115.00%
1,200	40	8,100	135.00%





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The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is Rs. 42 in the above example. The issuer, in consultation with the BRLM will finalise the issue price at or below such price i.e. at or below Rs. 42. All bids at or above this issue price and bids at cut-off are valid bids and are considered for allocation in respective category.

#### **Steps to be taken for Bidding:**

- Check eligibility for making a Bid (see the section titled “Issue Procedure-Who Can Bid” beginning on page 190);
- Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid cum Application Form;
- If your Bid is for Rs. 50,000/- or more, ensure that you have mentioned your PAN and attached a copy of the PAN card of all the Bidders to the Bid cum Application Form (see the section titled “Issue Procedure - ‘PAN’ or ‘GIR’ Number” beginning on page 204 );
- Ensure that the Bid cum Application Form is duly completed as per instructions given in this Red Herring Prospectus and in the Bid cum Application Form.

#### **Withdrawal of the Issue**

Our Company in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime after the Bid / Issue Opening Date but before Allotment, without assigning any reason therefore.

#### **Bid/Issue Programme**

##### **Bidding / Issue Period**

**BID / ISSUE OPENS ON : JANUARY 18, 2007**

**BID / ISSUE CLOSES ON : JANUARY 23, 2007**

Bids and any revision in Bids shall be accepted **between 10 a.m. and 3 p.m.** (Indian Standard Time) during the Bidding/ Issue Period as mentioned above at the bidding centres mentioned on the Bid cum Application Form except that on the Bid / Issue Closing Date, the Bids shall be accepted **between 10 a.m. and 3 p.m.** (Indian Standard Time) and uploaded till such time as permitted by the BSE and the NSE on the Bid / Issue Closing Date.

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

In case of revision in the Price Band, the Bidding / Issue Period will be extended for three additional days after revision of Price Band subject to the Bidding /Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding /Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the web sites of the BRLM and at the terminals of the Syndicate.

#### **Bid cum Application Form**

Bidders shall only use the specified Bid cum Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of this Red Herring Prospectus. The Bidder shall have the option to make a maximum of three Bids in the Bid cum Application Form and such options shall not be considered as multiple bids. Upon the allocation of Equity Shares, dispatch of the Confirmation of Allocation Note, (“CAN”), and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completing and submitting the Bid cum Application Form to a member of the Syndicate, the Bidder is deemed to have authorized our Company to make the necessary changes in this Red Herring Prospectus and the Bid cum Application Form as would be required for filing the Red Herring Prospectus and the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

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The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form
Indian public, NRIs applying on a non-repatriation basis	White
Non residents, NRIs or FIIs applying on a repatriation basis	Blue
Employees	Pink

### Who can Bid

1. Indian nationals resident in India who are majors, or in names of their minor children as natural/legal guardians, in single or joint names (not more than three);
2. Hindu Undivided Families or HUFs in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form as follows: "Name of Sole or First bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta". Bids by HUFs would be considered at par with those from individuals;
3. Insurance Companies registered with the Insurance Regulatory and Development Authority, India;
4. As permitted by the applicable laws, provident funds with minimum corpus of Rs. 250 Mn. and who are authorized under their constitution to invest in equity shares;
5. Pension funds with a minimum corpus of Rs. 250 Mn. and who are authorized under their constitution to invest in equity shares;
6. Companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in the Equity Shares;
7. Indian Mutual Funds registered with SEBI;
8. Indian Financial Institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI regulations and the SEBI guidelines and regulations, as applicable);
9. Multilateral and bilateral development financial institutions;
10. State Industrial Development Corporations;
11. Trust / societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to Trusts / societies and who are authorized under their constitution to hold and invest in Equity Shares;
12. Eligible Non-residents including NRIs and FIIs on a repatriation basis or a non-repatriation basis subject to applicable laws;
13. Scientific and/ or Industrial Research Organisations authorized to invest in Equity Shares;
14. Foreign Venture Capital Investors registered with SEBI;
15. Venture Capital Funds registered with SEBI;

**Note:** Further, the BRLMs and Syndicate Members shall not be entitled to subscribe to this issue in any manner except towards fulfilling their underwriting obligation.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law.

**Pursuant to the existing regulations, OCBs are not eligible to participate in the Issue.**

**Note:** The BRLMs, Syndicate Members and any associate of the BRLM and Syndicate Members (except asset management companies on behalf of mutual funds, Indian financial institutions and public sector banks) cannot participate in that portion of the Issue where allocation is discretionary. Further, the BRLM and Syndicate Members shall not be entitled to subscribe to the Issue in any manner except towards fulfilling their underwriting obligation.



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**Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under the relevant regulations or statutory guidelines.**

#### **Application by Mutual Funds**

As per the current regulations, the following restrictions are applicable for investments by mutual funds:

- No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry specific funds
- No mutual fund under its scheme should own more than 10% of any company's paid-up capital carrying voting rights
- These limits would have to be adhered to by the mutual funds for investment in the Equity Shares.
- 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 ore 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.

#### **Information on reservation for Mutual Funds**

5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

#### **Application by NRIs**

Bid cum Application forms have been made available for NRIs at "Technocraft House", A-25, M.I.D.C., Marol Industrial Area, Road No. 3,, Andheri (E), Mumbai – 400 093, the Registered and Corporate Office of the Company.

NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the reserved category. The NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians and shall not use the forms meant for reserved category.

All applications by NRIs with the Bid amount equal to or above Rs. 50,000/- should be accompanied by a copy of the PAN card / letter, for further details refer to the section titled "PAN or GIR Number" on page 204 of this Red Herring Prospectus.

#### **Application by FIIs**

As per the SEBI (Foreign Institutional Investors) Regulations, 1995 and the Guidelines made there under, the following restrictions are applicable for investments by FIIs:

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

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

#### **As per the current regulations, the following restrictions are applicable for SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:**

The SEBI (Venture Capital) Regulations, 1996 and the SEBI (Foreign Venture Capital Investor) Regulations, 2000 prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, a

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

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venture capital fund cannot invest more than 25% of the corpus of the fund in one venture capital undertaking. Please note that this restriction is not applicable to a foreign venture capital investor. However, venture capital funds or foreign venture capital investors may invest not more than 33.33% of their respective investible funds in various prescribed instruments, including in initial public offers of venture capital undertakings.

The above information is given for the benefit of the Bidders. We and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

### Maximum and Minimum Bid Size:

- 1. For Retail Individual Bidders:** The Bid must be for a minimum of 65 Equity Shares and in multiples of 65 Equity Shares thereafter and it must be ensured that the Bid Amount payable by the Bidder does not exceed Rs. 1,00,000/-. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs. 1,00,000/-. In case the Bid Amount is over Rs. 1,00,000/- due to revision of the Bid or revision of the Price Band or on exercise of option to bid at Cut-off Price, the Bid would be considered for allocation under the Non Institutional Portion. The option to bid at Cut-off Price is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.
- 2. For Non-Institutional and QIB Bidders:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs.100,000 and in multiples of 65 Equity Shares. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by applicable laws. Under existing SEBI guidelines, a QIB Bidder cannot withdraw its Bid after the Bid/ Issue Closing Date. In case of revision in Bids, the Non Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non Institutional Bidders and QIB Bidders are not entitled to the option of bidding at Cut-off Price.

### Information for the Bidders

1. We will file the Red Herring Prospectus with the RoC at least 3 (three) days before the Bid/ Issue Opening Date.
2. We and the BRLM shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band at the time of filing the Red Herring Prospectus with RoC and also publish the same in two widely circulated newspapers (one each in English and Hindi) and a regional language newspaper circulated at the place where the registered office of the Company is situated. This advertisement shall be in the format and contain the disclosures specified in Part A of Schedule XX-A of the SEBI Guidelines. The BRLM and Syndicate Members shall accept Bids from the Bidders during the Issue Period in accordance with the terms of the Syndicate Agreement
3. The members of the Syndicate will circulate copies of the Red Herring Prospectus along with the Bid cum Application Form to prospective investors.
4. Any investor (who is eligible to invest in the Equity Shares) who would like to obtain the Red Herring Prospectus and / or the Bid cum Application Form can obtain the same from "Technocraft House", A-25, M.I.D.C., Marol Industrial Area, Road No. 3,, Andheri (E), Mumbai – 400 093, the Registered and Corporate Office of the Company or from any of the BRLM or Syndicate Members.
5. Investors who are interested in subscribing for the Company's Equity Shares should approach any of the BRLM or Syndicate Members or their authorised agent(s) to register their Bid.
6. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms should bear the stamp of the members of the Syndicate. Bid cum Application Forms, which do not bear the stamp of the members of the Syndicate, will be rejected.



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## Bidding Process

1. The Bidding Period shall be a minimum of three working days and shall not exceed seven working days. In case the Price Band is revised, the revised Price Band and Bidding Period will be informed to the Stock Exchanges and published in two national newspapers (one each in English and Hindi) and one in regional newspaper and the Bidding Period may be extended, if required, by an additional three days, subject to the total Bidding Period not exceeding 10 working days.
2. Each Bid cum Application Form will give the Bidder the choice to bid for up to three optional prices (for details kindly refer the section “Bids at Different Price Levels” on Page 193 of this Red Herring Prospectus) within the Price Band and specify the demand (i.e. the number of Equity Shares bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
3. The Bidder cannot bid on another Bid cum Application Form after his or her Bids on one Bid cum Application Form have been submitted to any member of the Syndicate. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate will be treated as multiple bids and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or allotment of Equity Shares in the Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the section “Build up of the Book and Revision of Bids” on page 196 of this Red Herring Prospectus
4. The BRLM and Syndicate Members 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. Bidders should make sure that they ask for a copy of the computerized TRS for every Bid Option from the Syndicate Member. Therefore, a Bidder can receive up to three TRSs for each Bid cum Application Form
5. During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bid. Every member of the Syndicate shall accept Bids from all clients / investors who place orders through them and shall have the right to vet the Bids.
6. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the section “Terms of Payment and Payment into Escrow Account” on page 195 of this Red Herring Prospectus.
7. The Syndicate Members shall compulsorily take the Bid Form in writing from prospective Investors.

## Bids at Different Price Levels

The Price Band has been fixed at Rs. 95/- to Rs. 105/- per Equity Share of Rs.10/- each, Rs. 95/- being the Floor Price and Rs. 105/- being the Cap Price. The Bidders can bid at any price within the Price Band, in multiples of Re 1.

1. We in consultation with the BRLM, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation, to the Bidders.
2. In accordance with the SEBI Guidelines, we in consultation with the BRLM, can revise the Price Band during the Bidding period, in which case the Issue will be kept open for a period of three working days after the revision of the Price Band, subject to the total Bidding Period not exceeding ten working days. The Price Band can be revised during the Bidding Period in which case the maximum revisions on either side of the Price Band shall not exceed 20% fixed initially and as disclosed in this Red Herring Prospectus. In addition to this, the cap on the Price Band should not be more than 20% of the floor of the Price Band.
3. In case of revision in the Price Band, the Issue Period will be extended for three additional working days after revision of Price Band subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding/ Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and a regional newspaper, and also by indicating the change on the websites of the BRLM and at the terminals of the members of the Syndicate.

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4. We, in consultation with the BRLM, can finalise the Issue Price within the Price Band in accordance with this clause, without the prior approval of, or intimation to, the Bidders.
5. The Bidder 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 and Bidders in the Reserved Categories applying for a maximum bid in any of the Bidding Options, not exceeding Rs 1,00,000/- may bid at "Cut-off". However, bidding at "Cut-off" is prohibited for QIB or Non Institutional Bidders and such Bids from QIBs and Non Institutional Bidders shall be rejected.
6. Retail Individual Bidders who bid at the Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at Cut-off Price shall deposit the Bid Amount based on the Cap Price in the Escrow Account. In the event the Bid Amount is higher than the subscription amount payable by the Retail Individual Bidders, who bid at Cut-off price (i.e. the total number of Equity Shares allocated in the Issue multiplied by the Issue Price), the Retail Individual Bidders shall receive the refund of the excess amounts from the Escrow Account.
7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders, who had bid at Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the cap of the revised Price Band (such that the total amount i.e. original Bid Amount plus additional payment does not exceed Rs.1,00,000/- if the Bidder wants to continue to bid at Cut-off Price), with the Syndicate Member to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs.1,00,000/- the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares bid for shall be adjusted downwards for the purpose of allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have bid at Cut-off could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account.
9. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall be within the range of Rs. 5,000 to Rs. 7,000. The Issuer Company in consultation with the BRLMs shall stipulate the minimum application size (in terms of number of shares) falling within the aforesaid range of minimum application value.

### **Option to Subscribe**

Equity Shares being issued through this Red Herring Prospectus can be applied for in the dematerialized form only. Bidders will not have the option of getting allotment in physical form. The Equity Shares on allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

### **Escrow Mechanism**

We and members of the Syndicate shall jointly open Escrow Account with one or more Escrow Collection Banks in whose favour the Bidders shall make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Account. The Escrow Collection Banks will act in terms of this Red Herring Prospectus and the Escrow Agreement. The monies in the Escrow Account shall be maintained by the Escrow Collection Bank(s) for and on behalf of the Bidders. The Escrow Collection Bank(s) shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Account to the Issue Account as per the terms of the Escrow Agreement. Payments of refund to the Bidders shall also be made from the Escrow Account as per the terms of the Escrow Agreement and this Red Herring Prospectus.

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

**Payment of refund, if any, to the Bidders shall also be made from the respective Escrow Account by the Escrow Collection Bank(s), as per the terms of the Escrow Agreement and this Red Herring Prospectus.**



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

Each Bidder shall, who is required to pay margin amount shall, with the submission of the Bid cum Application Form draw a cheque / demand draft for the maximum amount of his / her Bid in favour of the Escrow Account of the Escrow Collection Bank(s) (for details kindly refer to the section "Payment Instructions" on page 203 of this Red Herring Prospectus) and submit the same to the member of the Syndicate to whom the Bid is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted. The maximum bid price has to be paid at the time of submission of the Bid cum Application Form based on the highest bidding option of the Bidder.

The members of the Syndicate shall deposit the cheque or demand draft received from the Bidders with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders till the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds equivalent to the issue size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Issue Account with the Banker(s) to the Issue. The balance amount after transfer to the Issue Account of the Company shall be held for the benefit of the Bidders who are entitled to refunds, on the Designated Date and no later than 15 days from the Bid / Issue Closing Date, the Escrow Collection Bank(s) shall refund all monies to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for allotment to the Bidders.

Each category of Bidders i.e. QIBs, Non Institutional Bidders and Retail Individual Bidders would be required to pay their applicable Margin Amount at the time of the submission of the Bid cum Application Form. For details of Margin Amount payable kindly refer to the section titled "Issue Structure" on page 186 of this Red Herring Prospectus. Where the Margin Amount applicable to the Bidder is less than 100% of the Bid Amount, any difference between the amount payable by the Bidder for Equity Shares allocated at the Issue Price and the Margin Amount paid at the time of Bidding, shall be payable by the Bidder no later than the Pay-in-Date, which shall be a minimum period of 2 days from the date of communication of the allocation list to the members of the Syndicate by the BRLM.

QIB Bidders will be required to deposit a margin of 10% at the time of submitting of their Bids. After the Issue Closing Date/ Bid Closing Date, the level of subscription in all categories shall be determined. Based on the level of subscription, additional margin money, if any, may be called for the QIB.

If the payment is not made favouring the Escrow Account within the time stipulated above, the Bid of the Bidder is liable to be cancelled. However, if the members of the Syndicate do not waive such payment, the full amount of payment has to be made at the time of submission of the Bid cum Application Form.

Where the Bidder has been allocated lesser number of Equity Shares than he or she had bid for, the excess amount paid on bidding, if any, after adjustment for allotment, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which we shall pay interest at 15% per annum for any delay beyond the periods mentioned above.

### **Electronic Registration of Bids**

The Syndicate members will register the Bids using the on-line facilities of BSE and NSE. There will be at least one on-line connectivity in each city, where a Stock Exchange is located in India and where Bids are being accepted.

1. BSE and NSE will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the Syndicate Members of and their authorised agents during the Bidding Period. The Syndicate Members can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently download the off-line data file into the on-line facilities for book building on a regular basis. On the Bid / Issue Closing Date, the Syndicate Members shall upload the Bids till such time as may be permitted by the Stock Exchanges.
2. The aggregate demand and price for Bids registered on the electronic facility of the BSE and NSE will be downloaded on a regular basis, consolidated and displayed on-line at all bidding centers. A graphical representation of consolidated demand and price would be made available at the bidding centers during the bidding period.
3. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:
  - Name of the investor
  - Investor Category – Individual, Corporate, NRI, FII, or Mutual Fund, etc.

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- Numbers of Equity Shares bid for
  - Bid price
  - Bid cum Application Form number
  - Whether payment is made upon submission of Bid cum Application Form
  - Depository Participant Identification No. and Client Identification No. of the beneficiary account of the Bidder
4. A system generated TRS will be given to the Bidder as a proof of the registration of each of the bidding options. **It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate.** The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or by us.
  5. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
  6. The members of the Syndicate have the right to review the Bid. Consequently, the member of the Syndicate also has the right to accept the Bid or reject it without assigning any reason, in case of QIBs. In case of Non-Institutional Bidders, Retail Individual Bidders and Reserved Categories, Bids shall not be rejected except on technical grounds listed elsewhere in this Red Herring Prospectus.
  7. It is to be distinctly understood that the permission given by BSE and NSE 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 us or the BRLM are cleared or approved by BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company.
  8. It is also to be distinctly understood that the approval given by BSE and NSE should not in any way be deemed or construed that this Red Herring Prospectus has been cleared or approved by the BSE and NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the BSE and NSE.

### **Build up of the Book and Revision of Bids**

1. Bids registered by various Bidders through the Syndicate members shall be electronically transmitted to BSE or NSE mainframe on an online basis.
2. The book gets built up at various price levels. This information will be available with the BRLM on a regular basis.
3. During the Bidding Period, any Bidder who has registered his / her interest in the Equity Shares at a particular price level is free to revise his / her Bid within the price band using the printed Revision Form, which is a part of the Bid cum Application Form.
4. Revisions can be made in both the desired numbers of Equity Shares and the Bid price by using the Revision Form. Apart from mentioning the revised options in the revision form, the Bidder must also mention the details of all the options in his or her Bid cum Application Form or earlier Revision Form. For example, if a Bidder has bid for three options in the Bid cum Application Form and he is changing only one of the options in the Revision Form, he must still fill the details of the other two options that are not being changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.
5. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom he or she had placed the original Bid. **Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only is such revision Form or copies thereof.**
6. Any revision of the Bid shall be accompanied by payment in the form of cheque or demand draft for the incremental amount, if any, to be paid on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be returned to the Bidder at the time of refund in accordance with the terms of





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this Red Herring Prospectus. In case of QIBs, the members of the Syndicate may at their sole discretion waive the payment requirement at the time of one or more revisions by the QIB Bidders.

7. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.**
8. In case of discrepancy of data between NSE or BSE and the members of the Syndicate, the decision of the BRLM, based on the physical records of Bid cum Application form shall be final and binding on all concerned.

#### **Price Discovery and Allocation**

1. After the Bid/Issue Closing Date, the BRLM will analyse the demand generated at various price levels and discuss pricing strategy with us.
2. We in consultation with the BRLM, shall finalize the "Issue Price" (and the number of Equity Shares to be allocated in each investor category).
3. The allocation for QIBs for upto 50% of the Issue would be on a proportionate basis (with a minimum 5% allocation of the QIB Portion reserved for Mutual Funds, and such Mutual Funds can participate in the remaining allocation for QIBs), in consultation with the Designated Stock Exchange subject to valid Bids being received at or above the Issue Price, in the manner as described in the section entitled "Basis of Allotment" on page 208 of this Red Herring Prospectus. The allocation to Non-Institutional Bidders and Retail Individual Bidders of not less than 15% and 35% of the Issue respectively, would be on proportionate basis, in the manner specified in the SEBI Guidelines, in consultation with Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price
4. In terms of SEBI Guidelines, QIBs Bidders shall not be allowed to withdraw their bid after the Bid / Issue Closing Date.
5. Under subscription, if any, in any category would be allowed to be met with spill over from any of the other categories at our discretion of and the BRLM. However, if the aggregate demand by Mutual Funds is less than 62,500 Equity Shares, the balance Equity in the Mutual Fund Portion will be added to the QIB Portion and be allocated proportionately to the QIB Bidders in proportion to their Bids.
6. Allotment to all investors, including Eligible non residents, NRIs or FIIs registered with SEBI or Mutual Funds or FVCIs registered with SEBI applying on repatriation basis will be subject to applicable laws, rules, regulations, guidelines and approvals the terms and conditions stipulated by the RBI while granting permission for Issue/ allocation of Equity Shares to them.
7. The BRLM in consultation with us shall notify the Syndicate Members of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.
8. We in consultation with the BRLM reserves the right to cancel the Issue any time after the Bid/Issue Opening Date but before the Allotment without assigning any reasons whatsoever

#### **Signing of Underwriting Agreement and RoC Filing**

1. We, the BRLM and the Syndicate Members shall enter into an Underwriting Agreement on finalisation of the Issue Price and allocation(s) to the Bidders.
2. After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue Size, underwriting arrangements and would be complete in all material respects.

#### **Filing of the Prospectus with the ROC**

We will file a copy of the Prospectus with the ROC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

#### **Advertisement regarding Issue Price and Prospectus**

A statutory advertisement will be issued by us after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Draft Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

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### **Announcement of Pre-Issue Advertisement**

There shall be a minimum time gap of five (5) days between the statutory public advertisement and the issue opening date. The statutory public advertisement shall be issued in an English National daily with wide circulation, one Hindi National paper and a Regional language newspaper with daily circulation at the place where the registered office of the issuer company is situated.

### **Notice to QIBs: Allotment Reconciliation**

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

### **Issuance of Letter for Additional Margin Money**

In case of QIB Bidders who have submitted their Bids with the Margin Amount of 10%, additional margin amount may be called for by the Bank, in consultation with the BRLM. The amount of such additional Margin Amount called for shall depend on the level of subscription in various categories as determined on the basis of electronic registration of bids. The allotment of shares to QIB Bidders shall be finalised by the us in consultation with the BRLM and the Designated Stock Exchange.

### **Issuance of CAN**

1. Upon approval of the Basis of Allotment by the Designated Stock Exchange, the BRLM or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the Basis of Allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the basis of allocation for the Retail and Non-Institutional Bidders. However, the investor should note that we shall ensure that the date of Allotment of the Equity Shares to all investors in this Issue shall be done on the same date.
2. The BRLM or the members of the Syndicate would then send the CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares allocated to such Bidder. Those Bidders who have not paid the Margin Amount into the Escrow Account at the time of bidding shall pay the balance amount payable into the Escrow Account by the Pay-in Date specified in the CAN.
3. Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account. The dispatch of a CAN shall be deemed as a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for all the Equity Shares to be Allotted to such Bidder.
4. The Issuance of CAN is subject to "Notice to QIBs : Allotment Reconciliation" as set forth under the section titled "Terms of Issue" of this Red Herring Prospectus.

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

1. We will ensure that the Allotment of Equity Shares is done within 15 days of the Bid / Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Issue Account on the Designated Date, we would ensure the credit to the successful Bidders depository account of the allotted Equity Shares to the allottees within two working days of the date of Allotment.



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2. As per the SEBI Guidelines, Equity Shares will be issued and allotted only in the dematerialized form to the allottees. Allottees will have the option to re-materialise the Equity Shares so allotted, if they so desire, as per the provisions of the Companies Act and the Depositories Act.
  3. We would ensure the allotment of Equity Shares within 15 days of Bid Closing Date and also ensure that credit is given to the allottees' depository accounts within 2 working days from the date of allotment. In case the Company fails to make an allotment within 15 days of the Bid Closing Date, interest would be paid to the investors at the rate of 15% per annum.
  4. Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

### **General Instructions**

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

1. Check if you are eligible to apply; Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of the Red Herring Prospectus;
2. Ensure that the Bid is only within the Price Band;
3. Read all the instructions carefully and complete the Resident Bid cum Application Form or Non-Resident Bid cum Application Form, as the case may be;
4. Ensure that the details about Depository Participant and Beneficiary Account are correct as Equity Shares will be Allotted in the dematerialized form only;
5. Ensure that the DP account is activated;
6. Investors must ensure that the name given in the Bid cum Application form is exactly the same as the Name in which the Depository Account is held. In case, the Bid cum Application Form is submitted in joint names, investors should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;
7. Ensure that the Bids are submitted at the bidding centres only on forms bearing the stamp of a member of the Syndicate;
8. Ensure that you have been given a TRS for all your Bid options;
9. Submit Revised Bids to the same member of the Syndicate through whom the Original Bid was placed and obtain a revised TRS; and
10. If your Bid is for Rs. 50,000/- or more, ensure that you mention your PAN allotted under the I.T. Act and ensure that you have attached copies of your PAN with the Bid cum Application Form. In case the PAN has not been allotted, mention "Not allotted" in the appropriate place. (See to the section "Issue Procedure - 'PAN' or 'GIR' Number" on page 204 of this Red Herring Prospectus.);

#### **Dont's:**

1. Do not Bid if prohibited from doing so under the law of your local jurisdiction;
2. Do not Bid for lower than the minimum Bid size;
3. Do not Bid / revise Bid price to less than the lower end of the Price Band or higher than the higher end of the price band;
4. Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
5. Do not pay the Bid Amount in cash;
6. Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
7. Do not Bid at cut off price (for QIBs and non-institutional bidders);

## **TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**

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8. Do not fill up the Bid cum Application Form such that the Equity Shares bid for exceeds the Issue size and/ or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations.
9. Do not submit Bid accompanied with Stockinvest.

### **Instructions for completing the Bid cum Application Form**

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

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

Bids and revisions of Bids must be:

1. Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.
2. Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, in the Bid cum Application Form or in the Revision Form. Incomplete Bid cum Application Forms or Revision Forms are liable to be rejected.
3. The Bids from the Retail Individual Bidders must be for a minimum of 65 Equity Shares and in multiples of 65 thereafter subject to a maximum Bid Amount of Rs. 1,00,000/-.
4. For Non-Institutional and QIB Bidders, Bids must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs. 1,00,000/- and in multiples of 65 Equity Shares thereafter. Bids cannot be made for more than the Issue Size. Bidders are advised to ensure that no Bid from them exceeds the investment limits or maximum number of shares that can be held by them under the applicable laws or regulations.
5. In single name or in joint names (not more than three, and in the same order as their Depository Participant Details).
6. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

### **Bids by Employees in the Employees Reservation Portion**

Bids under Employee Reservation Portion by employees shall be made only in the prescribed Bid cum Application Form or Revision Form (i.e. pink colour) and Employees, applying in this Employees Reservation Portion should mention their employee number in the Bid cum Application Form.

The following may be noted in respect of Bids by Employees in the Employees Reservation Portion:

1. In case of joint Bids, the sole/first Bidder should be an Employee. Only those Bids by Employees that are at or above the Issue Price would be considered for Allocation.
2. Employees who Bid for Equity Shares for a value of up to Rs. 100,000 at Cut off.
3. Employees can also Bid in the Net Issue to the public portion and such Bids shall not be treated as multiple Bids.
4. If the valid Bids in this category is less than or equal to 4,20,000 Equity Shares at or above the Issue Price, full Allocation shall be made to the Employees to the extent of their valid Bids. Under subscription, if any, in the Employees Reservation Portion will be added back to the Net Issue to the public, and the under subscription can be met with spill over from any other category at the discretion of the Company and, in consultation with the BRLM.
5. If the valid Bids in this category is greater than 4,20,000 Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis. For a description of the proportionate basis of Allocation please see the section titled "Basis of Allotment" beginning on page 208.

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

**IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE**



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**SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.**

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository demographic details of the Bidders such as address, bank account details for printing on refund orders or give credit through ECS, NEFT, Direct Credit or RTGS and occupation ("Demographic Details"). Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form. These Bank Account details would be printed on the refund order, if any, to be sent to Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor we shall have any responsibility and undertake any liability for the same.

Bidders may note that delivery of delivery of refund orders//ECS credit or credit through NEFT, Direct Credit or RTGS for refunds/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay on account of returned refund orders / allocation advice / CANs shall be at the Bidders sole risk, we and the BRLM shall not have any responsibility nor undertake any liability for the same.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the refund orders / CANs / Allocation Advice and printing of Bank particulars on the refund order and the Demographic Details given by Bidders in the Bid cum Application Form would not be used for these purposes by the Registrar. Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants. In case no corresponding record is available with the Depositories that match three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

By signing the Bid-cum-Application Form, the Bidder would have deemed to authorize the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case no corresponding record is available with the Depositories that match three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

Hence, Bidders are advised to update their Demographic Details as provided to their Depository Participants.

#### **Bids under Power of Attorney**

In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

In case of Bids made pursuant to a power of attorney by FII's, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of their SEBI registration certificate must be lodged along with the 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 thereof.

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

In case of Bids made by provident funds with minimum corpus of Rs. 250 Mn. and pension funds with minimum corpus of Rs. 250 Mn., a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund / pension fund must be lodged along with the Bid cum Application Form. Failing this, our Company reserves the right to accept or reject any

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Bid in whole or in part, in either case, without assigning any reason thereof.

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

We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that we and the BRLM may deem fit.

We in consultation with the BRLM, in their absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/ allocation advice, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

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

NRI, FIIs and Foreign Venture Capital Funds Bidders have to comply with the following:

1. Individual NRI Bidders can obtain the Bid cum Application Forms from our Registered Office or from the BRLM or the Syndicate Member(s) or the Registrars to the Issue.
2. NRI Bidders may please note that only such Bids as are accompanied by payment in free foreign exchange through approved banking channels shall be considered for allotment.
3. NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the Bid cum Application form meant for Resident Indians (White in colour).
4. All applications by NRIs with the Bid amount equal to or above Rs. 50,000/- should be accompanied by a copy of the PAN card / letter, for further details refer to the section titled "PAN or GIR Number" on page 204 of this Red Herring Prospectus.

Bids and Revision to Bids must be made

1. On the Bid cum Application Form or the Revision Form, as applicable, (Blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. In a single name or joint names (not more than three, and in the same order as their Depository Participant Details).
3. **By NRIs:** For a minimum of 65 Equity Shares and in multiples of 65 thereafter subject to a maximum Bid amount of Rs 1,00,000/- for the Bid to be considered as part of the Retail Portion. Bids for Bid Amount more than Rs 1,00,000/- would be considered under Non Institutional Category for the purposes of allocation. For further details refer the section entitled "Maximum and Minimum Bid Size" on page 192 of this Red Herring Prospectus.
4. **By FIIs:** For a minimum of such number of Equity Shares and in multiples of 65 such that the Bid Amount exceeds Rs. 1,00,000/-. For further details refer the section titled "Maximum and Minimum Bid Size" on page 192 of this Red Herring Prospectus.
5. In the names of individuals or in the names of FIIs or in the names of Foreign Venture Capital Fund, Multilateral and Bilateral Development Financial Institutions but not in the names of minors, firms or partnerships, foreign nationals (excluding NRIs) or their nominees or OCB's.
6. 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 payable upon submission of the Bid cum Application Form or Revision Form 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/ speed post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.



We do not require approval from the Government of India or from the Reserve Bank of India for making a fresh issue of Equity Shares under the Foreign Direct Investment Scheme as prescribed in the FEMA read with the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 to Non-Residents, since foreign direct investment in companies engaged in manufacturing, such as ours, is permitted to the extent of 100% under existing law and policy. It is to be distinctly understood that there is no reservation for Non-Residents, NRIs and FIIs and all Non-Residents, NRI and FII applicants will be treated on the same basis with other categories for the purpose of allocation. As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

### **Payment Instructions**

We shall open Escrow Account(s) with the Escrow Collection Bank(s) for the collection of the Bid Amount payable upon submission of the Bid cum Application Form and for amounts payable pursuant to allotment in the Issue.

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

### **Payments into Escrow Account for the Issue:**

1. The Bidders for whom the applicable margin is equal to 100% shall, with the submission of the Bid cum Application Form draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the member of the Syndicate.
2. In case the above Margin Amount paid by the Bidders during the Bidding Period is less than the Issue Price multiplied by the Equity Shares allocated to the Bidder, the balance amount shall be paid by the Bidders into the Escrow Account within the period specified in the CAN which shall be subject to a minimum period of two days from the date of communication of the allocation list to the Syndicate Member(s) by the BRLM.
3. The payment instruments for payment into the Escrow Account of the Company should be drawn in favour of:
  - In case of resident QIB Bidders: **“Escrow Account- Technocraft Public Issue- QIB-R”**
  - In case of Non-Resident QIB Bidders: **“Escrow Account- Technocraft Public Issue- QIB-NR”**
  - In case of Resident Bidders: **“Escrow Account – Technocraft Public Issue”**
  - In case of Non-Resident Bidders: **“Escrow Account – Technocraft Public Issue - NR”**
  - In case of Employees: **“Escrow Account – Technocraft Public Issue –Employee”**
4. In case of Bids by NRIs applying on repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in 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 a Non-Resident Ordinary (NRO) Account of a Non-Resident bidder bidding on a 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 Account.
5. In case of Bids by FIIs, the payment should be made out of funds held in a Special Rupee Account along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting the Special Rupee Account.
6. Where a Bidder has been allocated lesser number of Equity Shares than the Bidder has Bid for, the excess amount, if any, paid on bidding, after adjustment towards the balance amount payable on the Equity Shares allotted, will be refunded to the Bidder from the Escrow Account.
7. The monies deposited in the Escrow Account will be held for the benefit of the Bidders till the Designated Date.
8. On or after the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account as per the terms of the Escrow Agreements into the Issue Account with the Bankers to the Issue.
9. No later than 15 days from the Bid/ Issue Closing Date, the Escrow Banker shall refund all amounts payable to unsuccessful Bidder and also the excess amount paid by Bidding, if any, after adjusting for allocation to Bidders

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Payments should be made by cheque, or demand draft drawn on any Bank (including a Co-operative Bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/ Stock invest/Money orders/ Postal orders will not be accepted

### Payment by Stock invest

In terms of Reserve Bank of India Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003 the option to use the stock invest instruments in lieu of cheques or bank demand drafts for payment of bid money has been withdrawn. **Accordingly, payment through stock invest will not be accepted in the Issue.**

### Submission of Bid cum Application Form

All Bid cum Application Forms or Revision Forms duly completed and accompanied by account payee cheques or drafts shall be submitted to the members of the Syndicate at the time of submission of the Bid. Member of the Syndicate may at its sole discretion waive the requirement of payment at the time of submission of the Bid cum Application Form and Revision Form.

Separate receipts shall not be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection center 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.

### Other Instructions

#### Joint Bids in the case of individuals

Bids may be made in single or joint names (not more than three). In the case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form ("First Bidder"). All communications will be addressed to the First Bidder and will be despatched to his or her address.

#### Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

The applications made by the asset management companies or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made.

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

#### PAN or GIR Number

Where Bid(s) is/are for Rs.50,000 or more, the Bidder (including NRIs) or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the Income Tax Act. **The copy of the PAN card or PAN allotment letter is required to be submitted with the application form for all the Joint Bidders, if any.** Applications without this information and documents will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.** In case the Sole/First Bidder and Joint Bidder(s) is/are not required to obtain PAN, each of the Bidder(s) shall mention "Not Applicable" and in the event that the sole Bidder and/or the joint Bidder(s) have applied for PAN which has not yet been allotted each of the Bidder(s) should mention "Applied for" in the Bid cum Application Form. Further, where the Bidder(s) has mentioned "Applied for" or "Not Applicable", the Sole/First Bidder and each of the Joint Bidder(s), as the case may be, would be required to submit Form 60 (Form of declaration to be filed by a person of declaration to be filed by a person who does not have a permanent account number and who enters into any transaction specified in rule 114B), or, Form 61 (form of declaration to be filed by a person who has agricultural income and is not in receipt of any other income chargeable to income tax in respect of transactions specified in rule 114B), as may be applicable, duly filled along with a





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copy of any one of the following documents in support of the address: (a) Ration Card (b) Passport (c) Driving License (d) Identity Card issued by any institution (e) Copy of the electricity bill or telephone bill showing residential address (f) Any document or communication issued by any authority of the Central Government, State Government or local bodies showing residential address (g) Any other documentary evidence in support of address given in the declaration. It may be noted that Form 60 and Form 61 have been amended vide a notification issued on December 1, 2004 by the Ministry of Finance, Department of Revenue, Central Board of Direct Taxes. All Bidders are requested to furnish, where applicable, the revised Form 60 or 61 as the case may be.

#### **Unique Identification Number (UIN)**

With effect from July 1, 2005, SEBI had decided to suspend all fresh registrations for obtaining UIN and the requirement to contain/quote UIN under the SEBI MAPIN Regulations/Circulars vide its circular MAPIN/Cir- 13/2005. However, in a recent press release dated December 30, 2005, SEBI has approved certain policy decisions and has now decided to resume registrations for obtaining UINs in a phased manner. The press release

states that the cut off limit for obtaining UIN has been raised from the existing limit of trade order value of Rs. 1,00,000/- to Rs. 5,00,000/- or more. The limit will be reduced progressively. For trade order value of less than Rs. 500,000, an option will be available to investors to obtain either the PAN or UIN. These changes are, however, not effective as of the date of the Red Herring Prospectus and SEBI has stated in the press release that the changes will be implemented only after necessary amendments are made to the SEBI MAPIN Regulations.

