



ADROIT INDUSTRIES (INDIA) LIMITED

Adroit Industries (India) Limited (AIIL), a public limited company, was incorporated on January 9, 1995 by converting M/s. Adroit industries (India), a Partnership firm, under Part IX of the provisions of the Companies Act, 1956 ("Part IX Conversion"). The partnership firm was originally formed by a Partnership Deed dated March 9, 1966 executed by and between Mr. Jagjit Singh and Mr. Varinder Singh (the "Partnership Deed"). The said Partnership Deed was reconstituted on June 2, 1994 and reconstituted partnership deed was executed by and between Mr. Jagjit Singh, Mr. Varinder Singh, Mr. Jaspavan Singh, Mr. Jaspreet Singh, Mr. Surinderpal Singh, Ms. Narinder Kaur and Ms. Gajinderpal Kaur ("Reconstituted Partnership Deed"). Finally, on January 9, 1995 the said partnership formed by the Deed was dissolved and our Company was formed under the name and style of "Adroit Industries (India) Limited" vide Certificate of Incorporation issued by the Registrar of Companies, Maharashtra, Mumbai. For details of the change in the registered office, see "History and Certain Corporate Matters" on page 73. Company Incorporation Number (CIN) of the Company is U74999MH1995PLC084474.

Regd. Office: 308, Acme Plaza, Opp. Sangam Cinema, Andheri Kurla Road, Andheri (East), Mumbai - 400 059

Tel: +91-22-3244 8061, 3244 8064; **Fax:** +91-22-6694 1567; **E-mail:** ipo@adroitindustries.com; **Website:** www.adroitindustries.com,

Corporate Office: 50-A, Laxmibai Nagar, Fort, Indore – 452 006; **Tel:** +91-731-2410568; **Fax:** +91-731-2411988;

Contact Person: Ms. Preeti Choudhary, Company Secretary & Compliance Officer

PROMOTERS: MR. MUKESH SANGLA, MR. SAURABH SANGLA & SIGNET INDUSTRIES LIMITED

PUBLIC ISSUE OF [●] EQUITY SHARES OF RS.10 EACH FOR CASH AT A PRICE OF RS.[●] PER EQUITY SHARE (INCLUDING A SHARE PREMIUM OF RS. [●] PER EQUITY SHARE) AGGREGATING UP TO RS. 5000.00 LACS BY ADROIT INDUSTRIES (INDIA) LIMITED ('COMPANY' OR 'ISSUER' OR 'AIIL') (HEREINAFTER REFERRED TO AS THE "ISSUE"). THE ISSUE WOULD CONSTITUTE [●] % OF THE FULLY DILUTED POST ISSUE PAID UP CAPITAL OF THE COMPANY.

PRICE BAND: RS. [●] TO RS. [●] PER EQUITY SHARE OF FACE VALUE RS.10 EACH.

THE ISSUE PRICE IS [●] TIMES THE FACE VALUE AT THE LOWER END OF THE PRICE BAND AND [●] TIMES THE FACE VALUE AT THE HIGHER END OF THE PRICE BAND.

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

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

RISKS IN RELATION TO FIRST ISSUE

This being the first issue of the issuer, there has been no formal market for the securities of the issuer. The face value of the equity shares is Rs. 10 and the floor price is [●] times of the face value and Cap Price is [●] times of the face value. The issue price (has been determined and justified by the Book Running Lead Manager and the issuer as stated under the paragraph on "Basis for Issue Price") should not be taken to be indicative of the market price of the specified securities after the specified securities are listed. No assurance can be given regarding an active or sustained trading in the equity shares of the issuer nor regarding the price at which the equity shares will be traded after listing.

GENERAL RISKS

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

ISSUER'S ABSOLUTE RESPONSIBILITY

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

LISTING

The Equity shares offered through this Draft Red Herring Prospectus are proposed to be listed on Bombay Stock Exchange Ltd (BSE) (Designated Stock Exchange) and the National Stock Exchange of India Ltd (NSE). The Company has received in-principle approval from BSE & NSE for the listing of the Equity Shares pursuant to their letter dated [●] and [●] respectively.

IPO GRADING

This Issue has been graded by [●] as [●], indicating [●]. For details see "General Information" on page 11 of this Draft Red Herring Prospectus.

BOOK RUNNING LEAD MANAGER



Chartered Capital And Investment Limited
711, Mahakant, Opp V.S. Hospital, Ellisbridge,
Ahmedabad-380 006

Tel: +91-79-2657 5337, 2657 7571

Fax: +91-79-2657 5731

E-mail: adroit.ipo@charteredcapital.net

Investor grievance Id:

investor.relation@charteredcapital.net

Website: www.charteredcapital.net

Contact Person: Mr. Manoj Kumar Ramrakhyani



REGISTRAR TO THE ISSUE

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West), Mumbai 400 078

Tel :+91-22- 2596 0320,

Fax :+91-22- 2596 0329

Toll Free: 1-800-22-0320

E-mail: ail.ipo@linkintime.co.in

Website: www.linkintime.co.in

Contact person: Mr. Chetan Shinde

ISSUE PROGRAMME

BID / ISSUE OPENS ON : [●]

BID / ISSUE CLOSES ON : [●]

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SECTION I- DEFINITIONS AND ABBREVIATIONS

CONVENTIONAL/ GENERAL TERMS

“Issuer” or “Company” or “AILL” or “We” or “us” or “our”, unless the context otherwise requires, refers to Adroit Industries (India) Limited, a Company incorporated under the Companies Act, 1956 with its registered office at 308, Acme Plaza, Opp. Sangam Cinema, Andheri Kurla Road, Andheri (East), Mumbai - 400 059.

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

SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended from time to time.
SEBI Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended from time to time

ISSUE RELATED TERMS

Term	Description
Allotment	Unless the context otherwise requires, the allotment of Equity Shares pursuant to the Issue
Allottee	The successful Bidder to whom the Equity Shares are being/ or have been issued or transferred
Application Supported by Blocked Amount (ASBA)	means an application for subscribing to an issue containing an authorization to block the application money in a bank account
ASBA Investor	means an Investor who intends to apply through ASBA process
ASBA Form	Bid cum Application form for ASBA Investor
Bankers to the Issue	[•]
Bid	An indication to make an offer during the Bidding/Issue Period by a Bidder to subscribe to the Company's Equity Shares at a price within the Price Band including all revisions and modifications thereto.
Bid Amount	The highest value of the optional Bids indicated in the Bid cum Application Form and payable by the Bidder on submission of the Bid in the Issue.
Bid /Issue Opening Date	The date on which the Syndicate shall start accepting Bids for the Issue, which shall be the date notified in an English national newspaper, a Hindi national newspaper and a regional language newspaper with wide circulation.
Bid/Issue Closing Date	The date after which the Members of the Syndicate will not accept any Bids for the Issue, which shall be notified in a widely circulated English national newspaper , a Hindi national newspaper and a regional language newspaper with wide circulation
Bid cum Application Form	The form in terms of which the Bidder shall make an offer to subscribe to the Equity Shares and which will be considered as the application for the Issue of the Equity Shares in terms of this Draft Red Herring Prospectus
Bidder	Any prospective investor who makes a Bid pursuant to the terms of this Draft Red Herring Prospectus and the Bid cum Application Form
Bidding Period/Issue Period	The period between the Bid/ Issue Opening Date and the Bid/ Issue Closing Date inclusive of both days and during which prospective Bidders can submit their Bids
Book Building Process/Method	Book building route as provided in Schedule XI of the SEBI Regulations, in terms of which this Issue is made
Book Running Lead Manager	Chartered Capital And Investment Limited
CAN/ Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process
Cap Price	The higher end of the price band, above which the issue price will not be finalized and above which no bids will be accepted
Cut off Price	Any price within the Price Band finalized by the company in consultation with the BRLM. A Bid submitted at Cut-off is a valid Bid at all price levels within the Price Band
Designated date	The date on which funds are transferred from the Escrow Account to the Public Issue Account after the Prospectus is filed with the RoC, following which the Board of Directors shall allot Equity Shares to successful bidders
Designated Stock Exchange	Bombay Stock Exchange Ltd
Director(s)	Director(s) of Adroit Industries (India) Limited, unless otherwise specified
Draft Red Herring Prospectus	The Draft Red Herring Prospectus filed with the SEBI, which does not have complete particulars on the price at which the Equity Shares are offered and size of the Issue.
Equity Shares	Equity shares of the Company of Rs.10 each unless otherwise specified in the context thereof.

Escrow Account	Account to be opened with Escrow Collection Bank(s) and in whose favor the Bidder will issue cheques or drafts in respect of the Bid Amount while submitting a Bid.
Escrow Agreement	Agreement to be entered into amongst the Company, the Registrar, the Escrow Collection Banks(s), the BRLM and the Syndicate Member for collection of the Bid Amounts and for remitting refunds, if any, of the amounts collected, to the Bidders
Escrow Collection Banks	The banks, which are clearing members and registered with SEBI as Banker to the Issue at which the Escrow Account for the Issue will be opened.
First Bidder	The Bidder whose name appears first in the Bid cum Application Form or Revision Form.
Floor Price	The lower end of the Price Band, below which the Issue Price will not be finalized and below which no bids will be accepted.
IPO	Initial Public Offer.
Issue	Public Issue of [●] Equity Shares of Rs.10 each for cash at a price of Rs. [●] per Equity Share (including a share premium of Rs.[●] per Equity Share) aggregating up to Rs. 5000.00 Lacs
Issue Price	The final price at which Equity Shares will be allotted in terms of the Prospectus, as determined by the Company in consultation with the BRLM, on the Pricing Date.
Issue Period	The Issuer period shall be [●], the issue opening date, to [●], the issue closing date.
Issue size	Public Issue of [●] Equity Shares by Adroit Industries (India) Limited.
Mutual Fund	A fund established in the form of a trust to raise monies through the sale of units to the public or a section of the public under one or more schemes for investing in securities, including money market instrument and registered with the SEBI under the SEBI (Mutual Funds) Regulations, 1996.
Mutual Fund Portion	5% of the QIB Portion being [●] Equity Shares of Rs.10 each for cash at a price of Rs. [●] per equity share aggregating to Rs. 125.00 Lacs, available for allocation to Mutual Funds only, out of QIB Portion.
NECS	National Electronic Clearing Service
Non-Institutional Bidders	All Bidders that are not Qualified Institutional Buyers for this Issue or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs. 2,00,000.
Non-Institutional Portion	The portion of the Issue being at least 15% of the Issue i.e. [●] Equity Shares of Rs.10 each for cash at a price of Rs. [●] per equity share aggregating to Rs. 750.00 lacs, available for allocation to Non Institutional Bidders.
Pay-in Date	Bid/Issue Closing Date
Pay-in Period	This term means the period commencing on the Bid/ Issue Opening Date and extending until the Bid/Issue Closing Date
Price Band	Price band with a minimum price (floor of the price band) of Rs. [●] and the maximum price (cap of the price band) of Rs. [●] and includes revisions thereof.
Pricing Date	The date on which Company in consultation with the BRLM finalize the Issue Price.
Promoters	Promoters shall mean jointly Mr. Mukesh Sangla, Mr. Saurabh Sangla & Signet Industries Limited
Promoter Group	Promoter Group Entities and Promoter Group Individuals
Promoter Group Entities	Signet Impex Private Limited, Signate Leasing & Finance Private Limited, Ornate Leasing & Finance Private Limited, Swan Holdings Private Limited, Shri Balaji Starch & Chemicals Limited, Adroit Agro and Allied Industries, Signet Energy, Mukesh Sangla (HUF), Saurabh Sangla (HUF), Sangla Charitable Trust
Promoter Group Individuals	Mrs. Monika Sangla, Mr. Rajendra L. Agrawal, Mr. Yeshwant L. Sangla, Mrs. Vijaya L. Goyal, Mrs. Veena L. Agrawal, Mrs. Veenu L. Mangal, Mrs. Sushma L. Agrawal, Mr. Amritlal N. Gupta, Mr. Jagdish Chandra N. Gupta, Mrs. Avantika S. Sangla, Ms. Vanshika S. Sangla, Mrs. Anjana S. Gupta, Mr. Sushil Kumar Gupta, Mr. Anish S. Gupta, Ms. Anika S. Gupta
Prospectus	The Prospectus, to be filed with the RoC containing, inter alia, the Issue Price that is determined at the end of the Book Building Process, the size of the Issue and certain other information.

Public Issue Account	Account opened with the Bankers to the Issue to receive monies from the Escrow Account for the Issue on the Designated Date.
Qualified QIBs	(i) a mutual fund, venture capital fund and foreign venture capital investor registered with the Board; (ii) a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board; (iii) a public financial institution as defined in section 4A of the Companies Act, 1956; (iv) a scheduled commercial bank; (v) a multilateral and bilateral development financial institution; (vi) a state industrial development corporation; (vii) an insurance company registered with the Insurance Regulatory and Development Authority; (viii) a provident fund with minimum corpus of twenty five crore rupees; (ix) a pension fund with minimum corpus of twenty five crore rupees; (x) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; (xi) insurance funds set up and managed by army, navy or air force of the Union of India; (xii) insurance funds set up and managed by the Department of Post, India
QIB Portion	The portion of this Issue being up to 50% of the Issue, i.e. [●] Equity Shares of Rs.10 each for cash at a price of Rs. [●] per equity share aggregating to Rs. 2500.00 Lacs, available for allocation to QIBs, of which 5% shall be reserved for Mutual Funds.
Registrar/Registrar to the Issue	Registrar & Transfer Agent, Viz. Link Intime India Private Limited
Red Herring Prospectus or RHP	Red Herring Prospectus issued in accordance with Section 60B of the Companies Act, which does not have complete particulars on the price at which the Equity Shares are issued and the size of the Issue. The Red Herring Prospectus will become the Prospectus after filing with the RoC after the pricing date.
Retail Individual Bidder	Individual Bidders (including HUFs and NRIs) who have Bid for Equity Shares for an amount less than or equal to Rs. 2, 00,000, in any of the bidding options in the Issue.
Resident Retail Individual Investor	means a Retail Individual Investor who is a person resident in India as defined in Foreign Exchange Management Act, 1999
Retail Portion	The portion of the Issue being at least 35% of the Issue i.e. [●] Equity Shares of Rs.10 each for cash at a price of Rs. [●] per equity share aggregating to Rs.1750.00 Lacs, available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders to modify the quantity of Equity Shares or the Bid Price in any of their Bid cum Application Forms or any previous Revision Form(s).
SICA	Sick Industrial Companies (Special Provisions) Act, 1985
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended.
Self Certified Syndicate Bank (SCSB)	SCSB is a Banker to an Issue registered under SEBI (Bankers to an Issue) Regulations, 1994 and which offers the service of making an Applications Supported by Blocked Amount and recognized as such by the Board
Stock Exchanges	Bombay Stock Exchange Limited & The National Stock Exchange of India Ltd
Syndicate	The BRLM and the Syndicate Member
Syndicate Agreement	The agreement to be entered into among the Company and the members of the Syndicate, in relation to the collection of the Bids in the Issue.
TRS or Transaction Registration Slip	The slip or document issued by the members of the Syndicate to the Bidder as proof of registration of the Bid.
Underwriters	The BRLM and Syndicate Member.
Underwriting Agreement	The Agreement between the members of the Syndicate and the Company, on its own behalf to be entered into on or after the Pricing Date.

COMPANY AND INDUSTRY RELATED TERMS

Auditors	The statutory auditors of the Company, being M/s Ashok Khasgiwala & Co; Chartered Accountants, Indore
Board	The Board of Directors of Adroit Industries (India) Limited or a committee

	thereof.
ESIC	Employees' State Insurance Corporation
ICAI	The Institute of Chartered Accountants of India
Project	The proposed project of the Company
Registered Office/ Registered office of the Company	The Registered Office of the Company at 308, Acme Plaza, Opp. Sangam Cinema, Andheri Kurla Road, Andheri (East), Mumbai - 400 059
ROC	Registrar of Companies, Maharashtra, Mumbai

ABBREVIATIONS

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

SECTION II – RISK FACTORS

CERTAIN CONVENTIONS - USE OF MARKET DATA

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

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

Industry data used throughout this Draft Red Herring Prospectus has been obtained from industry publications and other authenticated published data. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although the Company believes that industry data used in this Draft Red Herring Prospectus is reliable, it has not been independently verified. Similarly, internal Company reports, while believed by us to be reliable, have not been verified by any independent sources.

For additional definitions, please refer to the section titled ‘Definitions and Abbreviations’ on page no. i of this Draft Red Herring Prospectus. In the section titled ‘Main Provisions of the Articles of Association’ on page no. 185 of this Draft Red Herring Prospectus, defined terms have the meaning given to such terms in the Articles of Association of the Company.

FORWARD LOOKING STATEMENTS

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

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

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

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

RISK FACTORS

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

Unless otherwise stated in the relevant risk factors set forth below, the Company is not in a position to specify or quantify the financial or other implications of any of the risks mentioned herein.

Materiality

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

- a) Some events may not be material individually but may be found material collectively.
- b) Some events may have material impact qualitatively instead of quantitatively.
- c) Some events may not be material at present but may be having material impacts in future.

A. SPECIFIC TO THE PROJECT AND INTERNAL TO THE COMPANY

- 1) **We, our Director, our Promoter and our Group Company are involved in a number of legal and regulatory proceedings, which if determined against us, could adversely affect our operations.**

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

A summary of the cases filed against the Company, Director, Promoter and Group Company of the Company is as follows:

Litigation against the Issuer Company

Sr. No.	Name	Nature of Litigation	No. of Outstanding Litigation	Aggregate amount involved (Rs. in lacs)
1	Adroit Industries (India) Ltd.	Labour Laws	2	10.03

Litigation against the Promoter/Promoter Company/Director

Sr. No.	Name	Nature of Litigation	No. of Outstanding Litigation	Aggregate amount involved (Rs. in lacs)
1	Mr. Mukesh Sangla	Tax Laws	15	46.42
2	Signet Industries Ltd.	Tax Laws	5	95.09

For further details of outstanding litigation against us, our Director, our Promoter and our Group Company, see "Outstanding Litigations and Material Developments" on page 124 of this Draft Red Herring Prospectus.

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

We are required to obtain and maintain certain approvals, licenses, registrations and permits in connection with its business and operations. There can be no assurance that we will be able to obtain

and maintain such approvals, licenses, registrations and permits in the future. An inability to obtain or maintain such registrations and licenses in a timely manner, or at all, and comply with the prescribed conditions in connection therewith may adversely affect our ability to carry on our business and operations, and consequently our results of operations and financial condition.

LIST OF APPROVALS APPLIED FOR BUT NOT YET RECEIVED FOR EXISTING UNITS

Sr. No.	Authority granting approval	Approval/Registration Number	Applicable Law	Nature of approval
1.	Madhya Pradesh Pollution Control Board, Bhopal	329DT2001-2003	Hazardous Waste (Management Handling & Transboundary Movement) Amendments Rules, 2008	Renewal of Authorisation for occupier or operator handling of hazardous waste for plant at Sanwer Road
2.	Madhya Pradesh Pollution Control Board, Ujjain	1157/ROU/MPPCB/2007	Water (Prevention & Control of Pollution) Act, 1974	Renewal of consent to establish & operate under Water (Prevention & Control of Pollution) Act, 1974 for plant at Dewas
3.	Madhya Pradesh Pollution Control Board, Ujjain	1159/ROU/MPPCB/2007	Air (Prevention & Control of Pollution) Act, 1981	Renewal of consent to establish & operate under Air (Prevention & Control of Pollution) Act, 1981 at Dewas
4.	Madhya Pradesh Pollution Control Board, Indore		Water (Prevention & Control of Pollution) Act, 1974	consent to establish & operate under Water (Prevention & Control of Pollution) Act, 1974 for plant at Laxmibai Nagar
5.	Chief Inspector of Factories, Madhya Pradesh	155/13969/DWS/2000 (i)	Factories Act, 1948	Renewal of License to work a factory at Dewas
6.	Additional Chief Inspector of Factories, Madhya Pradesh	290/00229/IND/2000(i)	Factories Act, 1948	Renewal of License to work a Factory at Laxmibai nagar
7.	Chief Inspector of Factories, Madhya Pradesh	52/14592/IND/2000 (i)	Factories Act, 1948	Renewal of License to work a Factory at Sanwer road
8.	Madhya Pradesh Pollution Control Board, Bhopal	2822/TS/MPPCB/2010	Water (Prevention & Control of Pollution) Act, 1974	Renewal of consent to establish & operate under Water (Prevention & Control of Pollution) Act, 1974 for plant at Sanwer Road
9.	Madhya Pradesh Pollution Control Board, Bhopal	2824/TS/MPPCB/2010	Air (Prevention & Control of Pollution) Act, 1981	Renewal of consent to establish & operate under Air (Prevention &

				Control of Pollution) Act, 1981 for plant at Sanwer Road
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LIST OF APPROVALS YET TO BE APPLIED (FOR EXPANSION PROJECT)

Our Company has to apply for the following major/ material licenses, which will be applied in due course of time for the proposed project (for SEZ Project):

Sr.no	Approvals	Purpose	Authority/Department giving consent and approvals
1.	Factory License and Labour Approvals	For operation/production and health & safety	Development Commissioner, Special Economic Zone, Indore under Single Window Clearance Mechanism
2.	Pollution clearance	For pollution clearance	Development Commissioner, Special Economic Zone, Indore under Single Window Clearance Mechanism
3.	Letter of permission	For procurement of raw material, capital goods and clearance of goods and for the purpose of establishing the unit	Development Commissioner, Special Economic Zone, Indore under Single Window Clearance Mechanism
4.	Approval for allotment of land	For establishing the proposed unit	Development Commissioner, Special Economic Zone, Indore
5.	Electric connection	To run the plant	MPAKVN, Indore
6.	Electrical Inspection certificate	For safety	Electrical Inspection Department

Note: Letter of permission (LOP) issued by the development commissioner, shall mean permission for all the purpose other than mentioned above.

- 3) There has been a delay in obtaining “Certificate of Commencement of Business” by the Company for which penalty may be levied on the Company which could have an adverse impact on its financial condition and results of operations.

The Company was incorporated on January 9, 1995 by converting a Partnership firm, under Part IX of the provisions of the Companies Act, 1956 and is carrying on business since then without obtaining “Certificate of commencement of Business” in violation of section 149 of the Companies Act, 1956 and the same was obtained only on January 20, 2011. Penalty can be levied on the person responsible for such non-compliance in terms of section 149 of the Companies Act, 1956. However, the company has filed an application for compounding of offence for the said non-compliance with the Registrar of Companies, Maharashtra on January 24, 2011 and the same is still pending.

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

Allottees	Date of Allotment/ Transfer	No. of Equity Shares	Issue Price (Rs) (Face Value of Rs 10 Each)	Nature of Payment	Reason of allotment
Signet Industries Limited	December 11, 2010	1,50,000	100	Cash	Preferential Allotment
Mr. Mukesh Sangla	December 11, 2010	25,000	100	Cash	Preferential Allotment
Mr. Saurabh Sangla	December 11, 2010	25,000	100	Cash	Preferential Allotment

Shares were issued on December 11, 2010 as “promoter contribution” in the proposed project.

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

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

	(Rs. in Lacs)
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Particulars	Period Ended 30.09.10	Year Ended 31.03.10	Year Ended 31.03.09	Year Ended 31.03.08	Year Ended 31.03.07	Year Ended 31.03.06
Net Cash from Operating activities	(257.01)	488.08	155.89	(734.34)	262.52	399.55
Net cash (used in) / from investing activities	(153.10)	31.43	(70.51)	(155.46)	(24.58)	(48.93)
Net cash (used in) / from financing activities	182.42	(325.11)	(146.63)	666.76	(244.04)	(70.65)
Net increase / (decrease) in cash and cash equivalents	(227.69)	194.40	(61.25)	(223.04)	(6.10)	279.97

For detailed cash flow statement, please refer page no. 103 of the DRHP.

6) The trading of equity shares of Promoter Company, Signet Industries Limited, was suspended on Bombay Stock Exchange Limited in the year 1995 and 2003.

The Equity Shares of Signet Industries Limited are listed on Bombay Stock Exchange Limited and Madhya Pradesh Stock Exchange Limited. The trading of equity shares was suspended by Bombay Stock Exchange for non compliance of Clause 16 of the Listing Agreement with regard to maintaining minimum time gap for giving notice of closure of Register of Members and transfer books w.e.f. July 14, 2003. The said suspension was revoked w.e.f. January 19, 2009. Prior to this, the trading of equity shares of Signet Industries Limited was suspended by BSE in September 1995, for non-compliance with regard to issuance of required notice within stipulated time to BSE for fixing the record date for issuance of Bonus Shares. The said suspension was revoked on October 18, 1995.

7) The Company is dependent on few customers for its products as top 10 customers constitutes around 72% of the total income for the year 2009-10. The company is also dependent on few suppliers as top 10 suppliers constitute around 85% of the total purchases for the year 2009-10. The loss of one or more significant clients or suppliers for any reason may have an adverse effect on our results of operations.

The Company is largely dependent on single and few customers, as top one and top ten customers constitutes around 31% and 72% of the total income for the year 2009-10. In addition, company is also dependent on few suppliers as top one and top ten suppliers constitutes 31% and 85% of the total purchases for the year 2009-10. The loss of one or more significant clients or suppliers for any reason may have an adverse effect on our results of operations.

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

As on September 30, 2010, the Company has outstanding unsecured loans of Rs. 108.00 lacs which are repayable on demand. In the event that the lenders of such loans demand the repayment of these loans, we would need to find alternative sources of financing, which may not be available on commercially reasonable terms or at all because of which we may face the liquidity crunch in the future.

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

One of the group entities i.e. Adroit Agro and Allied industries, a partnership firm, was engaged in the business of manufacturing and dealing of automobile parts and accessories which is also a business carried on by the issuer company. Although no such activity is carried on by the firm at present, there is no assurance that it will not resume such business activities and not compete with us. This could lead to a potential conflict of interest for us and could adversely affect our results of operations and financial condition. In addition, attention to the other Group entities may distract or dilute management attention from our business, which could adversely affect our results of operations and financial condition.

For further information, see the section entitled "Our Promoters and Promoter Group" on page 85 of this Draft Red Herring Prospectus.

10) The company is yet to make an application for allocation of the land for the proposed project.

The Company proposes to set up the proposed additional unit at SEZ, Indore located at Pithampur, District: Dhar. The company proposes to acquire land admeasuring 10 acres (40469 sq. mtr.) approximately at Industrial Area, SEZ, Pithampur, Distt. Dhar (MP) on lease basis for a period of 30 years. The cost of land (lease premium) for the proposed project is estimated at Rs.587.30 lacs which includes cost of land, registration and stamp duty etc. The company is yet to make an application for allocation of the land for the proposed project. Any delay in getting the allocation of land from the respective authority will delay the completion of project.

11) There was a strike in the factories located at Laxmibainagar, Indore and Sanwer Road, Indore.

There was a strike in the factories located at Laxmibainagar, Indore and Sanwer Road, Indore during October 6, 2010 to October 28, 2010. This strike had disrupted the manufacturing activities of the company which in turn had its effects on the sales & profitability of the company. Such sort of labour unrest may also arise in future which may have its effect on the sales & profitability of the company.

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

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

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

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

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

- a) Effect any change in the company's capital structure.
- b) Formulate any scheme of amalgamation or re-construction or restructuring of any kind.
- c) Undertake guarantee obligations on behalf of any other company, firm or person.
- d) Declare dividends for any year except out of profits relating to that year after making all due necessary provisions and provided further that no default had occurred in any repayment obligations.

For details, please refer section "Financial Information of the Company" on page no. 113 of DRHP.

14) We are yet to place orders for 96.19% of the plant & machinery required for the project. Any delay in placing orders, procurement of plant and machinery may delay our implementation schedule which may also lead to increase in price of these equipments, further affecting our revenue and profitability.

The Company is yet to place orders for Rs.4347.56 lacs being 96.19% of the plant & machinery cost relating to project. For details, please refer page 31 of Draft Red Herring Prospectus. Any delay in placing the order for procurement of the same and its delivery will inadvertently delay the completion of project and will lead to the increase in price of these equipments, which in turn will have its effect on the revenue and profitability of the Company.

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

We intend to use the Net Proceeds of the Issue for the purposes described in "*Objects of the Issue*" on page 28 of DRHP. Our management may revise estimated costs, fund requirements and deployment schedule owing to factors relating to our business and operations and external factors which may not be within the control of our management.

The utilization of the Net Proceeds of the Issue and other financings will be monitored only by the Board and is not subject to any monitoring by any independent agency. Net Proceeds of the Issue allocated to general corporate purposes will be used at the discretion of the management. Further, pending utilization of the Net Proceeds of the Issue, we intend to invest such Net Proceeds in high quality interest/dividend bearing liquid instruments including investment in mutual funds, deposits with the banks for the applicable period.

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

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

The present installed capacity is 2,70,000 components per annum which the Company proposes to increase to 11,70,000 components per annum i.e. the scale of operations is being increased to manifold in this project, which is a substantial increase over its current size of operations. Although the promoters have experience in this industry, their competence in handling a project of this magnitude remains to be tested.

- 17) The Company does not have a consistent track record of payment of dividend on equity shares and may not pay dividend in future also.**

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

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

The Company is constantly exposed to possible unpredictability in the supply of raw materials. Lack of any backward linkage exposes the company to volatility inherent in availability of the critical raw material at competitive prices which may affect our operations.

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

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

- 20) The present project is funded mainly from the proceeds of present public issue. Due to the delay in the public issue there may be a delay in the schedule of implementation of the project that the**

company proposes to undertake which may affect the business and results of operations of the Company.

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

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

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

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

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

The current high demand and prospects for auto components businesses could lead to other companies increasing their production capacity in these segments. This could result in excess capacity in the market.

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

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

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

The Company has entered into transactions with its promoter, certain directors & promoter group entities. There can be no assurance that the Company could not have achieved more favorable terms had such transactions not been entered into with related parties. Furthermore, it is likely that the Company will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on the Company's financial condition and results of operations. For further information on the common pursuits and our transactions with the promoter, certain directors & promoter group entities, please refer "Common Pursuits" and "Details of related party transaction" on pages 95 and 111, respectively, of this Draft Red Herring Prospectus.

B. EXTERNAL RISK FACTORS BEYOND THE CONTROL OF THE COMPANY

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

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

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

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

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

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

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

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

Any adverse change in Government policies relating to the auto industry in general and propeller shafts and its components in particular may have an impact on the profitability of the industry. Such changes are not limited to but may be in respect of:

- (i) Sales Tax/ VAT
- (ii) Customs Duty
- (iii) Import/ Export restriction
- (iv) Excise Duty/ CENVAT

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

Changes in regulatory environment relating to manufacturing and marketing propeller shafts and its components in and outside the country will significantly impact the business of the Company.

29) Changes in regulation of Exports and Imports could adversely affect our business operations.

Any change in regulations, domestic or international, having an impact on the auto market in general, will affect the industry as a whole. Such changes may be in the nature of introduction of quota, tariff barrier, subsidies etc.

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

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

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

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

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

The exchange rate between the Rupee and other currencies is variable and may continue to fluctuate in the future. Fluctuations in the exchange rates may affect the Company to the extent of cost of imported

raw material being bought from overseas vendors and to the extent of value receivable for the exports made of the Company's products. Any adverse fluctuations with respect to the exchange rate of any foreign currency for Indian Rupees may affect the Company's profitability.

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

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

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

Various incentives are offered by the Government for development of SEZ. Adverse change in the focus of the Government may affect the future business prospects of the Company.

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

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

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

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

37) A slowdown in global economic growth could cause our business to suffer.

The Company's performance is highly dependent upon the growth of business and economy in the Countries outside India. An economic down turn may negatively impact the operating results of the Company.

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

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

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

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

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

C. PROMINENT NOTES

- Public issue of [●] Equity Shares of Rs.10 each for cash at a price of Rs. [●] per Equity Share (including a share premium of Rs. [●] per Equity Share) aggregating up to Rs.5000 lacs by Adroit Industries (India) Limited. The issue would constitute [●] % of the fully diluted post issue paid up capital of the company.
- The Issue is being made through the 100% Book Building Process wherein up to 50% of the Issue shall be allocated on a proportionate basis to Qualified Institutional Buyers, out of which 5% of the QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue Price. Further, at least 15% of the Issue shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Issue shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.
- Under-subscription, if any, in any category would be met with spill over from other categories or combination of other categories at the sole discretion of our Company in consultation with the BRLM. In case of inadequate demands from the Mutual Funds, the Equity Shares would be made available to QIBs other than Mutual Funds.
- In the event of the Issue being oversubscribed, the allocation shall be on a proportionate basis to QIB Bidders, Retail Individual Bidders and Non-Institutional Bidders (Refer to the paragraph entitled "Basis of Allotment" on page no. 176 of this Draft Red Herring Prospectus).
- Net worth of the Company as on September 30, 2010 is Rs.1868.40 lacs. The book value of the Equity Shares of the Company as on September 30, 2010 is Rs.33.22 per Equity Share.
- Except as stated in the section "Capital Structure" on page no. 16 of Draft Red Herring Prospectus, the Company has not issued any Equity Shares for consideration otherwise than for cash.
- Investors are advised to refer the paragraph on "Basis for Issue Price" on page no. 38 of this Draft Red Herring Prospectus before making an investment in the Issue.
- Investors are free to contact the Book Running Lead Manager or Compliance Officer for any clarification or information or complaints pertaining to the Issue.
- Investors may note that allotment and trading in shares of the Company shall be done only in dematerialized form.
- All information shall be made available by the Book Running Lead Manager and the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever.
- The average cost of acquisition of Equity Shares of face value of Rs.10 each by our promoters is given below:

Sr. No.	Name of Promoter	Avg. Cost of Acquisition per share (Rs.)
1.	Mr. Mukesh Sangla	8.32
2.	Mr. Saurabh Sangla	8.57
3.	Signet Industries Limited	26.02

- Except as stated below, there have been no transactions in the Company's Equity Shares by the Promoters/Promoter Group and the Directors of the Promoter Company during a period of six months preceding the date of filing of this Draft Red Herring Prospectus with SEBI.

Sr. No.	Name of the Purchaser	Name of the Seller / Nature of Issue	Date of Transfer/Acquisition	No. of Equity Shares	Face Value (Rs.)	Transfer/Acquisition Price (Rs.)
1	Mr. Mukesh Sangla	Bonus	November 17, 2010	542145	10	NA
		Preferential Allotment	December 11, 2010	25000	10	100
2	Mr. Saurabh Sangla	Bonus	November 17, 2010	490708	10	NA
		Preferential Allotment	December 11, 2010	25000	10	100
3	Signet Industries Limited	Bonus	November 17, 2010	1242208	10	NA
		Preferential Allotment	December 11, 2010	150000	10	100
4	Mukesh Sangla (HUF)	Bonus	November 17, 2010	300458	10	NA
5	Mrs. Monica Sangla	Bonus	November 17, 2010	309250	10	NA

6	Mrs. Avantika Sangla	Bonus	November 17, 2010	416666	10	NA
7	Ornate Leasing and Finance Private Limited	Bonus	November 17, 2010	285033	10	NA
8	Signet Impex Private Limited	Bonus	November 17, 2010	263125	10	NA
9	Swan Holdings Private Limited	Bonus	November 17, 2010	190416	10	NA
10	Signate Leasing and Finance Private Limited	Bonus	November 17, 2010	210000	10	NA
11	Shree Balaji Starch And Chemicals Limited	Bonus	November 17, 2010	435195	10	NA

13. There has been no financing arrangements whereby the promoter group, the directors of the company which is a promoter of the issuer, the directors of the issuer and their relatives have financed the purchase by any other person of securities of the issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing Draft Red Herring Prospectus with the Board.
14. There has been no change in Company's name since its incorporation.
15. For Related party transactions, please refer page 111 under heading "Related Party transactions" of the Draft Red Herring Prospectus. The total value of transactions with related parties for the year ended March 31, 2010 was Rs.122.14 lacs.

SECTION - III INTRODUCTION

SUMMARY

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

Industry Overview

Indian Economy

Indian automobile market is reckoned to be amongst the most dynamic growth markets globally. Stronger economic growth, rapid growth in road infrastructure and increasing affordability ensures a high sales growth momentum for the auto sector. The Indian Auto Component Industry is growing at a tremendous pace. The automotive sector is one of the core industries of the Indian economy. With 4 per cent contribution to the GDP and nearly 5 per cent of the total industrial output, the automotive sector has become a significant contributor to the exchequer. Continuous economic liberalization over the years by the government of India has resulted in making India as one of the prime business destination for many global automotive players.

Current Market

India has a thriving auto component manufacturing industry which is well positioned to realize the increasing opportunities arising in the domestic market. The Industry is focusing on small passenger vehicles and affordability is the driving force for today's manufacturers. Currently the Auto Component industry manufactures a wide range of products in India for both domestic and export consumption. The total size of the component industry is close to USD 14 billion out of which USD 9.4 billion is the domestic OEM market, USD 2.6 billion is the domestic aftermarket and USD 2.0 billion are the direct exports of components. More than 60% of the exports of auto components are to Europe and USA. More than 70% of the exports go to the OEMs and Tier I suppliers and only 30% to the global aftermarket, indicating the high level of maturity in quality and technology that has been achieved by the component industry. This is an indicator of the steadily rising quality and level of advanced technology that has been achieved by the component industry. Currently the Auto Component Industry manufactures a wide range of products in India for both domestic consumption and exports.

(Source: <http://www.siamindia.com/upload/AMP.pdf>)

India's automotive component industry is dependent on the expansion of automobile industry. The Indian automobile industry is going through a phase of rapid change and high growth. The major players are expanding their plants and focusing on mass customization, mass production.

Over the years it has become quality conscious and aims for global market. Slowly, but surely, the sector is emerging as the next big business opportunity for Indian companies as global Original Equipment Manufacturers (OEMs) hike procurement plans and domestic companies expand. Currently the Auto component Industry manufactures a wide range of products in India for both domestic consumption and exports.

Geographical Advantage

Madhya Pradesh has a prominent position in the Indian Auto Industry. The state's Auto component manufacturers control around 60 % of the total market. The State is one of the leaders in auto components and ancillary industries, with almost 5 OEM'S and over 100 auto component manufacturers. The state government has developed an industrial cluster at Pithampur which provides readily available infrastructure for companies willing to set up manufacturing facilities in the state. Further the Central Government has sanctioned an auto cluster in the Pithampur area. The Government of India would grant an amount of 11 million USD and local industrialists have agreed to contribute 3 million USD for the project. The cluster at Pithampur also has the following advantages:

- Proximity to Steel plants in Bhilai and Nagpur which would lead to overall reduction in raw material costs, steel being a primary component.
- Proximity to ports on the eastern and western coasts of India serves as a vital link for exploring the international markets.

(Source: http://www.mpmoney.com/GlobalSummit/OEM_plant.pdf)

INDUSTRY PRODUCT RANGE

The component industry has now holistic capability to manufacture the entire range of auto-components e.g. Engine parts, Drive, Transmission Parts, Suspension & Braking Parts, Electricals, Body and Chassis Parts, Equipment etc. The component-wise share of production, as indicated by the ACMA, is Engine parts-31%, Drive and Transmission Parts-19%, Suspension & Braking Parts-12%, Electricals-9%, Body and Chassis Parts-12%, Equipment-10% and other 7%.

Governments Initiatives

The Central government has realized the importance of the automobile industry and therefore has decided to adopt 19 industrial clusters under the Industrial Infrastructure up gradation scheme of the Department of Industry Policy and Promotion. Provision of sound infrastructure will give a major boost to the auto component industry and will also keep a check on the haphazard growth of the same. The government is taking various steps like:

- Reduction in Excise and Custom Duties;
 - Implementation of Bharat Stage IV norms by 2010;
 - Incentives to facilitate Research and Development activity in the automobile Industry;
 - Safety;
 - Improving Road Infrastructure;
 - Harmonization of Standards;
 - The Government of India has brought forward an Auto policy in the year 2002 with a vision to establish a globally competitive automotive industry in India and to double its contribution to the economy by 2010.
 - This policy aims to promote integrated, phased, enduring and self-sustained growth of the Indian automotive industry. The main objectives are to:-
 - Exalt the sector as a lever of industrial growth and employment and to achieve a high degree of value addition in the country.
 - Promote a globally competitive automotive industry and emerge as a global source for auto components.
 - Establish an international hub for manufacturing small, affordable passenger cars and a key center for manufacturing Tractors and Two-wheelers in the world.
 - Ensure a balanced transition to open trade at a minimal risk to the Indian economy and local industry.
 - Conduce incessant modernization of the industry and facilitate indigenous design, research and development.
 - Steer India's software industry into automotive technology.
 - Assist development of vehicles propelled by alternate energy sources.
 - Development of domestic safety and environmental standards at par with international standards.
- (Source: <http://www.dhi.nic.in/autopolicy.htm>)

Business Overview

Adroit Industries (India) Limited (AAIL), a public limited company, was incorporated on January 9, 1995 by converting M/s. Adroit industries (India), a Partnership firm, under Part IX of the provisions of the Companies Act, 1956 (**"Part IX Conversion"**). The partnership firm was originally formed by a Partnership Deed dated March 9, 1966 executed by and between Mr. Jagjit Singh and Mr. Varinder Singh (**the "Partnership Deed"**). The said Partnership Deed was reconstituted on June 2, 1994 and reconstituted partnership deed was executed by and between Mr. Jagjit Singh, Mr. Varinder Singh, Mr. Jaspavan Singh, Mr. Jaspreet Singh, Mr. Surinderpal Singh, Ms. Narinder Kaur and Ms. Gajinderpal Kaur (**"Reconstituted Partnership Deed"**). Finally, on January 9, 1995 the said partnership formed by the Deed was dissolved and our Company was formed under the name and style of "Adroit Industries (India) Limited" vide Certificate of Incorporation issued by the Registrar of Companies, Maharashtra, Mumbai. AAIL was originally promoted by Mr. Jagjit Singh Anand, Mr. Varinder Singh Anand and their family members. On March 13, 2007, the majority of shareholding of the company was acquired by the current promoter group of the company.

The business was started in a small industrial shed at 50A, Laxmibai Nagar, Indore and is engaged in the manufacturing of Propeller Shaft and its components like Universal Joint, Slip Yoke, Weld Yoke, End Yoke, Companion Flange & Flange Yoke, Tube, Stub Shaft, etc. which are used in the commercial and passenger

vehicles. AILL manufactures propeller shafts for cars, light / medium / heavy commercial vehicles and several other industrial applications.

In the year 1995, AILL acquired a manufacturing plant located at Sanwer Road, Indore by acquiring the partnership firm M/s. Hindustan Forgings vide an agreement dated July 17, 1995 to manufacture the propeller shafts and its components which has increased the total production capacity of the company. Thereafter, for the purpose of backward integration, company acquired a forging unit located at A.B.Road, Dewas in May 1996 from 'Madhya Pradesh Financial Corporation' vide an agreement dated May 24, 1996 to meet the requirement of forging in-house itself. This has reduced the cost, lead time, increased the control over the consistent quality parameters and allowed to maintain the supply chain management in a better manner. Later, AILL started manufacturing Dyes for forging under the same roof of Dewas unit, which has allowed the integration of the forging and machining in-house. In this way, starting from forging dyes to finished forgings to propeller components and shafts, AILL has in-house manufacturing facility for the production of propeller shafts and components.

The units located at Laxmibai Nagar, Indore and Sanwer Road, Indore were 100% export oriented units and were enjoying related tax benefits of Income Tax and Duty free Procurement of raw material and capital goods. Company has completed its tax holiday of 10 years, thus company applied for debonding of units from EOU scheme to DTA unit. The said conversion was permitted by the Office of the Development Commissioner, Indore SEZ vide its letter dated September 14, 2010. After conversion, company is entitled for availing all benefits of Export Schemes of the Govt of India.

Company's products adhere to quality standards and two of its units at A.B.Road, Dewas and Sanwer Road have got IS/ ISO 9001:2008 certification for the 'manufacture of forged automobile components for drive shaft assemblies' and for 'manufacture of automobile components specializing in drive shafts' respectively from 'Surewin Quality Certification'.

Presently the Company is having a production capacity of 270000 units per annum. The Company is also proposing to enhance its production capacities of existing manufacturing facilities from exiting 270000 units per annum to 360000 units per annum.

Because of the increase in demand of propeller shafts and its components globally, AILL is proposing to set up a new manufacturing unit with an installed capacity of 8,10,000 components per annum to cater to the various industries such as **Automotive** (complete range from light to heavy commercial vehicles, passenger car vehicles, heavy earth-moving equipments, engine test cell equipments, etc.), **Locomotive** (railway rolling stock, railway track maintenance machinery, etc.), **Industrial** (steel and rolling mills, woodworking machinery, papermaking machinery, etc.), **Agricultural** (water sewage treatment works, pump drivers, etc.), **Marine** and other various industries.

SUMMARY FINANCIAL INFORMATION

STATEMENT OF AUDITED ASSETS AND LIABILITIES AS RESTATED

(Rupees in Lakhs)

YEAR/PERIOD ENDED	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
A. Fixed Assets						
Gross Block	1575.67	1553.34	1539.61	1416.46	1276.77	1250.06
Less: Depreciation	697.78	661.75	590.81	520.76	467.49	816.10
Net Block	877.89	891.59	948.80	895.70	809.28	433.96
TOTAL FIXED ASSETS (A)	877.89	891.59	948.80	895.70	809.28	433.96
B. Investments	148.99	0.00	0.00	0.00	0.00	0.00
C. Current Assets, Loans & Advances						
Inventories	701.91	682.63	759.09	437.80	153.40	244.04
Receivables/Sundry Debtors	601.90	335.93	339.00	379.66	299.21	325.92
Cash & Bank Balances	64.55	292.23	97.84	159.08	382.12	388.22
Loans & Advances	1560.79	1126.85	1206.37	1496.30	442.45	248.60
TOTAL ©	2929.15	2437.64	2402.30	2472.85	1277.18	1206.78
D. Liabilities & Provisions						
Secured Loans	728.25	649.08	949.27	1051.72	277.80	329.12
Unsecured Loans	108.00	0.00	0.00	0.00	0.00	0.00
Deferred Tax Liability	162.45	164.34	159.26	147.28	159.93	25.25
Current Liabilities & Provisions	1088.93	837.08	735.33	804.40	472.45	441.54
TOTAL (D)	2087.63	1650.50	1843.86	2003.40	910.18	795.91
E. Net Worth [A+B+C-D]	1868.40	1678.73	1507.25	1365.15	1176.28	844.83
F. Represented By						
Share Capital *	562.50	562.50	562.50	562.50	562.50	562.50
Share Capital	562.50	562.50	562.50	562.50	562.50	562.50
Reserves & Surplus	1305.90	1116.23	944.75	802.65	614.35	285.97
Accumulated Profits	919.95	730.28	658.81	516.71	328.41	25.15
General Reserve	194.87	194.87	94.86	94.86	94.86	69.74
Capital Redemption Reserve	191.08	191.08	191.08	191.08	191.08	191.08
Miscellaneous Expenditure to the extent not written off	0.00	0.00	0.00	0.00	0.57	3.64
TOTAL (A+B-C)	1868.40	1678.73	1507.25	1365.15	1176.28	844.83
Net Worth	1868.40	1678.73	1507.25	1365.15	1176.28	844.83

Note: The Above summary of statement of Assets & Liabilities are to be read with notes to restated financial statement and significant accounting policies as Appearing in Annexure IV

STATEMENT OF AUDITED PROFIT AND LOSS AS RESTATED

(Rs. in Lakhs)

YEAR/PERIOD ENDED	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Income						
Sales						
-Manufactured Goods	1280.55	1687.74	2461.36	2218.29	1954.46	1826.62
-Traded Goods	0.00	0.00	0.00	0.00	98.56	102.50
Less: Excise Duty	0.00	0.00	0.00	6.84	0.00	0.00
Net Sales	1280.55	1687.74	2461.36	2211.46	2053.02	1929.12
Other Income	60.34	86.23	55.98	6.71	4.35	2.16
Increase/(Decrease) in stock	(46.39)	120.72	-89.74	206.61	-22.75	-8.55
Total Income	1294.50	1894.69	2427.60	2424.78	2034.63	1922.74
Expenditure						
Raw Material Consumed	286.23	524.68	655.34	962.03	726.94	649.98
Cost of Traded Goods	0.00	0.00	0.00	0.00	82.98	93.18
Other Manufacturing Expenses	226.07	283.21	411.56	325.81	320.97	261.22
Employees Cost	268.58	449.04	447.30	399.08	283.49	275.17
Administrative, Selling and Distribution Expenses	148.76	141.05	437.05	242.49	231.60	232.98
Preliminary Expenses Written off	0.00	0.00	0.00	0.57	3.06	3.06
TOTAL EXPENDITURE	929.64	1397.98	1951.25	1929.98	1649.04	1515.59
Net Profit before Interest, Depreciation & Tax	364.86	496.71	476.36	494.80	385.59	407.15
Depreciation	36.03	70.94	70.05	60.22	62.15	83.00
Net Profit before Interest & Tax	328.83	425.77	406.31	434.58	323.43	324.15
Interest/Financial Charges	44.88	116.12	178.45	128.05	1.82	2.53
Net Profit Before Tax & Extraordinary Item	283.95	309.65	227.86	306.53	321.61	321.63
Provision for Taxation						
Current	96.67	100.29	70.84	127.73	87.82	119.78
Deferred	(2.39)	5.09	11.96	-12.65	134.69	-6.80
Previous Year Tax & FBT	0.00	0.00	0.00	0.00	-14.92	11.27
Fringe Benefit Tax	0.00	0.00	2.95	3.15	4.00	3.67
Net Profit After Tax but before Extraordinary Item	189.67	204.27	142.11	188.30	110.03	193.71
Depreciation reversed due to change in method of depreciation	0.00	0.00	0.00	0.00	410.77	0.00
Net Profit After Tax & Extraordinary Item	189.67	204.27	142.11	188.30	520.80	193.71
Net Profit as Restated	189.67	204.27	142.11	188.30	520.80	193.71

APPROPRIATION						
Add: Brought Forward from Previous Period	730.28	658.81	516.71	328.41	25.15	21.79
Less: Transfer to General Reserve	0.00	100.00	0.00	0.00	25.12	30.00

Less: Proposed Dividend/ Interim Dividend	0.00	28.13	0.00	0.00	168.75	140.63
Less: Tax on Proposed Dividend	0.00	4.67	0.00	0.00	23.67	19.72
Balance C/f to Balance Sheet	919.95	730.28	658.81	516.71	328.41	25.15

Statement of Restated Cash Flow Statement

(Rupees in Lakhs)						
YEAR/PERIOD ENDED	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
A) Cash Flow from Operating Activities						
Net Profit before tax & Extraordinary Items	283.95	309.65	227.86	306.53	321.61	321.63
Adjustments for -						
Depreciation	36.03	70.94	70.05	60.22	62.15	83.00
(Profit)/Loss on sale of Fixed Assets	0.00	0.00	0.00	12.71	0.00	0.08
Interest Income	(18.22)	(45.15)	(52.65)	(3.88)	(2.13)	(2.16)
Preliminary Expenses	0.00	0.00	0.00	0.57	3.06	3.06
Interest & Financial Expenses	4.75	24.92	44.18	107.16	0.30	0.40
Operating profit before working capital changes	306.51	360.36	289.44	483.31	385.00	406.00
Adjustments for -						
1. Decrease/(Increase) in Debtors	(265.96)	3.06	40.66	(80.45)	26.71	(3.51)
2. Decrease/(Increase) in Inventories	(19.29)	76.46	(321.28)	(284.41)	90.65	8.77
3. Decrease/(Increase) in Loans & Advances	(408.80)	147.32	446.72	(1029.28)	(33.19)	(0.37)
4. Increase/(Decrease) in Current Liabilities & Provisions	155.66	(31.32)	(142.86)	201.07	(60.91)	83.24
Cash generated from operations	(231.88)	555.88	312.67	(709.75)	408.25	494.13
Direct Taxes Paid (net)	(25.13)	(67.80)	(156.79)	(24.59)	(145.73)	(94.58)
Cash flow before extraordinary item	(257.01)	488.08	155.89	(734.34)	262.52	399.55
Extraordinary Item	0.00	0.00	0.00	0.00	0.00	0.00
Net Cash From Operating Activities	(257.01)	488.08	155.89	(734.34)	262.52	399.55
B) Cash Flow from Investing Activities						
1. Purchase of Fixed Assets	(22.33)	(13.72)	(123.16)	(164.84)	(26.71)	(54.49)
2. Purchase of Investments	(148.99)	0.00	0.00	0.00	0.00	0.00
3. Sale of Fixed Assets	0.00	0.00	0.00	5.50	0.00	3.40
4. Interest Received	18.22	45.15	52.65	3.88	2.13	2.16
5. Misc Expenditure	0.00	0.00	0.00	0.00	0.00	0.00
Net Cash (Used in)/From Investing Activities	(153.10)	31.43	(70.51)	(155.46)	(24.58)	(48.93)
C) Cash Flow from Financing Activities						
1. Interest & Finance Charges Paid	(4.75)	(24.92)	(44.18)	(107.16)	(0.30)	(0.40)
2. Proceed from short term borrowings	79.17	0.00	0.00	0.00	0.00	0.00
3. Proceeds from Long Term borrowings	0.00	(300.19)	(102.45)	773.92	(51.32)	90.09
4. Proceeds from Unsecured Loans	108.00	0.00	0.00	0.00	0.00	0.00
5. Withdrawals of Capital (Net)	0.00	0.00	0.00	0.00	0.00	0.00

6. Dividend paid	0.00	0.00	0.00	0.00	(168.75)	(140.62)
7. Dividend tax Paid	0.00	0.00	0.00	0.00	(23.67)	(19.72)
Net Cash (Used in)/From Financing Activities	182.42	(325.11)	(146.63)	666.76	(244.04)	(70.65)
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	(227.69)	194.40	(61.25)	(223.04)	(6.10)	279.97
Cash & Cash Equivalents at the Start of the Period	292.23	97.83	159.08	382.12	388.22	108.25
Cash & Cash Equivalents at the Close of the Period	64.54	292.23	97.83	159.08	382.12	388.22

THE ISSUE

Equity Shares offered	
Public Issue	[●] Equity Shares
Of Which	
QIB Portion	Up to 50% of the Issue, i.e. [●] Equity Shares of Rs.10 each for cash at a price of Rs. [●] per equity share aggregating to Rs. 2500.00 lacs, (Allocation on proportionate basis) out of which 5% of the QIB Portion i.e. [●] Equity Shares aggregating to Rs. 125.00 lacs shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the QIB Portion shall be available for allocation on a proportionate basis to all Qualified Institutional Buyers, including Mutual Funds, subject to valid Bids being received at or above Issue Price
Non Institutional Portion	At least 15% of the Issue i.e. [●] Equity Shares of Rs.10 each for cash at a price of Rs. [●] per equity share aggregating to Rs. 750.00 Lacs, available for allocation to Non Institutional Bidders. (Allocation on proportionate basis)
Retain Portion	At least 35% of the Issue i.e. [●] Equity Shares of Rs.10 each for cash at a price of Rs. [●] per equity share aggregating to Rs. 1750.00 Lacs, available for allocation to Retail Individual Bidder(s). (Allocation on proportionate basis)
Equity Shares outstanding prior to the Issue	1,05,12,493 Equity shares of Rs.10 each
Equity Shares outstanding after the Issue	[●] Equity Shares of Rs.10 each
Objects of the Issue	Please see the section entitled "Objects of the Issue" on page 28 of this Draft Red Herring Prospectus.

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

GENERAL INFORMATION

Adroit Industries (India) Limited

Regd. Office: 308, Acme Plaza, Opp. Sangam Cinema,
Andheri Kurla Road, Andheri (East), Mumbai - 400 059

(Originally the Registered Office of our Company was situated at 429, Vithalbhai Patel Road, Mumbai -400 004 since incorporation which was shifted to present address w.e.f. August 20, 2010.)

Tel: +91-22-3244 8061, 3244 8064; **Fax:** +91-22-6694 1567;

E-mail: ipo@adroitindustries.com; **Website:** www.adroitindustries.com,

Contact Person: Ms. Preeti Choudhary, Company Secretary & Compliance Officer

The Company was incorporated as Adroit Industries (India) Limited on January 9, 1995 under Part IX of the Companies Act, 1956 as a public limited company by the Registrar of Companies, Maharashtra, Mumbai.

Company Registration Number: 11-84474. (Company Incorporation Number (CIN) of the Company is U74999MH1995PLC084474.)

The Company is registered with the Registrar of Companies, Maharashtra, Mumbai, situated at 100, Everest, Marine Drive, Mumbai – 400 002.

Corporate Office of the Company

The details of the corporate office of the company are as under:

50-A, Laxmibai Nagar,
Fort, Indore – 452 006
Tel: +91-731-2410568;
Fax: +91-731-2411988;

BOARD OF DIRECTORS OF THE COMPANY

Sr. No.	Name	Designation
1.	Mr. Mukesh Sangla	Chairman & Managing Director
2.	Mr. Saurabh Sangla	Whole Time Director
3.	Mr. Bhupesh Sanghvi	Non Executive Independent Director
4.	Mr. Niranjani Modi	Non Executive Independent Director
5.	Mr. Anil Agarwal	Non Executive Independent Director

For brief profile of Board of Directors of the Company, please refer the section “Our Promoters and Promoter Group” for profile of promoter directors and section “Our Management” for brief profile of other directors, on page no. 85 and 76 respectively of this Draft Red Herring Prospectus.