Therefore, MAPIN is not required to be quoted with the Bids.

#### **Company's Right to Reject Bids**

The BRLM may reject any QIB Bid procured by any or all members of the Syndicate provided the rejection is at the time of receipt of such Bid and the reason for rejection of the Bid is communicated to the Bidder at the time of rejection of the Bid. In case of Non Institutional Bidders and Retail Individual Bidders, we will have the right to reject Bids only on technical grounds. Consequent refunds shall be made by cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk

#### **Grounds for Technical Rejections**

Bidders are advised to note that Bids are liable to be rejected on, amongst others, the following technical grounds:

1. Amount paid doesn't tally with amount payable for the highest value of Equity Shares bid for;
2. Age of First Bidder not given; Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane Persons;
3. PAN not stated if Bid is for Rs. 50,000/- or more
4. GIR Number given instead of PAN;
5. Bids for lower number of Equity Shares than specified for that category of investors;
6. Bids at a price less than lower end of the Price Band;
7. Bids at a price more than the higher end of the Price Band;
8. Bids at cut-off price by Non-Institutional and QIB Bidders;
9. Bids for number of Equity Shares, which are not in multiples of 65;
10. Category not ticked;
11. Multiple bids as defined in this Red Herring Prospectus;
12. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
13. 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;

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14. NRIs, except eligible NRIs and Non-Residents;
15. Signature of sole and / or joint bidders missing;
16. Bid cum Application Form does not have the stamp of the BRLM or Syndicate Members;
17. Bid cum Application Form does not have Bidder's depository account details;
18. Bid cum Application Forms are not delivered by the Bidders within the time prescribed as per the Bid cum Application Form, Bid/Issue Opening Date advertisement and the Red Herring Prospectus and as per the instructions in this Red Herring Prospectus and the Bid cum Application Form; or
19. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. For further details please kindly refer to the section titled "Terms of the Issue" on page 183 of this Red Herring Prospectus.
20. Bids accompanied with Stockinvests;
21. Bids accompanied by Stock Invests / money order/postal order/cash;
22. Bids by OCBs; or
23. Bids by U.S. residents or U.S. persons.
24. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the sequence of names of joint holders), the depository participant's identity (DP ID) and the Beneficiary Account number.
25. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations. See the details regarding the same in the section entitled "Issue Procedure – Bids at Different Price Levels" at page 193 of this Red Herring Prospectus;
26. Bids by QIBs not submitted through Book Runners or members of the Syndicate.

### **Equity Shares in Dematerialised Form with NSDL or CDSL**

As per the provisions of Section 68B of the Companies Act, the Equity Shares in the Issue shall be Allotted only in a dematerialised form, (i.e. not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two agreements have been signed among our Company, the respective Depositories and the Registrar to the Issue:

1. a tripartite agreement dated April 28, 2006 with us, NSDL and Registrars to the Issue
2. a tripartite agreement dated June 29, 2006 with us, CDSL and Registrars to the Issue

**All bidders can seek allocation only in dematerialised mode. Bids from any investor without relevant details of his or her depository account are liable to be rejected.**

1. A Bidder applying for Equity Shares must have at least one beneficiary account with either of the Depository Participants of either NSDL or CDSL prior to making the Bid.
2. The Bidder must necessarily fill in the details (including the Beneficiary Account Number and Depository Participant's Identification number) appearing in the Bid cum Application Form or Revision Form.
3. Equity shares allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder
4. Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details in the Depository.
5. Non-transferable allocation advice or refund orders will be directly sent to the Bidder by the Registrar to the Issue.
6. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.



7. The Bidder is responsible for the correctness of his or her demographic details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
8. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
9. The trading of the Equity Shares of the Company would be in dematerialised form only for all investors in the demat segment of the Stock Exchanges.
10. As the Issue comprises of Fresh Issue, investors are advised to instruct their Depository Participants to accept the Equity Shares that may be allotted to them pursuant to the Issue. Investors should satisfy themselves that their demat account is active.

#### **Communications**

All future communications in connection with Bids made in the Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, details of the Depository Participant, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

#### **Pre-Issue and Post Issue Related Problems**

We have appointed Mr. Manoj Jain, Company Secretary, as the Compliance Officer and he may be contacted in case of any Pre-Issue and Post Issue Related Problems, such as non-receipt of letters of allotment, credit of allotted shares in the respective beneficiary account, refund orders, etc., at the following address:

#### **Shri Manoj Jain**

Company Secretary  
Technocraft Industries (India) Limited,  
M.I.D.C Marol Industrial Area A-25,  
Road No.3, Andheri (E)  
Mumbai – 400 053  
Tel: +91-22-2830 0625/1677;  
Fax: +91-22-28356559  
E-mail: ipo@technocraftgroup.com  
**Website:** technocraftgroup.com

#### **Disposal of Applications and Applications Money**

We shall ensure dispatch of allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the allotment to the Stock Exchanges within 2 (two) working days of date of Allotment. We shall dispatch refund orders, if any, of value up to Rs. 1,500, "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or First Bidder's sole risk except for Bidders who have opted to receive refunds through the ECS or NEFT or RTGS or Direct Credit, adequate funds for this purpose shall be made available to the Registrar for this purpose.

Applicants to whom refunds are made through Electronic transfer of funds will be send a letter through ordinary post intimating them about the mode of credit of refund within 15 working days of closure of Issue.

We shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within 7 (seven) working days finalization of the basis of allotment.

#### **Interest in case of delay**

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

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1. allotment of Equity Shares shall be made only in dematerialised form within 15 (fifteen) days of the Bid /Issue Closing Date;
2. dispatch of refund orders (including through ECS, NEFT, Direct Credit or RTGS) within 15 (fifteen) days of the Bid /Issue Closing Date would be ensured; and
3. We shall pay interest at 15% (fifteen) per annum (for any delay beyond the 15 (fifteen)-day time period as mentioned above), if Allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above or if in a case where the refund or portion thereof is made in electronic manner through ECS, NEFT, Direct Credit or RTGS, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the Bid/Issue Closing Date, as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines; and
4. We will provide adequate funds required for dispatch of refund orders or allocation advice to the Registrar to the Issue. Refunds will be made by ECS, NEFT, RTGS, Direct Credit, cheques, pay orders or demand drafts drawn on a bank appointed by us as a refund banker 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.

### Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the 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.”

### Interest on Refund of Excess Bid Amount

We shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 15 days from the Bid/Issue Closing Date as per the Guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

### Basis of allotment or allocation

#### A. For Retail Individual Bidders

1. 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.
2. The Issue size less allotment to Non Institutional and QIB Bidders shall be available for allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
3. If the aggregate demand in this category is less than or equal to 27,65,000 Equity Shares at or above the Issue Price, full allotment shall be made to the Retail Individual Bidders to the extent of their demand.
4. If the aggregate demand in this category is greater than 27,65,000 Equity Shares at or above the Issue Price, the allotment shall be made on a proportionate basis subject to minimum allocation being equal to the minimum bid/application size of 65 Equity Shares. For the method of proportionate basis of allotment, refer below.



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**B. For Non Institutional Bidders**

1. 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.
2. The Issue size less allotment to QIB Bidders 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.
3. If the aggregate demand in this category is less than or equal to 11,85,000 Equity Shares at or above the Issue Price, full allotment shall be made to Non Institutional Bidders to the extent of their demand.
4. In case the aggregate demand in this category is greater than 11,85,000 Equity Shares at or above the Issue Price, allotment shall be made on a proportionate basis subject to minimum allocation being equal to the minimum bid/ application size of 65 Equity Shares. For the method of proportionate basis of allotment refer below.

**C. For QIBs**

1. Upto 50% of the Net Issue to Public, i.e., 39,50,000 Equity Shares shall be allotted to QIBs.
2. Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The allotment to all the QIBs will be made at the Issue Price.
3. The Issue size less allotment to Non Institutional Portion and Retail Portion shall be available for allotment to QIBs who have bid in the Issue at a price that is equal to or greater than the Issue Price.
4. However, eligible Bids by Mutual Funds only shall first be considered for allocation proportionately in the Mutual Fund Portion. After completing proportionate allocation to Mutual Funds for an amount of upto 1,97,500 Equity Shares (the Mutual Fund Portion), the remaining demand by Mutual Funds, if any, shall then be considered for allocation proportionately, together with Bids by other QIBs, in the remainder of the QIB Portion (i.e. after excluding the Mutual Fund Portion). For the method of allocation in the QIB Portion please see the section titled "Illustration of Allotment to QIBs" appearing below. If the valid Bids by Mutual Funds is less than 5% of the QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to the QIB Portion and allocated proportionately to the QIB Bidders. For the purposes of this section it has been assumed that the QIB Portion for the purposes of the Issue amounts upto 50% of the Net Issue size, i.e. 39,50,000 Equity Shares.
5. Allotment shall be undertaken in the following manner:
  - In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows:
    - (i) In the event that Mutual Fund Bids exceeds 5% of the QIB Portion, allocation to Mutual Funds shall be done on a proportionate basis for up to 5% of the QIB Portion.
    - (ii) In the event that the aggregate demand from Mutual Funds is less than 5% of the QIB Portion then all Mutual Funds shall get full allotment to the extent of valid Bids received above the Issue Price.
    - (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to all QIB Bidders as set out in (b) below.
  - In the second instance allocation to all QIBs shall be determined as follows:
    - (i) In the event of over subscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
    - (ii) Mutual Funds, who have received allocation as per (a) above, for less than the number of Equity Shares Bid for by them, are eligible to receive Equity Shares on a proportionate basis along with other QIB Bidders.

## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

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- (iii) Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.
- 6. Except for any shares allocated to QIB Bidders due to under subscription in the Retail Portion and/or Non Institutional Portion, the aggregate allocation to QIB Bidders shall be made on a proportionate basis up to a maximum of 39,50,000 Equity Shares. For the method of proportionate basis of allocation refer below.
- 7. For Employees:  
Bid received in this category will not be taken into account for price discovery.
  - (i) Bids received from the Employees at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the Employees will be made at the Issue Price.
  - (ii) If the valid Bids in this category is less than or equal to 4,20,000 Equity Shares at or above the Issue Price, full allotment shall be made to the Employees to the extent of their valid bids.
  - (iii) In case the valid Bids in this category is greater than 4,20,000 Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of 65 Equity Shares and in multiples of 65 Equity Shares thereafter. For the method of proportionate basis of allocation refer below.

### Procedure and Time Schedule for Allotment of Equity Shares

We and the members of the Syndicate reserve the right to reject any Bid without assigning any reason thereof in case of QIBs. In case of Non - Institutional Bidders and Retail Individual Bidders, we have a right to reject bids based on technical grounds. In case a Bid is rejected in full, the whole of the Bid Amount will be refunded to the Bidder within 15 days of the Bid/ Issue Closing Date. In case a Bid is rejected in part, the excess Bid Amount will be refunded to the Bidder within 15 days of the Bid/Issue Closing Date. We will ensure allotment of the Equity Shares within 15 days from the Bid/Issue Closing Date, and we shall pay interest at the rate of 15% per annum (for any delay beyond the periods as mentioned above), if Equity Shares are not allotted, refund orders are not dispatched and/ or demat credits are not made to investors within two working days from the date of allotment.

### Method of Proportionate Basis of Allotment

In the event the Issue is over-subscribed, the basis of allotment shall be finalised by the Company in consultation with the Designated Stock Exchange. The Executive Director or Managing Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMS and the Registrar to the Issue shall be responsible for ensuring that basis of allotment is finalised in a fair and proper manner. Allotment to Bidders shall be as per the basis of allocation as set out in this Prospectus under "Issue Structure".

- a) Bidders will be categorised according to the number of Equity Shares applied for.
- b) The total number of Equity Shares to be allotted to each category, as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of bidders in the category multiplied by number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio in that category subject to minimum allotment of [●] Equity Shares. The minimum allotment lot shall be the same as the minimum application lot irrespective of any revisions to the Price Band.
- d) In case the proportionate allotment to any Bidders is in fractions, then the same would be rounded off to nearest integer.
- e) In all bids where the proportionate allotment is less than [●] per Bidder, the allotment shall be made as follows:
  - Each successful Bidder shall be allotted a minimum of [●] Equity Shares; and
  - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above.



If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for allotment shall be first adjusted against any other category, where the allotted Equity Shares are not sufficient for proportionate allotment to the successful bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising of bidders applying for minimum number of Equity Shares.

#### ILLUSTRATION of Allotment to QIBs and Mutual Funds (“MF”)

Sr. No.	Particulars	Issue Details
1.	Issue size	200 Mn. Equity Shares
2.	Allocation to QIB (Upto 50% of the Net Issue) Of which:	100 Mn. Equity Shares
	a. Reservation For Mutual Funds, (5%)	5 Mn. Equity Shares
	b. Balance for all QIBs including Mutual Funds	95 Mn. Equity Shares
3.	Number of QIB applicants	10
4.	Number of Equity Shares applied for	500 Mn. Equity Shares

#### Details Of QIB Bids

Sr. No	Type of QIB bidders#	No. of shares bid for (in Mn.)
1.	A1	50
2.	A2	20
3.	A3	130
4.	A4	50
5.	A5	50
6.	MF1	40
7.	MF2	40
8.	MF3	80
9.	MF4	20
10.	MF5	20
<b>TOTAL</b>	<b>500</b>	

# A1-A5: (QIB Bidders other than Mutual Funds), MF1-MF5 (QIB Bidders which are Mutual Funds)

Details Of Allotment To QIB Bidders/Applicants

**TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**

(Number of equity shares in Mn.)

Type of QIB bidders	Shares bid for (in Mn.)	Allocation of 5 Mn. Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 95 Mn. Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	50	0	10	0
A2	20	0	4	0
A3	130	0	25	0
A4	50	0	10	0
A5	50	0	10	0
MF1	40	1	7	8
MF2	40	1	7	8
MF3	80	2	15	17
MF4	20	1	4	4
MF5	20	1	4	4
	<b>500</b>	<b>5</b>	<b>95</b>	<b>42</b>

**Note:**

- The illustration presumes compliance with the requirements specified in this Red Herring Prospectus in the section titled "Issue Structure" beginning on page 186.
- Out of 100 Mn. Equity Shares allocated to QIBs, 5 Mn. (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 200 Mn. shares in the QIB Portion.
- The balance 95 Mn. Equity Shares [i.e. 100 - 5 (available for Mutual Funds only)] will be allocated on proportionate basis among 10 QIB Bidders who applied for 500 Mn. Equity Shares (including 5 Mutual Fund applicants who applied for 200 Equity Shares).
- The figures in the fourth column titled "Allocation of balance 95 Mn. Equity Shares to QIBs proportionately" in the above illustration are arrived as under:
  - For QIBs other than Mutual Funds (A1 to A5)= Number of Equity Shares Bid for X 95 / 495
  - For Mutual Funds (MF1 to MF5)= [(No. of shares bid for (i.e in column II of the table above) less Equity Shares allotted ( i.e., column III of the table above)] X 95 / 495
  - The numerator and denominator for arriving at allocation of 95 Mn. Equity Shares to the 10 QIBs are reduced by 5 Mn. shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the Bidders bank account details including nine digit MICR code. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the depository participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidders sole risk and neither the BRLM nor the Bank shall have any responsibility and undertake any liability for the same.





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### Mode of making refunds

The payment of refund, if any, would be done through various modes as under:

1. ECS – Payment of refund would be done through ECS for applicants having an account at any of the following fifteen centres: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna and Thiruvananthapuram. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. The payment of refunds is mandatory for applicants having a bank account at any of the abovementioned fourteen centres, except where the applicant, being eligible, opts to receive refund through NEFT, direct credit or RTGS.
2. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method.
3. Direct Credit – Applicants having bank accounts with the Refund Banker(s), in this case being, the Hongkong and Shanghai Banking Corporation Limited shall be eligible to receive refunds through direct credit.
4. RTGS – Applicants having a bank account at any of the abovementioned fifteen centres and whose refund amount exceeds Rs. 1 Mn., have the option to receive refund through RTGS. Such eligible applicants who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the Bid-cum-application Form. In the event the same is not provided, refund shall be made through ECS.

For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched under certificate of posting for value up to Rs.1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

**For all the other applicants excepts for whom payment of refund is possible through I, II, III and IV the refund orders would be dispatched "Under Certificate of Posting" for refund orders less than Rs. 1500 and through Speed Post/ Registered Post for refund orders exceeding Rs. 1500.**

### Interest in case of delay in Dispatch of Allotment Letters/Refund Orders in case of Public Issues

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

1. allotment of Equity Shares shall be made only in dematerialised form within 15 (fifteen) days of the Bid /Issue Closing Date;
2. dispatch of refund orders (including through ECS, NEFT, Direct Credit or RTGS) within 15 (fifteen) days of the Bid /Issue Closing Date would be ensured; and
3. We shall pay interest at 15% (fifteen) per annum (for any delay beyond the 15 (fifteen)-day time period as mentioned above), if Allotment is not made and refund orders are not dispatched and/or demat credits are not made to investors within the 15 (fifteen)-day time prescribed above or if in a case where the refund or portion thereof is made in electronic manner through ECS, NEFT, Direct Credit or RTGS, the refund instructions have not been given to the clearing system in the disclosed manner within 15 days from the Bid/Issue Closing Date, as per the guidelines issued by the Government of India, Ministry of Finance pursuant to their letter No. F/8/S/79 dated July 31, 1983, as amended by their letter No. F/14/SE/85 dated September 27, 1985, addressed to the stock exchanges, and as further modified by SEBI's Clarification XXI dated October 27, 1997, with respect to the SEBI Guidelines.

Refunds will be made by ECS, NEFT, RTGS, Direct Credit, cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

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### **Undertaking by the Company**

We hereby undertake as follows:

1. that the complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily;
2. that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the stock exchanges where the Equity Shares are proposed to be listed within seven working days of finalisation of the basis of allotment;
3. that the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by us;
4. that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of the closure of the issue, giving details of the bank where refunds shall be credited alongwith the amount and expected date of electronic credit of refund;
5. that the refund orders or allocation advice to the NRIs or FIIs shall be dispatched within specified time; and
6. that no further issue of Equity Shares shall be made till the Equity Shares offered through this Red Herring Prospectus are listed or until the bid monies are refunded on account of non-listing, under-subscription etc.