COMPANY SECRETARY AND COMPLIANCE OFFICER

Ms. Preeti Choudhary

Adroit Industries (India) Limited

50-A, Laxmibai Nagar,

Fort, Indore – 452 006

Tel: +91-731-2410568;

Fax: +91-731-2411988;

E-mail: ipo@adroitindustries.com;

Website: www.adroitindustries.com,

Investors can contact the Compliance Officer or the Registrar in case of any pre-Issue or post- Issue related problems, such as non-receipt of letters of allocation, credit of allotted Equity Shares in the respective beneficiary accounts or refund orders etc.

BANKERS TO THE COMPANY

UCO Bank

New Palasia Branch,

2/5, 3/5, Girnar Tower,

New Palasia,
Indore – 452 003
Tel: +91-731-2544414;
Fax: +91-731-2544166;
Contact person: Mr. G. Rajendiran
Email address: uconpindore@sify.com

ISSUE MANAGEMENT TEAM

BOOK RUNNING LEAD MANAGER

Chartered Capital And Investment Limited

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

SYNDICATE MEMBER

[•]

REGISTRAR TO THE ISSUE

Link Intime India Private Limited

C-13, Pannalal Silk Mills Compound,
LBS Marg, Bhandup (West), Mumbai 400 078
Tel :+91-22- 2596 0320, Fax :+91-22- 2596 0329
Toll Free: 1-800-22-0320
E-mail: ail.ipo@linkintime.co.in
Website: www.linkintime.co.in
Contact person: Mr. Chetan Shinde

STATUTORY AUDITORS OF THE COMPANY

M/s Ashok Khasgiwala & Co;
Chartered Accountants
(Firm Registration No with ICAI: 0734C)
317, Chetak Centre “Annex”,
RNT Marg,
Indore – 452 001
Tel: +91-731- 2517341/ 4069301
Email: ashokkhasgiwala@yahoo.com

LEGAL ADVISOR TO THE COMPANY

P. Pal & Associates,

Advocates & Consultants,
113, Advocate's Chamber, 2nd Floor,
MP Bar Council Building,
High Court Campus,
Indore (MP)
Tel: +91-98263 90441
Email: praveenpal@hotmail.com
Contact Person: Mr. Praveen Pal

ADVISOR TO THE COMPANY

Shyam S. Gupta & Associates
Chartered Accountants
305, Milinda's Manor,

2, RNT Marg, Indore – 452 001
Tel: +91-731-2525978, 4065978
Email: sguptaca2004@rediffmail.com
Contact Person: Mr. Shyam Gupta

BANKERS TO THE ISSUE AND ESCROW COLLECTION BANKS

[•]

SELF CERTIFIED SYNDICATE BANKS

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

STATEMENT OF INTER-SE ALLOCATION OF RESPONSIBILITIES BETWEEN BRLMs

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

CREDIT RATING

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

IPO GRADING

The Company has appointed [•] for the purpose of IPO Grading. Their contact detail is as under:

[•]

This Issue has been graded by [•] as “[•]”, indicating [•] vide its letter dated [•]. For details in relation to the report of [•] furnishing rationale for the IPO grading, please refer to Annexure beginning on page [•] of this Draft Red Herring Prospectus. Attention of the Investors is drawn to the disclaimer of [•] appearing on page 148 of the Draft Red Herring Prospectus.

TRUSTEES

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

MONITORING AGENCY

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

APPRAISING ENTITY

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

WITHDRAWAL OF THE ISSUE

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

BOOK BUILDING PROCESS

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

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

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

QIBs are not allowed to withdraw their Bid(s) after the Bid /Issue Closing Date. In addition as per the recent amendments to the SEBI Regulations, QIBs are required to pay full Bid amount upon submission of their Bids and the allocation to QIBs will be on a proportionate basis. For further details please refer the section titled "Terms of the Issue" on page 152 of the Draft Red Herring Prospectus.

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

Steps to be taken by the Bidders for bidding:

- Check whether he/she is eligible for bidding;
- Bidder necessarily needs to have a demat account; and
- Ensure that the Bid cum Application Form/ASBA Form is duly completed as per instructions given in this Draft Red Herring Prospectus and in the Bid cum Application Form/ASBA Form.

Illustration of Book Building and Price Discovery Process *(Investors should note that the following is solely for the purpose of illustration and is not specific to this Issue)*

Bidders can bid at any price within the price band. For instance, assuming a price band of Rs. 20 to Rs. 24 per share, issue size of 1800 equity shares and receipt of five bids from bidders, details of which are shown in the table below. A graphical representation of the consolidated demand and price would be made available at the website of the BSE (www.bseindia.com) and NSE (www.nseindia.com) during the bidding period. The illustrative book as shown below shows the demand for the shares of our Company at various prices and is collated from bids from various investors.

Number of equity shares Bid for	Bid Price (Rs.)	Cumulative equity shares Bid for	Subscription
500	24	500	27.77%
1000	23	1500	83.33%
1500	22	3000	166.67%
2000	21	5000	277.77%
2500	20	7500	416.66%

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired quantum of shares is the price at which the book cuts off i.e., Rs.22 in the above example. The issuer, in consultation with the BRLM will finalize the issue price at or below such cut off price i.e. at or below Rs.22. All bids at or above this issue price and cut-off bids are valid bids and are considered for allocation in respective category.

Bid/Issue Programme

BID/ISSUE OPENS ON
BID/ISSUE CLOSES ON

[•]
[•]

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

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form **except that on the Bid/Issue Closing Date, when Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time).**

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

Our Company reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Regulations. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least two working days prior to the Bid /Issue Opening Date.

In case of revision in the Price Band, the Issue Period will be extended for three additional working days after revision of the Price Band, subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the website of the BRLM and at the terminals of the syndicate.

UNDERWRITING AGREEMENT

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

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

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. in lacs)
Chartered Capital And Investment Ltd 711, Mahakant,	[•]	[•]

Opp V S Hospital, Ellisbridge, Ahmedabad 380 006, Tel: +91-79-26575337, 26577571 Fax No. : +91-79-26575731 Email: adroit.ipo@charteredcapital.net Website: www.charteredcapital.net Contact person: Mr. Manoj Kumar Ramrakhyani [•]	[•]	[•]
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The above-mentioned amount is indicative underwriting and would be finalized after pricing and actual allocation. The above Underwriting Agreement is dated [•].

In the opinion of our Board of Directors (based on a certificate dated [•] given by the Underwriters), the resources of the above mentioned Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. All the above-mentioned Underwriters are registered with SEBI under Section 12(1) of the SEBI Act or registered as brokers with the Stock Exchange(s). The above Underwriting Agreement has been accepted by the Board of Directors acting through our Chairman and Managing Director, at their meeting held on [•], and we have issued letters of acceptance to the Underwriters.

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

Allocation among Underwriters may not necessarily be in proportion to their underwriting commitments. Notwithstanding the above table, the BRLM, and the Syndicate Members shall be responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the underwriting agreement, will also be required to procure/subscribe to the extent of the defaulted amount. Allocation to QIBs is proportionate as per the terms of this Draft Red Herring Prospectus.

CAPITAL STRUCTURE

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

(Rs. in lacs)

	Share Capital	Aggregate Nominal Value	Aggregate Value including premium
A.	Authorized Share Capital 2,00,00,000 Equity Shares of Rs.10 each 20,00,000 5% Non Cumulative Redeemable Preference Shares of Rs.10 each	2000.00 200.00	
B.	Issued, Subscribed and Paid-Up Equity Share Capital before the Issue 1,05,12,493 Equity Shares of Rs.10 each fully paid-up	1051.25	
C.	Issue in terms of this Draft Red Herring Prospectus [•] Equity Shares of Rs.10 each	[•]	5000.00
	Of which		
	(i) QIB Portion of up to [•] Equity Shares	[•]	2500.00
	(ii) Non-Institutional Portion at least [•] Equity Shares	[•]	750.00
	(iii) Retail Portion of at least [•] Equity Shares	[•]	1750.00
D.	Equity Share Capital after the Issue [•] Equity Shares of Rs.10 each	[•]	[•]
E.	Share Premium Account Before the Issue After the Issue	180.00 [•]	

Change in Authorized Share Capital

1. The Initial authorized shares capital of the Company was Rs. 2,00,00,000 divided into 20,00,000 equity shares of Rs.10 each.
2. The authorized shares capital of Rs 2,00,00,000 divided into 20,00,000 equity shares of Rs 10 each was increased to Rs 5,00,00,000 divided into 50,00,000 equity shares of Rs 10 each pursuant to a resolution of shareholders passed at the EGM held on February 15, 1995.
3. The authorized share capital of Rs.5,00,00,000 divided into 50,00,000 equity shares of Rs.10 each was increased to Rs.6,00,00,000 divided into 60,00,000 equity shares of Rs.10 each pursuant to a resolution of shareholders passed at an EGM held on January 30, 2004.
4. The authorized share capital of Rs.6,00,00,000 divided into 60,00,000 equity shares of Rs.10 each was increased to Rs.22,00,00,000 divided into 2,00,00,000 equity shares of Rs.10 each and 20,00,000 5% Non Cumulative Redeemable Preference Shares of Rs.10 each pursuant to a resolution of shareholders passed at an AGM held on September 27, 2010.

Notes to Capital Structure

1. Equity Share Capital history of the Company.

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

Date of Allotment/When made fully paid up/Date of Extinguishment	No. of Shares	Face Value (Rs.)	Issue Price (Rs.)	Nature of consideration	Reasons for allotment	Cumulative No of Shares	Cumulative paid up share capital (Rs in lacs)	Cumulative Share Premium (Rs in lacs)
January 9, 1995	16,00,000	10	10	Cash*	Subscription to Memorandum	16,00,000	160.00	Nil
January	3,00,000	10	10	Cash	Further Issue of	19,00,000	190.00	Nil

16, 1995					Equity Shares			
February 16, 1995	50,000	10	10	Cash	Further Issue of Equity Shares	19,50,000	195.00	Nil
February 16, 1995	3,00,000	10	10	Other than Cash ¹	Further Issue of Equity Shares	22,50,000	225.00	Nil
April 2, 1996	21,00,000	10	25.50	Cash	Further Issue of Equity Shares	43,50,000	435.00	325.50
February 17, 2001	(4,00,000)	10	12	Cash	Buy back of Equity Shares	39,50,000	395.00	317.50
February 4, 2002	(5,00,000)	10	10	Cash	Buy back of Equity Shares	34,50,000	345.00	317.50
June 24, 2002	(3,00,000)	10	10	Cash	Buy back of Equity Shares	31,50,000	315.00	317.50
January 10, 2003	(5,60,000)	10	10	Cash	Buy back of Equity Shares	25,90,000	259.00	317.50
May 26, 2003	(3,40,000)	10	10	Cash	Buy back of Equity Shares	22,50,000	225.00	317.50
February 14, 2004	33,75,000	10	NA	Bonus ²	Bonus (3:2)	56,25,000	562.50	Nil
November 17, 2010	46,87,493	10	NA	Bonus ³	Bonus (5:6)	1,03,12,493	1031.25	Nil
December 11, 2010	2,00,000	10	100	Cash	Further Issue of Equity Shares	1,05,12,493	1051.25	180.00

allotted to the erstwhile partners for conversion of the partnership firm M/s. Adroit Industries (India) into public limited company under part IX of the Companies Act.

¹Pursuant to Acquisition of Partnership Firm i.e. Hindustan Springs, 3,00,000 shares were allotted to Mr. J S Anand (1,05,000 shares), Mr. V S Anand (75,000 shares), Mr. Jaspreet Singh Anand (60,000 shares) and Mr. Jaspawan Singh Anand (60,000 shares) as consideration for the said acquisition.

²Bonus shares were allotted to then existing shareholders on February 14, 2004 in the ratio of 3 (Three) Equity shares for each 2 (Two) Equity Shares held by them.

³Bonus shares were allotted to then existing shareholders on November 17, 2010 in the ratio of 5 (Five) Equity shares for each 6 (Six) Equity Shares held by them.

2. Equity Shares issued for consideration other than cash

Other than the issues which are set out in the table below, we have made no issues of shares for consideration other than cash:

Date of allotment	No of Equity Shares	Issue Price (Rs.)	Reasons for allotment	Benefits accruing to the company	Persons to whom the allotment were made
February 16, 1995	3,00,000	10	Allotment made to the partners as consideration for assignment and transfer of the assets and liabilities of a partnership firm M/s. Hindustan Springs	All the assets of the partnership firm were transferred to our Company	Mr. J S Anand (1,05,000 shares), Mr. V S Anand (75,000 shares), Mr. Jaspreet Singh Anand (60,000 shares) and Mr. Jaspawan Singh Anand (60,000 shares)

3. Issue of Equity Shares in the last one year

The Company has issued 2,00,000 Equity Shares to Signet Industries Ltd, Mr. Mukesh Sangla and Mr. Saurabh Sangla, which are Promoters on December 11, 2010 at an issue price of Rs. 100 each. The allotment was made to fund the proposed project of the Company.

In addition, the Company issued 46,87,493 Equity Shares by way of bonus issue to the then-existing shareholders of the Company, including the Promoter and the members of the Promoter Group, on November 17, 2010.

4. Equity Shareholding of the Promoters & Promoters Group and Lock-in

Details of the Built up of the Promoters and Promoters Group Shareholding are as under:

[illegible]

2	Mr. Saurabh Sangla	March 13, 2007	284650	Transfer ¹³	Cash	10	40.25		
		May 10, 2007	(284650)	Transfer ¹⁴	Cash	10	44.20		
		September 8, 2009	259750	Transfer ¹⁵	Cash	10	11.50		
			210550	Transfer ¹⁶	Cash	10	12.00		
		September 12, 2009	118550	Transfer ¹⁷	Cash	10	12.25		
		November 17, 2010	490708	Bonus	NA	10	Nil		
		December 11, 2010	25000	Preferential Allotment	Cash	10	100.00		
		Total (B)	1104558					10.51	[•]
¹³ On March 13, 2007 Mrs. Narinder Kaur Anand and Mr. Varinder Singh Anand (Joint Holders) and Mrs. Narinder Kaur Anand transferred 213750 and 70900 Equity Shares respectively to Mr. Saurabh Sangla									
¹⁴ On May 10, 2007, Mr. Saurabh Sangla transferred 284650 Equity Shares to Shalimar Ferrous Metal Private Limited									
¹⁵ On September 8, 2009 Doldrum Investment And Finance Pvt Ltd. transferred 259750 Equity Shares to Mr. Saurabh Sangla									
¹⁶ On September 8, 2009 Gyaneshwar Trading and Co. Limited transferred 210550 Equity Shares to Mr. Saurabh Sangla									
¹⁷ On September 12, 2009 Oshin Investment and Finance Private Limited transferred 118550 Equity Shares to Mr. Saurabh Sangla									
3	Signet Industries Limited	March 13, 2007	1490650	Transfer ¹⁸	Cash	10	40.25		
		November 17, 2010	1242208	Bonus	NA	10	Nil		
		December 11, 2010	150000	Preferential Allotment	Cash	10	100		
		Total (C)	2882858					27.42	[•]
¹⁸ On March 13,2007, Mr. Varinder Singh Anand and Mrs. Narinder Kaur Anand transferred 1490650 Equity Shares to Signet Industries Limited									
	Total (D=A+B+C)		5205136					49.51	[•]
Promoter Group									
4	Mukesh Sangla (HUF)	March 13, 2007	32875	Transfer ¹⁹	Cash	10	40.25		
		May 10, 2007	(32875)	Transfer ²⁰	Cash	10	44.8		
		September 8, 2009	200000	Transfer ²¹	Cash	10	12		
		September 12, 2009	160550	Transfer ²²	Cash	10	11.5		
		November 17, 2010	300458	Bonus	NA	10	Nil		
		Total (E)	661008					6.29	[•]
¹⁹ On March 13, 2007, Mr. Rupinder Singh Anand & Parminder Kaur Anand (Joint Holders), Mr. Jasdeep Singh Anand & Mr. Rupinder Singh Anand (Joint Holders), Mr. Ishdeep Singh Anand & Mr. Rupinder Singh Anand (Joint Holders), Mr. Parminder Kaur Anand & Mr. Rupinder Singh Anand (Joint Holders), Mr. Gaman Bhasin & Mr. Rajender Pal Singh Bhasin (Joint Holders) and Mr. Taranjot Kaur & Mr. Ranjeet Singh Chandok (Joint Holders) transferred 2500, 3750, 3750, 2500, 2500 and 17875 Equity Shares respectively to Mukesh Sangla (HUF)									
²⁰ On May 10, 2007, Mukesh Sangla (HUF) transferred 32875 Equity Shares to Shalimar Ferrous Metal Private Limited									
²¹ On September 8, 2009, Gyaneshwar Trading and Finance Co. Ltd transferred 200000 Equity Shares to Mukesh Sangla (HUF)									
²² On September 12, 2009, Sidh Housing Development Company Limited transferred 160550 Equity Shares to Mukesh Sangla (HUF)									

5	Mrs. Monica Sangla	March 13, 2007	237500	Transfer ²³	Cash	10	40.25		
		October 30, 2007	(237500)	Transfer ²⁴	Cash	10	46.00		
		September 8, 2009	210550	Transfer ²⁵	Cash	10	12.00		
		September 12, 2009	160550	Transfer ²⁶	Cash	10	11.50		
		November 17, 2010	309250	Bonus	NA	10	Nil		
		Total (F)	680350					6.47	[•]
	²³ On March 13, 2007, Mrs. Gajinder Pal Kaur Anand and Mr. Jagjit Singh Anand (Joint Holders) transferred 237500 Equity Shares respectively to Mrs. Monica Sangla								
	²⁴ On October 30, 2007, Mrs. Monica Sangla transferred 76000, 47500, 21500, 21500, 21500, 21500, and 28000 Equity Shares respectively to Unno Industries Limited, Palasia Leasing, Siddhachal Developers Private Limited, Shri Anekant Shares & Securities, Samyak Shares & Stock, Sea Entertainment Limited and Sky Touch Infrastructure Private Limited								
	²⁵ On September 8, 2009, Gyaneshwar Trading and Co. Limited transferred 210550 Equity Shares to Mrs. Monica Sangla								
	²⁶ On September 12, 2009, Sidh Housing Development Company Limited transferred 160550 Equity Shares to Mrs. Monica Sangla								
6	Mrs. Avantika Sangla	September 12, 2009	200000	Transfer ²⁷	Cash	10	12.25		
			300000	Transfer ²⁸	Cash	10	11.50		
		November 17, 2010	416666	Bonus	NA	10	Nil		
		Total (G)	916666					8.72	[•]
	²⁷ On September 12, 2009, Oshin Investment and Finance Private Limited transferred 200000 Equity shares to Mrs. Avantika Sangla								
	²⁸ On September 12, 2009 Sidh Housing and Development Company Limited transferred 300000 Equity Shares to Mrs. Avantika Sangla								
7	Ornate Leasing and Finance Private Limited	March 13, 2007	310550	Transfer ²⁹	Cash	10	40.25		
		May 10, 2007	(310550)	Transfer ³⁰	Cash	10	42.60		
		September 21, 2009	21500	Transfer ³¹	Cash	10	11.50		
			47500	Transfer ³²	Cash	10	11.25		
		September 23, 2009	28000	Transfer ³³	Cash	10	11.50		
		September 26, 2009	245040	Transfer ³⁴	Cash	10	11.50		
		November 17, 2010	285033	Bonus	NA	10	Nil		
		Total (H)	627073					5.97	[•]
	²⁹ On March 13, 2007, Mr. Jagjit Singh Anand transferred 310550 Equity Shares to Ornate Leasing and Finance Private Limited								
	³⁰ On May 10, 2007, Ornate Leasing and Finance Private Limited transferred 310550 Equity Shares to Shalimar Ferrous Metal Private Limited								
	³¹ On September 21, 2009, CAN India Overseas Limited transferred 21500 Equity Shares to Ornate Leasing and Finance Private Limited								
	³² On September 21, 2009, CAN India Overseas Limited transferred 47500 Equity Shares to Ornate Leasing and Finance Private Limited								
	³³ On September 23, 2009, CAN India Overseas Limited transferred 28000 Equity Shares to Ornate Leasing and Finance Private Limited								

	³⁴ On September 26, 2009, ISPAT Sheets Limited transferred 245040 Equity Shares to Ornate Leasing and Finance Private Limited								
8	Signet Impex Private Limited	March 13, 2007	310550	Transfer ³⁵	Cash	10	40.25		
		May 10, 2007	(310550)	Transfer ³⁶	Cash	10	40.35		
		September 22, 2009	128250	Transfer ³⁷	Cash	10	12.25		
		September 24, 2009	187500	Transfer ³⁸	Cash	10	11.50		
		November 17, 2010	263125	Bonus	NA	10	Nil		
		Total (I)	578875					5.51	[•]
	³⁵ On March 13, 2007 Mr. Jagjit Singh Anand transferred 310550 Equity Shares to Signet Impex Private Limited								
	³⁶ On May 10, 2007 Signet Impex Private Limited transferred 310550 Equity Shares to Shalimar Ferrous Metal Private Limited								
	³⁷ On September 22, 2009 CAN India Overseas Limited transferred 128250 Equity Shares to Signet Impex Private Limited								
	³⁸ On September 24, 2009 Novelty Traders Ltd transferred 187500 Equity Shares to Signet Impex Private Limited								
9	Swan Holdings Private Limited	March 13, 2007	200000	Transfer ³⁹	Cash	10	40.25		
		May 10, 2007	(200000)	Transfer ⁴⁰	Cash	10	40.40		
		September 23, 2009	76000	Transfer ⁴¹	Cash	10	11.50		
		September 25, 2009	152500	Transfer ⁴²	Cash	10	11.50		
		November 17, 2010	190416	Bonus	NA	10	Nil		
		Total (J)	418916					3.98	[•]
	³⁹ On March 13, 2007, Mr. Jagjit Singh Anand transferred 200000 Equity Shares to Swan Holdings Private Limited								
	⁴⁰ On May 10, 2007, Swan Holdings Private Limited transferred 200000 Equity Shares to Shalimar Ferrous Metal Private Limited								
	⁴¹ On September 23, 2009 CAN India Overseas Limited transferred 76000 Equity Shares to Swan Holdings Private Limited								
	⁴² On September 25, 2009, ISPAT Sheets Limited transferred 152500 Equity Shares to Swan Holdings Private Limited								
10	Signate Leasing and Finance Private Limited	March 13, 2007	310550	Transfer ⁴³	Cash	10	40.25		
		May 10, 2007	(310550)	Transfer ⁴⁴	Cash	10	40.35		
		September 22, 2009	187500	Transfer ⁴⁵	Cash	10	11.5		
		September 23, 2009	21500	Transfer ⁴⁶	Cash	10	11.25		
		September 25, 2009	21500	Transfer ⁴⁷	Cash	10	11.25		
		September 26, 2009	21500	Transfer ⁴⁸	Cash	10	11.5		
		November 17, 2010	210000	Bonus	NA	10	Nil		
		Total (K)	462000					4.39	[•]

		⁴³ On March 13, 2007, Mr. Jagjit Singh Anand & Mrs. Gajinder Kaur Anand (Joint Holders) transferred 310550 Equity Shares to Signate Leasing and Finance Private Limited							
		⁴⁴ On May 10, 2007, Signate Leasing and Finance Private Limited transferred 310550 Equity Shares to Shalimar Ferrous Metal Private Limited							
		⁴⁵ On September 22, 2009, Novelty Traders Ltd transferred 187500 Equity Shares to Signate Leasing and Finance Private Limited							
		⁴⁶ On September 23, 2009, CAN India Overseas Limited transferred 21500 Equity Shares to Signate Leasing and Finance Private Limited							
		⁴⁷ On September 25, 2009, CAN India Overseas Limited transferred 21500 Equity Shares to Signate Leasing and Finance Private Limited							
		⁴⁸ On September 26, 2009, CAN India Overseas Limited transferred 21500 Equity Shares to Signate Leasing and Finance Private Limited							
11	Shree Balaji Starch And Chemicals Limited	September 26, 2009	250000	Transfer ⁴⁹	Cash	10	11.5		
		September 28, 2009	272235	Transfer ⁵⁰	Cash	10	11.5		
		November 17, 2010	435195	Bonus	NA	10	Nil		
		Total (L)	957430					9.11	[●]
	⁴⁹ On September 26, 2009, Novelty Traders Ltd transferred 250000 Equity Shares to Shree Balaji Starch And Chemicals Limited								
	⁵⁰ On September 28, 2009, ISPAT Sheets Limited transferred 272235 Equity Shares to Shree Balaji Starch And Chemicals Limited								
	TOTAL (M=E+F+G+H+I+J+K+L)		5302318					50.44	[●]
	Grand Total (N=D+M)		10507454					99.95	[●]

The shares held by the Promoters & promoter group as mentioned above are not subject to any pledge.

Details of Promoters Contribution Locked in for 3 Years

An aggregate of 20% of the post-Issue capital held by our Promoters shall be considered as promoters' contribution ("**Promoters' Contribution**") and locked-in for a period of three years from the date of commencement of commercial production or the date of allotment in the public issue whichever is later.

The lock-in of the Promoters' Contribution would be created as per applicable law and procedure and details of the same shall also be provided to the Stock Exchanges before listing of the Equity Shares. Our Promoters have, pursuant to their undertakings, given consent to include such number of Equity Shares held by them as may constitute 20% of the post-Issue equity share capital of our Company as Promoters' Contribution and have agreed not to sell or transfer or pledge or otherwise dispose off in any manner, the Promoters' Contribution from the date of filing of this Draft Red Herring Prospectus until the commencement of the lock-in period specified above.

Details of Promoters' Contribution are as provided below:

Sr. No.	Name of Promoter	Date of Allotment/ Transfer/ when made fully paid up	Nature of consideration	Reasons for allotment	No of Shares	Face Value	Issue / Purchase / Transfer Price	% Of Pre Issue Equity share Capital	% Of Post Issue Equity share Capital
1	[●]	[●]	[●]	[●]	[●]	[●]	[●]		
2	[●]	[●]	[●]	[●]	[●]	[●]	[●]		
3	[●]	[●]	[●]	[●]	[●]	[●]	[●]		
	Total				[●]			[●]	20.00

*All the Equity Shares held by our Promoters as on the date of filing of this Draft Red Herring Prospectus are eligible for computation of Promoters' Contribution except for 2,00,000 Equity Shares allotted on December

11, 2010 which will also be eligible for computation of Promoters' Contribution if promoters pay to the issuer, the difference, if any, between the price at which specified securities are offered in the initial public offer and the price at which the specified securities had been acquired.

The Promoters' Contribution has been brought in to the extent of not less than the specified minimum lot and from persons who are classified as defined as "promoters" of our Company as per the SEBI Regulations. All Equity Shares, which are to be locked-in, are eligible for computation of Promoters' Contribution, in accordance with the SEBI Regulations. The Equity Shares proposed to be included as part of the Promoters' Contribution:

- (a) have not been subject to pledge or any other form of encumbrance; or
- (b) have not been issued out of revaluation reserves or capitalization of intangible assets and have not been issued against shares, which are otherwise ineligible for Promoters' Contribution; or
- (c) have not been acquired for consideration other than cash and revaluation of assets; or
- (d) have not been acquired by the Promoters during the period of one year immediately preceding the date of filing of this Draft Red Herring Prospectus at a price lower than the Issue Price.

The Promoters' Contribution can be pledged only with a scheduled commercial bank or public financial institution as collateral security for loans granted by such banks or financial institutions, in the event the pledge of the Equity Shares is one of the terms of the sanction of the loan. The Promoters' Contribution may be pledged only if in addition to the above stated, the loan has been granted by such banks or financial institutions for the purpose of financing one or more of the objects of this Issue. For further details regarding the objects, see "Objects of the Issue" on page 28 of the Draft Red Herring Prospectus. The Equity Shares held by our Promoters may be transferred to and among the Promoter Group or to new promoters or persons in control of our Company, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the Takeover Code, as applicable.

Details of Shares Locked in for 1 Years

In terms of regulation 36(b) & 37 of the SEBI (ICDR) Regulations, 2009, in addition to 20% of post-issue shareholding of the Company held by the Promoters for three years, as specified above, the entire pre-issue issued equity share capital of the Company, including the shareholding of persons falling under promoters, promoter group and non-promoter category, will be locked in for a period of one year.

The lock-in shall start from the date of allotment in the proposed public issue & the last date of lock-in shall be reckoned as one year from the date of commencement of commercial production or the date of allotment in the public issue whichever is later. The Promoters/promoter group/ other pre-IPO non-promoter shareholders have given their written consent for lock-in for a period of 1 year.

The Promoters have given an undertaking and have agreed not to sell / transfer/dispose in any manner, Equity Shares forming part of the Promoters' contribution from the date of filing of this Draft Red Herring Prospectus till the date of commencement of lock-in as per the SEBI Regulations.

Other requirements in respect of lock-in

The share certificates which are in physical form for locked-in Equity Shares will carry an inscription "nontransferable" along with the duration of specified non – transferable period mentioned on the face of the share certificate and in case the equity shares are in demat mode, we will ensure that lock in is recorded in the records of depositories as per Regulation 35(2) of the SEBI Regulations.

In terms of regulation 39 of the SEBI ICDR Regulations, Equity Shares held by promoters and locked-in may be pledged with any scheduled commercial bank or public financial institution as collateral security for loan granted by such bank or institution, subject to the following:

- (a) if the Equity Shares are locked-in for a period of three years as mentioned above, the loan has been granted by such bank or institution for the purpose of financing one or more of the objects of the issue and pledge of Equity Shares is one of the terms of sanction of the loan;
- (b) if the Equity Shares are locked-in for a period of one year as mentioned above, the pledge of Equity Shares is one of the terms of sanction of the loan.

In terms of regulation 40 of the SEBI ICDR Regulations, Subject to the provisions of Securities and Exchange Board of India (Substantial Acquisition of shares and Takeovers) Regulations, 1997, the Equity

Shares held by promoters and locked-in as per regulation 36 may be transferred to another promoter or any person of the promoter group or a new promoter or a person in control of the issuer and the Equity Shares held by persons other than promoters and locked-in as per regulation 37 may be transferred to any other person holding the Equity Shares which are locked-in along with the Equity Shares proposed to be transferred.

However, the lock-in on such Equity Shares shall continue for the remaining period with the transferee and such transferee shall not be eligible to transfer them till the lock-in period stipulated in these regulations has expired.

5. The following Directors hold Equity Shares in their individual capacity, as on the date of this Draft Red Herring Prospectus:

Sr. No.	Name of Director	No. of Equity Share
1	Mr. Mukesh Sangla	12,17,720
2	Mr. Saurabh Sangla	11,04,558
	Total	23,22,278

6. Shareholding of directors of the promoter company:

Sr. No.	Name	No. of Equity Shares
1	Mr. Mukesh Sangla	12,17,720
2	Mr. Saurabh Sangla	11,04,558
3	Mr. Deepak Jayantkumar Mehta	0
4	Mr. Dipak Kumar Kalani	0
5	Mr. Murli Dhar Vashist	0
	Total	23,22,278

7. Details of Shares held by Promoter and Promoter Group.

Sr. No.	Name of the Promoters/Promoter group	No. of shares
1.	Mr. Mukesh Sangla	12,17,720
2.	Mr. Saurabh Sangla	11,04,558
3.	Signet Industries Ltd	28,82,858
4.	Mukesh Sangla (HUF)	6,61,008
5.	Mrs. Monica Sangla	6,80,350
6.	Mrs. Avantika Sangla	9,16,666
7.	Ornate Leasing and Finance Private Limited	6,27,073
8.	Signet Impex Private Limited	5,78,875
9.	Swan Holdings Private Limited	4,18,916
10.	Signate Leasing and Finance Private Limited	4,62,000
11.	Shree Balaji Starch And Chemicals Limited	9,57,430
	Total	1,05,07,454

8. Shareholding pattern of the Company.

category code	Category of shareholder	Number of Shareholders	Total No of shares	Number of Shares held in dematerialized form	Total shareholding as a percentage of total no of Shares		Shares Pledged or otherwise encumbered	
					As a percentage of (A+B)	As a percentage of (A+B+C)	Number of shares	As a percentage
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)= (VIII)/(IV)*100

(A)	Shareholding of Promoter and Promoter Group							
1	Indian							
(a)	Individuals/ Hindu Undivided family	5	4580302	0	43.57	43.57	0	0.00
(b)	Central Government/State Government(s)	---	---	---	---	---	---	---
(c)	Bodies Corporate	6	5927152	0	56.38	56.38	0	0.00
(d)	Financial Institutions/Banks	---	---	---	---	---	---	---
(e)	Any other (specify)	---	---	---	---	---	---	---
	Sub-Total(A)(1)	11	10507454	0	99.95	99.95	0	0.00
2	Foreign							
(a)	Individuals (Non Resident individuals/Foreign Individuals	---	---	---	---	---	---	---
(b)	Bodies Corporate	---	---	---	---	---	---	---
(c)	Institutions	---	---	---	---	---	---	---
(d)	Any other (specify)	---	---	---	---	---	---	---
	Sub-Total(A)(2)	---	---	---	---	---	---	---
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	11	10507454	0	99.95	99.95	0.00	0.00
(B)	Public Shareholding							
1	Institutions						NA	NA
(a)	Mutual Funds/UTI	---	---	---	---	---	NA	NA
(b)	Financial Institutions/Banks	---	---	---	---	---		
(c)	Central Government/State Government(s)	---	---	---	---	---		
(d)	Venture capital Funds	---	---	---	---	---		
(e)	Insurance Companies	---	---	---	---	---		
(f)	Foreign Institutional Investors	---	---	---	---	---		
(g)	Foreign Venture Capital Investors	---	---	---	---	---		
(h)	Any other (specify)	---	---	---	---	---		
	Sub-Total(B)(1)	---	---	---	---	---		
2	Non-institutions						NA	NA
(a)	Bodies Corporate	---	---	---	---	---		
(b)i	Individuals-i. Individual Shareholders holding Nominal Share upto Rs 1 lakh.	5	5039	0	0.05	0.05		
(b)ii	ii. Individual shareholders holding Nominal share capital in excess of Rs 1 lakh.	---	---	---	---	---		
(c)i	Any other (Specify)	---	---	---	---	---		
	Sub-Total(B)(2)	5	5,039	0	0.05	0.05	NA	NA
	Total Public Shareholding (B)=(B)(1)+(B)(2)	5	5,039	0	0.05	0.05	NA	NA
	Total (A)+(B)	16	10,512,493	0	100.00	100.00	0	0.00

(C)	Shares held by Custodians and against which Depository receipts have been issued.	0	0	0	NA	0.00	NA	NA
	GRAND TOTAL (A)+(B)+(C)	16	10,512,493	0	100.00	100.00	0	0.00

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

Particulars	Before the issue		After the issue	
	No. of shares	%	No. of shares	%
Promoters & Promoter's Group				
Promoters				
Signet Industries Ltd	2882858	27.42	2882858	[•]
Mr. Mukesh Sangla	1217720	11.58	1217720	[•]
Mr. Saurabh Sangla	1104558	10.51	1104558	[•]
Sub Total (A)	5205136	49.51	5205136	[•]
Promoter Group				
Shree Balaji Starch And Chemicals Limited	957430	9.11	957430	[•]
Mrs. Avantika Sangla	916666	8.72	916666	[•]
Mrs. Monica Sangla	680350	6.47	680350	[•]
Mukesh Sangla (HUF)	661008	6.29	661008	[•]
Ornate Leasing and Finance Private Limited	627073	5.97	627073	[•]
Signet Impex Private Limited	578875	5.51	578875	[•]
Signate Leasing and Finance Private Limited	462000	4.39	462000	[•]
Swan Holdings Private Limited	418916	3.98	418916	[•]
Sub Total (B)	5302318	50.44	5302318	[•]
Sub Total (A +B)	10507454	99.95	10507454	[•]
Public Shareholders				
Mr. Mohan Lalchandani	1375	0.01	1375	[•]
Mr. Arun Sinarwal	916	0.01	916	[•]
Mr. Thottathil Krishnan Nair	916	0.01	916	[•]
Mr. Kallirikkunnathil Krishna Saseendran Pillai	916	0.01	916	[•]
Mr. Mohinder Singh	916	0.01	916	[•]
Other Public shareholders	0	0.00	[•]	[•]
Sub Total (C)	5039	0.05	[•]	[•]
Total (A + B + C)	10512493	100.00	[•]	[•]

9. Equity Shares held by top ten shareholders

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

Sr. No.	Name of Shareholder	No. of Shares	% of paid up Equity Share Capital
1.	Signet Industries Ltd	2882858	27.42
2.	Mr. Mukesh Sangla	1217720	11.58
3.	Mr. Saurabh Sangla	1104558	10.51
4.	Shree Balaji Starch And Chemicals Limited	957430	9.11
5.	Mrs. Avantika Sangla	916666	8.72
6.	Mrs. Monica Sangla	680350	6.47

7.	Mukesh Sangla (HUF)	661008	6.29
8.	Ornate Leasing and Finance Private Limited	627073	5.97
9.	Signet Impex Private Limited	578875	5.51
10.	Signate Leasing and Finance Private Limited	462000	4.39
	Total	10088538	95.97

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

Sr. No.	Name of Shareholder	No. of Shares	% of paid up Equity Share Capital
1.	Signet Industries Ltd	1490650	26.50
2.	Lucky Commotrade Pvt Ltd	1294775	23.02
3.	Doldrum Investment & Finance	720300	12.81
4.	Sidh Housing Development Co Ltd	621100	11.04
5.	Gyaneshvar Trading & Finance	621100	11.04
6.	Oshin Investment & Finance	507825	9.03
7.	CAN Indiaoverseas Ltd	128250	2.28
8.	Unno Industries Ltd	76000	1.35
9.	Palasia Leasing	47500	0.84
10.	Sky Touch Infrastructure Pvt Ltd	28000	0.50
	Total	5535500	98.41

10. Other than the Equity Shares issued and allotted to the existing shareholders on November 17, 2010 pursuant to the bonus issue and allotment made on December 11, 2010 there are no Equity Shares that have been purchased or acquired by the Promoter Group and/or by the directors of the promoter company and/or the Directors and/or the immediate relatives of the Directors (as defined under Regulation 2(1)(zb)(ii) of the ICDR Regulations) within the last six months preceding the date of filing the Draft Red Herring Prospectus with SEBI.
11. No share has been allotted by the Company to any person in terms of any scheme approved under sections 391-394 of the Companies Act, 1956.
12. Our Company has not re-valued its assets since inception and has not issued any shares out of the revaluation reserves.
13. Neither the Company, its Promoters, its Directors, nor the BRLM have entered into any buy-back and/or standby arrangements for purchase of Equity Shares of the Company offered through this Draft Red Herring Prospectus.
14. A Bidder cannot make a bid for more than the number of Equity Shares offered through the issue, subject to the maximum limit of investment prescribed under relevant laws applicable to each category of investor.
15. Up to 50% of the issue, i.e. [●] Equity Shares aggregating to Rs. 2500.00 lacs shall be available for allocation to QIBs, out of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder shall be available for Allotment on a proportionate basis to QIBs and Mutual Funds, subject to valid Bids being received from them at or above the Issue Price. At least 15% of the Issue, i.e. [●] Equity Shares aggregating upto Rs. 750.00 lacs shall be available for allocation on a proportionate basis to Non-Institutional Bidders and at least 35% of the Issue, that is [●] Equity Shares aggregating upto Rs. 1750.00 lacs shall be available for allocation on a proportionate basis to Retail Individual Bidders, subject to valid Bids being received at or above the Issue Price.
16. Under-subscription, if any, in any category would be met with spill over from other categories or combination of other categories at the sole discretion of our Company in consultation with the BRLM. In case of inadequate demands from the Mutual Funds, the Equity Shares would be made available to QIBs other than Mutual Funds.
17. In case of over-subscription, allotment will be on proportionate basis as detailed in Para on "Basis of Allotment". An over-subscription to the extent of 10% of the Issue Size can be retained for the purpose of rounding off to the nearer multiple of [●] Equity Shares (which is minimum allotment lot), while finalizing the allotment.
18. The Company has not raised any bridge loan against the proceeds of the Issue.
19. Our Company does not have any ESOS/ESPS scheme for our employees and we do not intend to allot any shares to our employees under ESOS/ESPS scheme from the proposed issue. As and when,

options will be granted to our employees under the ESOP scheme, our Company shall comply with the SEBI (Employee Stock Option Scheme and Employees Stock Purchase Plan) Guidelines 1999.

- 20.** The company presently does not have any intention or proposal to alter its capital structure for a period of six months from the date of opening of the issue, by way of split/consolidation of the denomination of Equity Shares or further Issue of Equity Shares (including issue of securities convertible into exchangeable, directly or indirectly for Equity Shares) whether preferential or otherwise, except that the company may issue options to its employee pursuant to any employee stock option plan, or if the company goes for acquisitions, joint ventures or strategic alliances, subject to necessary approvals, it might consider raising additional capital to fund such activity or use share as currency for acquisition and/or participation in such joint venture or strategic alliance or for regulatory compliances.
- 21.** There has been no financing arrangements whereby the promoter group, the directors of the company which is a promoter of the issuer, the directors of the issuer and their relatives have financed the purchase by any other person of securities of the issuer other than in the normal course of the business of the financing entity during the period of six months immediately preceding the date of filing Draft Red Herring Prospectus with the Board.
- 22.** All the existing Equity Shares of the Company are fully paid up. The Equity Shares issued pursuant to the Issue shall be fully paid-up at the time of Allotment.
- 23.** 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 Draft Red Herring Prospectus to SEBI until the Equity Shares issued/ to be issued pursuant to the Issue have been listed.
- 24.** Except as stated in the section "Capital Structure" on page no. 16 of Draft Red Herring Prospectus, the Company has not issued any Equity Shares for consideration otherwise than for cash.
- 25.** At any given point of time, there shall be only one denomination for the Equity Shares of the Company. The Company shall comply with such disclosure and accounting norms specified by SEBI from time to time.
- 26.** The company has 16 members as on the date of filing of the Draft Red Herring Prospectus with SEBI.
- 27.** There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares.
- 28.** BRLM or their associates does not hold any Equity Share in the Company.

OBJECTS OF THE ISSUE

The Company intends to utilize proceeds of the issue after deducting issue expenses ('Net Proceeds') to meet the following objects:

- To finance the capital expenditure for setting up additional manufacturing unit with the production capacity of 8,10,000 units per annum at Special Economic Zone, Indore located at Pithampur;
- To meet the Long Term Working Capital requirements for additional unit of the Company;
- To meet General Corporate Purpose.

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

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

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

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

The details of Proceeds of the Issue are summarized in the table below:

Particulars	Rs. In lacs
Gross Proceeds of the Issue*	5000.00
Issue Expenses*	[•]
Net Proceeds of the Issue*	[•]

* To be finalized upon determination of Issue Price.

Funds Requirement

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

(Rs in Lacs)

Activity	Total Fund requirement	Fund already deployed [#]	Estimated schedule of deployment of Balance fund during the financial year 2011-12		
			First Quarter	Second Quarter	Third Quarter
To set up additional manufacturing unit at Special Economic Zone, Indore located at Pithampur					
Land	587.30	Nil	587.30	0	0
Site development exp.	103.15	Nil	40.00	40.00	23.15
Building & Civil Construction	475.35	Nil	100.00	275.00	100.35
Plant & Machinery	4519.86	100.00	400.00	2000.00	2019.86
Miscellaneous Fixed Assets	75.00	Nil	0	20.00	55.00
Pre-Operative Expenses (other than	170.00	Nil	20.00	80.00	70.00

issue expenses)					
Sub-Total	5930.66	100.00	1147.30	2415.00	2268.36
To meet the Long Term Working Capital requirements for additional unit of the Company;	681.00	Nil	0	0	681.00
To meet General Corporate Purpose*	[•]	Nil	[•]	[•]	[•]

* To be finalized upon determination of Issue Price.

certified as per Auditor's Certificate dated December 31, 2010

Means of finance

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

(Rs. in Lacs)

Manner of Funding	Amount of Funding
Promoter Contribution*	200.00
Term Loan**	1250.00
Subsidy from State Government***	400.00
Net Proceeds of the Issue	[•]
Internal Accruals	[•]
Total	[•]

* Promoter Contribution of Rs.200.00 lacs has already been received from M/s Signet Industries Limited, Mr. Mukesh Sangla and Mr. Saurabh Sangla and against that 150000, 25000 & 25000 Equity Shares respectively have been allotted on December 11, 2010 at a price of Rs.100 per Equity Share (Including a share premium of Rs.90 per Equity Share).

** UCO Bank, New Palasia Branch, Indore has sanctioned the term loan of Rs. 1250 Lacs for the proposed project at Special Economic Zone, Indore located at Pithampur vide their letter reference no. UCONP/SANCTION/121/2010-11 dated November 22, 2010.

*** In terms of Industrial Promotion Policy, 2010 of Madhya Pradesh, Mega Projects i.e. industries having proposed fixed capital investment (excluding working capital) of Rs.25 crore or more, would be provided land at a concessional rate of 25% of the prescribed premium rate on the basis of availability of land on the condition that the proposed fixed capital investment shall be made within a period of three years.

Our total requirement excluding IPO proceeds and existing identifiable internal accruals is Rs. 1850 Lacs against which Rs. 1450 Lacs (Term Loan of Rs. 1250 Lacs and Promoter Contribution of Rs. 200 Lacs) amounting to 78.38% has already been tied up. Hence, pursuant to Regulations (VII)(C)(1) of Schedule VIII of SEBI (ICDR) Regulations, 2009 we confirm that firm arrangements of finance through verifiable means towards 75% of the stated means of finance excluding the amount to be raised through proposed public issue and existing identifiable internal accruals have been made.

(A) To set up additional manufacturing unit at Special Economic Zone, Indore located at Pithampur.

The Company proposes to setup a new manufacturing unit to manufacture propeller shafts and components which will be used in various fields such as Automotive (Complete range from light to heavy commercial vehicles, passenger car vehicles, heavy earth-moving equipments, engine test cell equipments etc.), Locomotive (Railway rolling stock, railway track maintenance machinery etc.) Industrial (Steel and rolling mills, woodworking machinery, papermaking machinery etc.), Agricultural (Water sewage treatment works, pump drives.), Marine & Others with an installed capacity of 810000 components per annum at Special Economic Zone, Indore located at Pithampur, Dist: Dhar (Madhya Pradesh).

Presently the Company is having a production capacity of 270000 units per annum. Our Company proposes to enhance its production capacities of existing manufacturing facilities from exiting 270000 units per annum to 360000 units per annum.

The details of the expenditure for setting up additional unit are as under:

(Rs. In lacs)

Particulars	Amount
Land	587.30
Site development exp.	103.15
Building & Civil Construction	475.35
Plant & Machinery	4519.86

Miscellaneous Fixed Assets	75.00
Pre-Operative Expenses	170.00
Total	5930.66

Cost of Land

The Company proposes to set up the proposed additional unit at SEZ, Indore located at Pithampur, District: Dhar. The company proposes to acquire land admeasuring 10 acres (40469 sq. mtr.) approximately at Industrial Area, SEZ, Pithampur, Distt. Dhar (MP) on lease basis for a period of 30 years. The cost of land (lease premium) for the proposed project is estimated at Rs.587.30 lacs which includes cost of land, registration and stamp duty etc. The company is yet to make an application for allocation of the land to M.P.Audhyogic Kendra Vikas Nigam Ltd for the proposed project. No other approval will be required to be obtained from any regulatory authority for this land.

The detail of Cost of Land is as under:

Sr. No.	Particulars	Area in Sq mtr.	Rate Rs. per sq.mtr.	Amount (Rs. In lacs)
1	Land at SEZ Pithampur Distt Dhar (MP)	40469	1350	546.33
2	Add : Registration charges @ 7.5%			40.97
	Total			587.30

Site Development

The company has estimated cost of site development at Rs. 103.15 lacs which include cost of land leveling, boundary wall, tube well with water arrangements, overhead water tank, under ground water tank and main gate etc.

The detail of site development expenses which company proposes to incur is as under:

Sr. No.	Particulars		Area	Rate in Rs.	Amount (Rs. In lacs)
1	Internal Road - RCC	R. Mtr.	3200	750	24 .00
2	Main Gate & other gates				5.00
3	Overhead Water tank	50000 Ltr Capacity			5.00
4	Under ground water tank	50 Cu.MT			5.00
5	Tubewell - 2 Nos & Water Arrangements - Pumps, Piping & Fitting etc				5.00
6	BoundaryWall 2.4 Mtr Height	R.Mtr.	1000	3600	36.00
7	Land leveling	R.Mtr.	7500	242	18.15
8	Parking				5.00
	TOTAL				103.15

The Estimate for site development expenses at the premises has been provided by M/s Vastu Vistara, Indore, Architects Engineers Planners as per their Proposal dated October 19, 2010. The Company is yet to appoint the agency for execution of the aforesaid work.

Building & Civil Construction

The cost to construct the Factory Building and Other Civil Works is Rs.475.35 lacs. The construction includes Main factory sheds, Stores & godowns, Canteen, Security Room, Office, Guest house, Work Shop, Laboratory, Utility Area, General Store Room, Panel & DG Room, Electric Yard, Workers & staff quarters, Architect Fees. The total construction area proposed to be constructed is 7512 sq. mtrs. The company has got estimate of civil works from the architects M/s Vastu Vistara, Indore, Architects Engineers Planners.

The detail of Building & Civil Construction which company proposes to incur is as under:

Sr. No.	Particulars	Size in Mtrs	Total Area in sq. mtrs.	Rate per sq. mtr	Amount (Rs. In lacs)
1	Main factory sheds	100.00 X 50.00	5000	6300	315.00

2	Stores & godowns	25.00 X 50.00	1250	6300	78.75
3	Canteen	12.00 X 8.00	96	6100	5.86
4	Security Room	6.00 X 4.00	24	6100	1.46
5	Office	15 X 10	150	6100	9.15
6	Guest house	15 X 10	150	6100	9.15
7	Work shop	10.00 X 10.00	100	6100	6.10
8	Laboratory	7.00 X 8.00	56	6100	3.42
9	Utility Area	7.00 X 8.00	56	6100	3.42
10	General Store Room	10.00 X 10.00	100	6100	6.10
11	Panel & DG Room	10.00 X 10.00	100	6000	6.00
12	Electric Yard	8.00 X 10.00	80	2000	1.60
13	Workers & Staff quarters	35.00 X 10.00	350	6100	21.35
14	Architect fees				8.00
	Total		7512		475.35

*The Estimate for civil work to be constructed at the premises has been provided by M/s Vastu Vistara, Indore, Architects Engineers Planners as per their Proposal dated October 19, 2010. The Company is yet to appoint the agency for execution of the aforesaid civil work.

Plant and Machinery

The details of expenses for the plant and machineries for the unit which company proposes to incur are as under:

Sr. No.	Particulars of Machinery	Qty.	Rate (Rs. In lacs)	Total Cost (Rs. In lacs)	Name of The Supplier	Quotation No.	Quotation Date	No. of Machines for which firm order placed	Amount of Order placed
1	Centre Lathe Machine Hv. Duty 3.5'	15	1.25	18.75	Quality Machine Tools Corp	Q/09/232	10.10.2010		
	Centre Lathe Machine Hv. Duty 4'	20	2.10	42.00	Quality Machine Tools Corp	Q/09/232	10.10.2010		
	Centre Lathe Machine Hv. Duty 5'	5	2.36	11.80	Quality Machine Tools Corp	Q/09/232	10.10.2010		
	Centre Lathe Machine Hv. Duty 6'	10	3.25	32.50	Quality Machine Tools Corp	Q/09/232	10.10.2010		
	Centre Lathe Machine Hv. Duty 7'	11	4.50	49.50	Quality Machine Tools Corp	Q/09/232	10.10.2010		
	Centre Lathe Machine Hv. Duty 9'	1	6.00	6.00	Quality Machine Tools Corp	Q/09/232	10.10.2010		
	Centre Lathe Machine Hv. Duty 10'	3	6.50	19.50	Quality Machine Tools Corp	Q/09/232	10.10.2010		
2	Centre Lathe 7'	9	4.50	40.50	Quality Machine Tools Corp	Q/09/232	10.10.2010		
	Machine Hv. Duty (With Copying Attachment)	9	1.50	13.50	Quality Machine Tools Corp	Q/09/231	10.10.2010		
3	Centre Lathe Machine Hv. Duty with Broach Grinding Attachment	5	20.00	100.00	Motherson Advanced Tooling solutions Limited	ZQ.6.9	21.10.2010		
4	Universal Milling Machine	10	11.50	115.00	Sai Machine Tools Pvt. Ltd	smtpl 09/10	05.10.2010		
5	Drilling Machine (200mm)								
	Pillar Type ModelJPD 50, with Electrical Pump with Fittings	8	6.50	52.00	Jikso Machine Tools	Nil	25.10.2010		
	Pillar Type ModelJPD 20, with Electrical Pump with Fittings	10	2.00	20.00	Jikso Machine Tools	Nil	25.10.2010		
6	Spindle Horizontal Drilling Machine with Hydraulics, Electricals & Coolant Pump	3	18.50	55.50	Jikso Pattern Works (Regd)	Nil	25.10.2010		
7	Multi Spindle Drilling Machine	3	17.50	52.50	Sai Machine Tools Pvt. Ltd	smtpl 09/10	21.08.2010	1	17.50
8	Power Press 150 Ton 'H' Frame Complete without Electricals	2	15.00	30.00	Rattan Hammers	2010:2011: 2738	22.10.2010		
	Power Press 100 Ton	3	10.50	31.50	Quality Machine Tools	Q/09/231	10.10.2010		

					Corp				
9	Pneumatic/Hydraulic Press 30T	7	1.85	12.95	Quality Machine Tools Corp	Q/09/231	10.10.2010		
10	Surface Grinding Machine Complete with mechanical, hydraulic, pneumatic & electrical equipment suitable for 415 Volts, 50 cycles, 3 phase AC Supply. i. Working Surface of the Table:- 250X500 ii. Maximum Height from table to Grinding Wheel :- 275 mm iii. Spindle Speed :- 2800 rpm iv. Magnetic Chuck :- 200 X 500 mm	2	6.50	13.00	Sai Machine Tools Pvt. Ltd	smtpl 09/10	21.08.2010	1	6.50
	Cylindrical Grinding Machine Complete with mechanical, hydraulic, pneumatic & electrical equipment suitable for 415 Volts, 50 cycles, phase AC Supply. i. ABC :- 700mm ii. Swing Diameter :- 150mm Wheel Diameter :- 300mm	15	15.00	225.00	Sai Machine Tools Pvt. Ltd	smtpl 09/10	21.08.2010	2	30.00
	Bench Grinder 10"	9	0.15	1.35	Sai Machine Tools Pvt. Ltd	smtpl/09-10	21.08.2010	2	0.30
	Flexible Shaft Grinder	5	0.10	0.50	Sai Machine Tools Pvt. Ltd	smtpl/09-10	21.08.2010	2	0.20
11	Tool and Cutter Grinder	4	1.75	7.00	Quality Machine Tools Corp	Q/09/231	10.10.2010		
12	Induction Hardening Machine	2	85.00	170.00	Inductotherm (India) Pvt. Ltd.	QHOH1003 25 Rev. 1	20.10.2010		
13	Cooling Tower i. Circulation Rate :- 50Cu. Mt. /hr. ii. Inlet Temp. :- 37 deg. C iii. Outlet Temp. :- 32 deg. C	2	1.25	2.50	Sai Machine Tools Pvt. Ltd	smtpl 09/10	21.08.2010		
	Pumps , 50cu m/hr, 25 mm	4	0.15	0.60	Sai Machine Tools Pvt. Ltd	smtpl 09/10	05.10.2010		
14	Heat Treatment Plant - 500Kgs/Hour	1	72.00	72.00	S.L.Graham & Company	SLG/Adroit/ 500	23.10.2010		
15	Tempering Furnace i. Bathch Weight 500 KG ii. Temperature 900 Deg. C	2	10.50	21.00	Sai Machine Tools Pvt. Ltd	smtpl 09/10	21.08.2010		
16	Shot Blasting Machine Tumblast type size 36" X 42"	1	20.00	20.00	Rattan Hammers	2010:2011: 2740	22.10.2010		
17	Facing Machine	7	1.25	8.75	Quality Machine Tools Corp	Q/09/231	10.10.2010		
	Facing & Centering Machine	1	10.15	10.15	Quality Machine Tools Corp	Q/09/231	10.10.2010		
18	Facing & Centering Machine 100mm x length 500mm	4	10.00	40.00	Gahir Industries (Regd.)	GI/02/2010-2011/1026	03.07.2010		
19	Boring Machine, Twin Head	4	13.80	55.20	Quality Machine Tools Corp	Q/09/231	10.10.2010		
	Internal Grooving Machine	5	3.10	15.50	Quality Machine Tools Corp	Q/09/231	10.10.2010		
20	External Threading Machine	2	7.00	14.00	Sai Machine Tools Pvt. Ltd	smtpl 09/10	21.08.2010	1	7.00
	Hydraulic Copying Lathe	4	10.00	40.00	Sai Machine Tools Pvt. Ltd	smtpl 09/10	21.08.2010	2	20.00
21	Broaching Machine-Horizontal Broaching Machine 5T (Key Way)	1	10.00	10.00	Sai Machine Tools Pvt. Ltd	smtpl 09/10	21.08.2010		
	Broaching Machine-Horizontal Broaching Machine 30T	2	35.00	70.00	Sai Machine Tools Pvt. Ltd	smtpl 09/10	21.08.2010		