### **OR**

7. that other than the Pre-IPO Placement, no further issue of Equity Shares shall be made till the Equity Shares issued through this Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under-subscription etc.

### **Utilisation of Issue Proceeds**

The Board of Directors of the Company Certify that:

1. all monies received out of the Issue shall be transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 73 of the Companies Act;
2. details of all monies utilized out of Issue referred above shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies have been utilised;
3. details of all unutilised monies out of the Issue, if any shall be disclosed under the appropriate separate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested; and
4. We shall not have recourse to the Issue proceeds until approval for trading of Equity Shares from all the stock exchanges where listing is sought is received;

Pending utilisation of net proceeds of the Fresh Issue as specified under the section "Objects of the Issue", we intend to deposit the funds in Fixed Deposits with Scheduled Commercial Banks. These investments shall be in accordance with investment policies approved by our Board of Directors from time to time.

### **Restrictions on Foreign Ownership of Indian Securities**

Foreign investment in Indian securities is regulated through the Industrial Policy of the Government of India notified through press notes and press releases issued from time to time and the FEMA and circulars and notifications issued there under. While the policy of the Government prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy of the Government, 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 and reporting requirements for making such investment.

By way of Circular No. 53 dated December 17, 2003, the RBI has permitted FIIs to subscribe to shares of an Indian company in a public offer without prior RBI approval, so long as the price of equity shares to be issued is not less than the price at which equity shares are issued to residents. In our Company, as of date the aggregate FII holding cannot exceed 24% of the total issued share capital.



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**Subscription by NRIs/ FIIs**

It is to be distinctly understood that there is no reservation for Non-Residents, NRIs and FIIs and all Non- Residents, NRI and FIIs applicants will be treated on the same basis as other categories for the purpose of allocation.

**As per the RBI regulations, OCBs cannot participate in this Issue.**

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, "U.S. persons" (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to "qualified institutional buyers", as defined in Rule 144A of the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

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

We do not require approval from the Government of India or from the Reserve Bank of India for making a fresh issue of Equity Shares under the Foreign Direct Investment Scheme as prescribed in the FEMA read with the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 to FIIs, since foreign direct investment in companies engaged in manufacturing, such as ours, is permitted to the extent of 100% under existing law and policy. The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may happen after the date of this Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares bid for do not exceed the applicable limits under laws or regulations.

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## SECTION IX DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

Described below is the material information concerning our share capital and a brief summary of the material provisions of the Companies Act, 1956 and our charter documents. Certain provisions will be applicable upon our Equity Shares being listed on the Stock Exchanges. The following description is not complete and should be read with our Memorandum of Association and our Articles of Association and the relevant provisions of the Companies Act.

### Description of Equity Shares:

Our authorised share capital is Rs.35,00,00,000/- (Rupees Thirty five Crores only) divided into 3,50,00,000 (Three Crore fifty Lacs only) equity shares of Rs.10/- each (Rupees Ten only).

### MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF THE COMPANY:

1. The Regulation contained in Table 'A' in Schedule I to the Companies Act, 1956, shall apply to this Company in so far as they are applicable to Public Limited Company, save a certain extent and in so far as they are expressly or impliedly excluded or modified by the following Articles.

#### INTERPRETATION

- |        |  |  |
|--------|--|--|
| 2.     | In the interpretation of these Articles, unless repugnant to the subject or context:   | Interpretation Clause                        |
| i      | 'The Company' or 'This Company' means <b>TECHNOCRAFT INDUSTRIES (INDIA) LIMITED</b>  | "The Company" or "This Company"              |
| ii     | "The Act" means the Companies Act, 1956, or any statutory modification or re – enactment thereof for the time being in force.  | "The Act"                                    |
| iii    | 'Board of Directors' or 'Board' means a meeting of the Directors duly called and constituted or, as the case may be, the Directors assembled at a Board, or the requisite number of Directors entitled to pass a resolution by circulation in accordance with these Articles or the Directors of the Company collectively. | "Board of Directors" or "Board"              |
| iv     | The 'Managing Director' means the Managing Director or Managing Directors of the Company for the time being.   | "Managing Director"                          |
| v      | 'Month' and 'year' respectively means a calendar year.   | "Month" and "Year"                           |
| (vi)   | 'Dividend' includes bonus.   | "Dividend"                                   |
| (vii)  | 'These Articles' or 'These Presents' means these Articles of Association of the Company as originally framed or altered from time to time and includes the Memorandum of Association of the company where the context so requires.   | "These Articles" or "These Presents"         |
| (viii) | 'Seal' means the common seal for the time being of the company.  | "Seal"                                       |
| (ix)   | 'Ordinary Resolution' and 'Special Resolution' shall have the same meanings assigned thereto by Section 189 of the Act.  | "Ordinary Resolution" & "Special Resolution" |
| (x)    | 'Paid – up' includes credited as paid – up.  | "Paid—up"                                    |



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(xi)	'In Writing' or 'Written' includes printing, lithography, cyclostyling or type writing and other modes of representing or reproducing words in a visible form.	"In writing " or "written"
(xii)	Word importing the singular number include, where the context admits or requires, the plural number and vice versa.	"Singular number"
(xiii)	Word importing the masculine gender also includes the feminine gender.	"Gender"
(xiv)	The word importing the masculine 'Persons' include corporations and firms as well as individuals.	"Persons"
(xv)	'Office' means the Registered Office of the Company for the time being of the Company.	"Office"
(xvi)	The word 'Debenture' includes Debenture Stock.	"Debenturre"
(xvii)	'Directors' mean the Directors for the time being of the Company or as the case may be, the Directors assembled at a Board.	"Directors"
(xviii)	'Financial Year' means the period in respect of which any profit and loss account of the Company laid before the Annual General Meeting is made up, whether that period is a year or not.	"Financial Year"
(xix)	'Proxy' includes an Attorney duly constituted under a Power of Attorney.	"Proxy"
(xx)	'Auditors' means and includes those persons appointed as such for the time being by the Company.	"Auditors"
(xxi)	'Capital' means the share capital for the time being raised or authorised to be raised, for the purpose of the Company.	"Capital"
(xxii)	'Shares' means share in the share capital of the Company and includes stocks, except where a distinction between stock is expressed or implied.	"Share"
(xxiii)	'Member' means the duly registered holder from time to time of the shares of the Company and includes the subscribers to the Memorandum of the Company.	"Members"
(xxiv)	'Meeting' or 'General Meeting' means a meeting of Members.	"Meeting" or "General Meeting"
(xxv)	'Annual General Meeting' means a general meeting of the Members held in accordance with the provisions of Section 166 of the Act and any adjourned holding thereof.	"Annual General Meeting"
(xxvi)	'Extraordinary General Meeting' means an extraordinary general meeting of the Members duly called and constituted and any adjourned holding thereof.	"Extraordinary General Meeting"
(xxvii)	'Register of Members' means the Register of Members to be kept pursuant to the Act.	"Register of Members"
(xxviii)	'The Registrar' means the Registrar of Companies of the State in which the office of the Company is for the time being situated.	"The Registrar"
(xxix)	'Secretary' means any individual possessing the prescribed qualification appointed to perform the duties which may be performed by a Secretary under the Act and any other ministerial or administrative duties.	"Secretary"

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- (xxx) \* 'Beneficial Owner' shall mean the beneficial owner as defined in clause(a) of sub-section "Beneficial Owner" (1) of Section 2 of the Depositories Act, 1996.
- (xxxi) \* 'Depository' shall mean a Depository as defined under clause (e) of Sub-section (1) of "Depository" the Section 2 of the Depository Act, 1996.
- (xxxii) \* 'SEBI' means Securities and Exchange Board of India, established under section 3 of "SEBI" the Securities and Exchange Board of India Act, 1992 (15 of 12).

Save as aforesaid, any words or expression contained in these presents and defined in the Act shall, except where the subject or context otherwise requires, bear the same meaning as in the Act.

The marginal notes, head notes and numbers used in these Articles are inserted for convenience only and shall not affect the construction thereof.

\* clauses (xxx), (xxxi), (xxxii) inserted vide special resolution passed at Extra-ordinary General Meeting held on 28<sup>th</sup> February, 2006.

### CAPITAL

- 3 The Authorised Share Capital of the Company is Rs. 35,00,00,000/- (Rupees Thirty Five Crores only) divided into 3,50,00,000 (Three Crores Fifty Lacs) Equity Shares of Rs. 10/- (Rupees Ten only) each. Capita
- 4 The Company in General Meeting may from time to time, increase the capital by the creation of new shares, such increase to be of such aggregate amount and to be divided into shares of such respective amounts as the resolution shall prescribe Subject to the provisions of the Act, any shares of the original or increased capital shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as the General Meeting resolving upon the creation thereof, shall direct, and if no direction be given, as the Directors shall determine, and in particular, such shares may be issued with a preferential or qualified right to dividends, and in the distribution of assets of the Company, and with a right of voting at General Meeting of the Company in conformity with Sections 87 and 88 of Act. Whenever the capital of the Company has been increased under the provisions of this Article, the Directors shall comply with the provisions of Section 97 of the Act. Increase in capital by the Company and how carried into effect.
- 4A Notwithstanding anything contained in these Articles but subject to the provisions of the Act the Company may purchase its own shares or other specified securities from out of its free reserves or out of its securities premium account or out of the proceeds of any shares or other specified securities other than out of the proceeds of an earlier issue of the same kind of shares or same kind of other securities by passing a special resolution in the general meeting of the company subject to the provisions of sections 77A, 77AA and 77B of the Act" Buyback of Securities
- 5 Except so far as otherwise provided by the conditions of issue or by these presents, any capital raised by the creation of new shares shall be considered as part of the existing capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, forfeiture, lien, surrender, transfer and transmission, voting and otherwise. New Capital same as existing capital
- 6 The Company may (Subject to the provisions of section 78, 80 and 100 to 105 inclusive of the Act) from time to time by Special Resolution, reduce its capital and any Capital Redemption Reserve Account or Share Premium Account in any manner for time being authorized by law, and in particular, capital may be paid off on the footing that it may be called upon again or otherwise. This Article is not to derogate from any power the Company would have if it is omitted. Reduction of Capital



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- 7 Subject to the provisions of Section 94 of the Act, the Company in General Meeting may, from time to time, sub-divide or consolidate its shares, or any of them, and the resolution where by any share is sub-divided may be determined, that as between the holder of the shares resulting from such sub-division one or more of such shares have some preference or special advantage as regards dividend, capital or otherwise over or as compared with the others or other. Subject as aforesaid, the Company in General Meeting may also cancel shares which have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled. Sub-division, consolidation and cancellation of shares
- 8 Whenever the capital, by reason of the issue of Preference Shares or otherwise, is divided into difference classes of shares all kind of the rights and privileges attached to the shares of each class may, subject to the provisions of Section 106 and 107 of the Act, be modified, commuted, affected, or abrogated, or dealt with by an agreement between the Company and any person purporting to contract on behalf of that class, provided such agreement is ratified in writing by holders of at least three fourth in nominal value of the issued shares of the class or is confirmed by a Special Resolution passed at a separate General Meeting of the holders of shares of that class. Modification of Rights

#### SHARE AND CERTIFICATES

- 9 The Company shall cause to be kept a Register and Index of Members in accordance with Section 150 and 151 of the Act, and Register and Index of Debenture – holders in accordance with Section 152 of the Act. 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. Register and Index of Members
- 10 The shares in the capital shall be numbered progressively according to their several denominations and except in the manner herein before mentioned no share shall be sub-divided. Every forfeited or surrendered share shall continue to bear the number by which the same was originally distinguished. Shares to be Numbered progressively
- 11 (1) Where at the time after the expiry of two years from the formation of the company or at any time after the expiry of one year from the allotment of shares in the 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 either out of the unissued capital or out of the increased shares capital then : Further issue of capital
- (a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the company, in proportion, as near as the circumstances admit, to the capital paid up on those shares at the date.
  - (b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.
  - (c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to then in favour of any other person and the notice referred to in sub clause (b) hereof 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.
  - (d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given than he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may, in their sole discretion think fit.
- (2) Notwithstanding anything contained in sub-clause (1) above, the further shares aforesaid

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may be offered to any person, (whether or not those person include the persons referred to in clause (a) of sub-clause (1) hereof in any manner whatsoever.

- (a) If a special resolution to that effect is passed by the Company in General Meeting, or
- (b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote if any, of the chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.
- (3) Nothing in sub-clause (1)(c) above shall be deemed:
  - (a) To extend the time within which the offer should be accepted; to
  - (b) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation Shares to be Numbered progressively
- (4) Nothing in this Article shall apply to the increase of the subscribed capital of the company caused by the exercise of an option attached to the debenture issued or loans raised by the Company :
  - (i) To convert such debentures or loans into shares in the company; or
  - (ii) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise)

**PROVIDED THAT** the terms of issue of such debentures or the terms of such loans include a term provided for such option and such term:

- (a) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules; if any, made by, that Government in this behalf; and
- (b) In the case of debentures loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed but the Company in General Meeting before the issue of the debentures or raising of the loans.

- 12 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 or in lieu 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 the option or the right to make call on shares shall not be given to any person or persons without the sanction of the company in the General Meeting. Shares under control of Directors
- 13 In addition to and without derogating from the powers for that purpose conferred on the Board under Articles 10 and 11, the Company in General Meeting may determine that any shares whether forming part of the original capital or of any increased capital of the Power also to Company in General Meeting to





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	Company shall be offered to such persons (whether members or not) in such proportion and on such terms and conditions and either (subject to compliance with the provision of Section 78 and 79 of the Act) at a premium or at par or at a discount as such General Meeting shall determine and with full power to give any person (whether a member or not) the option to call for or be allotted shares of the Company either (subject to compliance with the provisions of Section 78 and 79 of the Act) at a premium or at par or at a discount such option being exercisable at times and for such consideration as may be directed by such General Meeting, or the Company in General Meeting may make any other provision whatsoever for the issue, allotment, removal of difficulty in the allotment if shares or disposal of any shares.	issue shares.
14	Any application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is on the Register of Member shall, for the purpose of these Articles, be a Member.	Acceptance of shares
15	The money (if any) which the Board shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposit, call or otherwise, in respect of any shares allotted by them, shall immediately on the insertion of the name of the allottee in the Register of Member as the name of the holder of such shares, become a debt due to and recoverable by the company from the allottee thereof, and shall be paid by him accordingly.	Deposit and call etc., to be a debt payable immediately
16	Every member, or his heirs, executors or administrators, shall pay to the Company the portion of the capital represented by his share or shares which may, for the time being, remain unpaid thereon, in such amounts, at such time or times, and in such manner as the Board shall, from time to time, in accordance with the Company's regulations, required or fixed for the payment thereof.	Liability of Members
17	None of the funds of the Company shall be applied in the purchase of any shares of the Company and it shall not give any financial assistance for or in connection with the purchase or subscription of any shares in the Company or in its holding Company save as provided by Section 77 of the Act.	Funds not to be applied in the purchase of its own shares
18	The certificates of title to shares and duplicate thereof when necessary shall be issued under the Seal of the Company.	Certificates
19	Every Member shall be entitled, without payment, to one or more certificates in marketable lots, for all the Shares of each class of denomination registered in his name, or if the directors so approved (upon paying such fee as the Directors may from time to time determined) to several certificates, each for one or more of such shares and the company shall complete and keep ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of it shares as the case may be. Every certificate of shares shall be under the seal of the company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a share or shares held jointly by several person, the company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery vis-à-vis all such holders.	Member's rights to certificate
20	If any share 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 certificates may be issued in lieu, thereof, If any Share Certificates 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	As to issue of new certificate in place of one defaced or destroyed.

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new Certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every Certificates under the Articles shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

Provided that the Directors shall comply with such rules or regulations 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 debenture certificates of the Company.

### DEMATERIALIZATION OF SECURITIES

- 20A (i) Either the Company or the investor may exercise an option to issue, deal in, hold the securities (including shares) with a Depository in electronic form and the certificates in respect thereof shall be dematerialised, in which event the rights and obligations of the parties concerned and matters connected therewith or incidental thereof, shall be governed by the provisions of the Depositories Act, 1996, as amended from time to time or any statutory modification thereof or re-enactment thereof. Dematerialisation of Securities
- (ii) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialise its existing securities,
- (iii) rematerialise its securities held in the Depository and/or offer fresh securities in the dematerialised form pursuant to the Depositories Act and the rules framed thereunder. if any
- (iv) Every person subscribing to or holding securities of the Company shall have the option to receive the security certificate or to hold the security with a Depository. The Company shall intimate such Depository about the details of allotment of the security, and on receipt of the information, the Depository shall enter in its record the name of the allottee and the Beneficial Owner of the security. Option for
- (v) All securities held by a Depository shall be dematerialised and be in fungible form. Nothing contained in Sections 153, 153A, 153B, 187B, 187C, 372 and 372A of the Act shall apply to a Depository in respect of the securities held by it on behalf of the Beneficial Owners. Securities in depositories to be in fungible form
- (vi) Notwithstanding anything to the contrary contained in the Act or these Rights of
- (a) Articles, a Depository shall be deemed to be the registered owner for the purpose of Depositories and effecting transfer of ownership of security on behalf of the Beneficial Owner. beneficial owners
- (b) Save as otherwise provided in (v)(a) above, the Depository as the registered owner of the securities shall not have any voting rights or any other rights in respect of the securities held by it.
- (c) Every person holding securities of the Company and whose name is entered as Beneficial Owner in the records of the Depository shall be deemed to be the member of the Company. The Beneficial Owner of securities shall be entitled to all the rights and benefits and be subject to all the liabilities in respect of his securities which are held by a Depository.
- (vii) Except as ordered by a court of competent jurisdiction or as required by law, the Company shall be entitled to treat the person whose name appears on the register of members as holders of any share or where the name appears as Beneficial Owner of shares in the records of the Depository as the absolute owner thereof and accordingly shall not be bound to recognise any benami trust or equitable, contingent, future or partial interest in any share, or (except otherwise expressly provided by these Articles) any right in respect of any interest in shares other than that of registered holder. Company not bound to recognize any interest in shares other than that of registered holder.
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of a share other than an absolute right thereto in accordance with these Articles, (on the part of any other person whether or not it has express or implied notice thereof, but the Board shall be at its sole discretion, register any share/security in the joint names of any two or more persons or the survivor or survivors of them.)