22	Verticle Broaching Machine, Hydraulic	1	63.25	63.25	Sai Machine Tools Pvt. Ltd	smtpl 09/10	05.10.2010		
23	Gear Hobbing Machine Cap.15"	8	11.00	88.00	Sond Micron (India) Regd.	SMI-173	29.06.2010		
	Gear Hobbing Machine Cap.30"	2	15.50	31.00	Sond Micron (India) Regd.	SMI-173	29.06.2010		
24	Turning Centre DX - 350 CNC	6	55.00	330.00	Jyoti CNC Automation Pvt. Ltd.	JCAPL/QUT / 10-11	21.10.2010		
25	Steel Bar, Pipe & Tube Cutting Machine	1	2.00	2.00	Sai Machine Tools Pvt. Ltd	smtpl 09/10	21.08.2010	1	2.00
	Power Hack Saw for cutting steel Bars	1	1.25	1.25	Sai Machine Tools Pvt. Ltd	smtpl 09/10	21.08.2010	1	1.25
	Bend Saw for Steel Bar, Pipe & Tube Cutting	1	6.50	6.50	Sai Machine Tools Pvt. Ltd	smtpl 09/10	21.08.2010	1	6.50
	MIG Welding Machine	2	1.25	2.50	Sai Machine Tools Pvt. Ltd	smtpl 09/10	05.10.2010		
	Horizontal Machine to Press Fit Stub Ends in Tubes.	2	4.00	8.00	Sai Machine Tools Pvt. Ltd	smtpl 09/10	21.08.2010		
	Plate Shearing Machine	2	1.75	3.50	Sai Machine Tools Pvt. Ltd	smtpl 09/10	21.08.2010	1	1.75
	Blade Butt Welding Machine	2	0.15	0.30	Sai Machine Tools Pvt. Ltd	smtpl 09/10	21.08.2010		
26	Coating M/C (External Teeth)	2	3.00	6.00	Sai Machine Tools Pvt. Ltd	smtpl 09/10	21.08.2010		
	Coating M/C (Internal Teeth)	2	3.00	6.00	Sai Machine Tools Pvt. Ltd	smtpl 09/10	21.08.2010		
	Spline Finisher (External Teeth)	3	4.00	12.00	Sai Machine Tools Pvt. Ltd	smtpl 09/10	21.08.2010	1	4.00
	Spline Finisher (Internal Teeth)	2	4.00	8.00	Sai Machine Tools Pvt. Ltd	smtpl 09/10	21.08.2010	1	4.00
	Furnace, for Coating Steel Components	4	3.50	14.00	Sai Machine Tools Pvt. Ltd	smtpl 09/10	21.08.2010		
	Rework Furnace 8 Sections/ Block	2	3.50	7.00	Sai Machine Tools Pvt. Ltd	smtpl 09/10	05.10.2010		
	Portable Air Compressor	3	0.18	0.53	Sai Machine Tools Pvt. Ltd	smtpl 09/10	05.10.2010		
27	Atlas COPCO Compressor (Model No. GAE VHD-30)	1	8.75	8.75	Resource Combine Solutions Pvt Ltd		13.11.2010		
28	Tool Room								
	Lathe M/C 6'	2	3.25	6.50	Quality Machine Tools Corp	Q/09/232	10.10.2010		
	Drilling M/C	2	2.00	4.00	Quality Machine Tools Corp	Q/09/231	10.10.2010		
	Shaper M/C	1	8.75	8.75	Quality Machine Tools Corp	Q/09/231	10.10.2010		
	Slotting M/c	1	8.75	8.75	Quality Machine Tools Corp	Q/09/231	10.10.2010		
29	For Tool Room - Power Hack saw	1	1.25	1.25	Sai Machine Tools Pvt. Ltd	smtpl 09/10	21.08.2010		
30	For Tool Room - Miling Maching	2	11.50	23.00	Sai Machine Tools Pvt. Ltd	smtpl 09/10	05.10.2010		
31	Hardness Tester								
	Brinnel & Rockwell	6	0.75	4.50	Sai Machine Tools Pvt. Ltd	smtpl 09/10	21.08.2010		
32	Testing M/C								
	Dynamic Balancing M/C	3	11.00	33.00	Productive Technologies Pvt. Ltd	PT/U-1/HE/	21.10.2010		
33	Torque Load Testing M/C	1	17.00	17.00	Sai Machine Tools Pvt. Ltd	smtpl 09/10	21.08.2010	1	17.00
	Spot Welding M/C	1	6.60	6.60	Sai Machine Tools Pvt. Ltd	smtpl 09/10	21.08.2010	1	6.60
	Weighing Balance	3	0.15	0.45	Sai Machine Tools Pvt. Ltd	smtpl 09/10	21.08.2010		
34	Electrical								
	Electrical system								
	Transformer, 1000 KVA	1	10.52	10.52	Sai Machine Tools Pvt. Ltd	smtpl 09/10	05.10.2010		
	Electrification	1	71.00	71.00	Sai Machine Tools Pvt. Ltd	smtpl 09/10	05.10.2010		
	(Power Station, Panels, cables, MCC, Lighting & labour Charges)								
	D G Set, 500 KVA	1	40.00	40.00	Controls & Switchgears Himoinsa P. Ltd	Nil	18.10.2010		
35	New Machines								

	Spline Rolling Machine 40T	1	35.00	35.00	Sai Machine Tools Pvt. Ltd	smtpl 09/10	21.08.2010		
	Boring & Grooving Machine	4	70.00	280.00	Sai Machine Tools Pvt. Ltd	smtpl 09/10	21.08.2010		
36	New Machines								
	M/C for Minimum Setup								
	Turning Centre, TMC 350	7	65.00	455.00	Jyoti CNC Automation P. Ltd.	JCAPL/QUT /10-11	21.10.2010		
	VMC-1050	4	48.00	192.00	Jyoti CNC Automation P. Ltd.	JCAPL/QUT /10-11	21.10.2010		
	VMC-1260	4	60.00	240.00	Jyoti CNC Automation P. Ltd.	JCAPL/QUT /10-11	21.10.2010		
37	Setup for heat treatment	1	84.00	84.00	S.L.Graham & Company	SLG/Adroit/ 500	23.10.2010		
38	Surface broaching Machine	1	381.83	381.83	Sai Machine Tools Pvt. Ltd	smtpl 09/10	04.10.2010		
39	Drop Friction Hammer, 1000 kg	1	150.00	150.00	Rattan Hammers	2010:2011: 2739	22.10.2010		
40	Miscellaneous								
	Measuring Instruments (Vernier, Micrometer etc.)	400		14.00	As per Management Estimate				
41	Miscellaneous								
	Racks, Trolleys & Other Material Handling Equip.	1	15.00	15.00	Sai Machine Tools Pvt. Ltd	smtpl 09/10	21.08.2010	1	15.00
	Jigs, Fixtures, Gauges etc.	410	0.45	184.50	Sai Machine Tools Pvt. Ltd	smtpl 09/10	21.08.2010	50	22.50
42	Metrology Equipment								
	CMM	1	38.25	38.25	Machine Tools (India) Ltd	APC : MB : BH : 10/Gen	03.07.2010		
	Roughness Testing M/C Machine	1	6.00	6.00	Sai Machine Tools Pvt. Ltd	smtpl 09/10	21.8.2010	1	6.00
	Total			4409.62					168.10
	Add: Freight, Insurance, Installation & erection etc. 2.50%			110.24					4.20
	Grand Total			4519.86					172.30

The Company has placed order for machineries details of which is mentioned in last two column of the above mentioned table for a total amount of Rs.172.30 lacs (which includes freight, insurance etc). The Company is yet to place orders for Rs.4347.56 lacs being 96.19% of the plant & machinery cost relating to project. The order for these machineries was placed on December 15, 2010 and the same will be delivered in July, 2011. For rest of the machineries, order will be placed only on receipt of the proceeds of the issue. In addition, the Company has neither purchased nor proposes to purchase any second hand machinery for the objects of the issue.

Miscellaneous Fixed Assets

The detail of miscellaneous fixed assets which company proposes to acquire is as under:

Sr. No.	Particulars	Amount (Rs. In lacs)
1	Office Equipments & Furniture	15.00
2	Computers, Printers, UPS etc	15.00
3	Vehicles	40.00
4	Other Offices equipments	5.00
	Total	75.00

Pre-operative Expenses

The detail of pre-operative expenses, other than issue expenses, which company proposes to incur is as under:

Sr. No.	Particulars	Amount (Rs. In lacs)
1	Technical Consultancy	30.00
2	Upfront Fees & processing fees	10.00
3	Legal/ Mortgage Expenses	15.00

4	Deposits to various Govt. departments	30.00
5	Insurance during construction	5.00
6	Interest during implementation	48.00
7	Others	32.00
	Total	170.00

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

Presently our company is availing the working capital facilities for the existing operations from the UCO Bank as stated in the section "Financial information of the Company" on page no. 114 of this Draft Red Herring Prospectus. These limits and our internal accruals are adequate to meet our existing working capital requirement. However, the Company will utilize a part of the Issue proceeds to meet part of the long term working capital requirement which has been estimated as under:

(Rs. In Lacs)				
Particulars	Days	F.Y. 2009-10 Audited	F.Y. 2010-11 Estimated	F.Y. 2011-12 Projected
CURRENT ASSETS				
Raw Material & Packing Material	150 to 235	287.34	298.00	1057.00
Work in Progress	46 to 77	187.41	230.00	829.00
Finished Goods	27 to 57	82.33	153.00	552.00
TOTAL INVENTORIES (A)		557.08	681.00	2438.00
Receivable	72 to 129	335.94	585.00	1649.00
Advance & Deposits		565.61	550.00	1064.00
TOTAL RECEIVABLE (B)		901.55	1135.00	2713.00
Consumable Stores		125.55	139.00	333.00
Cash & Bank Balances		292.23	95.00	321.00
Other Current Assets		561.24	620.00	665.00
Total Other Current Assets (C)		979.02	854.00	1319.00
TOTAL CURRENT ASSETS (D)		2437.65	2670.00	6470.00
CURRENT LIABILITIES				
Creditors	51 to 175	97.98	199.00	1270.00
Other Current Liabilities		739.41	700.00	760.00
Total Current Liabilities (E)		837.39	899.00	2030.00
Net Working Capital Requirement (D-E)		1600.26	1771.00	4440.00
Funding Pattern				
Bank Borrowing (Existing)		514.90	1500.00	1500.00
Bank Borrowing (Additional Proposed)		0.00	0.00	1800.00
Internal Cash Accrual		1085.36	271.00	459.00
Proposed to be funded from Public Issue		0.00	0.00	681.00
Total Funding		1600.26	1771.00	4440.00

We are currently having bank sanctions for our working capital limits to the extent of Rs.1500.00 lacs by our Bankers, UCO Bank. We are proposing to raise part of the working capital requirements to the extent of about Rs.681.00 Lacs from the public issue. We will approach our existing bankers for the additional working capital facilities at the appropriate time as and when the project will be near completion.

Reasons for raising additional working capital:

With the increase in scale of operations, we will require additional money for working capital. As seen from the table above, the total requirement of working capital for the FY 2011-12 is Rs.4440.00 lacs, of which the company intends to have bank finance to the extent of Rs.3300.00 lacs, Rs.459.00 lacs through internal cash accruals and balance amount of Rs.681.00 lacs from the proposed public issue.

Basis of estimation of working capital requirement:

We have prepared a detailed business plan covering estimated working capital requirements to achieve the desired growth objectives for financial year 2011-12 onwards. The said estimation of working capital requirements has been worked out based on past experience of the Company in respect of current assets turnover ratio and regular position of current liabilities, the assumptions of which are mentioned above. Based on the said estimation and current financial position, we have worked out the requirement of working capital which would help us in achieving projected turnover and profitability. The said working capital shall be partly funded through banking sources by way of bank borrowings and partly by us as in the form of internal cash accrual as well as proceeds from the proposed public issue.

(C) GENERAL CORPORATE PURPOSES

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

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

ISSUE EXPENSES

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

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

* will be incorporated after the issue price is finalized.

Schedule of Implementation

Sr. No.	Particulars	Commencement	Completion
1	Land Acquisition	April 2011	May 2011
2	Site Development, Building & Civil Construction	May 2011	September 2011
3	Plant & Machinery - Placement of Order - Delivery & Installation	December 2010 July 2011	June 2011 October 2011
4	MPEB Connection – Permanent	June 2011	September 2011
5	Trial Run	October 2011	October 2011
6	Commercial Production	October 2011	

Details of funds already deployed & Sources of funds deployed

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

Sr. No.	Particulars of expenditure	Amount (Rs. In Lacs)
1	Advance to suppliers of Machineries	100.00
	TOTAL	100.00

Sources of the above expenditure are as follows:

Sr. No.	Particulars of Source	Amount (Rs. In Lacs)
1	Promoters Contribution to the Project (Preferential Allotment of Equity Shares)	100.00

Promoter contribution- cash flow statement of funds utilized

The promoters have already brought in Rs. 200 Lacs towards their contribution to the proposed project against which 2,00,000 Equity Shares have already been allotted to them, the details of which have been mentioned on page no 16 of DRHP. The cash flow statement of utilization of aforesaid promoter contribution as on December 31, 2010, as certified by the Statutory Auditors of our Company, viz. M/s Ashok Khasgiwala & Co., Chartered Accountants vide their certificate dated December 31, 2010 is given below:

Sr. No.	Particulars	Amount (Rs. In lacs)
1	Advance to suppliers of Machineries	100.00
2	Working Capital*	100.00
	TOTAL	200.00

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

Appraisal Report

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

Bridge Loan

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

Interim use of Issue proceeds

We, in accordance with the policies established by the Board from time to time, will have flexibility in deploying net issue proceeds. Pending utilization of the Net Issue proceeds for the purposes described above, we intend to temporarily invest the net issue proceeds in high quality interest/dividend bearing liquid instruments including investment in mutual funds, deposits with the banks for the applicable period.

Monitoring of utilization of funds

Our Board of Directors shall monitor the utilization of the Net Issue Proceeds. Our Company will disclose the utilization of the Net Issue Proceeds under a separate head in our Company's balance sheet for financial year 2011-12 clearly specifying the purpose for which such proceeds have been utilized. Our Company will also, in our Company's balance sheet for financial year 2011-12, provide details, if any, in relation to all such Net Issue Proceeds that have not been utilized and also indicating investments, if any, of such unutilized Net Issue Proceeds.

Pursuant to clause 49 of the Listing Agreement, our Company shall on a quarterly basis disclose to the Audit Committee the uses and applications of the Net Issue Proceeds. On an annual basis, our Company shall prepare a statement of funds utilized for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee. Such disclosure shall be made only until such time that all the Net Issue Proceeds have been utilized in full. The statement shall be certified by the statutory auditors of our Company. Furthermore, in accordance with clause 43A of the Listing Agreement, our Company shall furnish to the stock exchanges on a quarterly basis, a statement including material deviations if any, in the utilization of the process of the Issue from the objects of the Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results, after placing the same before the Audit Committee.

No part of the Net Issue Proceeds will be paid by our Company as consideration to our Promoters, Directors, Promoter Group, or Company's key managerial personnel except in the normal course of business.

BASIS FOR ISSUE PRICE

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

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

QUALITATIVE FACTORS

For some of the qualitative factors which form the basis for computing the price, see “Business Overview” on page 57 of this Draft Red Herring Prospectus.

QUANTITATIVE FACTORS

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

1. Adjusted Earning Per Share (EPS)

Year ended	Basic and Diluted EPS (Rs.)	Weight
March 31, 2008	3.35	1
March 31, 2009	2.53	2
March 31, 2010	3.63	3
Weighted Average	3.22	
Six months ended September 30, 2010 (Not Annualized)	3.37	

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

Notes:

- 46,87,493 equity shares of Rs.10 each have been allotted as fully paid up bonus shares in the ratio of 5 shares for every 6 shares held on 17.11.2010. As a result, the paid up equity share capital of the company was increased from Rs.562.50 Lacs to Rs.1031.25 Lacs.
- On 11.12.2010, the company has issued 2, 00,000 fully paid up equity shares of Rs.10 each at a price of Rs.100 each to the promoters of the company on preferential basis. As a result, the paid up equity share capital of the company has increased from Rs. 1031.25 Lacs to Rs. 1051.25 Lacs.

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

- Based on year ended March 31, 2010 Basic & Diluted EPS of Rs.3.63, the P/E Ratio is [●]
- Based on weighted average EPS of Rs.3.22, the P/E Ratio is [●]
- Industry P/E –

Particulars	Name of Company	P/E
i) Highest	REIL Electricals	49.7
ii) Lowest	Enkei Castalloy	4.8
iii) Industry Composite		19.5

Source: Capital Market Jan 24 – Feb 06, 2011, Category: Auto Ancillaries

3. Average Return on Net Worth (RONW %)

Year ended	RONW (%)	Weight
March 31, 2008	13.79	1
March 31, 2009	9.43	2
March 31, 2010	12.17	3
Weighted Average	11.53	
Six months ended September 30, 2010 (Not Annualized)	10.15	

Annualized)		
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$$\text{Return on Net Worth (\%)} = \frac{\text{Adjusted Net profit after tax, as restated}}{\text{Adjusted Equity Shareholders Fund after reduction of Miscellaneous Expenditure not written off at the end of the year}}$$

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

5. Net Asset Value per Equity Share

- (i) As on March 31, 2010 – Rs. 29.84
- (ii) As on September 30, 2010 – Rs. 33.22
- (iii) After the Issue: Rs. [●]
- (iv) Issue Price: Rs. [●]

6. Comparison of Accounting Ratios

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

Name of the Company	Face Value (Rs.)	EPS (Rs.)	P/E	RONW (%)	NAV (Rs.)	Sales (Rs. Cr.)
Sona Koyo Steer. ⁽²⁾	1	1.0	11.0	12.4	9.1	850.3
Hind. Composites ⁽²⁾	10	12.0	17.1	2.9	893.2	89.9
Mahindra Comp ⁽²⁾	10	5.5	12.7	18.3	33.8	45.9
Adroit Industries (India) Limited ⁽¹⁾	10	3.63	[●]	12.17	29.84	16.88

⁽¹⁾ EPS, RONW, NAV and Sales are based on the restated financial information of the company for the year ended March 31, 2010.

⁽²⁾ Source: 'Capital Market', Vol. XXV/24 dated Jan 24 – Feb 06, 2011, Category: Auto Ancillaries

Note: All the above mentioned figures are based on Standalone basis.

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

The issue Price will be determined on the basis of the demand from the investors in accordance with the SEBI Regulations. The BRLM believe that the Issue Price of Rs.[●] per share is justified in view of the above qualitative and quantitative parameters. The investors should peruse the risk factors and the financials of the Company including accounting ratios, as set out in "Financial Information of the Company" on page no. 99 of the Draft Red Herring Prospectus to have a more informed view of the investment.

STATEMENT OF TAX BENEFITS

To,
The Board of Directors,
Adroit Industries (India) Limited
308, ACME Plaza, Opposite Sangam Cinema,
Andheri Kurla Road,
Andheri (East),
MUMBAI – 400059

Dear Sir,

Re: Statement of Tax Benefits

We hereby report that the attached Annexure states the possible tax benefits available to Adroit Industries (India) Limited ("the Company") and to the shareholders of the Company under the Income Tax Act, 1961, Wealth Tax Act, 1957 presently in force in India, subject to the fact that several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws and their interpretation. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company may or may not choose to fulfill.

The benefits discussed in the attached annexure are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

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

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

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

This report is intended solely for information and for the inclusion in the offer Document in connection with the proposed IPO of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Ashok Khasgiwala & Co.
Chartered Accountants
(Firm Reg. No. 0734C)

CA Avinash Baxi
(Partner)
M. No. : 079722

Date: 20.10.2010
Place: Indore

ANNEXURE

I Special tax benefits available to Adroit Industries (India) Limited for the proposed unit at Special Economic Zone at Pithampur, Dist Dhar (M.P.)

1. Under the Income Tax Act, 1961 ("the Act") – Under section 10AA, 100% Income Tax exemption is available for first five years and 50% for next five years.
2. Under Madhya Pradesh V.A.T Act, -Under section 36, VAT is exempted on sale to and purchase from SEZ units
3. Under Central Sales Tax Act – Under section 8 of Central Sales Tax Act, Dealers in India supplying goods to Unit in SEZ are exempt from Central Sales Tax Act. Similarly the registered dealer in SEZ can obtain goods from selling registered dealer outside the zone without payment of CST.
- 4 Under Notification No. A-3-93-05-IV (75), dated 2.11.2006 entry tax is exempted in respect of purchase of goods by SEZ units, goods entered into a local area by any registered dealer for sales to SEZ units against declaration, for manufacturing of other goods for sales in course of export. Goods sent by SEZ units to a place outside the zone for value addition, if such goods are returned back to the zone after value addition .
4. Taxable services provided to a developer or unit in SEZ are exempt from service tax. (Section 26 (1) (e) os SEZ Act.
5. Exemptions, drawbacks and concessions available to the company:
 - (a) exemption from any duty of customs, under the Customs Act, 1962 (52 of 1962) or the Customs Tariff Act, 1975 (51 of 1975) or any other law for the time being in force, on goods imported into, or services provided in, a Special Economic Zone or a Unit, to carry on the authorized operations by the Developer or Entrepreneur.
 - (b) exemption from any duty of customs, under the Customs Act, 1962 (52 of 1962) or the Customs Tariff Act, 1965 (51 Of 1975) or any other law for the time being in force, on goods exported from, or services provided, from a Special Economic Zone or from a Unit, to any place outside India;
 - (c) exemption from any duty of excise, under the Central Excise Act, 1944 (1 of 1944) or the Central Excise Tariff Act, 1985 (5 of 1986) or any other law for the time being in force, on goods brought from Domestic Tariff Area to a Special Economic Zone or Unit, to carry on the authorized operations by the Developer or entrepreneur;
 - (d) drawback or such other benefits as may be admissible from time to time on goods brought or services provided from the Domestic Tariff Area into a Special Economic Zone or Unit or services provided in a Special Economic Zone or Unit by the service providers located outside India to carry on the authorized operations by the Developer or entrepreneur.
 - (e) exemption from service tax under Chapter V of the Finance Act, 1994 (32 of 1994) on taxable services provided to a Developer or Unit to carry on the authorized operations in a Special Economic Zone;
 - (f) exemption from the securities transaction tax leviable under section 98 of the Finance (No. 2) Act, 2004 (23 of 2004) in case the taxable securities transactions are entered into by a non-resident through the International Financial Services Centre;
 - (g) exemption from the levy of taxes on the sale or purchase of goods other than newspapers under the Central Sales Tax Act, 1956 (74 of 1956) if such goods are meant to carry on the authorized operations by the Developer or entrepreneur.

STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO ADROIT INDUSTRIES (INDIA) LIMITED ("COMPANY") AND TO ITS SHAREHOLDERS

II. General tax benefits available to the company

1. As per section 10(34) of the Income Tax Act, 1961, (hereinafter referred to as Act) any income by way of dividends referred to in section 115-O received on the shares of any Indian company is exempt from tax. However, as per section 94(7) of the Act, losses arising from sale / transfer of shares, where such shares

are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

2. As per section 10(35) of the Act, the following income will be exempt in the hands of the Company:

- a. Income received in respect of the units of a Mutual Fund specified under clause (23D) of section 10; or
- b. Income received in respect of units from the Administrator of the specified undertaking; or
- c. Income received in respect of units from the specified company:

However, this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified Company or of a mutual fund, as the case may be.

For this purpose (i) "Administrator" means the Administrator as referred to in section 2(a) of the Unit Trust of India (Transfer of Undertaking and Repeal) Act, 2002 and (ii) "Specified Company" means a Company as referred to in section 2(h) of the said Act.

Further, as per section 94(7) of the Act, losses arising from the sale / redemption of units purchased within three months prior to the record date (for entitlement to receive income) and sold within nine months from the record date, will be disallowed to the extent such loss does not exceed the amount of income claimed exempt.

As per section 94(8) of the Act, if an investor purchases units within three months prior to the record date for entitlement of bonus, is allotted bonus units without any payment on the basis of holding original units on the record date and such person sells / redeems the original units within nine months of the record date, then the loss arising from sale/ redemption of the original units will be ignored for the purpose of Computing income chargeable to tax and the amount of loss ignored shall be regarded as the cost of Acquisition of the bonus units.

3. As per section 2(42A) of the Act, shares held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under section 10(23D) or a zero coupon bonds will be considered as short term capital asset if the period of holding of such security is 12 months or less. If the period of holding is more than 12 months, it will be considered as long term capital assets. In respect of other assets the determinative period of holding is 36 months as against 12 months mentioned above. Further, gain / loss arising from short term capital asset and long term capital asset is regarded as short term capital gain and long term capital gain respectively.

4. As per section 10(38) of the Act, long term capital gains arising to the company from the transfer of long term capital asset being an equity share in a company or a unit of an equity oriented fund where such Transaction has been entered into on a recognized stock exchange of India and is chargeable to securities Transaction tax will be exempt in the hands of the Company.

For this purpose, "Equity Oriented Fund" means a fund –

(i) where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such funds; and

(ii) which has been set up under a scheme of a Mutual Fund specified under section 10(23D) of the Act.

As per section 115JB, while calculating "book profits" the Company will not be able to reduce the long term capital gains to which the provisions of section 10(38) of the Act apply and will be required to pay Minimum Alternate Tax @ 18% (plus applicable surcharge and education cess) of the book profits including long term capital gains to which provisions of section 10(38) applies.

5. Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which do not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income is not tax deductible.

6. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gain (in case not covered under section 10(38) of the Act) arising on the transfer of a Long Term Capital Asset would be exempt from tax if such capital gain is invested within 6 months from the date of such transfer in a "long term capital asset". The investment in the long term specified assets is eligible for such deduction to the extent of Rs.50, 00,000 during any financial year. However, if the assessee transfers or

converts the long term specified asset into money 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. A "long term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2007:

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988; or

(ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

7. As per section 111A of the Act, short term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge and education cess). As per section 70 read with section 74 of the Act, short-term capital loss, if any arising during the year can be set-off against shorter capital gain as well as against the long-term capital gains and shall be allowed to be carried forward upto eight assessment years immediately succeeding the assessment year for which the loss was first computed.

8. As per section 112 of the Act, taxable long-term capital gains, on which securities transaction tax is not paid, on sale of listed securities or units or zero coupon bonds will be charged to tax at the concessional rate of 20% (plus applicable surcharge and education cess) after considering indexation benefits in accordance with and subject to the provisions of section 48 of the Act or at 10% (plus applicable surcharge and education cess) without indexation benefits, at the option of the Company. Under section 48 of the Act, the long term capital gain arising out of the sale of capital asset will be computed after indexing the cost of acquisition / improvement. As per section 70 read with section 74 of the Act, long-term capital loss, if any, arising during the year can be set-off only against long-term capital gain and shall be allowed to be carried forward upto eight assessment years immediately succeeding the assessment year for which the loss was first computed for set off against future long term capital gain.

9. As per the provisions of section 32(2) of the Act, where full effect cannot be given to the depreciation allowance in any year, the same can be carried forward and claimed in the subsequent years as depreciation of subsequent years. Further, as per the provisions of section 72 of the Act, unabsorbed business losses which are not set off in any previous year can be carried forward upto eight assessment years immediately succeeding the assessment year for which the loss was first computed and set off against the business profits of the subsequent assessment years. However, the carry forward and set off of business losses is subject to (i) the provisions of section 79 of the Act dealing with carry forward and set off of losses in case of companies (not being companies in which public are substantially interested) in which change in shareholding is more than 49% and (ii) section 80 of the Act dealing with submission of returns for losses.

10. As per section 115JAA(1A) of the Act, credit is allowed in respect of any Minimum Alternate Tax paid under section 115JB of the Act for any assessment year commencing on or after 1st day of April 2006. Tax credit to be allowed shall be the difference between Minimum Alternate Tax paid and the tax computed as per the normal provisions of the Act for that assessment year. The Minimum Alternate Tax credit shall not be allowed to be carried forward beyond tenth assessment year immediately succeeding the assessment year in which tax credit become allowable.

III. General tax benefits available to Resident Shareholders

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O received on the shares of any Indian company is exempt from tax. However, as per section 94(7) of the Act, losses arising from sale / transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

2. As per section 2(42A) of the Act, shares held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under section 10(23D) or a zero coupon bonds will be considered as short term capital asset if the period of holding of such security is 12 months or less. If the period of holding is more than 12 months, it will be considered as long term capital assets. In respect of other assets the determinative period of holding is 36 months as against 12 months mentioned above. Further, gain / loss arising from short term capital asset and long term capital asset is regarded as short term capital gain and long term capital gain respectively.

3. As per section 10(38) of the Act, long term capital gains arising from the transfer of a long term capital asset being an equity share of the Company, where such transaction has been entered into on a recognized stock exchange of India and is chargeable to securities transaction tax, will be exempt in the hands of the shareholder.

4. As per section 111A of the Act, short term capital gains arising from the sale of equity shares of the Company, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge and education cess). As per section 70 read with section 74 of the Act, short-term capital loss, if any arising during the year can be set-off against short-term capital gain as well as against the long-term capital gains and shall be allowed to be carried forward upto eight assessment years immediately succeeding the assessment year for which the loss was first computed.

5. Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which do not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income is not tax deductible.

6. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gain (in case not covered under section 10(38) of the Act) arising on the transfer of shares of a Company would be exempt from tax if such capital gain is invested within 6 months from the date of such transfer in a "long term capital asset". The investment in the long term specified assets is eligible for such deduction to the extent of Rs.50, 00,000 during any financial year. However, if the assessee transfers or converts the long term specified asset into money 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.

A "long term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2007:

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988; or

(ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

7. As per section 54F of the Act, long term capital gains (in cases not covered under section 10(38)) arising on the transfer of the shares of the Company held by an Individual or Hindu Undivided Family (HUF) will be exempt from capital gains tax if the net consideration is utilized to purchase or construct a residential house. The residential house is required to be purchased within a period of one year before or two years after the date of transfer or to be constructed within three years after the date of transfer. Such benefit will not be available:

(a) if the Individual or HUF -

owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or purchases another residential house within a period of one year after the date of transfer of the shares; or constructs another residential house within a period of three years after the date of transfer of the shares; and

(b) the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

If only a part of the net consideration is so invested, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration, will be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

8. As per section 112 of the Act, taxable long-term capital gains, on which securities transaction tax is not paid, on sale of listed securities will be charged to tax at the rate of 20% (plus applicable surcharge and education cess) after considering indexation benefits or at 10% (plus applicable surcharge and education cess) without indexation benefits, whichever is less. Under section 48 of the Act, the long term capital gain arising out of the sale of capital asset will be computed after indexing the cost of acquisition /improvement.

As per section 70 read with section 74 of the Act, long-term capital loss, if any arising during the year can be set-off only against long-term capital gain and shall be allowed to be carried forward upto eight assessment years immediately succeeding the assessment year for which the loss was first computed for set off against future long term capital gain.

9. As per section 36(1) (xv) of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered in the course of the business will be eligible for deduction from the income chargeable under the head "Profits and Gains of Business or Profession" if income arising from taxable securities transaction is included in such income.

IV. General tax benefits available to Non-Resident Shareholders (Other than FIIs)

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O received on the shares of any Indian company is exempt from tax. However, as per section 94(7) of the Act, losses arising from sale / transfer of shares, where such shares are purchased within three months prior to the record date and sold within three months from the record date, will be disallowed to the extent such loss does not exceed the amount of dividend claimed exempt.

2. As per section 10(38) of the Act, long term capital gains arising from the transfer of long term capital asset being an equity share of the Company, where such transaction has been entered into on a recognized stock exchange of India and is chargeable to securities transaction tax, will be exempt in the hands of the shareholder.

3. As per section 111A of the Act, short term capital gains arising from the sale of equity shares of the Company, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge and education cess). As per section 70 read with section 74 of the Act, short-term capital loss, if any arising during the year can be set-off against short-term capital gain as well as against the long-term capital gains and shall be allowed to be carried forward upto eight assessment years immediately succeeding the assessment year for which the loss was first computed.

4. Section 14A of the Act restricts claim for deduction of expenses incurred in relation to incomes which do not form part of the total income under the Act. Thus, any expenditure incurred to earn tax exempt income is not tax deductible.

5. As per first proviso to section 48 of the Act, in case of a non resident shareholder, the capital gain/loss arising from transfer of shares of the Company, acquired in convertible foreign exchange, is to be 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 initially utilized in the purchase of shares. Cost Indexation benefit will not be available in such a case. As per section 112 of the Act, taxable long-term capital gains, on which securities transaction tax is not paid, on sale of shares of the company will be charged to tax at the rate of 20% (plus applicable surcharge and education cess). The benefit of proviso to section 112(1) providing for tax rate of 10% on long-term capital gains without indexation may be available to listed securities. As per section 70 read with section 74 of the Act, longterm capital loss, if any arising during the year can be set-off only against long-term capital gain and shall be allowed to be carried forward upto eight assessment years immediately succeeding the assessment year for which the loss was first computed for set off against future long term capital gain.

6. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gain (in case not covered under section 10(38) of the Act) arising on the transfer of shares of a Company would be exempt from tax if such capital gain is invested within 6 months from the date of such transfer in a "long term capital asset". The investment in the long term specified assets is eligible for such deduction to the extent of Rs.50, 00,000 during any financial year. However, if the assessee transfers or converts the long term specified asset into money 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. A "long term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2007:

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988; or

(ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

7. As per section 54F of the Act, long term capital gains (in cases not covered under section 10(38)) arising on the transfer of the shares of the Company held by an Individual or Hindu Undivided Family (HUF) will be exempt from capital gains tax if the net consideration is utilized to purchase or construct a residential house. The residential house is required to be purchased within a period of one year before or two years after the date of transfer or to be constructed within three years after the date of transfer. Such benefit will not be available:

(a) if the Individual or HUF owns more than one residential house, other than the new residential house, on the date of transfer of the shares; or purchases another residential house within a period of one year after the date of transfer of the shares; or constructs another residential house within a period of three years after the date of transfer of the shares; and

(b) the income from such residential house, other than the one residential house owned on the date of transfer of the original asset, is chargeable under the head "Income from house property".

If only a part of the net consideration is so invested, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of the new residential house bears to the net consideration, will be exempt.

If the new residential house is transferred within a period of three years from the date of purchase or construction, the amount of capital gains on which tax was not charged earlier, will be deemed to be income chargeable under the head "Capital Gains" of the year in which the residential house is transferred.

8. As per section 36(1) (xv) of the Act, the securities transaction tax paid by the shareholder in respect of taxable securities transactions entered in the course of the business will be eligible for deduction from the income chargeable under the head "Profits and Gains of Business or Profession" if income arising from taxable securities transaction is included in such income.

9. In respect of non-residents, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the nonresident is considered resident in terms of such Tax Treaty. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

V. Special tax benefits available to Non-Resident Indians

1. As per section 115C(e) of the Act, the term "non-resident Indians" means an individual, being a citizen of India or a person of Indian origin who is not a "resident". A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.

2. As per section 115E of the Act, in the case of a shareholder being a non-resident Indian, and subscribing to the shares of the Company in convertible foreign exchange, in accordance with and subject to the prescribed conditions, long term capital gains arising on transfer of the shares of the Company (in cases not covered under section 10(38) of the Act) will be subject to tax at the rate of 10% (plus applicable surcharge and education cess), without any indexation benefit.

3. As per section 115F of the Act and subject to the conditions specified therein, in the case of a shareholder being a non-resident Indian, gains arising on transfer of a long term capital asset being shares of the Company will not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act then this exemption would be allowable on a proportionate basis. Further, if the specified asset or savings certificates in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

4. As per section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from specified 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 Act.

5. As per section 115H of the Act, where Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year

under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to investment income derived from the investment in equity shares of the Company as mentioned in section 115C(f)(i) of the Act for that year and subsequent assessment years until assets are converted into money.

6. As per section 115I 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 a declaration along with his return of income for that assessment year under section 139 of the Act, that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

7. In respect of non-resident Indian, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident is considered resident in terms of such Tax Treaty. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

VI. Benefits available to Foreign Institutional Investors (FIIs)

Special tax benefits

1. As per section 115AD of the Act, FIIs will be taxed on the capital gains that are not exempt under the provision of section 10(38) of the Act, at the following rates:

Nature of income	Rate of tax (%)
Long term capital gains	10
Short term capital gains (other than referred to in section 111A)	30
Short term capital gains referred in section 111A	15

The above tax rates have to be increased by the applicable surcharge and education cess.

2. As per section 196D (2) of the Act, no deduction of tax at source will be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD.

3. In case of long term capital gains, (in cases not covered under section 10(38) of the Act), the tax is levied on the capital gains computed without considering the cost indexation and without considering foreign exchange fluctuation.

General tax benefits

4. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O (i.e. dividends declared, distributed or paid on or after 1 April 2003 by the Company) received on the shares of the Company is exempt from tax.

5. As per section 10(38) of the Act, long term capital gains arising from the transfer of long term capital asset being an equity share of the Company, where such transaction is chargeable to securities transaction tax, will be exempt to tax in the hands of the FIIs.

6. As per section 70 read with section 74 of the Act, short term capital loss, if any, arising during the year can be set off against short term capital gain and long term capital gain. It also provides that long-term capital loss, if any arising during the year can be set-off only against long-term capital gain. Both the short term capital loss and long term capital loss shall be allowed to be carried forward upto eight assessment years immediately succeeding the assessment year for which the loss was first computed. However the brought forward long term capital loss can be set off only against future long term capital gains.

7. The tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the FII is considered as resident in terms of such Tax Treaty. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the FII.

8. Under section 54EC of the Act and subject to the conditions and to the extent specified therein, long term capital gain (in case not covered under section 10(38) of the Act) arising on the transfer of shares of a Company would be exempt from tax if such capital gain is invested within 6 months from the date of such transfer in a "long term capital asset". The investment in the long term specified assets is eligible for such deduction to the extent of Rs.50, 00,000 during any financial year. However, if the assessee transfers or

converts the long term specified asset into money 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.

A "long term specified asset" means any bond, redeemable after three years and issued on or after the 1st day of April 2007:

(i) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988; or

(ii) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956.

VII. Special tax benefits available to Mutual Funds

As per section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorized by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf.

B. General benefits available under the Wealth Tax Act, 1957

Asset as defined under section 2(ea) of the Wealth tax Act, 1957 does not include shares in companies and hence, shares are not liable to wealth tax.

The above Statement of Possible Direct Tax Benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of shares.

NOTES:

(i) All the above benefits are as per the current tax laws i.e. as per the Finance Act, 2010

(ii) In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her investments in the shares of the company.

For Ashok Khasgiwala & Co.

Chartered Accountants

(Firm Reg. No. 0734C)

CA Avinash Baxi

(Partner)

Memb No. : 079722

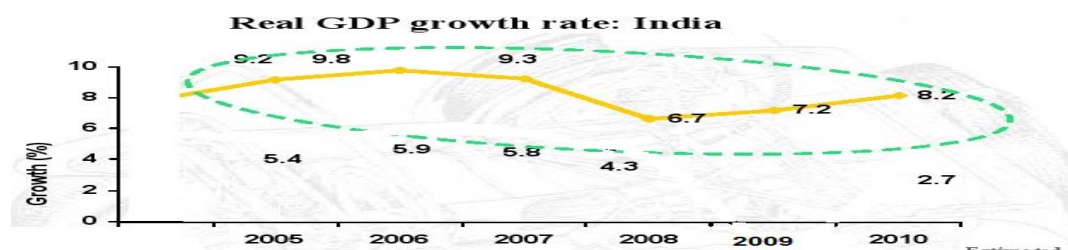
Dated 20.10.2010

SECTION IV – ABOUT THE ISSUER COMPANY

INDUSTRY OVERVIEW

Indian Economy

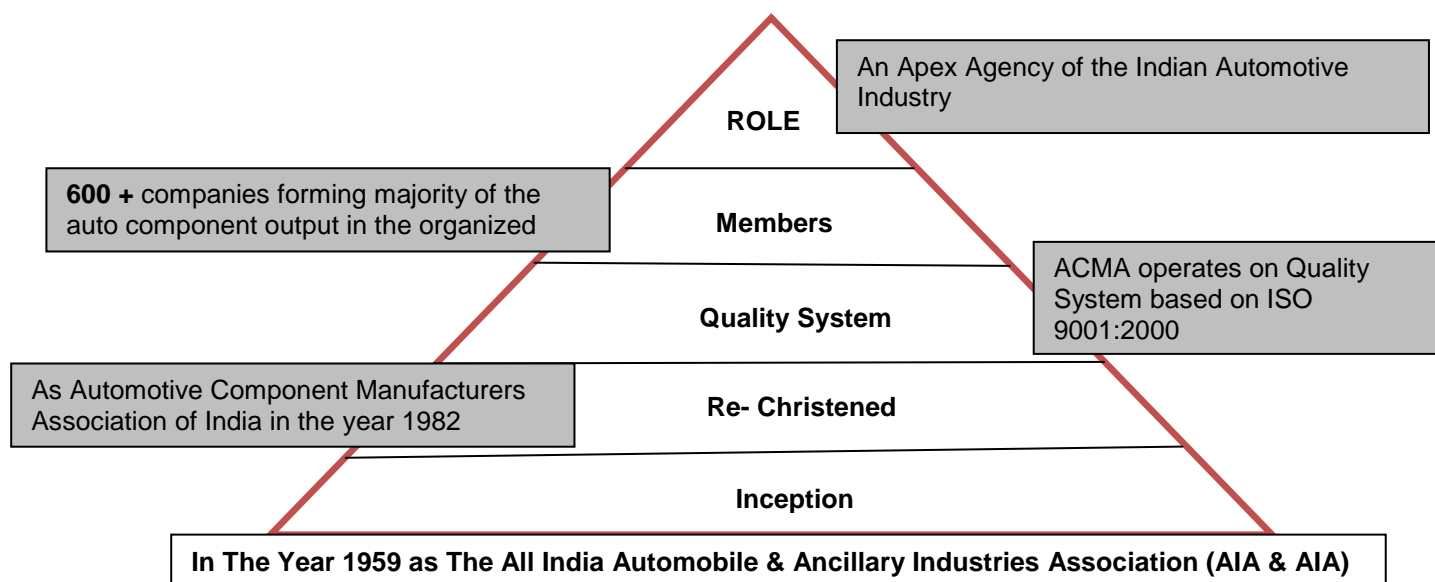
Indian automobile market is reckoned to be amongst the most dynamic growth markets globally. Stronger economic growth, rapid growth in road infrastructure and increasing affordability ensures a high sales growth momentum for the auto sector. The Indian Auto Component Industry is growing at a tremendous pace. The automotive sector is one of the core industries of the Indian economy. With 4 per cent contribution to the GDP and nearly 5 per cent of the total industrial output, the automotive sector has become a significant contributor to the exchequer. Continuous economic liberalization over the years by the government of India has resulted in making India as one of the prime business destination for many global automotive players.



Source: IMP APR' 2009, Economy Survey 2008-09 & RBI Bulletin

Background of Automobile Industry

While the genesis of Indian Automotive Industry can be traced to the 1940s, significant growth started in the 1970s. Between 1970 and 1984 cars were considered a luxury product; manufacturing was licensed, expansion was restricted; there were quantitative restriction (QR) on imports and a tariff structure designed to restrict the market. The market was dominated by six manufacturers -Telco (now Tata Motors), Ashok Leyland, Mahindra & Mahindra, Hindustan Motors, Premier Automobiles and Bajaj Auto. The decade of 1985 to 1995 saw the entry of Maruti Udyog in the passenger car segment and Japanese manufacturers in the two wheelers and light commercial vehicle segments. Economic liberalization, started in 1991, led to the de-licensing of the passenger car segment in 1993. Quantitative Restriction (QR) on imports continued. This decade witnessed the emergence of Hero Honda as a major player in the two wheeler segments and Maruti Udyog as the market leader in the passenger car segment. Between 1995 and 2000 several international players entered the market. Advanced technology was introduced to meet competitive pressures, and environmental and safety imperatives. Automobile companies started investing in service network to support maintenance of on-road vehicles. Auto financing started emerging as an important driver for demand. Starting in 2000, several landmark policy changes like removal of quantitative restrictions (QR) and 100 percent FDI through automatic route were introduced. Indigenously developed vehicles were introduced in the domestic market and exports were given a thrust. Innovative sales strategies were developed as auto companies started collaboration with financial firms to provide easy auto financing services to customers.



Manufacturers also introduced systems to improve capacity utilization and adopted quality and environmental management systems. In the year 2003, a Core- group on automotive R&D was set up to identify priority areas for automotive R&D in India.

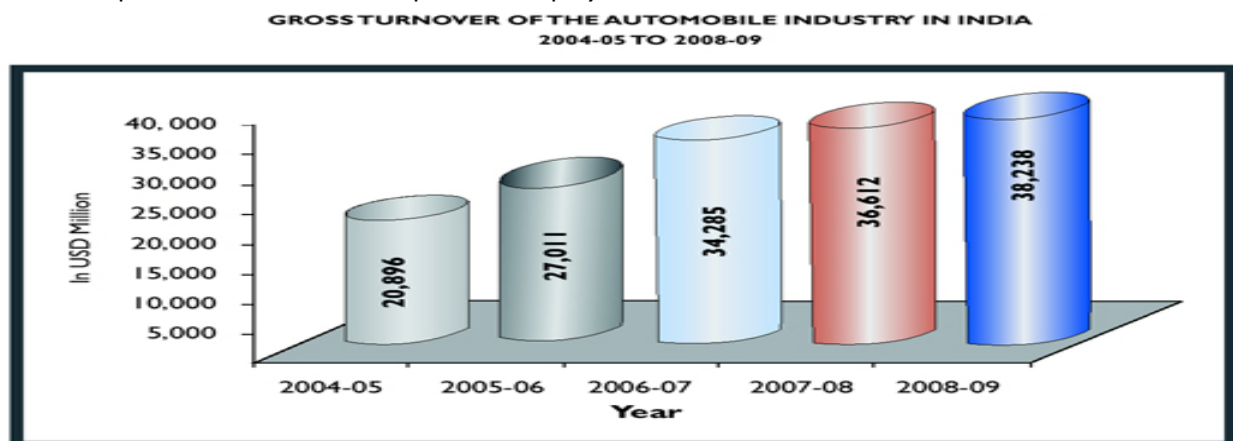
(Source: http://acmainfo.com/docmgr/Status_of_Auto_Industry/Status_Indian_Auto_Industry.pdf)

History of the Auto Component Industry

In 1953, the Tariff Commission in its report to the government had stressed the need for a balanced and integrated development of the Automotive Industry by promoting the emergence of a strong auto component sector. As a result of this recommendation the leading entrepreneurs were invited by the government to establish an auto component manufacturing industry. In pre- 1985 era, the auto component industry was a protected market with high import tariffs. The market was oriented primarily towards supply of components to domestic manufacturers. The Phased manufacturing Programme (PMP) introduced in Indian automotive sector in the 1980's for localization had laid the foundation for the development of the auto component industry. This enabled the industry to modernize its technology, improve quality, imbibe high standards in its manufacturing process and to transform itself into a highly capable sector of the automobile industry. After the PMP programme came to an end in 1991, Government introduced the MOU system that continued to place emphasis on the aspect of localization of components. With support from this policy, the component industry further developed its capacity to manufacture the new breed of auto-components required for the new generation of vehicles. As a result of this, vehicle manufacturers started outsourcing more and more components rather than manufacturing in-house. Entrepreneurs were encouraged to develop components and set up facilities. As and when need arose Original Equipment Manufactures (OEM'S) supported component manufacturers through equity participation, technical collaboration etc.

(Source: http://www.cci.in/pdf/surveys_reports/auto-auto-ancillaries-sector.pdf)

(Source: <http://www.siamindia.com/upload/AMP.pdf>)



Source: <http://www.siamindia.com/scripts/gross-turnover.aspx>

Current Market

India has a thriving auto component manufacturing industry which is well positioned to realize the increasing opportunities arising in the domestic market. The Industry is focusing on small passenger vehicles and affordability is the driving force for today's manufacturers. Currently the Auto Component industry manufactures a wide range of products in India for both domestic and export consumption. The total size of the component industry is close to USD 14 billion out of which USD 9.4 billion is the domestic OEM market, USD 2.6 billion is the domestic aftermarket and USD 2.0 billion are the direct exports of components. More than 60% of the exports of auto components are to Europe and USA. More than 70% of the exports go to the OEMs and Tier I suppliers and only 30% to the global aftermarket, indicating the high level of maturity in quality and technology that has been achieved by the component industry. This is an indicator of the steadily rising quality and level of advanced technology that has been achieved by the component industry. Currently the Auto Component Industry manufactures a wide range of products in India for both domestic consumption and exports.

(Source: <http://www.siamindia.com/upload/AMP.pdf>)

India is amongst the few nations, which has its "own" automobile industry and makes an entire range of automobiles. The auto industry in India is the ninth largest in the world. After Japan, South Korea and Thailand, India emerged as the fourth largest exporter of automobile Components, in the year 2009.

(Source: <http://business.mapsofindia.com/automobile/>)

India's automotive component industry is dependent on the expansion of automobile industry. The Indian automobile industry is going through a phase of rapid change and high growth. The major players are expanding their plants and focusing on mass customization, mass production.

Over the years it has become quality conscious and aims for global market. Slowly, but surely, the sector is emerging as the next big business opportunity for Indian companies as global Original Equipment Manufacturers (OEMs) hike procurement plans and domestic companies expand. Currently the Auto component Industry manufactures a wide range of products in India for both domestic consumption and exports.

'Frugal Engineering' has become the hallmark of the Indian automotive industry, with Indian OEMs leveraging the Indian lead in cost-effectiveness and a highly-skilled human resource pool to bring down the product development cost. Additionally, competencies of their suppliers have also helped to lessen costs and manufacturing time. To cater to the growing domestic market, be able to undertake and execute large export orders and leverage economies of scale, a host of players have planned investments for capacity expansion as well as improvement in technology.

(Source: <http://www.workosaur.com/auto-industry-overview/>)

Original Equipment Manufacturing

Indian original equipment manufacturers (OEMs) are making their mark today. With increasing competition from the global players; Indian OEMs have upgraded their technology and are manufacturing superior-designed vehicles. The pattern of growth in the automotive segment affects the performance of the automotive components segment as components content per vehicle differs significantly across vehicle categories. Thus, increase in demand in the automotive segment can have a significant impact on the major players of the auto components industry. The principal drivers of demand for the automotive components from the OEM segment have been passenger cars, commercial vehicles and wheelers in the recent years. In addition to the growth in production, increasing indigenization levels of the manufacturing operations of most of the OEM's that entered the Indian market have also contributed to the growth in demand from OEM's. Relatively large size orders are procured from OEM'S which gives auto component industries the necessary boost. Auto component units in the organized sector generally have tie-ups with foreign collaborators wanting to launch their vehicles in the Indian markets. Due to these tie ups auto component units are constantly updating their technology and can adopt new designs with a shorter gestation period.

(Source: http://www.ibef.org/artdisplay.aspx?cat_id=187&art_id=9077)

Replacement Demand:

The automobile component industry suppliers also cater to the demands from the replacement market. Manufacturing of good quality and genuine spare parts being the need of the hour, auto component manufacturers have a major share in the spare parts division. With the increase in vehicle usage and declining scrap rates, replacement demand for automotive components is on the rise. Five factors primarily influence the aggregate annual demand for replacement parts are:

- Size of the national vehicle population
- Average age of the national vehicle population
- Pollution norms and Government regulations
- Average number of kilometers driven per vehicle
- Road and other related conditions

However, the replacement market continues to suffer due to the easy availability of spurious spare parts.

(Source: http://www.ibef.org/artdisplay.aspx?cat_id=187&art_id=9077)

The auto parts industry has emerged as one of the country's fastest-growing manufacturing sectors and a globally competitive one. In addition commercial vehicle production has also kept pace with fast economic development. All these require auto parts, most of which are manufactured in the country. Following India's growing openness, the arrival of new and existing models, easy availability of finance at relatively low rate of interest and price discounts offered by the dealers and manufacturers all together have increased the general demand for vehicles thereby registering a steady growth in the Indian automobile industry.

(Source: http://www.ibef.org/artdisplay.aspx?cat_id=187&art_id=9077)

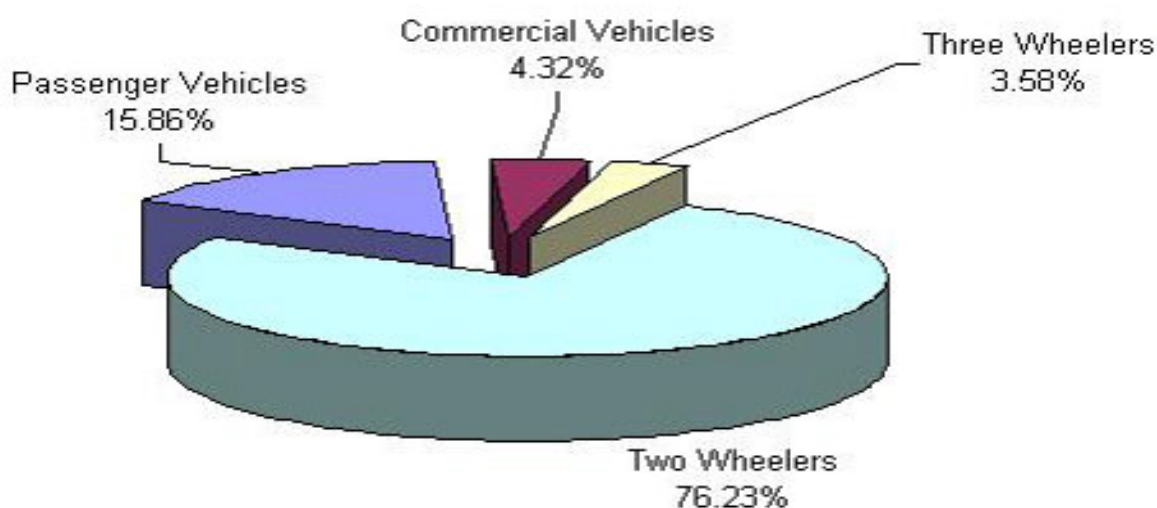
Comparative table showing Production and Sale of Automobiles

Category	Production			Sales (Domestic+ Exports)		
Segment/Sub segment	April-July			April-July		
	2009-10	2010-11 (estimated)	%Gr.	2009-10	2010-11 (estimated)	%Gr.
Passenger Vehicles	682,287	898,429	32%	698,890	899,795	29%
Commercial Vehicles	145,808	223,930	54%	144,634	221,252	53%
Three Wheelers	162,271	234,581	44%	164,517	240,163	46%
Two wheelers	3,209,740	4,213,454	31%	3,182,891	4,192,634	32%

(Source: acmainfo.com/docmgr/Status.../Status_Indian_Auto_Industry.pdf)

The segment wise market share of the automobile industry is given in below chart:

Segment Wise Market Share in 2009-10



(Source: <http://www.siamindia.com/scripts/market-share.aspx>)

Similarly, Indian manufacturers have an advantage in castings and forgings, as these are subject to less stringent environment regulations in India compared to developed countries. Continuous improvements in quality of the manufactured components results in increase of export of automobiles and auto components. Low cost of skilled manpower and rapidly growing design capability are some of the major aspects that encourage foreign investors to set up assembly units in India.

Geographical Advantage

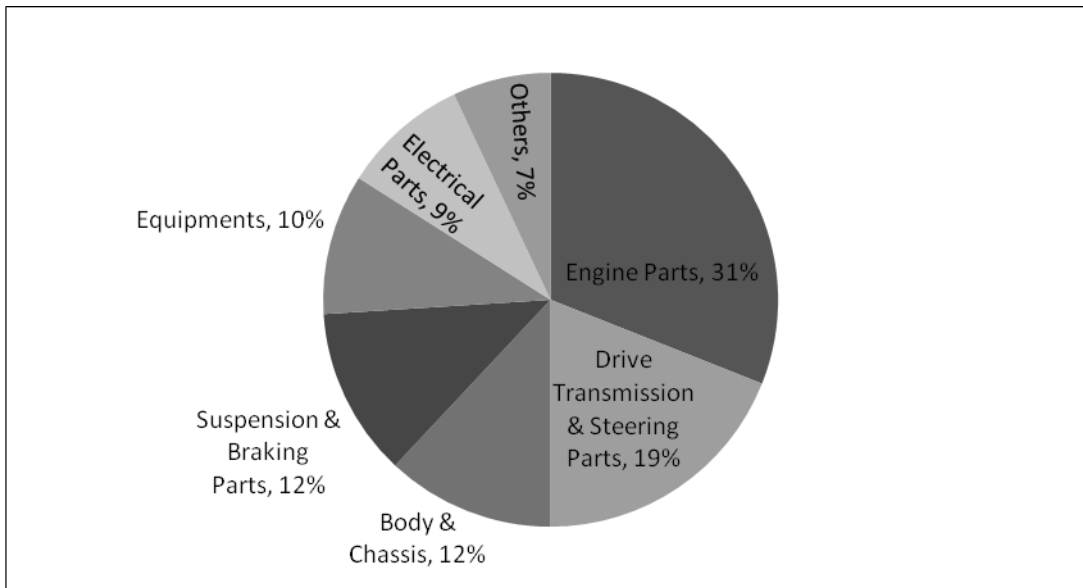
Madhya Pradesh has a prominent position in the Indian Auto Industry. The state's Auto component manufacturers control around 60 % of the total market. The State is one of the leaders in auto components and ancillary industries, with almost 5 OEM'S and over 100 auto component manufacturers. The state government has developed an industrial cluster at Pithampur which provides readily available infrastructure for companies willing to set up manufacturing facilities in the state. Further the Central Government has sanctioned an auto cluster in the Pithampur area. The Government of India would grant an amount of 11 million USD and local industrialists have agree to contribute 3 million USD for the project. The cluster at Pithampur also has the following advantages:

- Proximity to Steel plants in Bhilai and Nagpur which would lead to overall reduction in raw material costs, steel being a primary component.
- Proximity to ports on the eastern and western coasts of India serve as a vital link for exploring the international markets.