- (viii) Nothing contained in Section 108 of the Act or these Articles shall apply to a transfer of securities effected by a transferor and transferee both of whom are entered as beneficial owners in the records of a depository. Transfer of Securities
- (ix) Upon receipt of certificate of securities on surrender by a person who has entered into an agreement with the Depository through a Participant, the Company shall cancel such certificate and substitute in its records the name of Depository as the registered owner in respect of the said securities and shall also inform the Depository accordingly.
- (x) If a Beneficial Owner seeks to opt out of a Depository in respect of any security, the Beneficial Owner shall inform the Depository accordingly. The Depository shall on receipt of information as above make appropriate entries in its records and shall inform the Company. The Company shall, within thirty (30) days of the receipt of intimation from the Depository and on fulfillment of such conditions and on payment of such fees as may be specified by the regulations, issue the certificate of securities to the Beneficial Owner or the transferee as the case may be. Rematerialisation of Securities
- (xi) Notwithstanding anything contained in the Act or these Articles to the contrary, the records of the beneficial ownership may be served by such Depository to the Company by means of electronic mode or by delivery of floppies or discs. Service of documents
- (xii) Except as specifically provided in these Articles, the provisions relating to joint holders of shares, calls, lien on securities, forfeiture of securities and transfer and transmission of securities shall be applicable to securities held in Depository so far as they apply to securities held in physical form subject to the provisions of the Depository Act.
- (xiii) Notwithstanding anything contained in the Act or these Articles, where securities are dealt with by a Depository, the Company shall intimate the details thereof to the Depository immediately on allotment of such securities.
- (xiv) The shares in the capital of the Company shall be numbered progressively according to their several denominations, provided however, that the provision relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner hereinbefore mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished. Shares to be numbered progressively and no share to be sub-divided
- (xv) The Company shall cause to be kept a Register and index of Members and a Register and index of Debenture holders in accordance with Sections 150, 151 and 152 of the Act respectively, and the Depositories Act, with details of shares and debentures held in material and dematerialised forms in any media as may be permitted by law including in any form of electronics media. The Register and index of Beneficial Owners maintained by a Depository under Section 11 of the Depositories Act shall be deemed to be the Register and index of Members and Register and index of Debenture holders, as the case may be, for the purpose of the Act. The Company shall have the power to keep in any state or country outside India a branch Register of Members resident in that state or country. Company shall maintain Register & Index of Security Holders.
- 21 The company shall not make any charge: Fees
- (a) for registration of transfer of its shares and debentures.
- (b) for sub-division and consolidation of shares and debenture certificates and for sub-division

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of Letter of Allotment and Split, Consolidation, Renewal and Pucca Transfer Receipts in to denominations corresponding to the market units of trading;

- (c) for sub-division of renounceable Letters of Rights;
- (d) for issue of new certificate in replacement of those which are old, decrepit or worn out or where the cages on the reverse for recording transfers have been fully utilized;
- (e) for registration of any Power of Attorney, Probate, Letter of Administration or similar other documents. Acceptance of shares

### UNDERWRITING AND BROKERAGE

- 22 Subject to the provision of section 76 of the Act, the company may at any time pay a Commission for placing shares and brokerage  
commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditional) for any shares or debentures in the Company, but so that the commission shall not exceed in the case of shares five per cent of the price at which the shares are issued, and in the case of debentures two and a half per cent of the price at which the debentures are issued. Such commission may be satisfied by payment of cash or by allotment of fully or partly paid shares or debentures or partly in one way and partly in the other. The Company may also pay on any issue of shares or debentures such brokerage as may be lawful and reasonable.

### CALLS

- 23 The Board may, from time to time, subject to the terms on which any shares have been issued make such calls as it thinks fit upon the Members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotments thereof made payable at fixed times and each Member shall pay the amount of every call so made on him to the person or persons and at the time and place appointed by the Board. A call may be made payable by installments. Calls
- 24 Not less than one month's notice of any call shall be given by the Company specifying the time and place of payment and the person or persons to whom such call shall be paid. Notice of calls
- 25 A call shall be deemed to have been made at the time when the resolution authorising such call was passed by of the Board. Call to date from resolution
- 26 The Board may, from time to time at its discretion, extend the time fixed for the payment of any call, and may extend such time as to all or any of the Members for the reason which the Board may consider satisfactory, but no Member shall be entitled to such extension save as a matter of grace and favour. Directors may extend time
- 27 If any member fails to pay any call due from him on the day appointed for payment thereof, or any such extension thereof as aforesaid he shall be liable to pay interest on the same from the day appointed for the payment thereof to the time of actual payment at such rate as shall from time to time be fixed by the Board, but noting in this Article shall render it obligatory for the Board to demand or recover any interest from any such Member and the Board shall be at liberty to waive payment of such interest either wholly or in part. Calls to carry interest
- 28 If by the terms of issue of any shares or otherwise any amount is made payable on allotment or at any fixed date or installments at fixed times, whether on account of the amount of share or by way of premium, every such amount or installment shall be payable as if it were a call duly made by the Directors and on which due notice had been given and all provisions herein contained in respect of calls shall relate to such amount or installment accordingly. Amount payable at fixed times or by instalments payable as calls.
- 29 At the trial or hearing of any action or suit brought by the Company against any member or his representatives for the recovery of any money claimed to be due to the company in respect of his share, it shall be sufficient to prove that when the claim arose, the name Evidence in actions by Company against Members.
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of the defendant is or was in the Register of Members of the Company as a holder or one of the holder of shares in respect of which such claim is made and that the amount claimed is not entered as paid in the books of the Company and it shall not be necessary to prove the appointment of the Directors who made such call, nor that a quorum of Directors was present at the Board at which any call was made, nor that meeting at which any call was made was duly convened or constituted nor any other matter whatsoever, but the proof of the matter aforesaid shall be conclusive evidence of the debt.

- 30 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 the 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 may 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.

Payment in anticipation of calls may carry interest.

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.

#### JOINT HOLDERS

- 31 Where two or more persons are registered as the holders of any shares, they shall be deemed to hold the same as Joint-tenants, with benefit of survivorship subject to the following and other provisions contained in these Articles.
- (a) Shares may be registered in the name of any person, company or other body corporate but not more than four persons shall be registered jointly as members in respect of any shares.
- (b) The certificates of shares registered in the names of two or more persons shall be delivered to the person first named on the Register;
- (c) The joint holders of any share shall be liable, severally as well as jointly, for and in respect of all calls and other payments which ought to be made in respect of such shares according to these Articles.
- (d) If any share stands in the names of two or more persons, the person first named in the register shall as regards receipt of share certificates, dividends or bonus or service of notices and all or any other matters connected with the Company, except voting at Meetings and the transfer of Shares, be deemed the sole holder thereof.
- (e) In the case of the death of any one or more of the persons named in the Register of Members as the joint-holders of any share, the survivor or survivors shall be the person or persons recognised, by the company as having any title to or interest in such share, but nothing therein contained shall be taken to release the estate of the deceased joint holder from any liability on shares held by him jointly with any other persons.
- (f) If there be joint registered holders of any shares, any one of such persons may vote at any meeting either personally or by proxy in respect of such shares, as if he were solely entitled thereto, provided that if more than one of such joint holders be present at any meeting either personally or by proxy, then one of the said persons so present whose name stands higher on the Register of Members shall alone be entitled to vote in respect of such shares, but the other or others of the joint holders shall be entitled to be present, at the meeting. Several executors or administrators of a deceased member in whose name shares stand shall for the purpose of these Articles be deemed joint holders thereof.

Joint Holders

To which of the joint holders certificate to be issued

Several liabilities of joint holders

The first named of Joint holders deemed sole holders of shares

Death of one or more joint holders of shares

Votes of joint members

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- (g) A document or notice may be served or given by the Company on or to the joint holder of a share by serving or giving the document or notice on or to the joint holder named first in the Register of Members in respect of the share. On joint holders
- FORFEITURE AND LIEN**
- 32 If any Member fails to pay any call or instalment of a call on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Board may at any time thereafter, during such time as the call or instalment remains unpaid, give notice to him requiring him to pay the same together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment. If call instalment not paid notice must be given.
- 33 The notice shall name a day (not being less than fourteen days from the date of the notice) and a place or places on and at which such call or instalment and such interest thereon at such rate as the Directors shall determine from the day on which such call or instalment ought to have been paid and expenses as aforesaid are to be paid. The notice shall also state that in the event of the non-payment on or before the time and at the place appointed, the share in respect of which the call was made or instalment is payable, will be liable to be forfeited. Form of notice
- 34 If the requirements of any such notice as aforesaid are not be complied with, every or any share in respect of which such notice has been given may, at any time thereafter, but before payment of all calls or installments, interest and expenses due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared or any other money payable in respect of the forfeited share and not actually paid before the forfeiture. If notice not complied with shares to be forfeited
- 35 When any share shall have been so forfeited, notice of the resolution shall be given to the Member in whose name it stood immediately prior to the forfeiture. And an entry of the forfeiture, with the date thereof, shall forthwith be made in the Register of Members, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any such entry as aforesaid. Notice for forfeiture
- 36 Any Share so forfeited shall be deemed to be the property of the Company and may be sold, re-allotted, or otherwise disposed of in such manner as the Board think fit. Forfeited shares to become property of the Company
- 37 The Board may at, any time before any shares forfeited shall have been sold, re-allotted or otherwise disposed of, annual the forfeiture thereof upon such conditions as it thinks fit. Power to annual forfeiture
- 38 Any Member whose shares have been forfeited, shall, notwithstanding be liable to pay and shall forthwith pay to the Company, on demand, all calls, instalments, interest and expenses owing upon or in respect of such share at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment, at such rate as the Board may determine, and the Board may enforce the payment thereof, without any deduction or allowance for the value of the shares at the time of forfeiture but shall not be under any obligation to do so. Arrears to be paid notwithstanding forfeiture
- 39 The forfeiture of a share shall involve extinction, at the time of the forfeiture, of all interest in and all claims and demands against the Company, in respect of the share and all other rights incidental to the share, except only such of those rights as by these Articles are expressly saved. Effect of forfeiture
- 40 A duly verified declaration in writing that the declarant is a Director or Secretary of the Company and that certain shares in the Company has been duly forfeited on a date stated in the declaration shall be conclusive evidence of facts therein, stated as against all persons claiming to be entitled to the share and such declaration, and the receipt of the Evidence of forfeiture
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Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such shares, and the person to whom the shares are sold shall be registered as the holder of such shares and shall not be bound to see to the application of the purchase money, nor shall his title to such shares be affected by any irregularity or invalidity in the proceedings in reference to such forfeiture sale or disposition.

- 41 The Company shall have a first and paramount lien upon all the shares/Debentures (other than fully paid-up shares/debentures) registered in the name of such member (whether solely or jointly) with others) and upon the proceeds of sale thereof for all moneys (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any shares shall be created except on the condition that this Article will have full affect. Such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debenture. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provision of the clause. Company's lien on shares
- 42 For the purpose of enforcing such lien, the Board may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made until such period as aforesaid shall have arrived, and until notice in writing to the intention to sell shall have been served on such Member, his executors or administrators or his committee, curator bonds or other legal curator and default shall have been made by him or them in payment of moneys called in respect of such shares for seven days after such notice. As to enforcing lien by sale
- 43 The net proceed of any sale be received by the Company and applied in or towards payment of such part of the amount in respect of which the lien exists as is presently payable and the residue, if any, shall (subject to a lien for sums not presently payable as existed upon the shares before the sale) be paid to the persons entitled to the shares at the date of the sale. Application of proceed of sale
- 44 Upon the sale after forfeiture or for enforcing a lien in purported exercise of the power herein before given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the Purchaser's name to be entered in the Register of Members in respect of the shares sold, and the purchaser shall not be bound to see to the regularity of the proceedings, nor to the application of the purchase money and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person and the remedy of any person aggrieved by the sale shall be in damages only and against the Company exclusively. Validity of sale upon forfeiture.
- 45 Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relative shares shall (unless the same on demand by the Company have been previously surrendered to it by the defaulting Members) stand cancelled and become null and void and of no effect, and the Directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the persons or persons entitled thereto, distinguishing it or them in such manner as they may think fit from the old certificate or certificates. Cancellation old certificates and issue of new
- TRANSFER AND TRANSMISSION OF SHARES AND DEBENTURES**
- 46 (a) The instrument of transfer of any shares in the Company shall be executed both by the transferor and the transferee, and the transferor shall be deemed to remain the holder of the Shares until the name of the transferee is entered in the Register of Members in respect thereof. Transfer
- (b) A common form of Transfer shall be used. The instrument of transfer shall be in writing and all provisions of Section 108 of 0the Companies Act, 1956 and statutory modification Mode of Transfer
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thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.

- (c) An application for the registration of a transfer of any Share or shares in the Company may be made either by the transferor or by the transferee, provided, that where such application is made by the transferor no registration shall in the case of partly paid shares be effected unless the company gives notice of the application to the transferee in accordance with section 110 of the Act.
- (d) For the purpose of sub – clause (c) notice to the transferee shall be deemed to have been duly given if dispatched by pre- paid registered post to the transferee at the address given in the instrument of transfer and shall be deemed to have been delivered in the ordinary course or post.
- (e) Nothing in sub – clause (d) shall prejudice any power of the Board of Directors to register as a shareholder any person to whom the right to any share has been transmitted by operation of law.
- (f) Nothing in sub – clause (d) shall prejudice the power of the Board of Directors to refuse the transfer of any share, to a transferee, whether a member or not.
- (g) The company shall not take any notice of Trust of its share and/or debentures save and except as provided in Section 187-C of the Companies Act, 1956.

- 47 The Board shall have power on giving not less than seven days' previous notice by advertisement in some newspaper circulating in the district in which the Registered Office of the Company is situated to close the Transfer Books, Register of Members and the Register of Debenture –holders at such time or times and for such period or periods not exceeding thirty days at a time and not exceeding in the aggregate forty five days in each year, as may deem expedient. Transfer Books and Register of Members when closed.
- 48 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. Directors may refuse to register transfers
- 49 Deleted.
- 50 The executors or administrators or holders of a succession certificate or the legal representatives of a deceased Member (not being one of two or more joint-holders) shall be the only persons recognised by the Company 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 or the legal representative unless such executors or administrators or legal representatives shall have first obtained Probate or Letters of Administration or Succession Certificate as the case may be, from a duly constituted Court in the Union of India, provided that in any case where the Board in its absolute discretion thinks fit the Board may dispense with production of Probate or Letter's of Administration or Succession Certificate upon such terms as to indemnity or otherwise as the Board in its absolute discretion may think necessary and under Article 54 register the name of any person who claims to be Title to shares of deceased members.





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absolutely entitled to the shares standing in the name of a deceased member, as a member.

- 51 Subject to the provision of the Act and Article 50, 51 any person becoming entitled to shares in consequence of death, lunacy, bankruptcy or insolvency of member, or by any lawful means other than by a transfer in accordance with these articles, may, with the consent of the Board (which it shall not be under any obligation to give) upon producing such evidence that he sustains the character in respect of which he purports to act under this article or of this title as the Board thinks sufficient, either be registered himself as the holder of the shares or elect to have some person nominated by him and approved by the Board registered as such holder; provided nevertheless, that if such person shall elect to have his nominee registered he shall testify the election by executing in favour of his nominees 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. Registration of persons entitled to shares otherwise than by transfer.
- 52 The persons becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled as if he were registered holder of the shares except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it, to exercise any right conferred by membership in relation to the notice to the meeting of the Company, provided that the Board may at any time give notice requiring any such persons to elect either to be registered himself or to transfer shares and if notice is not complied with within 60 days, the Board may thereafter withhold payment of all dividends, bonus or other moneys payable in respect of the share until the requirements of the notice have been complied with. Claimant to be entitled to same advantages
- 53 Every instrument of transfer which is registered shall remain in the custody of the Company until destroyed by order of the Board. Registered Instrument to remain with the Company
- 54 No fee shall be charged for registration of transfer, transmission, Probate, Succession certificate and Letters of administration, Certificate of Death or Marriage, Power of Attorney or similar other document with the Company. Fees for transfer or transmission
- 55 The Company shall incur no liability or responsibility whatsoever in consequences 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 said shares, notwithstanding that the Company may have had notice of such equitable rights, title or interest to notice prohibiting registration. Company not liable for disregard of a notice prohibiting registration of a transfer
- BORROWING POWERS**
- 56 Subject to the provisions of the sections 292 and 293 and other applicable provisions of the Act, the Board of Directors may from time to time at its discretion, by resolution at a Meeting of the Board, accept deposits from Members, either in advance of calls or otherwise, and generally raise or borrow or secure the payment of any sum of money for the purpose of the Company. Borrowing powers.
- 57 The payment and repayment of moneys borrowed as aforesaid may be secured in such manner and upon such terms and conditions in all respects as the Board of Directors may think fit, and in particular by resolutions passed at a meeting of the Board by the issue of bonds, debentures or debenture stock of the Company either unsecured or secured by mortgage or charge over all or any part of the Company (both present and future) including its uncalled capital for the time being, and debentures, debenture stock, bonds and other securities may be assignable free from any equities between the Company and the person to whom the same may be issued. The payment and repayment of borrowed moneys

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| 58 | Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with The consent of the Company in the General Meeting by a Special Resolution. | Terms of issue of Debentures  |
| 59 | If any uncalled capital of the Company is included in or charged by any mortgaged or other securities, the Directors may subject to the provisions of the Act and these presents make calls on the members in respect of such uncalled capital in trust for the person in whose favour such mortgage or security is executed.  | Assignment of uncalled capital  |
| 60 | The company shall comply with all the provisions of the Act in respect of the mortgages or charges created by the Company and the registration thereof and the transfer to debentures of the Company and the register required to be kept in respect of such mortgages, charges and debentures.  | To comply with provisions of the Act as regards registration of mortgage etc. |
| 61 | If the Director or any of them or any other person shall become personally liable for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or persons so becoming liable as aforesaid from any loss in respect of such liability.  | Indemnity may be given  |

### RESERVE AND DEPRECIATION FUNDS

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| 62 | The director may from time to time before recommending any dividend set apart any such portion of the profits of the Company as they think fit as a Reserve Fund to meet contingencies or for the liquidation of any debentures, debts or other liabilities of the Company, for equalization of dividends or for repairing, improving and maintaining any of the property of the Company as the Directors in their absolute discretion think conducive to the interest of the Company and may invest the several sums so set aside upon such investments (other than shares of the company) as they may think fit and from time to time deal with and vary such investments and dispose of all or any part thereof for the benefit of the Company and may divide the Reserve Fund into such special funds as they think fit, with full power to transfer the whole or any portion of a Reserve Fund and also with full power to employ the Reserve Funds or any part thereof in the business of the Company and that without being bound to keep the same separate from the other assets and without their being bound to pay interest on the same with power, however, to the Board in their discretion to pay or allow to the credit of such funds interest at such rate as the Board may think proper. | Reserve Fund          |
| 63 | The Directors may, from time to time before recommending any dividend, set apart any such portion of the profits of the Company, as they think fit, as a depreciation fund applicable at the discretion of the Directors, for providing against any depreciation in the investment of the Company or for rebuilding, restoring, replacing or for altering any part of the buildings, work, plant, machinery or other property of the Company, destroyed or damaged by fire, flood, storm, tempest, earthquake, accident, riot, wear and tear or any other means whatsoever and for repairing altering and keeping in good condition the property of the Company with full power in the business of the Company and that without being bound to keep the same separate from the other assets.  | Depreciation fund.    |
| 64 | All moneys carried to any reserve fund and depreciation fund respectively shall nevertheless remain and be profits of the Company applicable subject to due provisions being made for actual loss or depreciation, for the payment of dividend and such moneys and all the other moneys of the Company may be invested by the Directors in or upon such investments or securities as they may select or may be used as working capital or   | Investment of moneys. |
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may be kept at any bank on deposit or otherwise as the Directors may from time to time think proper.