(Source: http://www.mpmoney.com/GlobalSummit/OEM_plant.pdf)

INDUSTRY PRODUCT RANGE

The component industry has now holistic capability to manufacture the entire range of auto-components e.g. Engine parts, Drive, Transmission Parts, Suspension & Braking Parts, Electricals, Body and Chassis Parts, Equipment etc. The component-wise share of production, as indicated by the ACMA, is Engine parts-31%, Drive and Transmission Parts-19%, Suspension & Braking Parts-12%, Electricals-9%, Body and Chassis Parts-12%, Equipment-10% and other 7%.



(Source: <http://www.acmainfo.com/pdf/acma-annual-report-2009-10.pdf>)

Capabilities of Successful niche Component Manufacturers

Core Capabilities

- A. Design, engineering and validation
 - Strong R&D focus on specific technology
 - Customized Solution
 - Innovation Management
- B. Manufacturing
 - Domestic manufacturing footprints
 - Operating smaller plants efficiently
- C. Sales and marketing
 - Customer acquisition
 - Customer loyalty management

Enabling Capabilities

- A. Information technology, Capital management, Risk management
 - IT systems focused mainly at product design and development
 - Raising risk capital
 - Cash flow management Managing risk of launching innovative products
- B. People and organization
 - Innovative recruitment techniques to attract talent
 - Talent retention

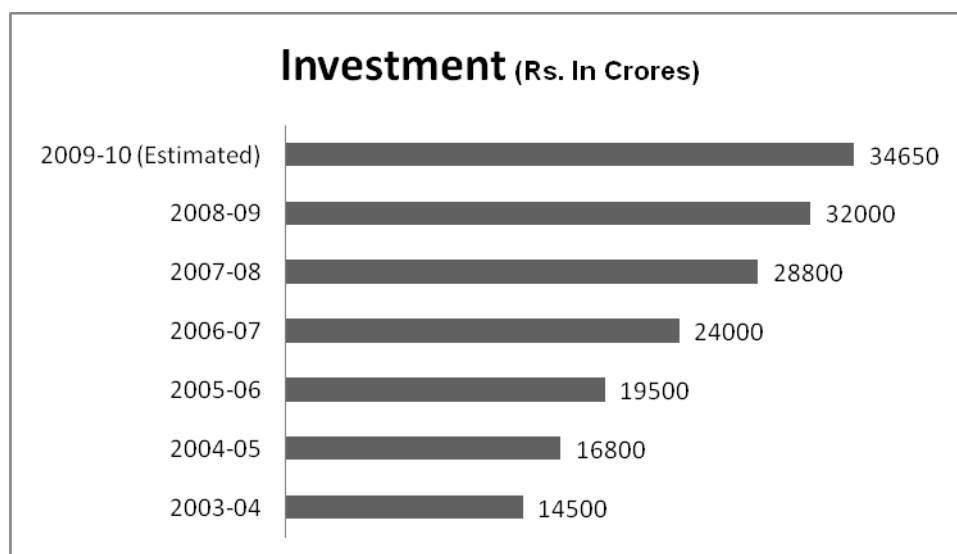
(Source: http://acmainfo.com/docmgr/Status_of_Auto_Industry/Status_Indian_Auto_Industry.pdf)

Governments Initiatives

The Central government has realized the importance of the automobile industry and therefore has decided to adopt 19 industrial clusters under the Industrial Infrastructure up gradation scheme of the Department of Industry Policy and Promotion. Provision of sound infrastructure will give a major boost to the auto component industry and will also keep a check on the haphazard growth of the same. The government is taking various steps like:

- Reduction in Excise and Custom Duties;
 - Implementation of Bharat Stage IV norms by 2010;
 - Incentives to facilitate Research and Development activity in the automobile Industry;
 - Safety;
 - Improving Road Infrastructure;
 - Harmonization of Standards;
 - The Government of India has brought forward an Auto policy in the year 2002 with a vision to establish a globally competitive automotive industry in India and to double its contribution to the economy by 2010.
 - This policy aims to promote integrated, phased, enduring and self-sustained growth of the Indian automotive industry. The main objectives are to:-
 - Exalt the sector as a lever of industrial growth and employment and to achieve a high degree of value addition in the country.
 - Promote a globally competitive automotive industry and emerge as a global source for auto components.
 - Establish an international hub for manufacturing small, affordable passenger cars and a key center for manufacturing Tractors and Two-wheelers in the world.
 - Ensure a balanced transition to open trade at a minimal risk to the Indian economy and local industry.
 - Conduce incessant modernization of the industry and facilitate indigenous design, research and development.
 - Steer India's software industry into automotive technology.
 - Assist development of vehicles propelled by alternate energy sources.
 - Development of domestic safety and environmental standards at par with international standards.
- (Source: <http://www.dhi.nic.in/autopolicy.htm>)

INVESTMENT IN AUTO COMPONENT SECTOR



(Source: <http://www.acmainfo.com/pdf/acma-annual-report-2009-10.pdf>)

Opportunities and Prospects

Automobile industry is witnessing a very high growth rate. With many new projects, Indian companies are entering the global arena. This has led to more and more jobs in the industry. One has to specialize in automobile/mechanical engineering to enter the industry.

Over a period of more than two decades the Indian Automobile industry has been driving its own growth through phases. The entry of Suzuki Corporation in Indian passenger car manufacturing is often pointed as the first sign of India turning to a market economy. Since then the automobile sector witnessed rapid growth year after year. By late-90's the industry reached self reliance in engine and component manufacturing from the status of large scale importer.

With comparatively higher rate of economic growth rate index against that of great global powers, India has become a hub of domestic and exports business. The automobile sector has been contributing its share to the shining economic performance of India in the recent years.

With the Indian middle class earning higher per capita income, more people are ready to own private vehicles including cars and two-wheelers. Product movements and manned services have boosted in the sales of medium and sized commercial vehicles for passenger and goods transport. Side by side with fresh vehicle sales growth, the automotive components sector has witnessed big growth. The domestic auto components consumption has crossed rupees 9000 crores and an export of one half size of this figure.

(Source: http://www.yqworld.com/careers/yq_careers_industry_details.php?desc=Automobiles&tcodes=739)

The Indian auto-component industry is expected to witness healthy growth in sales on the strength of strong growth in exports even as the domestic demand may be impacted by automotive segment specific growth rates in the short to medium term. While the export growth potential remains significant, the ability of auto-component players to capitalize on their strengths and overcome challenges assumes importance. The growth of auto-component industry is linked to demand for automotive and the segment specific demand may affect the OEM demand for automotive components. Moreover, the sales growth for auto-component players from domestic market is likely to be volume led as realizations may increase only modestly. In terms of segment specific expectations, while two-wheelers are expected to witness healthy demand growth in short term, the demand growth rate in passenger vehicles and Commercial Vehicle (in domestic market) is expected to be lower. The recent acquisitions by auto component companies may allow diversification of revenues, thus reduced exposure to cyclicalities in domestic market, access to new customers and technologies. Further, presence in key global automotive markets augur well for Indian companies who face threat of imports in domestic market in light of the existing free trade agreements (with Thailand) and planned FTA/ Preferential trade agreement (PTA) between India with other countries as well as major trading blocks.

(Source: http://www.ibef.org/artdisplay.aspx?cat_id=187&art_id=9077)

BUSINESS OVERVIEW

Adroit Industries (India) Limited (AAIL), a public limited company, was incorporated on January 9, 1995 by converting M/s. Adroit industries (India), a Partnership firm, under Part IX of the provisions of the Companies Act, 1956 (**“Part IX Conversion”**). The partnership firm was originally formed by a Partnership Deed dated March 9, 1966 executed by and between Mr. Jagjit Singh and Mr. Varinder Singh (**the “Partnership Deed”**). The said Partnership Deed was reconstituted on June 2, 1994 and reconstituted partnership deed was executed by and between Mr. Jagjit Singh, Mr. Varinder Singh, Mr. Jaspavan Singh, Mr. Jaspreet Singh, Mr. Surinderpal Singh, Ms. Narinder Kaur and Ms. Gajinderpal Kaur (**“Reconstituted Partnership Deed”**). Finally, on January 9, 1995 the said partnership formed by the Deed was dissolved and our Company was formed under the name and style of “Adroit Industries (India) Limited” vide Certificate of Incorporation issued by the Registrar of Companies, Maharashtra, Mumbai. AAIL was originally promoted by Mr. Jagjit Singh Anand, Mr. Varinder Singh Anand and their family members. On March 13, 2007, the majority of shareholding of the company was acquired by the current promoter group of the company.

The business was started in a small industrial shed at 50A, Laxmibai Nagar, Indore and is engaged in the manufacturing of Propeller Shaft and its components like Universal Joint, Slip Yoke, Weld Yoke, End Yoke, Companion Flange & Flange Yoke, Tube, Stub Shaft, etc. which are used in the commercial and passenger vehicles. AAIL manufactures propeller shafts for cars, light / medium / heavy commercial vehicles and several other industrial applications.

In the year 1995, AAIL acquired a manufacturing plant located at Sanwer Road, Indore by acquiring the partnership firm M/s. Hindustan Forgings vide an agreement dated July 17, 1995 to manufacture the propeller shafts and its components which has increased the total production capacity of the company. Thereafter, for the purpose of backward integration, company acquired a forging unit located at A.B.Road, Dewas in May 1996 from ‘Madhya Pradesh Financial Corporation’ vide an agreement dated May 24, 1996 to meet the requirement of forging in-house itself. This has reduced the cost, lead time, increased the control over the consistent quality parameters and allowed to maintain the supply chain management in a better manner. Later, AAIL started manufacturing Dyes for forging under the same roof of Dewas unit, which has allowed the integration of the forging and machining in-house. In this way, starting from forging dyes to finished forgings to propeller components and shafts, AAIL has in-house manufacturing facility for the production of propeller shafts and components.

The units located at Laxmibai Nagar, Indore and Sanwer Road, Indore were 100% export oriented units and were enjoying related tax benefits of Income Tax and Duty free Procurement of raw material and capital goods. Company has completed its tax holiday of 10 years, thus company applied for debonding of units from EOU scheme to DTA unit. The said conversion was permitted by the Office of the Development Commissioner, Indore SEZ vide its letter dated September 14, 2010. After conversion, company is entitled for availing all benefits of Export Schemes of the Govt of India.

Company’s products adhere to quality standards and two of its units at A.B.Road, Dewas and Sanwer Road have got IS/ ISO 9001:2008 certification for the ‘manufacture of forged automobile components for drive shaft assemblies’ and for ‘manufacture of automobile components specializing in drive shafts’ respectively from ‘Surewin Quality Certification’.

Presently the Company is having a production capacity of 270000 unit per annum. The Company is also proposing to enhance its production capacities of existing manufacturing facilities from exiting 270000 units per annum to 360000 units per annum.

Because of the increase in demand of propeller shafts and its components globally, AAIL is proposing to set up a new manufacturing unit with an installed capacity of 8,10,000 components per annum to cater to the various industries such as **Automotive** (complete range from light to heavy commercial vehicles, passenger car vehicles, heavy earth-moving equipments, engine test cell equipments, etc.), **Locomotive** (railway rolling stock, railway track maintenance machinery, etc.), **Industrial** (steel and rolling mills, woodworking machinery, papermaking machinery, etc.), **Agricultural** (water sewage treatment works, pump drivers, etc.), **Marine** and other various industries.

LOCATION

Registered Office

308, Acme Plaza, Opp. Sangam Cinema, Andheri Kurla Road, Andheri (East), Mumbai - 400 059

Corporate Office

50-A, Laxmibai Nagar, Fort, Indore – 452 006

Existing Production Facilities

Company has its manufacturing facilities in the following locations-

Sl. No.	Location	Product
1.	Plot 50A, Laxmibai Nagar Industrial Estate, Indore.	Propeller Shafts and its components
2.	Plot No. 44-59, Sector D-2, Industrial Area Sanwer Road, Indore.	Propeller Shafts and its components
3.	Plot No. 5-A-1, 5-B & 5-C, Industrial Area No.2, A.B.Road, Dewas.	Forging and Dyes Unit

Proposed Production Facility

The Company proposes to set up the proposed additional unit at SEZ, Indore located at Pithampur, District: Dhar. The company proposes to acquire land admeasuring 10 acres (40469 sq. mtr.) approximately at Industrial Area, SEZ, Pithampur, Distt. Dhar (MP) on lease basis for a period of 30 years.

PLANT AND MACHINERIES

The company possesses the required equipments and machineries for manufacturing the components of propeller shafts like Universal Joint, Slip Yoke, Weld Yoke, End Yoke, Companion Flange & Flange Yoke, Tube, Stub Shaft, etc. and for assembling the propeller shafts.

The company is proposing to purchase new plant and machineries for the expansion plan through this issue. For details of the plant and machineries required to be bought for the proposed expansion, kindly refer to the para on 'Plant and Machinery' in section 'Objects of the Issue' on page 31 of this Draft Red Herring Prospectus.

STRENGTHS OF THE COMPANY

i. Over 15 years of experience

AILL has over 15 years of experience for manufacturing of propeller shafts and its component and has reached to its present stage by in-house developments and understanding the needs of the products and customers. Further, company has developed capacity to design and suggest a suitable product for a particular application. Company has gained customer confidence with continuous learning and execution of supplying quality products.

ii. Presence in International Market

AILL has presence in international market. Company exports its products to the countries like USA, Canada, Australia, UK, Germany, South Africa, Dubai, Denmark, New-Zealand, Hungary, Singapore, etc. It has developed cordial relations with the clients and maintained the same by supplying the quality products to them.

iii. Skilled Man power

AILL has a team of skilled man power who are expert in their field and possesses good experience in their respective field which helps the company to manufacture better quality products and on time basis. Currently, company has total 344 skilled employees and 32 employees at supervisory and managerial level who are involved in day to day operation at all three units of the company.

iv. In-house Manufacturing Facility

AILL has in house Forging, Forging Die manufacturing, machining, Assembly, Inspection, Dynamic Balancing & Testing facilities for manufacturing Propeller Shafts & its Components.

v. Use of Modern Machineries

Most of the propeller shaft components are traditionally made on the conventional machine tools like lathe, drilling, boring, milling, hobbing, broaching, etc. These machines have many limitations like large number of operations required per component, higher time consumption to manufacture a component,

less control over dimensional tolerances, less control over geometrical tolerances, etc. AILL is using Special Purpose Machines (SPM), CNC and modular machines for particular component which has led to overcome the limitations of conventional machines. Company also uses these machines in combination of conventional machines which has proved improvements in productivity and quality of the products of the company.

vi. Support from various tool manufacturers

The tooling required for various machine tools are also readily available in domestic market. Dealers, distributors and whole sellers of various manufacturers are well placed in Indore and maintain the stock and cater the requirement of various industries in Indore and near by area which helps the company to manufacture the products on timely basis and prevent unnecessary delay in the process of manufacture.

vii. Product Range.

AILL manufactures various products and caters to various industries like automotive, marine, industrial, agriculture, locomotive etc. This helps customers to get their requirement under one roof with a good quality products and reasonable delivery time.

viii. In-house testing facility

AILL has several in-house testing facilities required for the production of propeller shafts like Universal Testing Machine, Torque Testing Machine, Hardness Testers, Dynamic balancing machine, various gauges & measuring instruments. Company also has in-house chemical composition testing facility for steel, a system of testing for all incoming materials as per good standard engineering practices.

WEAKNESSES OF THE COMPANY

i. Large man power driven Industry

As described above, man power requirement and number of operations for manufacturing propeller shaft components using traditional machines is large and hence, the cost of man power per component is higher. But the company has just started to offset the manpower cost by using the combination of traditional, CNC, Special Purpose Machines and other modular machines.

ii. Currency rate fluctuation

Adroit Industries (India) Limited exports its product to various countries. Substantial part of the sales of the company is export sales and the price of the goods is quoted at the prevailing rate of foreign currency at the time of getting an order. At the time of actual dispatch, the rate of foreign currency may be different or may be at lower side. This may result lower realization of sales proceeds as compared to cost of goods manufactured.

PRODUCTS OF THE COMPANY

AILL manufactures the propellers shafts and its components which cater to the various industries such as Automotive, Locomotive, Agricultural, Marine and other various industries. The components of the propeller shafts are Companion Flange, Flange Yoke, Weld Yoke, End Yoke, Sleeve Yoke, Tube, Stub-shaft, etc. The details of all the products of the company is mentioned below-

- **Propeller Shafts**

A **propeller shaft** also known as **drive shaft**, is a mechanical component for transmitting torque and rotation, usually used to connect other components of a drive train that cannot be connected directly because of distance or the need to allow for relative movement between them. Drive shafts are carriers of torque, they are subject to torsion and shear stress, equivalent to the difference between the input torque and the load. They must therefore be strong enough to bear the stress, whilst avoiding too much additional weight as that would in turn increase their inertia. Drive shafts frequently incorporate one or more universal joints or jaw couplings, and sometimes a splined joint or prismatic joint to allow for variations in the alignment and distance between the driving and driven components. Where the engine and axles are separated from each other, as on four-wheel drive and rear-wheel drive vehicles, it is the propeller shaft that serves to transmit the drive force generated by the engine to the axles. The driveline or drive-shafts in an application must perform certain basic functions which vary in importance from one application to another. The four basic functions which the driveline must fulfill are – Torque, Rotation, Angles & Length Changes.

There are different types of drive shafts used in different industries which is described below-

Automotive drive shafts- An automobile may use a longitudinal shaft to deliver power from an engine/transmission to the other end of the vehicle before it goes to the wheels. A pair of short drive shafts is commonly used to send power from a central differential, transmission, or transaxle to the wheels. Different designs of the drive shafts are used for the front-wheel drive, rear-wheel drive and all-wheel drive.

Locomotive drive shafts- They are used in railway rolling stock, railway track maintenance machinery, etc. Quill drives are used to couple power from a centrally mounted multi-cylinder engine to each of the trucks supporting the engine. On each of these geared steam locomotives, one end of each drive shaft is coupled to the driven truck through a universal joint while the other end is powered by the crankshaft, transmission or another truck through a second universal joint. A quill drive also has the ability to slide lengthways, effectively varying its length. This is required to allow the bogies to rotate when passing a curve. These drive shafts are also used in diesel locomotives and some electric locomotives.

Marine drive shafts- On a power-driven ship, the drive shaft, or propeller shaft, usually connects the transmission inside the vessel directly to the propeller, passing through a stuffing box or other seal at the point it exits the hull. There is also a thrust block, a bearing to resist the axial force of the propeller. As the rotating propeller pushes the vessel forward, any length of drive shaft between propeller and thrust block is subject to compression, and when going astern to tension. Except for the very smallest of boats, this force is not taken on the gearbox or engine directly.

Industrial and Agricultural drive shafts- Industrial drive shafts are used in steel and rolling mills, woodworking machinery, papermaking machinery, etc. Agricultural drive shafts are used in water sewage treatment works, pump drivers, etc.

- **Components of Propeller Shafts**

Universal Joint

A universal joint is a mechanical device which can transmit torque and/or rotational motion from one shaft to another at fixed or varying angles of intersection of the shaft axes. There are many types of universal joints and they can be classified according to their basic design characteristics.

Slip Yoke

The slip yoke is a yoke which accommodates axial movement. It has a hub attached to the yoke body. The hub usually has an outer sealing surface and internal spline with the body end of the hub closed by a plug.

Weld Yoke

The tube or weld yoke is a yoke with a piloting butt attachment to a tube. The pilot diameter of this hub supports the tube.

End Yoke

The end yoke is a yoke which attaches a drive shaft to another drive train component. It assumes numerous constructions with the specific design being dependent to a large degree on the application requirement.

Companion Flange & Flange Yoke

A flange yoke is a yoke which attaches a driveshaft to a companion flange. These two types are the commonly used circular and rectangular configurations. For clarification purposes, the mating companion flange for each type is also shown. The yoke is held to the flange with bolts, and a pilot diameter is provided to maintain concentricity.

Tube

Tube is the connecting tubular member of a driveshaft which Connects Tube Yoke & Stub Shaft.

Stub Shaft

The basic function of a Stub Shaft is to transmit the torque requirements of the driveline installation from one drive member to another. Also, in many applications it must be capable of allowing for length changes due to vehicle geometry motions.

STRATEGY OF THE COMPANY

Enhancing the product range

There exist more than 10000 products in the driveline industry. AILL still needs to reach the 4 digit mark in terms of number of products. AILL's existence in global markets and customer's confidence on its products, demands an increase in the current product-mix and range. These components can be produced by developing new forging dies, producing new forgings, developing new jigs and fixtures and toolings related to machining of the same.

Acquiring the machineries with latest technology

Addition of machineries for increased number of products to balance the production line will be needed to introduce the new range of products. Moreover, support of third generation CNC machinery, special-purpose machines and CNC special purpose machines will also ensure that the products will be produced to the required details and specifications. This will also assist growth plan by providing timely deliveries and increasing customer's confidence in the company.

Entry into the domestic market

There exists an opportunity in the automotive segment domestically, where our presence is yet to be seen. It has been recognized that Indian markets have attracted many vehicle manufacturers in the country and continues to do so. This opens market for quality manufacturers to invest in product line, which could support and simultaneously complement the existing product line of the company focused for international markets. Companies like Volvo, Eicher, Tata motors, Man trucks, Ashok Leyland, Force motors and many more have launched variety of light-duty, medium duty and heavy-duty commercial vehicles. Moreover, industrial growth has seen new peaks in recent times domestically. Torque/power transmission is an integral part of various industries and machinery for transmission of long-distance power transmission. This certainly opens the prospects to enter domestic markets at the right time.

Tapping the new markets globally

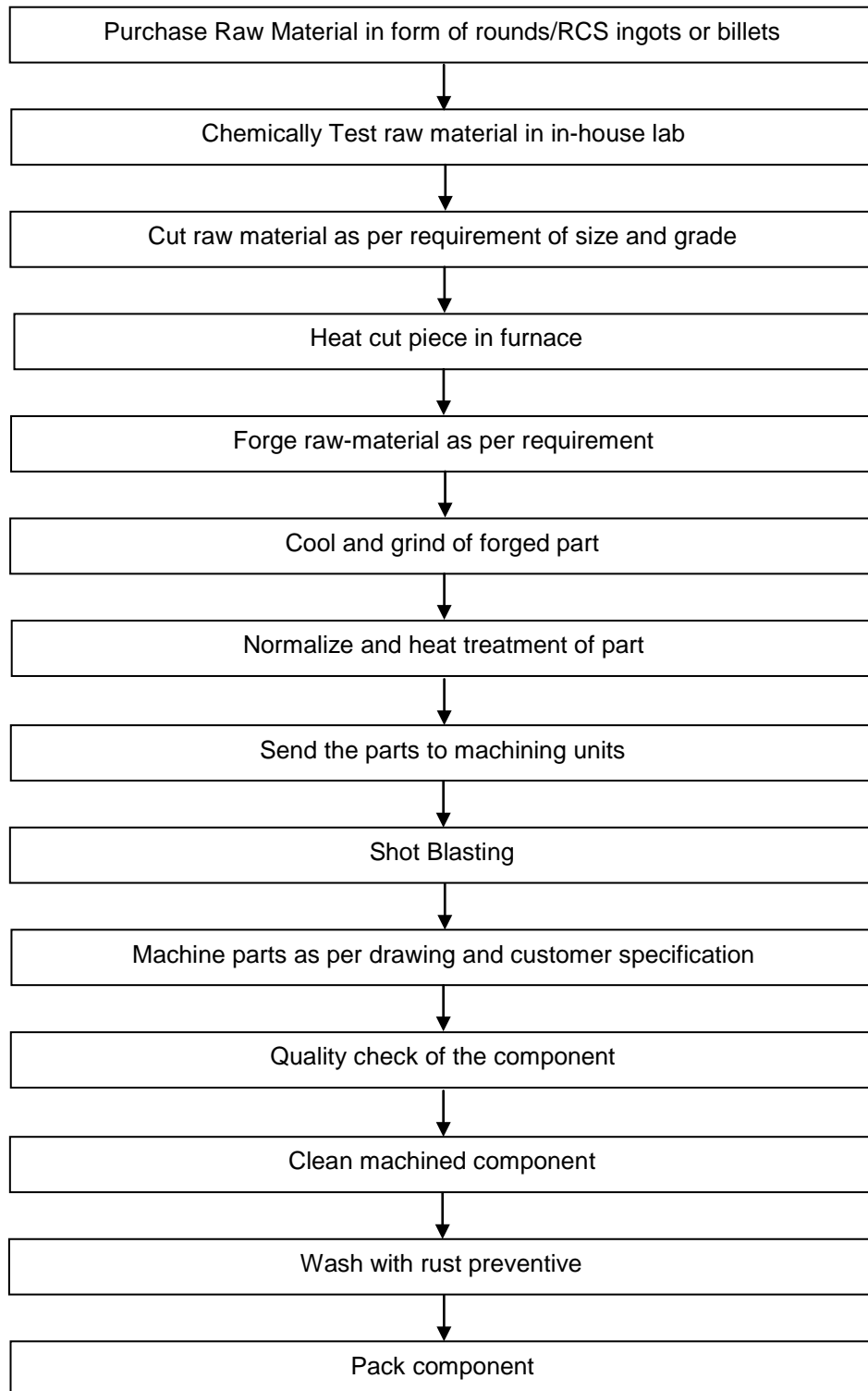
Drivelines are required in various applications around the world. AILL's presence is limited to few clients and few countries only. Moreover, due to capacity constraints, company is able serve only limited number of clients. Further, getting product requests from various potential clients from the tapped markets have to be passed as the company has to restrict itself to current clients in terms of satisfying their requirements. Countries in South America, Central America, Mexico, few countries in Europe, CIS countries, part of middle-east, part of Africa and part of South-East Asia still remain untapped. It is known that Burma, Russia, India, China and Africa are growing at a much faster pace than the developed world. The requirements from these markets are increasing and are also getting more quality conscious.

MANUFACTURING PROCESS

Propeller Shafts is assembly of various components as mentioned below

- i. Companion Flange
- ii. End Yokes
- iii. Flange Yoke
- iv. Universal Joint Cross
- v. Weld/Tube Yoke
- vi. Tube
- vii. Stub Shaft or Mid Ship Shaft
- viii. Slip/Sleeve Yoke
- ix. Muff Sleeve
- x. Yoke Shaft

All the Components are made from Forging and machined afterwards. Various components assemble together to form Propeller Shaft. Common manufacturing process for all the propeller shaft components is as under:



A. Forging Process

Basic raw material for manufacturing of Propeller Shaft components is steel, which is received in the shape of bars. Bars are cut to required sizes and put into the furnace for heating. After attaining the required temperature, hot bar is shifted on the die already installed on the drop forged hammer and forged. This component after forging is shifted to trimming press for removal of flash. Forging is then normalized, extra flash and burrs are ground as required and final inspection carried out.

B. Manufacturing of Components (Machining Of Components)

1. Companion Flange (C F)

Forging of Companion Flange (CF) is first shot blasted to clean the forging surfaces. Secondly, outside Diameter (O D) of Hub of the C F forging is then machined. Then, a hole of suitable size is drilled at the centre of the C F forging and further bored. Turning of pilot diameter is done afterwards. Component is then shifted to Broaching machine for broaching. Final Turning of pilot diameter is now completed and total length is maintained. Holes at Flange face are drilled and chamfered subsequently. Component may be shifted to broaching machine for key-way preparation if required and then again shifted to Drilling machine for drilling hole at keyway for key tightening screw. Threading in this hole is done afterwards. Machined Component is Inspected, Washed, Cleaned, treated with anti-rust preventive solution and finally packed.

2. End Yoke (E Y)

Forging of E Y is Shot Blasted first to clean the forging surfaces. Secondly, a hole of suitable size is drilled at the centre of the ear which is bored and broached afterward. Out-side Diameter (O D) of Hub of the E Y forging is then machined. A hole of suitable size is drilled at the centre of the E Y forging and then bored. Counter bore is machined and at the ear and of the forging along the centre line of the component. Length of the spline is then maintained. Face of the ear is then machined.

Hub of the component is induction hardened, tempered and then shifted to broaching machine for either spline or round broaching as per requirement. O D of the hub is further grinded. Face of the ear is then machined to the required size. Drilling, chamfering and threading is done at the ear face for mounting universal-joint bearing cartridge or grooving is done at the ear hole for provision of snap ring as per the size and variety of component. Machined Component is Inspected, Washed, Cleaned, treated with anti-rust preventive solution and finally packed.

3. Flange Yoke (F Y)

Forging of F Y is Shot Blasted first to clean the forging surfaces. A hole of suitable size is drilled at the centre of the ear which is bored and broached afterwards. Flange face and O D are then turned to the required size. Face of the ear is then machined to the required size and then Drilled, chamfered and threading is done at the ear face for mounting universal-joint bearing cartridge or grooving is done at the ear hole for provision of snap ring as per the size, and variety of component. Machined Component is Inspected, Washed, Cleaned, treated with anti-rust preventive solution and finally packed.

4. Weld Yoke (W Y)

Forging of W Y is Shot Blasted first to clean the forging surfaces. A hole of suitable size is drilled at the centre of the ear which is bored and broached afterward. Center points are marked on center line of the W Y on both the ends at suitable machine. Collar and butt diameter are then machined. Face of the ear is then machined to the required size and then Drilled, chamfered and threading is done at the ear face for mounting universal-joint bearing cartridge or grooving is done at the ear hole for provision of snap ring as per the size, and variety of component. Machined Component is Inspected, Washed, Cleaned, treated with anti-rust preventive solution and finally packed.