#### **CONVERSION OF SHARES INTO STOCK AND RECONVERSION**

- 65 The Company may in General Meeting may convert any paid up shares into stock, and when any shares shall have been converted into stock; the several holders of such stock may henceforth transfer their respective interest therein, or any part of such interest, in the same manner and subject to the same regulation, as and subject to which shares from which the stock arose might have been transferred, if no such conversion had taken place, or near thereto as circumstances will admit. The Company may at any time reconvert any stock into paid up shares of any denomination. Shares may be converted into stock.
- 66 The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose, but no such privileges or advantages (except participation in the dividends and profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage. Rights of stock holders

#### **MEETING OF MEMBERS**

- 67 The Company shall in each year hold a General meeting as its Annual General Meeting in addition to any other meeting in that year. All General Meetings other than Annual General Meetings shall be called Extraordinary General Meetings. An Annual General Meeting of the Company shall be held within six months after the expiry of each financial year; PROVIDED THAT Not more than fifteen months shall elapse between the date of the one Annual General Meeting and that of the next. Nothing contained in the foregoing provisions shall be taken as affecting the rights conferred upon the Registrar under the provisions of Section 166(1) of the Act to extend the time within which any Annual General Meeting may be held. Every Annual General Meeting shall be called for a time during business hours, on a day that is not a public holiday, and shall be held at the Office of the Company or at some other place within the City, Town or Village in which the Office is situate as the Board may determine and the Notice calling the Meeting shall specify it as the Annual General Meeting. The Company may in any one Annual General Meeting fix the time for its subsequent Annual General Meeting. Annual General Meeting/ Annual Return.
- Every Member of the Company shall be entitled to attend either in person or by proxy and the Auditor of the Company shall have the right to attend and to be heard at any General Meeting which he attends on any part of the business which concerns him as Auditor. At every Annual General Meeting of the company there shall be laid on the table Register of Directors' Shareholding which shall remain open and accessible during the continuance of the meeting to any person having the right to attend the meeting. The Board shall cause to be prepared the Annual Returns, Balance Sheet and Profit and Loss Account and forward the same to the Registrar in accordance with Section 159, 161 and 200 of the Act.
- 68 The Board may, whenever it thinks fit, call an Extraordinary General Meeting and it shall do so upon a requisition in writing by a Member of Members holding in the aggregate not less than one-tenth of such of the paid-up capital as at the date carries the right of voting in regard to matter in respect of which the requisition has been made. Extraordinary General Meeting
- 69 Any valid requisition so made by Members must state the object or objects of the meeting proposed to be called, and must be signed by the requisitionists and deposited at the Office; PROVIDED THAT such requisition may consists of several documents in like form, each signed by one or more requisitionists. Requisition of Members to state object of meeting
- 70 Upon the receipt of any such requisition, the Board shall forthwith call an Extraordinary On receipt of

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	<p>General Meeting, and if they do not proceed within twenty- one days from the date of the requisition being deposited at the office to cause a meeting to be called on a day not later than forty-five days from the date of deposit of the requisition, the requisitionists, or such of their numbers as represents either a majority in value of the paid – up share capital held by all of them or not less than one tenth of such of the paid –up share capital of the Company as is referred to in Section 169 (4) of the Act, whichever is less may themselves call the meeting, but in either case, any meeting so called shall be held within three months from the date of the deposit of the requisition as aforesaid.</p>	<p>requisition, Directors to call meeting and in default requisition may do so.</p>
71	<p>Any meeting called under the foregoing Articles by the requisitionists shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board.</p>	<p>Meeting called by requisition</p>
72	<p>Twenty-one days' notice at least of every General Meeting, Annual or Extraordinary, and by whomsoever called, specifying the day, place and hours of meeting, and the general nature of the business to be transacted thereat, shall be given in the manner hereinafter provided, to such persons as are under these Articles entitled to receive notice from the Company, PROVIDED THAT in the case of an Annual General Meeting with the consent in writing of all the Members entitled to vote thereat and in case of any other meeting, with the consent of Members holding not less than 95 per cent of such part of the paid - up share capital of the Company as gives the right to vote at the meeting, a meeting may be convened by a shorter notice.</p>	<p>Twenty-one days notice of meeting to be given</p>
73	<p>In the case of an Annual General Meeting, if any business other than (1) the consideration of the Accounts, Balance Sheet and Report of the Board of Directors and Auditors, (ii) the declaration of dividend, (iii) the appointment of Directors in place of those retiring, (iv) the appointment of, and fixing of the remuneration of the Auditors, is to be transacted, and in the case of any other meeting, in any event, there shall be annexed to the notice of the Meeting a statement setting out all material facts concerning each such item of business, including in particular the nature of the concern or interest, if any, therein of every director, and the Manager (if any). Where any such item of Special Business relates to, or affects any other company the extent of shareholding interest in such other company of every Director and the Manager, if any, of the Company shall also be set out in the statement if the extent of such shareholding interest is not less than 20 per cent of the paid up share capital of that other company. Where any item of business consists of the according of approval to any documents by the meeting, the time and place where the document can be inspected shall be specified in the statement aforesaid.</p>	<p>Business to be transacted at the General Meeting and nature thereof</p>
74	<p>The accidental omission to give any such notice as aforesaid to any of the Members, or the non-receipt thereof, shall not invalidate any resolution passed at any such meeting.</p>	<p>Omission to give notice not to invalidate a resolution passed.</p>
75	<p>No General Meeting, Annual or Extra-ordinary, shall be competent to enter upon, discuss or transact any business which has not been mentioned in the notice or notices, upon which it was convened.</p>	<p>Meeting not to transact business not mentioned in notice.</p>
76	<p>A body corporate being a Member shall be deemed to be personally present if it is represented in accordance with section 187 of the Act.</p>	<p>Body corporate deemed to be personally present.</p>
77	<p>Five members present in person shall be quorum for a General Meeting.</p>	<p>Quorum at General Meeting.</p>
78	<p>If, at the expiration of half an hour from the time appointed for holding a meeting of the Company, a quorum is not present, the meeting, if convened by or upon the requisition of Members, shall stand dissolved, but in any other case, the meeting shall stand</p>	<p>If quorum not present, meeting to be dissolved or adjourned.</p>



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adjourned to the same day in the next week or, if that day is a public holiday, until the next succeeding day which is not a public holiday, at the same time and place, or to such other day and at such other time and place in the city or town in which the Office of the Company is for the time being situate, as the Board may determine, and if at such adjourned meeting a quorum is not present at the expiration of half an hour from the time appointed for holding the meeting, the Members present shall be a quorum, and may transact the business for which the meeting was called.

- 79 The Chairman (if any) of the Board of Directors or in his absence the Managing Director (if any) of the Company shall be entitled to take the Chair at every General Meeting, whether Annual or Extraordinary. If at any Meeting such Chairman shall not be present within fifteen minutes of the time appointed for holding such meeting, or if such Chairman shall be unable or unwilling to take the Chair then the Directors present shall elect one of their member to be the Chairman of the meeting and if no Director be present or if all directors present decline to take the Chair, then the Members present shall elect one of their Member to be the Chairman. Chairman of General Meeting
- 80 The election of the Chairman, if necessary, shall be carried out in accordance with Section 175 of the Act. Election of Chairman
- 81 No business shall be discussed at any General Meeting except the election of the Chairman, whilst the Chair is vacant. Business confined to election of Chairman whilst chair vacant.
- 82 The Chairman, with the consent of the Members, may adjourn any meeting from time to time and from place to place within the city, town or village in which the office of the Company is situate, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. Chairman with consent may adjourn meeting.
- 83 At any General Meeting, a resolution put to the vote of the meeting shall be decided on a show of hands, unless a poll is (before or on declaration of the result of the show of hands) demanded by at least five Members having the right to vote on the resolution and present in person or proxy, or by the Chairman of the meeting, or by any member or Members holding not less than one-tenth of the voting power in respect of the resolution, or by any Member or Members present in person or proxy and holding shares in the Company on which an aggregate sum of not less than fifty thousand rupees has been paid and having not less than one tenth of the total voting power in respect of the resolution and unless a poll is demanded, a declaration by the Chairman that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the Minute Book of the Company shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against that resolution. Question at General Meeting how decided
- 84 In the case of an equality of votes, the chairman shall both on a show of hands or at a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as Member. Chairman's casting vote.
- 85 If a poll is demanded as aforesaid, the same shall, subject to Articles 91 be taken at such time (not later than forty-eight hours from the time when the demand was made) and place in the city or town in which the Office of the Company is for the time being situate and either by open voting or by ballot, as the chairman shall direct, and either at once or after an interval or adjournment, or otherwise, and the result of the poll shall be deemed to be the resolution if the meeting at which the poll was demanded. The demand for a poll may be withdrawn at any time by the person or persons who made the demand. Poll to be taken if demanded.
- 86 Where a poll is to be taken, the Chairman of the meeting shall appoint one or more scrutineers to scrutinize the votes given on the poll and to report thereon to him. One of the scrutineers so appointed shall always be a member (not being an officer or employee Scrutineers at poll.
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of the Company) present at the meeting, provided such a members is available and willing to be appointed. The chairman shall have power at any time before the result of the poll is declared to remove a scrutineer from office and fill vacancies in the office of scrutineer arising from such removal or from any other cause.

- 87 Any poll duly demanded on the election of the chairman of a meeting or any question of adjournment shall be taken at the meeting forthwith. In what case poll taken without adjournment
- 88 The demand for a poll except on the questions of the election of the Chairman and of an adjournment shall not prevent the continuance of a meeting for the transaction of any business other than the question on which the poll has been demanded. Demand for poll not to prevent transaction of other business

### VOTES OF MEMBERS

- 89 No member shall be entitled to vote either personally or by proxy at any General Meeting or Meeting of a class of shareholders either upon a show of hands or upon a poll in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid or in regard to which the Company has, and has exercised, any right of lien. Members in arrears not to vote
- 90 Subject to the provisions of these Articles and without prejudice to any special privileges or restriction as to voting for the time being attached to any class of shares for the time being forming part of the capital of the Company every Member shall be entitled to be present, and to speak and vote at such meeting, and on a show of hands every Member present in person shall have one vote and upon a poll the voting right of every Member present in person or by proxy shall be in proportion to his share of the paid up equity share capital of the Company. Number of votes to which Member entitled
- PROVIDED, however, if any Preference Shareholder be present at any meeting of the Company, save as provided in clause (b) of sub-section (2) of section 87, he shall have a right to vote only on resolutions placed before the meeting which directly affect the rights attached to his Preference shares.
- 91 On a poll taken at a meeting of the Company, a Member entitled to more than one vote, or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses. Casting of votes by a Member entitled to more than one vote
- 92 A member of unsound mind or in respect of whom an Order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian; and such committee or guardian may, on poll, vote by proxy. If any shareholder be a minor, the vote in respect of his share or shares shall be by his guardian or any one of his guardians. If more than one, to be selected in case of dispute by the Chairman of the meeting. Vote of Member of unsound mind or who is a minor
- 93 Subject to the provisions of these Articles, votes may be given either personally or by proxy. A body corporate being a Member may vote either by proxy or by representative duly authorised in accordance with section 187 of the Act and such representative shall be entitled to exercise the same rights and powers (including the right to vote by proxy) on behalf of the body corporate which he represents as that body could exercise if it were an individual Member. Voting in person or by proxy
- 94 Every proxy (whether a Member or not) shall be appointed in writing under the hand of the appointer or his attorney, or if such appointer is a body corporate under the common seal of such corporation, or be signed by an officer or any attorney duly authorised by it, and any committee or guardian may appoint such proxy. The proxy as appointed shall not have any right to speak at the Meetings. Appointment of proxy
- 95 The instrument appointing a proxy and the power of attorney or other authorised (if any) under which it is signed or a notarally certified copy of that power or authority, shall be Deposit of instrument of appointment



deposited at the Office not later than forty-eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote, and in default, the instrument of proxy shall not be treated as valid. No instrument appointing a proxy shall be valid after the expiration of twelve months from the date of its execution.

- 96 Every instrument of proxy whether for a specified meeting or otherwise shall, as nearly as circumstances will admit, be in any forms set out in Schedule IX of the Act. Form of proxy
- 97 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal, revocation of the proxy or of any power of attorney under which such proxy was signed, or the transfer of the share in respect of which the vote is given; PROVIDED THAT no intimation in writing of the death or insanity, revocation or transfer shall have been received at the Office before the meeting. Validity of votes given by proxy notwithstanding death of Member
- 98 No objection shall be made to the validity of any vote, except at the meeting or poll, at which such vote shall be tendered, and every vote whether given personally or by proxy, not disallowed at such meeting, or poll, shall be deemed valid for all purposes of such meeting or poll whatsoever. Time for objection to vote
- 99 The Chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll. Chairman of the meeting to be the judge of the validity of any vote.
- 100 Subject to the provisions of Section 193 of the Act, the Company shall cause to be kept minutes of all proceedings of general meetings which shall contain a fair and correct summary of the proceedings thereat and book containing such minutes shall be kept at the Registered Office of the company and shall be kept open during business hours in each day as the Directors may determine for the inspection of any member without charge. The minutes aforesaid shall be kept by making within thirty days of the conclusion of every such meeting concerned entries thereof in the said book which shall have its pages consecutively numbered. Each page of the book shall be initialed or signed and the last page of the record of the proceedings of each meeting in the book shall be dated and signed by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of the Chairman to sign as aforesaid within that period by a Director duly authorised by the Board for that purpose, in no case shall the minutes be attached to any such book by pasting or otherwise. Minutes of general meeting and inspection thereof by member.

#### DIRECTORS

- 101 (1) Until otherwise determined by a General Meeting of the Company and subject to the provisions of Section 252 and 259 of the Act the number of Directors shall not be less than three or more than twelve. Number of Directors
- (2) The first Directors of the Company shall be: First Directors
- a. SHRI MADHOPRASAD SARAF
- b. SHRI SHARAD KUMAR SARAF
- c. SHRI SUDARSHAN KUMAR SARAF
- 102 The board may appoint an Alternative Director to act for as a Director (hereinafter called the Original Director) during his absence for a period of not less than three months from the State in which the meetings of the Board are ordinarily held. An alternate Director appointed under this Article shall not hold office for a period longer than that permissible to the original Director in whose place he has been appointed, and shall vacate office if and when the original Director returns to the state. Appointment of Alternate Directors.

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103	Subject to the provisions of Sections 260 and 264 of the Act the Board shall have power at any time and from time to time to appoint any other qualified person to be a Director. Any person so appointed shall hold office only upto the date of the next Annual General Meeting.	Director's power to add to the Board.
104	Subject to the provisions of Section 264 and 284(6) the Act, the Board shall have power at any time and from time to time appoint any other qualified person to be a Director to fill a casual vacancy. Any person so appointed shall hold office only upto the date which the Director in whose place he is appointed would have held office if it had not been vacated as aforesaid but he shall then be eligible for reappointment.	Director's power to fit casual vacancy.
105	The Company may agree with any financial institution, company or any other authority, person, state or institution that in consideration of any loan or financial assistance of any kind whatsoever which may be rendered by it, it shall have power to nominate such number of Directors on the Board if Directors of the Company as may be agreed and from time to time remove and re-appoint them and to fill the vacancy caused by such Directors otherwise ceasing to hold office. Such nominated Directors shall not be required to hold any qualification shares and shall not be liable to retire by rotation. The Director appointed under this Article is hereinafter referred to as " Institutional Director" in these presents.	Power to the financial institution to nominate Directors on the Board and Debenture Directors
106	If it is provided by the Trust Deed, securing or otherwise, in connection with any issue of debentures or debenture stock of the Company, that any person or persons shall have power to nominate a Director of the Company, then in the case of any and every such of debentures, the person or persons having such power may exercise such power from time to time and appoint a Director accordingly. Any Director so appointed is herein referred to as a "Debenture Director" accordingly. A debenture Director may be removed from office at any time by the person or persons in whom for the time being is vested the power under which he was appointed and another Director may be appointed in his place. A Debenture Director shall not be bound to hold any qualification shares. The Trust Deed may contain such ancillary provisions as may be arranged between the company and trustees and all such provisions shall have effect notwithstanding any of the other provisions therein contained.	Debenture Director
107	No qualification shares will be necessary for being appointed as or holding the office of a Director of the Company.	Qualification of Directors
108	Subject to the provisions of Section 198, 309, 310 and 311 of the Act, the remuneration payable to the Directors of the Company may be as hereinafter provided. The remuneration of each Director for attending the meetings of the Board or Committee thereof shall be such sum as may from time to time be fixed by the Board or Committee thereof attended by him. Subject to the provisions of the Act, the Directors shall be paid such further remuneration (if any) as the Company in General Meeting shall from time to time determine and such additional remuneration shall be divided among the Directors in such proportion and manner as the Board may from time to time determine and in default of such determination shall be divided among the Directors equally.	Remuneration of Directors
109	The Directors may subject to limitation provided by the Act allow and pay to any Director who is not a resident of the place where the Registered Office for the time being of the Company is situated or where the meeting of the Board is held and who shall come to such place for the purpose of attending a meeting of the Board or Committee thereof such sum as Directors may consider fair compensation for traveling expenses, in addition to his fees for attending such meeting as above specified.	Directors not a resident of the place of the Registered Office of the Company to be paid traveling expenses.
110	Subject to the provisions of the Act and these Articles, if any Director be called upon to perform extra service or special exertions or efforts (which expression shall include work done by a Director as a member of any committee formed by the Directors) the Board may arrange with such Director for such special remuneration for such extra services or	Special remuneration of Directors for performing extra services





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special exertions or efforts by a fixed sum or otherwise as may be determined by the Board and such remuneration may be either in addition to or in substitution for his remuneration above prescribed.

- 111 The continuing Directors may act notwithstanding any vacancy in their body but so that if the number falls below the minimum number fixed, the Directors shall not, except in emergencies or for the purpose of filling up vacancies or for summoning a general meeting of the Company act as long as the number is below the minimum. Directors to act notwithstanding vacancy
- 112 The Office of a director shall ipso facto be vacated on the happening of any of the events provided for in section 283 of the Act. Office of Directors to be vacated
- 113 Subject to the provisions 297 of the Act, a Director shall not be disqualified, from contracting with the Company either as vendor, purchaser or otherwise for goods, material or services or for underwriting the subscription of any shares in or debentures of the Company nor shall any contract or arrangement entered into by or on behalf of the Company with a relative of such director or a firm in which such director or relative is a partner or with any other partner in such firm or with private company of which the Director is a member or director be avoided nor shall the director so contracting or being such member or so interested be liable to account to the Company for any profit realized by any such Director holding office or of the fiduciary relation thereby established. Conditions under which Directors may contract with Company
- 114 (1) Every Director of the Company, who is in any way, whether directly or indirectly, concerned or interested in a contract or arrangement or proposed contract or arrangement, entered into or to be entered into, by or on behalf of the Company, shall disclose the nature of his concern or interest at a meeting of the Board of Directors in the manner set out in Section 299 of the Act. A general notice, renewable in last month of each financial year of the Company as provided for in Section 299(2)(b) of the Act, that Director is a Director or a member of any specified body corporate or is a member of any specified body corporate or firm shall be sufficient disclosure of the concern or interest in relation to any contract or arrangement so made and after such general notice, it shall not be necessary to give special notice relating to any particular contract or arrangement with such body corporate or the firm provided that such general notice is given at a meeting of the Board of Directors or the Director concerned takes reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given Provided that this Article will not apply to any contract or arrangement entered into between the Contract or arrangement entered in to between the Company and any other company where any of the Directors of the Company or two or more of them together holds or hold not more than two per cent of the paid – up share capital in the other company. Disclosure of interest by Directors
- 115 A director of a company may be or become a director of any company promoted by the Company or in which he may be interested as vendor, member or otherwise and no such director may be accountable for any benefit received as director or member of the company. Directorship in other associated Company.
- 116 Subject to the provisions of Section 300 of the Act, no director shall as a Director take any part in the discussion of or vote on any contract or arrangement entered into by or behalf of the Company, if he is in any way, whether directly or indirectly concerned or interested in such contract or arrangement; nor shall his presence count for the purpose of forming a quorum at the time of any such discussion or vote; and if he does vote his vote shall be void. This prohibition shall not apply to the exceptions provided for in Section 300 of the Act. Interested Directors not to participate or vote in Boards proceedings
- 117 Except as otherwise provided by these Articles all the Directors of the Company shall have in all matters equal rights and privileges and be subject to equal obligation and duties in respect of the affairs of the Company. Rights of Directors

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118	At every General Meeting of the Company, one-third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or a multiple of three, the number nearest to one-third shall retire from office. The Debenture Directors, if any, shall not be subject to retirement under this clause and shall not be taken in to account in determining the rotation of retirement or the number of Directors to retire.	Retirement and rotation of Directors
119	Subject to the provisions of the Act, the Directors to retire by rotation under the last preceding Article at every Annual General Meeting shall be those who have been longest in office since their last appointment but as between Directors on the same day, those who are to retire, shall in default of and subject to any agreement among themselves, be determined by lot.	Ascertainment of Directors retiring by filling of vacancies
120	A retiring Director shall be eligible for re- appointment.	Eligibility for re-election
121	Subject to the provisions of the Act the Company at the General Meeting at which a Director retires in the manner aforesaid may fill-up the vacated office by appointing a person thereto.	Company to appoint successors
122	(a) If the place of the retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place.  (b) if at the adjourned meeting also, the place of the retiring Directors is not filled up and the meeting also has not expressly resolved not to fill the vacancy the retiring Director shall be deemed to have been re-appointed at the adjourned meeting, unless-  (i) at meeting or at the previous meeting resolution for the re-appointment of such director has been put to the meeting and lost;  (ii) the retiring Director has, by a notice in writing addressed to the Company or its Board, expressed his unwillingness to be so re-appointed;  (iii) he is not qualified or is disqualified for appointment;  (iv) a resolution, whether special or ordinary is required for the appointment or re-appointment by virtue of any provisions of the Act; or  (v) the provision to sub-section (2) of Section 263 of the Act is applicable to the case.	Provisions in default of appointment.
123	Subject to the provisions of section 252, 258 and 259 of the Act the Company may, by ordinary resolution, from time to time, increase or reduce the number of Directors and may alter their qualification and the Company may (subject to the provisions of Section 284 of the Act) remove any Director before the expiration of his period of office and appoint another qualified person in his stead. The person so appointed shall hold office during such time as the Directors in whose place he is appointed would have held the same if he had not been so removed.	
124	(a) No person, not being retiring Director, shall be eligible for election to the office of Director at any General Meeting unless he or some other member intending to propose him at least fourteen clear days before the meeting left at the office a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to propose him as a candidate for that office, be serving notice on the individual that office alongwith a deposit of five hundred rupees which shall be refunded to such person or member, if the person succeeds in getting elected as a Director.  (b) On the receipt of the notice referred to in clause (a) of this Article, the Company shall inform its members of the candidature of a person for the office of Director or the intention of a member to propose such person as a candidate for that office, by serving individual	Notice of candidature for office of Director except in certain case.



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notice on the members not less than seven days before the meeting in at least two newspaper circulating in the district in which the registered office of the Company is situated which one is published in the English language and the other in the regional language.

- 125 (a) Every Director (including a person deemed to be a Director by virtue of the explanation in sub-section (1) of Section 303 of the Act), Managing Director, Manager or Secretary of the Company shall, within twenty days of his appointment to or as the case may be, relinquishment of any the above office in any body corporate, disclose to the company the particulars relating to his office in the body corporate which are required to be specified under sub-section (i) of Section 303 of the Act. Disclosure by Director of appointment to any other body corporate.
- (b) Every Director and every person deemed to be a Director of the company by virtue of sub-section (10) if Section 307 of the Act, and every Manager shall give notice to the Company of such matters relating to himself as may be necessary for the purpose of enabling the company to comply with the provisions of that section.
- 126 The Company in General Meeting may when appointing a person as a Director declare that his continued presence on the Board of Directors is of advantage to the Company and that his office as Director shall not be liable for retirement by rotation but shall hold office for the period or until the happening of any event or contingency set out in the said resolution. Such director shall hereinafter be referred to as Ex-Officio Director. Ex-officio Director not liable to retirement

#### PROCEEDINGS OF BOARD OF DIRECTORS

- 127 (1) Subject to the provisions of Section 285 of the Act, the Board of Directors may meet for the dispatch of business, adjourn and otherwise regulate its meeting as it thinks fit. Directors
- (2) Subject to the provisions of section 287 of the Act, the quorum for a meeting of the Board shall be one- third of its total strength (any fraction contained in that one-third being rounded off as one), or two Directors, whichever is higher, provided that where at any time the number of the remaining Directors, that is to say, the number of Directors who are not interested shall be the quorum during such time provided such number is not less than two. Quorum
- 128 If a meeting of the Board could not be held for want of a quorum, then the meeting shall automatically stand adjourned to such other time, date and place as may be fixed by the Directors present being not later than fifteen days from the date originally fixed for the meeting. Adjournment of meeting for want of quorum.
- 129 The Chairman, or the managing director if any of his own motion or the Secretary of the Company shall upon the request in writing of two Directors of the Company or if directed by the Managing Director or Chairman, if any, convene a meeting of the Board by giving a notice in writing to every Director for the time being in India and at his usual address in India to every other Director. When meeting to be convened
- 130 The Directors may from time to time elect from among their number, a Chairman of the Board and determine the period for which he is to hold office. If at any meeting of the Board the Chairman is not present within five minutes after the time appointed for holding the same, the Directors present may choose one of their members to be Chairman of the meeting. Chairman of meeting
- 131 Questions arising at any meeting of the Board of Directors shall be decided by majority of the votes and in case of equality of votes, the Chairman shall have a second or casting vote. Question at Board meetings how to be decided.
- 132 Subject to the restriction contained in Section 292 of the Act, the Board may delegate any of the powers to a Committee of Directors consisting of such Director or Directors or one or more Directors and a member or members of the Company as it thinks fit or to the Board may appoint Committee and delegate its powers
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- Managing Director, the Manager or any principal officer of the Company or a branch office or to one or more of them together and it may from time to time revoke and discharge any such Committee of the Board either wholly or in part and either as to persons or purposes; but every Committee of the Board shall in conformity to any resolution that may from time to time be imposed on it by the Board. All acts done by any such Committee of the Board in conformity with such regulations and in fulfillment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board provided that (b), (c) or (e) of Clause (1) (as modified by the explanation II thereof) of Section 292 save and except that the said powers may be delegated only to the extent permitted by and subject to the restrictions and limitations contained in clause (2), (3) and (4) of Section 292 of the Act.
- 133 The meeting and proceedings of any such Committee of the Board consisting of two or more members shall be governed by provisions herein contained for regulating the meetings and proceedings of the directors, so far as the same are applicable thereto and are not superceded by any regulation made by the Directors under the last preceding Article. Meeting of Committee how to be governed.
- 134 No resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation, unless the resolution has been circulated in draft, together with the necessary papers, if any, to all the Directors, or to all the members of the Committee, then in India (not being less than the quorum fixed for a meeting of the Board or Committee, as the case may be), and to all the Directors or members of the Committee, at their usual residential address in India and has been approved by such of the Directors or members of the Committee as are then in India, or by a majority of such of them, as are entitled to vote on the resolution. Resolution by Circulation
- 135 All acts done by any meeting of the Board, or by a Committee of the Board, or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or persons acting as aforesaid or that they, or any of them, were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or these Articles, be as valid as if every person had been duly appointed, his office or his appointment had not been terminated PROVIDED THAT nothing in this Article shall be deemed to give validity to acts done by a director after his appointment has been shown to the Company to be invalid or to have terminated. Acts of Board of Committee valid notwithstanding invalid appointment
- 136 The Company shall cause minutes to be duly entered in a book or books provided for the purpose containing: Minutes of proceedings of Directors and Committees to be kept
- (a) the names of the directors present at such meetings of the Board, and of any Committee of the Board;
  - (b) all orders made by the Board and Committee of the Board.
  - (c) All resolution and proceedings of the meetings of the Board and Committees of the Board; and
  - (d) In the case of each of each resolution passed at a meeting of the Board, the names of those directors, if any, dissenting from or not concurring in the resolution. Every such book shall be maintained and the minutes so entered and signed shall be received as conclusive evidence of the proceedings recorded therein.
- POWERS OF THE BOARD**
- 137 Subject to the provisions of the Act, the control of the Company shall be vested in the Board who shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorised to exercise and do provided that the Board shall not exercise Power of the Board.
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any power or do any act or thing which is directed or required whether by the Act or in other statute or by the Memorandum of the Company or by these Articles or otherwise to be exercised or done by the Company in general meeting provided further that in exercising any such power of doing any such act or things, the Board shall be subject to the provisions in that behalf contained in the Act or in any other Act or in the Memorandum of the Company or these Articles or any regulations not inconsistent therewith and duly made there under including regulations made by the Company in General Meeting but no regulations made by the Company in general meeting shall invalidate any prior act of the board, which would have been valid if those regulations had not been made.

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Without prejudice to the general powers conferred by the preceding Article and so as not in any way to limit or restrict those powers and without prejudice to the other powers conferred by the Articles, but subject to the restrictions contained in this Article, it is hereby declared that the Directors shall have the following powers, that is to say, power:

Further powers of the Board

- (1) To pay the cost, charges and expenses preliminary and incidental to the promotion, formation, establishment and registration of the Company.
- (2) To pay and charge to the capital account of the Company any commission or interest lawfully payable under the provisions of Section 76 and 208 of the Act.
- (3) Subject to Section 292 and 297 of the Act to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire at or for such price or consideration and generally on such terms and conditions as they may think fit and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory.
- (4) At their discretion and subject to provisions of the Act to pay for any property, rights or privileges acquired by or services rendered to the Company either wholly or partly in cash or in shares, bonds, debentures, mortgages or other securities of the Company and any such shares may be issued either as fully paid-up or with such amount credited as paid –up thereon as may be agreed upon and any such bonds, debentures, mortgages, or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged.
- (5) To secure the fulfillment of any contracts or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and the uncalled capital for the time being or in such manner as they may think fit.
- (6) To accept from any member, so far as may be permissible by law, surrender of his shares or any part thereof, on such terms and conditions as shall be agreed.
- (7) To appoint any person to accept and hold in trust for the Company any property belonging to the Company or in which it is interested or for any other purposes and to execute and do all such deeds and things as may be required in relation to any trust and to provide for the remuneration of such trustee or trustees.
- (8) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debts due and of any claims or demands by or against the Company and to refer any differences to arbitration either according to India or abroad and observe, perform or challenge any award made thereon.
- (9) To act on behalf of the Company in all matters relating to bankruptcy or insolvency.
- (10) To make and give receipts, release and other discharges for moneys payable to the Company and for the claims and demands of the Company.
- (11) Subject to the provisions of Section 292,292(1)(a), 295,369,370,372 and 373 of the Act,

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to invest and deal with any moneys of the Company not immediately required for the purposes thereof upon such security (not being shares of this Company), or without security and in such manner as they may think and from time to time to vary or realize such investments. Save as provided in section 49 of the Act, all investments shall be made and held in the Company's own name.

- (12) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be to incur any personal liability whether as principal or surety for the benefit of the company such mortgages of the Company's property (present or future) as they think fit and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreement as shall be agreed upon.
- (13) To determine from time to time who shall be entitled to sign, on the Company's behalf bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purpose.
- (14) To distribute by way of bonus amongst the staff of the Company a share in the profits of the Company and to give to any officer or other person employed by the Company a commission on the profits of any particular business or transaction and to charge such bonus or commission as part of the working expenses of the company.
- (15) To provide for the welfare of Directors or ex-directors or employees ex-employees of the Company and the spouses, widows and families or the dependents or connection of such persons by building or contributing to the building of houses, dwelling or chawls or by grant of money, pensions, gratuities, allowances, bonus or other payments or by creating and from time to time subscribing or contributing to provident and other institutions, funds or trust and by providing or subscribing or contributing towards place of interest and recreation, hospitals and dispensaries, medical and other attendance and other assistance subject to limits laid down by section 293 and 293A of the Act as the Board shall think fit and subject to the provisions of the Act to subscribe or contribute or otherwise to assist or to guarantee moneys to charitable benevolent, religious scientific, national or other institutions, bodies, and object which shall have any moral or other claim to support or aid by the Company, either by reason of locality of operation or of public and general utility, or otherwise.
- (16) To appoint and at their discretion remove or suspend such general managers, managers, secretaries, assistant, supervisors, scientists, technicians, engineers, consultants, legal, medical or economic advisors, research workers, labourers, clerks, agents and servants for permanent, temporary or special services as they may from time to time think fit and to determine their powers and duties and fix and from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India or elsewhere in such manner as they think fit.
- (17) To comply with the requirement of any local law which in their opinion it shall, in the interest of the Company, be necessary or expedient to comply with.
- (18) From time to time and at any time to establish any local Board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any persons to be members of such local Board and to fix their remuneration.
- (19) Subject to section 292 of the Act, from time to time and at any time, to delegate to any person so appointed any of the powers, authorities and discretion for the time being vested in the Board or any them to fill up any vacancies therein and to act notwithstanding vacancies and any such appointment to delegation may be made on such terms and subject to such conditions as the Board thinks fit and may at any time remove any person so appointed and may annual or vary such delegation.
- (20) At any time and from time to time by powers of attorney under the seal of the Company



to appoint any person or persons to be the attorney or attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board under these presents and excluding the power to make calls and excluding also except in their limits authorized by the Board for the powers to make loans and borrow moneys) and for such period and subject to such conditions as the Board may from time to time think fit and any such appointment may (if the Board think fit) be made in favour of the members or any company or the shareholders, directors, nominees or managers of any company or firm or otherwise in favour of any fluctuating body of persons whether nominated directly or indirectly by the Board and any such power of attorney may contain such powers for the protection or convenience of persons dealing with such attorneys as the Board may think fit and may contain powers enabling any such delegates or attorneys as aforesaid to sub-delegates or attorneys as aforesaid to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

- (21) Subject to Section 294, 297 and 300 of the Act, for or in relation to any matters aforesaid or otherwise for the purpose of the Company to enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient.
- (22) Subject to Section 293 of the Act, to sell, lease, or otherwise dispose any of the properties or undertaking of the Company.
- (23) Upon the Company entering into a partnership with any other person or company for the purpose of carrying on the business as per the subject clause of the Memorandum and Articles of Association the Company may obtain possess, have or retain all such powers as are available to partners under the Indian Partnership Act, 1932 ("the Act") or under any other law which may for the time being be in force and may perform, execute and/or do all such acts and things that a partnership is required to or can may perform, execute and /or do all such acts and things that a partnership is required to or can may perform, execute and /or do. For this purpose, the Board of Directors may authorise and /or appoint such one or more of Directors, officers or other representatives from time to time to do such acts, deeds or things as may be necessary for the purpose of obtaining, holding, exercising or enforcing the rights and powers of a partner and performing the duties and obligations of a partner. The above provisions will apply mutandis where a company becomes a member of an association of persons or a body of individuals, including representing the Company at a meeting of the partners.
- (24) The Board of Directors may authorise from time to time accept to act as constituted attorney for any person or persons resident or non-resident in India or company whether belongs to resident or non-resident in India, and exercise through any Directors or any person authorised by a Resolution of the Board, all powers obtained in Company by the document of Power of Attorney.

#### **MANAGING DIRECTOR/WHOLETIME DIRECTORS**

- 139 (a) The Board may from time to time with such sanctions of the Central Government as may be required by law, appoint one or more of their body to the office of the Managing Director or Managing Directors or Wholetime Director provided that such Managing Director or Managing Directors or Wholetime Director(s) shall be a nominee Director(s) of the Company. Appointment of  
Managing Directors  
Wholetime Director
- (b) The Directors may from time to time resolve that there shall be either one or more Managing Directors or Wholetime Directors.
- (c) In the event of any vacancy arising in the office of a Managing Director(s) or Wholetime Director(s), if the Directors resolve to increase the number of Managing Directors or Wholetime Directors, the vacancy shall be filled by the Board of Directors and the

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- Managing Director or Wholetime Director so appointed shall hold office for such period as the Board of Directors may fix.
- 140 Subject to the provisions of Section 267,268, 316 and 317 of the Act, the Board may from time to time, appoint one or more Directors to be Managing Director or Managing Directors of the Company, either for a fixed term or without any limitation as to the period for which he or they is/ are to hold such 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 other in his or their places. Powers to appoint Managing Directors
- 141 Subject to the provisions of section 309,310 and 311 of the Act a Managing Director shall, in addition to any remuneration that might be payable to him as a Director of the Company under these Articles, receive such remuneration as may from time to time be approved by the Company. Remuneration of Managing Director
- 142 Subject to the provisions of the Act and in particular to the prohibition and restriction contained in section 292 thereof the Board may from time to time entrust to and confer upon the time being such of the powers exercisable under these presents by the Directors as they may think fit and such restriction as they think fit and they may confer such powers, either collaterally with or to the exclusion of, and in substitution for all or any of the powers of the Directors in that behalf and may from time to time revoke, withdraw, alter or vary all or any of such powers. Powers of Managing Director
- 143 The Managing Director or Wholetime Director shall not be liable to retirement by rotation as long s he holds office as Managing Director or Wholetime Director. Special position of Managing Director

### THE SEAL

- 144 (a) The Board shall provide a Common Seal for the purposes of the Company and shall have power, from time to time, to destroy the same and substitute a new Seal in lieu thereof, and the Board shall provide for its safe custody of the Seal for the time being, and the Seal shall never be used except by the authority of the General Meeting of the Company or the Board or a Committee of the Board previously given. The Seal, its custody and use.
- (b) The Company shall also be at liberty to have an official Seal in accordance with Section 50 of the Act for use in any territory, district or place outside India.
- 145 Every deed or other instrument, to which the Seal of the Company is required to be affixed, shall, unless the same is executed by a duly constituted attorney, be signed by one Director and the Secretary or some other person appointed by the Board for the purpose, PROVIDED nevertheless that certificate of shares may be sealed in accordance with the provisions of the Companies (Issue of Share Certificates) Rules, 1960 or any statutory modification or re-enactment thereof for the time being in force. Affixing of Common Seal

### THE SECRETARY

- 146 The Directors may from time to time, appoint and at their discretion remove, any individual having prescribed qualification under the Act to perform any functions which by the Act are to be performed by the Secretary, and to execute any other ministerial or administrative duties, which may, from time to time be assigned to the Secretary by the Directors. Secretary

### DIVIDENDS

- 147 Subject to the rights of members entitled to shares (if any), with preferential or special rights attached thereto the profits of the Company which it shall from time to time be determine to divide in respect of any year or other period shall be applied in the payment of a dividend on the equity shares of the Company but so that a partly paid up share only entitle the holder with respect thereto such proportion of the distribution upon a fully paid-up shares as the amount paid thereon bears to the nominal amount of such share and so that where capital is paid-up in advance of calls upon the footing that the same shall How profits shall be divisible





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	carry interest, such capital shall not, whilst carrying interest, confer a right to participate in profits.	
148	The Company in General Meeting may declare a dividend to be paid to the members according to their rights and interest in the profits and may fix the time for payment;	Declaration of Dividends
149	No larger dividend shall be declared than is recommended by the Board but the Company in General Meeting may declare a smaller Dividend.	
150	No Dividend shall be payable except out of the profits of the Company of the year or any other undistributed profits and no dividend shall carry interest as against the Company.	
151	Where any assets, business or property is bought by the Company as from a past date upon the terms that the Company shall as from that date take the profits and bear the losses thereof such profits and losses as the case may be shall, at the discretion of the directors, be so credited or debited wholly or in part to the Profit and Loss Account and in that case the amount so credited or debited shall for the purpose of ascertaining the fund available for dividend be treated as a profit or loss arising from the business of the Company and available for dividend accordingly, if any shares or securities are purchased with dividend or interest such dividend or interest when paid may at the discretion of the directors be treated as revenue and is shall not be obligatory to capitalize the same or any part thereof.	Ascertainment of amount available for dividend.
152	The declaration of the Directors as to the amount of the net profit of the Company shall be conclusive.	What to be deemed profits
153	The Directors may from time to time pay to the members such interim dividends as in their judgment the position of the Company justifies.	Interim dividends
154	The Directors may retain dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts liabilities or engagement in respect of which the lien exists.	Debts may be reduced
155	Any General Meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each members shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against the call.	Dividend and call together
156	No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares held either alone or jointly with any other person or persons and the Board may deduct from the interest or dividend payable to any member all sums of moneys so due from him to the Company.	No member to receive dividend whilst indebted to the Company and right of reimbursement thereof
157	A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.	Transfer of shares must be registered
158	Unless otherwise directed any dividend may be paid by cheque or warrant or by a pay slip or receipt having the force of a cheque or warrant, sent through the 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 of Members in respect of the joint-holding. Every such cheque or warrant 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 or pay slip or receipt lost in transmission or for any dividend lost to the member or person entitled thereto by forged endorsement of any cheque or warrant or the forged signature of any pay slip or receipt or the fraudulent recovery of the dividend by any other means. The Company shall comply with all the provisions of Section 205A of the Companies Act in respect of unclaimed or unpaid dividend. No unclaimed or unpaid dividend shall be forfeited by the Board.	Dividend how remitted

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## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

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### UNPAID OR UNCLAIMED DIVIDEND

- 158A      Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 30 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 30 days, open a special account in that behalf in any scheduled bank called unpaid dividend account of Technocraft Industries (India) Limited and transfer to the said account, the total, amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.      Unpaid or Unclaimed Dividend
- Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of three years from the date of such transfer, shall be transferred by the Company to the general revenue account of the Central Government. A Claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholders to whom the money is due.
- Provided that there shall be no forfeiture of unclaimed dividends before the claim becomes barred by law.

### CAPITALIZATION

- 159      Any General Meeting may resolve that any moneys, investments or other assets forming part of the undivided profits of the Company standing to the credit of any reserve or reserves or any capital redemption reserve fund or in the hands of the issue of shares and standing to the credit of the share 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 proportion on the footing that they become entitled thereto as capital and that all or any part of such capitalised fund be applied on behalf of such shareholders in paying up in full any unissued shares, debentures or debenture-stock of the Company which shall be distributed accordingly or in or towards payment of the uncalled liability on any issued shares and that such distribution or payment shall be accepted by such shareholders in full satisfaction of their interest in the said capitalised sum provided that any sum standing to the credit of a share premium account or a capital redemption reserve may for the purpose of this Article only be applied in the paying up of unissued Shares to be issued to Members of the Company as fully paid bonus Shares.      Capitalization of reserves.
- 160      A general meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company or any investments representing the same or any other undistributed profits of the Company not subject to change from Income tax be distributed among the members on the footing that they receive the same as capital.      Surplus money
- 161      For the purpose of giving effect to any resolution under the preceding two Articles the Board may settle any difficulty which may arise in regard to the distribution as they think expedient and in particular may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that such cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the right of all parties and may vest such cash or specific assets in trustees upon such trusts for the persons entitled to the dividend or capitalised fund as may seem expedient to the Board. Where requisite a proper contract shall be filed in accordance with Section 75 of the Act and Board may appoint any person to sign such contract on behalf of the persons entitled to the dividend or capitalized fund and such appointment shall be effective.      Fractional certificates
- 162      The Company shall keep at the Office or such other place in India as the Board thinks fit proper, Books of Accounts in accordance with Section 209 of the Act with respect to:      Directors to keep true accounts.
- (i)      all sums of money, received and expended by the Company and the matters in respect of which the receipts and expenditure take place;
- (ii)      all sales and purchases of goods by the Company;



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- (iii) the assets and liabilities of the Company;
- 163 The books of accounts shall be kept at the office or subject to the provision to Section 209 of the Act at such other place as the Directors thinks fit and shall be open to inspection by the Directors during the business hours. Where to be kept.
- 164 The Directors shall, from time to time, in accordance with Section 210, 211,212,215,216 and 217 of the Act, cause to be prepared and to be laid before the Company in General Meeting, such Balance Sheets, Profit and Loss Accounts and Reports as are required by these Sections. Statement of Accounts to be furnished to General Meeting.
- 165 A copy of every Profit and Loss Account and Balance Sheet (including the Auditors' Report and every other document required by law to be annexed or attached to the Balance Sheet), shall at least twenty-one days before the meeting at which the same are to be laid before the Members be sent to the members of Company, to holders of debentures issued by the Company (not being debentures and to all persons entitled to receive notice of General Meeting of the Company. Copies shall be sent to each Member.

#### AUDIT

- 166 Auditors shall be appointed and their rights and duties regulated in accordance with Sections 224 to 233 of the Act. Accounts to be audited.
- 167 Every account of the Company when audited and approved by a General Meeting shall be conclusive except as regards any error discovered therein within 3 months next after the approval thereof. When such error is discovered within that period the account shall forthwith be corrected, and thenceforth shall be conclusive. Accounts when audited and approved to be conclusive except as to errors discovered within three months.

#### DOCUMENT AND NOTICES

- 168 A document or a notice may be served or given by the company on or to any Member either personally or by sending it by post to him to his registered address or (if he has no registered address in India) to the address, if any, in India supplied by him to the Company for serving documents or notices on him. Manner of service of document or notices on Members by Company.
- 169 Where a document or notice is sent by post, service of the document or notice shall be deemed to be effected by properly addressing, preparing and posting a letter, containing the document or notice, PROVIDED THAT where a Member has intimated to the Company in advance that documents or notices should be sent to him under a certificate of posting or by a registered post with or without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so, service of the documents or notice shall not be deemed to be affected in the case of notice of a meeting, at the expiration of forty – eight hours after the letter containing the document or notice is posted and in any other case, at the time at which the letter would be delivered in the ordinary course of post. When notices or documents served on Members
- 170 A document or notice advertised in a newspaper circulating in the neighborhood of the Office shall be deemed to be duly served or sent on the day on which the advertisement appears on to every Member who has no registered address in India and has not supplied to the Company an address within India for the serving of documents on or the sending of notices to him. By advertisement
- 171 A document or notice may be served or given by the Company on or to the persons entitled to a share in consequence of the death or insolvency of a Member by sending it through the post in pre-paid letter addressed to them by name or by title of representative of the deceased, or assignee of the insolvent or by any like description, at the address (if any) in India supplied for the purpose by the persons claiming to be entitled, or until such address has been so supplied by the serving the document or notice in any manner in which same might have been given if the death or insolvency had not occurred. On personal representation, etc.
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## TECHNOCRAFT INDUSTRIES (INDIA) LIMITED

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- 172 Documents of notices of every General Meeting shall be served or given in same manner herein before authorised on or to (a) every member, (b) every person entitled to a share in consequence of the death or insolvency of a Member and (c) the Auditor or Auditors for the time being of the Company. To whom documents or notices must be served or given.
- 173 Every person who, by operation of law, transfer or other means whatsoever, shall become entitled to any share, shall be bound by every document or notice in respect of such share, which previously to his name and address being entered on the Register of Members, shall have been duly served on or given to the person from whom he derives his title to such shares. Members bound by documents or notices served on or given to previous holders.
- 174 Any document or notice to be served or given by Company may be signed by a Director or some person duly authorised by the Board of Directors for such purpose and the signature thereto may be written, printed or lithographed. Documents or notice by Company and signature thereto.
- 175 All document or notice to be served or given by Members on or to the Company or any Officer thereof shall be served or given by sending it to the Company or Officer at the Office by post under a certificate of posting or by registered post or by leaving it at the office. Service of document or notice by Member.

### AUTHENTICATION OF DOCUMENTS

- 176 Save as otherwise expressly provided in the Act or these Articles documents or proceeding requiring authentication by the Company may be signed by a Director or an authorised officer of the Company and need not be under its seal. Authentication of documents and proceedings

### WINDING UP

- 177 The liquidator on any winding- up (whether voluntary, under supervision or compulsory) may, with the of a special resolution, but subject to the rights attached to any preference share capital, divide among the contributories in specie any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories as the Liquidator, with the like sanction, vest any part of the assets of the Company in trustees upon such trust for the benefit of the contributories as the Liquidator, with the like sanction, shall think fit. Liquidator may divide assets in specie.

### INDEMNITY AND RESPONSIBILITY

- 178 Subject to the provisions of Section 201 of the Act, every Director, Manager, officer or servant of the Company or any person (whether an officer of the Company or not) employed by the Company as auditor shall be indemnified out of the funds of the Company against all claims and it shall be the duty of the Directors out of the funds of the company to pay all costs, charges, losses and damages which any such person may incur or become liable to, by reason of any contract entered into or act or thing done, about the execution of discharge or by his own willful act, neglect or default including expenses and in particular and so as not to limit the generality of the foregoing provisions against all liabilities incurred by him as director, manager, officer or auditor in defending any proceedings whether civil or criminal in which judgment is given in his favour or in which he is acquitted or in connection with any application under Section 633 of the Act in which relief is granted to him by the court. Indemnity
- 179 Subject to the provisions of the Act, no Director, Auditor or other officer of the Company shall be liable for the act, receipts, neglect or defaults of any other Director or Officer or for joining in any receipt or other act for conformity or for any loss or expenses happening to the Company through the insufficiency or deficiency of title to any property acquired by order of the Director for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the moneys of the Company shall be invested or for any loss or damages arising from the bankruptcy, insolvency or tortuous act of any Individual responsibility



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person, entrusted or deposited or for any loss occasioned by any error of judgment, omission, default or oversight on his part or for any loss, damage or misfortune, whatever which shall happen in relation to the execution of the duties of his office or in relation thereto unless the same shall have happened through his own dishonesty.

**SECURITY CLAUSE**

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No member shall be entitled to visit or inspect any work of the Company without the permission of the Directors or to require disclosure of any information respecting any details of the Company's trading, or any matter which is or may be in the nature of a trade secret, process or any other matter which relate to the conduct of the business of the Company and which in the opinion of the Directors, it would be inexpedient in the interest of the Company to disclose.

Secrecy

**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 the Company or entered into more than two years before the date of this Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by the Company. These contracts, copies of which have been 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 the registered office of the Company situated at M.I.D.C, Street No.3, Marol Industrial Area, A-25, Road No.3, Andheri (E) Mumbai – 400 093 from 10.00 am to 4.00 pm on working days from the date of the Red Herring Prospectus until the Bid/ Issue Closing Date.

**Material Contracts**

1. Letter of Appointment dated February 03, 2006 to Anand Rathi Securities Limited and dated November 10, 2006 to Centrum Capital Limited from the Company appointing it as BRLMs.
2. Memorandum of Understanding dated March 16, 2006 between Technocraft Industries (India) Limited and the Anand Rathi Securities Limited and between Technocraft Industries (India) Limited and Centrum Capital Limited dated November 10, 2006.
3. Memorandum of Understanding dated March 08, 2006 executed by the Company with Registrar to the Issue.
4. Escrow Agreement dated January 05, 2007 between the Company, the BRLM, Escrow Collection Banks, and the Registrar to the Issue.
5. Syndicate Agreement dated January 05, 2007 between the Company, the BRLM and Syndicate Members.
6. Underwriting Agreement dated [●] between the Company, the BRLM and the Syndicate Members.

**Material Documents**

1. Memorandum and Articles of Association of the Company as amended till date.
2. Certificate of incorporation of the Company dated October 22<sup>nd</sup>, 1991 and Certificate of Commencement of Business dated 8<sup>th</sup> February 1993 and Certificate of Re-Registration as a limited company 20<sup>th</sup> October 1992.
3. Shareholders' resolutions dated February 28, 2006 in relation to this Issue and other related matters.
4. Resolutions of the Board dated November 09, 2006, approving the Draft Red Herring Prospectus and January 06, 2007 approving the Red Herring Prospectus.
5. Resolutions of the general body for appointment and remuneration of Company's whole-time Directors
6. Report of the Statutory Auditors dated December 22, 2006, M.L. Sharma & Co., Chartered Accountants, prepared as per Indian GAAP and mentioned in this Red Herring Prospectus
7. Copies of annual accounts of the Company and its subsidiary
8. Consents of Auditors, Bankers to the Company, BRLM, Syndicate Members, Registrar to the Issue, Escrow Collection Bank(s), Banker to the Issue, Domestic Legal Counsel to the Issue, the Directors, Company Secretary and Compliance Officer, Monitoring Agency, as referred to, in their respective capacities.
9. In-principle listing approval from BSE and NSE for the listing of our Equity Shares pursuant to letters dated November 27, 2006 and December 05, 2006 respectively.
10. Tripartite agreement between NSDL, the Company and the Registrar to the Issue dated April 28, 2006.
11. Tripartite agreement between CDSL, the Company and the Registrar to the Issue dated June 29, 2006.
12. Due diligence certificate dated November 15, 2006 to SEBI from Anand Rathi Securities Limited.



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13. A copy of Tax Benefit Report dated November 10, 2006 from our Statutory Auditors M/s M.L. Sharma & Co.
  14. Resolution of the Meeting of Board of Directors for the formation of the Company's Audit Committee, Investors Grievances Committee, Management Committee and Remuneration Committee.
  15. Legal Advisor's Certificate dated November 14, 2006 and dated January 02, 2007.
  16. Bank Sanction Letters
  17. SEBI observation letter bearing No.CFD/DIL/ISSUES/PB/PR/82650/2006 dated December 19, 2006

Any of the contracts or documents mentioned in this Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

**TECHNOCRAFT INDUSTRIES (INDIA) LIMITED**

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**DECLARATION**

All relevant provisions of the Companies Act and the guidelines issued by the GoI or the guidelines issued by the Securities and Exchange Board of India, established under Section 3 of the Securities and Exchange Board of India Act, 1992, as the case may be, have been complied with and no statement made in this Prospectus is contrary to the provisions of the said Acts and rules framed there under. We further certify that all the statements in this Prospectus are true and fair.

**Signed by all the Directors of Technocraft Industries (India) Limited**

Shri M.D.Saraf (Chairman)

Shri S.M.Saraf (Managing Director)

Shri S.K.Saraf (Managing Director)

Shri Subhram Kole (Whole Time Director)

Shri Jayant.N.Godbole (Independent Director)

Shri S.B.Agarwal (Independent Director)

Shri Ganesh Gupta (Independent Director)

Shri Vaibhav.V.Agarwal (Independent Director)

Shri Ashish Saraf (Chief Financial Officer)

Place: Mumbai

Date: January 06, 2007

A collection of handwritten signatures in black ink, corresponding to the names listed on the left. The signatures are written in a cursive, somewhat stylized manner. Some signatures are more legible than others, but they generally appear to be the names of the individuals listed. The signatures are clustered together, with some overlapping.