5. Stub Shaft (S S)

The forging is put on facing and Centering machine for end facing and machining of center point. O D of the spline and neck area up to collar is machined afterwards. Butt and collar diameter are then machined rough. Component is shifted for spline preparation on hobbing machine. Splined and neck area up to collar is induction hardened and tempered. Polyamide coating is done on the spline now. O D of the spline is now ground to the required size. Width of the spline and minor O D is maintained by a die on a machine. Neck and collar diameter are then finished on the grinding machine. Machined Component is Inspected, Washed, Cleaned, treated with anti-rust preventive solution and finally packed.

6. Midship Shaft

The forging is put on facing and centering machine for end facing and machining of center point. O D of the spline and neck area up to collar is machined afterwards. Butt and collar diameter are then machined rough. Component is shifted for spline preparation on hobbing machine. Splined and neck area up to collar is induction hardened and tempered. Polyamide coating is done on the spline now. O D of the spline is now ground to the required size. Width of the spline and minor O D is maintained by a die on a machine. Bearing, Shoulder, Slinger and collar diameter are then finished on the grinding machine. Machined Component is Inspected, Washed, Cleaned, treated with anti-rust preventive solution and finally packed.

7. Sleeve Yoke (S Y)

Forging of S Y is Shot Blasted first to clean the forging surfaces. A hole of suitable size is drilled at the centre of the ear which is bored and broached afterwards. Center points are marked on center line of the S Y on both the ends at suitable machine. O D of the S Y forging is then machined. A hole of suitable size is then drilled at the centre of the S Y forging and then bored. Further, length of spline is maintained. Face of the ear is then machined to the required size. Drilling, chamfering and threading is done at the ear face for mounting universal-joint bearing cartridge or grooving is done at the ear hole for provision of snap-ring as per the size and variety of component. It is now shifted to drilling machine for drilling hole at S Y OD for lubrication, threading in this hole is done afterwards. Component is then shifted to broaching machine for internal spline at the center of the Sleeve Yoke. Counter bore for Welch is machined and at the ear and of the component along the centre line of the S Y. Welch plug is press fitted in to the cavity in counter bore made for it. Machined Component is Inspected, Washed, Cleaned, treated with anti-rust preventive solution and finally packed.

8. Yoke Shaft (Y S)

Forging of Y S is Shot Blasted first to clean the forging surfaces. A hole of suitable size is drilled at the centre of the ear which is bored and broached afterwards. Center points are marked on center line of the Y S on both the ends at suitable machine. Centerline of the ear to end of spline distance is maintained on suitable machine now. O D of the spline and neck-area up to ear collar is machined. Component is shifted for spline preparation on hobbing machine. Splined and neck area up to collar is induction hardened and tempered. Polyamide coating is done on the spline now. O D of the spline is grinded to the required size. Width of the spline and minor O D is maintained by a die on a machine. Neck diameter is then finished on the grinding machine. Face of the ear is then machined to the required size. Drilling, chamfering and threading is done at the ear face for mounting universal-joint bearing cartridge or grooving is done at the ear hole for provision of snap ring as per the size and variety of component. Machined Component is Inspected, Washed, Cleaned, treated with anti-rust preventive solution and finally packed.

9. Muff Sleeve (M S)

The forging is put on facing and entering machine for end facing and machining of center point. O D of the M S from spline end to the collar is machined afterwards. Butt and collar diameter are then machined. A hole of suitable size is then drilled at the centre of the M S forging and then bored. Counter bore is machined and at the butt end of the forging along the centre line of the component. Length for the spline is then maintained. Component is then shifted to broaching machine for internal spline at the center of the M S. component is then shot blasted and coated. To maintain the final dimensions of the internal spline coated component now shifted to broaching machine for finishing. M S is now assembled with its matching Yoke Shaft and its backlash and radial play is checked. Machined Component is Inspected, Washed, Cleaned, treated with anti-rust preventive solution and finally packed.

10. End Yoke Half Round

Forging of E Y is Shot Blasted first to clean the forging surfaces. Profile of half round for U J Cross bearing cap is formed using a forming cutter or broach. Nib Length of the half Round area is machine now. Out side Diameter (O D) of Hub of the E Y forging is then machined. A hole of suitable size is then drilled at the centre of the E Y forging and then bored. Counter bore is machined and at the ear and of the forging along the centre line of the component. Length of the spline is then maintained. Face of the ear is then machined. Hub of the component is then induction hardened, tempered and shifted to broaching machine for either spline or round broaching as per requirement. O D of the hub is then grinded. Face of the ear is then machined to the required size. Drilling, chamfering and threading is done at the ear face for mountain universal joint bearing cartridge or grooving is done at the ear hole for provision of snap ring as per the size and variety of component. Machined Component is Inspected, Washed, Cleaned, treated with anti-rust preventive solution and finally packed.

C. Assembly of Propeller Shaft

There are various configurations of propeller shaft from the combination of components depending upon the requirement of end users. A typical combination of various components in propeller shaft using above component may be

- a. Flange Yoke
- b. Universal Joint Cross (U J Cross)

- c. Weld/Tube Yoke
- d. Tube
- e. Stub Shaft
- f. Slip/Sleeve Yoke
- g. Universal Joint Cross
- h. Flange Yoke

Propeller shaft is assembled using above components in the following sequence:

- i. Weld Yoke is fitted at one end of the straightened tube and subsequently welded.
- ii. Stub shaft is then fitted at another end of the tube and welded
- iii. One end of the U J Cross is assembled with a Flange Yoke and two such pairs are assembled.
- iv. One pair of above Flange Yoke assembly is assembled with Weld Yoke end of the assembly prepared in step no. i and ii.
- v. Another pair of Flange Yoke assembly is assembled with Sleeve Yoke, which will be slipped into Stub Shaft end of the assembly already assembled before to complete the assembly of Propeller Shaft.
- vi. Shaft is then inspected painted greased and packed.

TECHNOLOGY

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

COLLABORATIONS

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

COMPETITION

The company faces competition with other propeller shafts manufacturing companies in the markets to which it caters. AILL competes with the domestic companies like Spicer India Ltd., Mahindra Sona Ltd., Uni Driveline (P) Ltd., etc. As the company exports its products to the different countries, company also faces the competition from the international companies like Korea Driveshaft Autopart Co. Ltd., Akkardan Sanayi Ve Ticaret A.S., Dana Holding Corporation, Tirsan Kardan Co., Wanxiang Group, etc. The company is focusing on maintaining the quality of its final products to sustain the competition.

MARKETING SET-UP

AILL has a carefully knit distribution strategy of choosing larger distributors in different countries to get volumes for its products and better visibility in domestic markets of distributors. AILL receives yearly, six-monthly or quarterly purchase plan from various distributors and hence, marketing and sales have become simpler. The management of the company pays a visit to its distributor's offices world-wide every-year to discuss new developments, requirements and trends in various distributor markets. This helps in development of new products and manufacture better quality products. Distributor's confidence in the company's ability to develop and produce new products also helps the company to grow with them.

Company will use its existing marketing set-up and network which will be looked after by the different levels of sales management team ranging from marketing manager to field assistant. As the company is having good experience of manufacturing & marketing the same products, greater market demand and promoters themselves are closely involved in all the affairs of the company for better marketing, production planning and procurement of raw materials and utilization of the resources at optimum level, company does not foresee any difficulty in marketing the proposed products.

QUALITY CONTROL

Company's products adhere to quality standards and two of its units at A.B.Road, Dewas and Sanwer Road have got IS/ ISO 9001:2008 certification for the 'manufacture of forged automobile components for drive shaft assemblies' and for 'manufacture of automobile components specializing in drive shafts' respectively from 'Surewin Quality Certification'. Quality assurance is consistently achieved through a material testing lab for checking the chemical composition of raw materials; 3 fully equipped in-house tool rooms for developing high precision jigs, fixtures and dies; and a rigorous inspection at each and every stage. AILL also has an in

house maintenance team for timely maintenance of machines and other equipments. Besides this, safety and control measures are strictly followed throughout the manufacturing process of its products.

INFRASTRUCTURE FACILITIES FOR RAW MATERIALS AND UTILITIES

Raw Materials

Raw Material is procured from reputed approved steel mills in form of cast billets, blooms, rolled billets etc., in various sizes as per the requirement of the final product. Most of the raw material required is procured from domestic market and the balance raw material requirements are met through import from international suppliers.

Manpower

The manufacturing process is mix of skilled, semi skilled and unskilled employees which are available near by factory campuses and in town. The company has maintained good relationship with the employee and it does not foresee any problem in hiring more manpower for our expansion project. As on the date, our Company has 495 employees for existing Units, details of which are as under:-

1) Sanwer Road, Indore

S. No	Category of Employees	Plant	Office
1.	Supervisory & Managerial	17	01
2.	Executive	-	0
3.	Skilled	172	0
4.	Semi Skilled /Unskilled	57	0
	TOTAL	246	01

2) Laxmi Bai Nagar, Indore

S. No	Category of Employees	Plant	Office
1	Supervisory & Managerial	03	02
2	Executive	-	04
3	Company Secretary	00	01
4	Skilled	149	-
5	Semi Skilled /Unskilled	31	-
	TOTAL	183	07

3) Forging Division, Dewas

S. No	Category of Employees	Plant	Office
1.	Supervisory & Managerial	03	02
2.	Executive	-	03
3.	Skilled	23	-
4.	Semi Skilled /Unskilled	26	01
	TOTAL	52	06

The manpower requirement for expansion project shall be as under:

S. No	Category of Employees	Nos
1	Plant Manager	4
2	Supervisory & Managerial	79
3	Skilled	545
4	Semi Skilled /Unskilled	90

	TOTAL	718
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Water

Water is being used for the manufacturing facilities as well as for general drinking and sanitary purposes. Water requirement at all the units of the company is being met from the local authority and bore wells. The estimated water consumption for the proposed expansion unit is 50,000 liters per month which will be met from the local authority and bore wells.

Power

M.P.Paschim Kshetra Vidyut Vitaran Co. Ltd. has sanctioned the power load to all the factory units of the company in the following manner:

Factory Unit	KVA
Laxmibai Nagar Unit	300.00
Sanwer Unit	425.00
Dewas Unit	250.00

Company will apply for the required 1000 KVA power load for the proposed expansion unit at Pithampur to the applicable authority.

Consent from Bankers to the Company

In accordance with the loan agreement with UCO Bank, company has received the consent from UCO Bank for coming out with an IPO vide its letter no. MISC/74/2010-11 dated August 12, 2010.

CAPACITY & CAPACITY UTILIZATION

Installed Capacity

	Laxmibai Nagar Unit	Sanwer Road Unit	Dewas Unit
Installed Capacity	90,000 components	1,80,000 components	2500 MT

Capacity Utilization

			Capacity Utilization		
Units	Product	Capacity	Previous Three Financial Years		
			2008	2009	2010
			%	%	%
Laxmibai Nagar Unit & Sanwer Road Unit					
Existing Unit (nos.)	Propeller Shafts & components	2,70,000 components	169.18 ^s	117.44 ^s	75.79
Dewas Unit					
Existing Unit (MT)	Forging & Dyes	2500 MT	56.67	48.03	27.38

^s The capacity was declared on the basis of the then technology and process of manufacturing adopted by the company. Then after, several developments in technology and process were adopted which required lesser machining and short process time and the bottleneck in the system was removed that resulted in better production. The process time required for manufacturing the company's products varies on the basis of the types and characteristics of the products like product size etc. With reduction of bottlenecks and usage of better cutting tools, production output of the company has improved. Hence, the capacity utilization is more than 100% in the year 2007-08 and 2008-09.

Proposed Capacity Utilization

Existing Units

The year wise proposed capacity utilization of the existing units of the company for the next three years is as under:

			Capacity Utilization		
Units	Product	Capacity	Next Three Financial Years		
			FY 2010-11	FY 2011-12	FY 2012-13
			%	%	%
Laxmibai Nagar Unit & Sanwer Road Unit	Propeller Shafts & components	2,70,000 components	87.50	87.50	87.50
Dewas Unit	Forging & Dies	2500 MT	30.00	70.00	100.00

Note: The projected capacity utilization of the Dewas Unit is projected to be increased by more than 25% of the average of actual production during last three years as the final products of Dewas Unit will be used as raw materials for manufacturing the propeller shafts and components in the proposed expansion of the company

The year wise proposed capacity utilization of the expansion at the existing unit of the company for the next three years is as under:

			Capacity Utilization		
Units	Product	Capacity	Next Three Financial Years		
			FY 2010-11	FY 2011-12	FY 2012-13
			%	%	%
Laxmibai Nagar Unit & Sanwer Road Unit	Propeller Shafts & components	90,000 components	0.00	87.50*	87.50

* Commercial production at expansion of existing unit is projected to be implemented in April 2011 and the % of capacity utilization is annualized in the above table.

Proposed Unit

The year wise proposed capacity utilization of the proposed unit of the company at Pithampur for the next three years is as under:

			Capacity Utilization			
Units	Product	Capacity	Next Four Financial Years			
			FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
			%	%	%	%
Pithampur Unit	Propeller Shafts & components	8,10,000 components	0.00	60.00*	70.00	80.00

* Commercial production in Pithampur Unit is projected to be implemented in October 2011 and the % of capacity utilization is annualized in the above table.

PROPERTIES

Sr. No.	Particulars of property including address	Area	Nature of ownership	Current usage
1.	Plot 50A, Laxmibai Nagar Industrial Estate, Indore.	41,662.50 sq.fts.	Leasehold	Existing Plant
2.	Plot No. 44-59, Sector D-2, Industrial Area Sanwer Road, Indore.	96000 sq.fts.	Leasehold	Existing Plant
3.	Plot No. 5-B & 5-C, Industrial Area No.2, A.B.Road, Dewas.	7982 sq.mts.	Leasehold	Existing Plant
4.	Plot No. 5-A-1, Industrial	7113.5	Leasehold	Existing Plant

	Area No.2, A.B.Road, Dewas.	sq.fts.		
5.	308, ACME Plaza, Opp. Sangam Cinema, Andheri Kurla Road, Andheri (East), Mumbai – 400059	Approx. 200 sq.fts.	On Rent	Registered office

Exports & Export Obligations

Company exports its products to the countries like USA, Canada, Australia, UK, Germany, South Africa, Dubai, Denmark, New-Zealand, Hungary, Singapore, etc. The company has taken the following Advance Authorizations from the office of Joint Director General of Foreign Trade, Bhopal wherein the export obligation of the company is as under:

Sr. No.	Authorization Number	Authorization Issue Date	Export Obligation Qty. (in Kgs.)	FOB Value (Rs. In Lacs)	%age of EO fulfilled		Expiry Date of EO.
					Qty. wise	Value wise	
1.	1110022166	8/4/2010	46661	231.08	Nil	Nil	36 months from the date of issue of authorization
2.	1110023144	7/9/2010	67140	124.20	Nil	Nil	36 months from the date of issue of authorization
3.	1110023320	7/10/2010	218085	384.92	Nil	Nil	36 months from the date of issue of authorization
		Total	331886	740.19			

Intellectual Property Rights

The company does not have any intellectual property rights as on the date of this DRHP.

REGULATIONS AND POLICIES

There are several relevant regulations and policies as prescribed by the Government of India and other regulatory bodies that are applicable to our business. Under the relevant provisions of Central Government of India, State Governments Statues/Legislations and the bye laws of the respective local authorities, the Company is required to obtain and regularly renew certain licenses/registrations and/ or to seek statutory permissions to conduct the business and operation.

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

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

Environment Regulation

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

Industrial (Development and Regulation) Act, 1951

The Industrial (Development and Regulation) Act, 1951 has been liberalized under the New Industrial Policy dated July 24, 1991, and all industrial undertakings are exempt from licensing except for certain industries such as distillation and brewing of alcoholic drinks, cigars and cigarettes of tobacco and manufactured tobacco substitutes, all types of electronic aerospace and defense equipment, industrial explosives including detonating fuses, safety fuses, gun powder, nitrocellulose and matches and hazardous chemicals and those reserved for the small scale sector. An industrial undertaking, which is exempt from licensing, is required to file an Industrial Entrepreneurs Memorandum ("IEM") in part "A" with the Secretariat for Industrial Assistance (SIA), Department of Industrial Policy and Promotion, Ministry of Commerce and Industry, Government of India, and no further approvals are required. Immediately after commencement of commercial production, Part B of the IEM has to be filled.

Payment of Wages Act, 1936 ("Wages Act")

Wages Act applies to the persons employed in the factories and to persons employed in industrial or other establishments. The Act confers on the person(s) responsible for payment of wages, fixation of wage periods, time for payment of wages, deduction which may be made from wage, certain obligations with respect to the maintenance of registers and the display in such factory/establishment, of the abstracts of this Act and Rules made there under.

The Minimum Wages Act, 1948 ("Minimum Wages Act")

Minimum Wages Act was enacted to provide for minimum wages in certain employments. Under this Act, the Central and the State Governments are the authorities to stipulate the scheduled employment and to fix minimum wages. The Act contains list of Agricultural and Non Agricultural employment where the prescribed minimum rate of wages is to be paid to the workers. The minimum wages are calculated and fixed based on the basic requirement of food, clothing, housing required by an average Indian adult.

Employees (Provident Fund and Miscellaneous Provisions) Act, 1952

The Act is applicable to factories employing more than 20 employees and may also apply to such establishments and industrial undertakings as notified by the Government from time to time. All the establishments under the Act are required to be registered with the Provident Fund Commissioners of the State. Also, in accordance with the provisions of the Act the employers are required to contribute to the Employees' Provident Fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance (if any) payable to the employees. The employee shall also be required to make the equal contribution to the fund. As per the provision of the Act, employers are to contribute 12% of the basic wages, dearness allowances and remaining allowances (if any) payable for the time being to the employees. A monthly return in Form 12 A is required to be submitted to the commissioner in addition to the maintenance of registers by the employers.

Payment of Gratuity Act, 1972

A terminal lump sum benefit paid to a worker when he or she leaves employment after having worked for the employer for a prescribed minimum number of years is referred to as "gratuity". The provisions of the Act are applicable to all the factories. The Act provides that within 30 days of opening of the establishment, it has to notify the controlling authority in Form A and thereafter whenever there is any change in the name, address or change in the nature of the business of the establishment a notice in Form B has to be filed with the authority. The Employer is also required to display an abstract of the Act and the rules made there-under in Form U to be affixed at the or near the main entrance. Further, our company has obtained insurance for its liability towards gratuity payment to be made under Payment of Gratuity Act 1972, with Life Insurance Corporation.

Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965 is applicable to every establishment employing 20 or more employees. The said Act provides for payment of the minimum bonus to the employees specified under the Act. It further requires the maintenance of certain books and registers such as the register showing computation of the allocable surplus; the register showing the set on & set off of the allocable surplus and register showing the details of the amount of Bonus due to the employees. Further it also require for the submission of Annual Return in the prescribed form (FORM D) to be submitted by the employer within 30 days of payment of the bonus to the Inspector appointed under the Act.

Employment (Standing Orders) Act, 1946

The Industrial Employment (standing orders) Act applies to every industrial establishment wherein 100 or more workmen are employed. It requires employers in industrial establishments to formally define conditions of employment under them and to submit such standing orders, containing the conditions of employment in the industry, to the certifying officer. Such standing order must include provisions dealing with various matters relating to employment, such as attendance and termination of employment, set out in schedule I of the Standing Orders Act. The Standing Orders Act also lays down certain penalties for contravening the provisions of the Standing Orders Act.

The Equal Remuneration Act, 1976 ("Equal Remuneration Act") and Equal Remuneration Rules, 1976

The Constitution of India provides for equal pay for equal work for both men and women. To give effect to this provision, the Equal Remuneration Act, 1976 was implemented. The Act provides that no discrimination shall be shown on the basis of sex for performing similar works and that equal remuneration shall be paid to both men and women when the same work is being done.

Employees State Insurance Act, 1948

All the establishments to which the Employees State Insurance (ESI) Act applies are required to be registered under the Act with the Employees State Insurance Corporation. The Act applies to those establishments using power in the manufacturing process and employing 10 or more persons and non-power using factories or establishments employing 20 or more persons for wages. The Act requires all the employees of the factories and establishments to which the Act applies to be insured in the manner provided under the Act. Further, employer and employees both are required to make contribution to the fund. The return of the contribution made is required to be filed with the ESI department.

Factories Act, 1948

The said Act is applicable to all factories employing 10 or more persons and working with the aid of power or employing 20 persons and working without the aid of power. The Act covers all workers employed in the factory premises or precincts directly or through an agency including a contractor, involved in any manufacture. According to section 7(1) of the Factories Act, 1948, the occupier shall at least 15 days before he begins to occupy or use any premises as a factory, send to the Chief Inspector, a written notice containing particulars of the factory, its occupier, owner of premises, nature of manufacturing process, number of workers and such other information. According to section 7A, every occupier is required to ensure, so far as is reasonably practicable, the health, safety and welfare of all workers while they are at work in the factory. Every occupier is required to prepare, and, as often may be appropriate, revise, a written statement of his general policy with respect to the health and safety of the workers at work and the organization and arrangements for the time being in force for carrying out that policy, and to bring the statement and any revision thereof to the notice of all the workers in such manner as may be prescribed.

Foreign Trade Policy

Under the Foreign Trade (Development and Regulation) Act, 1992, the Indian Government is empowered to periodically formulate the Export Import Policy (the **EXIM Policy**) and amend it thereafter whenever it deems fit. All exports and imports must be in compliance with the EXIM Policy. The Auto Components industry has been extended various schemes for the promotion of exports of finished goods and imports of inputs. The major schemes available are the Duty Exemption and Remission Scheme and the Export Promotion of Capital Goods (EPCG) Scheme. The Duty Exemption Scheme enables duty free imports of inputs required for the production of exports by obtaining an advance license. The Duty Remission Scheme enables post export replenishment/remission of duty on inputs used in the export product. This scheme consists of a Duty Free Replenishment Certificate (**DFRC**), the Duty Drawback Scheme (**DBK**) and the Duty Entitlement Pass Book (the **DEPB**). While a DFRC enables duty free replenishment of inputs used for the manufacture of exports, under the DEPB Scheme, exporters on the basis of notified entitled rates are granted duty credit, which would entitle them to import goods, except capital goods, without duty. The current DEPB rates for saleable products manufactured by the Company range from 2% to 5%. The EPCG Scheme permits the import of capital goods at a concession rate of duty of 5% subject to export obligation.

Foreign Trade (Development and Regulation) Act, 1992

This statute seeks to increase foreign trade by regulating the imports and exports to and from India. This legislation read with the Indian Foreign Trade Policy provides that no export or import can be made by a person or company without an importer exporter code number unless such person or company is specifically exempt. An application for an importer exporter code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce. An importer-exporter code number allotted to an applicant is valid for all its branches, divisions, units and factories.

Excise Regulations

The Central Excise Act, 1944 seeks to impose an excise duty on excisable goods which are produced or manufactured in India. The rate at which such a duty is imposed is contained in the Central Excise Tariff Act, 1985. However, the Indian Government has the power to exempt certain specified goods from excise duty by notification. Auto Components products are classified under Chapter 87 of the Central Excise Tariff Act and presently attract an ad-valorem excise duty at the rate of 10% and also an education cess of 2% and higher education cess of 1% over the duty element.

Customs Regulations

All imports into India are subject to duties under the Customs Act, 1962 at the rates specified under the Customs Tariff Act, 1975. However, the Indian Government has the power to exempt certain specified goods from excise duty by notification. The customs duty on Steel items falling under Chapter 73 of the Custom Tariff Act, 1975 has been reduced sharply during the last five years. The current basic custom duty on imported steel is 5%.

Central Sales Tax Act (CST)

The main object of this act is to formulate principles for determining (a) when a sale or purchase takes place in the course of trade or commerce (b) When a sale or purchase takes place outside a State (c) When a sale

or purchase takes place in the course of imports into or export from India, to provide for levy, collection and distribution of taxes on sales of goods in the course of trade or commerce, to declare certain goods to be of special importance trade or commerce and specify the restrictions and conditions to which State laws imposing taxes on sale or purchase of such goods of special importance (called as declared goods) shall be subject. CST Act imposes the tax on inter -state sales and states the principles and restrictions as per the powers conferred by Constitution.

Registrations under the applicable Shops & Commercial Establishments Acts of the respective States in which the Company has an established place of business/ office ("Shops Act")

The Shops Act provides for the regulation of conditions of work in shops, commercial establishments, restaurants, theatres and other establishments. The Act is enforced by the Chief Inspector of Shops (CIS) and various inspectors under the supervision and control of Deputy/Assistant Labour Commissioners of the concerned District, who in turn functions under the supervision of Labour Commissioner.

Value Added Tax ("VAT")

VAT is a system of multi-point levy on each of the purchases in the supply chain with the facility of set-off input tax on sales whereby tax is paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. VAT is based on the value addition of goods, and the related VAT liability of the dealer is calculated by deducting input tax credit for tax collected on the sales during a particular period. VAT is a consumption tax applicable to all commercial activities involving the production and distribution of goods and the provisions of services, and each state that has introduced VAT has its own VAT Act, under which, persons liable to pay VAT must register and obtain a registration number from Sales Tax Officer of the respective State.

HISTORY AND CERTAIN CORPORATE MATTERS

Adroit Industries (India) Limited (AAIL), a public limited company, was incorporated on January 9, 1995 by converting M/s. Adroit industries (India), a Partnership firm, under Part IX of the provisions of the Companies Act, 1956 (**"Part IX Conversion"**). The partnership firm was originally formed by a Partnership Deed dated March 9, 1966 executed by and between Mr. Jagjit Singh and Mr. Varinder Singh (**the "Partnership Deed"**). The said Partnership Deed was reconstituted on June 2, 1994 and reconstituted partnership deed was executed by and between Mr. Jagjit Singh, Mr. Varinder Singh, Mr. Jaspavan Singh, Mr. Jaspreet Singh, Mr. Surinderpal Singh, Ms. Narinder Kaur and Ms. Gajinderpal Kaur (**"Reconstituted Partnership Deed"**). Finally, on January 9, 1995 the said partnership formed by the Deed was dissolved and our Company was formed under the name and style of "Adroit Industries (India) Limited" vide Certificate of Incorporation issued by the Registrar of Companies, Maharashtra, Mumbai. Thereafter, on January 20, 2011, Certificate for Commencement of Business was issued by the Registrar of Companies, Maharashtra, Mumbai. AAIL was originally promoted by Mr. Jagjit Singh Anand, Mr. Varinder Singh Anand and their family members. On March 13, 2007, the majority of shareholding of the company was acquired by the current promoter group of the company.

The business was started in a small industrial shed at 50A, Laxmibai Nagar, Indore and is engaged in the manufacturing of Propeller Shaft and its components like Universal Joint, Slip Yoke, Weld Yoke, End Yoke, Companion Flange & Flange Yoke, Tube, Stub Shaft, etc. which are used in the commercial and passenger vehicles. AAIL manufactures propeller shafts for cars, light / medium / heavy commercial vehicles and several other industrial applications.

In the year 1995, AAIL acquired a manufacturing plant located at Sanwer Road, Indore by acquiring the partnership firm M/s. Hindustan Forgings vide an agreement dated July 17, 1995 to manufacture the propeller shafts and its components which has increased the total production capacity of the company. Thereafter, for the purpose of backward integration, company acquired a forging unit located at A.B.Road, Dewas in May 1996 from 'Madhya Pradesh Financial Corporation' vide an agreement dated May 24, 1996 to meet the requirement of forging in-house itself. This has reduced the cost, lead time, increased the control over the consistent quality parameters and allowed to maintain the supply chain management in a better manner. Later, AAIL started manufacturing Dyes for forging under the same roof of Dewas unit, which has allowed the integration of the forging and machining in-house. In this way, starting from forging dyes to finished forgings to propeller components and shafts, AAIL has in-house manufacturing facility for the production of propeller shafts and components.

The units located at Laxmibai Nagar, Indore and Sanwer Road, Indore were 100% export oriented units and were enjoying related tax benefits of Income Tax and Duty free Procurement of raw material and capital goods. Company has completed its tax holiday of 10 years, thus company applied for debonding of units from EOU scheme to DTA unit. The said conversion was permitted by the Office of the Development Commissioner, Indore SEZ vide its letter dated September 14, 2010. After conversion, company is entitled for availing all benefits of Export Schemes of the Govt of India.

Company's products adhere to quality standards and two of its units at A.B.Road, Dewas and Sanwer Road have got IS/ ISO 9001:2008 certification for the 'manufacture of forged automobile components for drive shaft assemblies' and for 'manufacture of automobile components specializing in drive shafts' respectively from 'Surewin Quality Certification'.

There are total 16 shareholders of the company as on the date of filing of the Draft Red Herring Prospectus.

Change in Registered Office:

Originally the Registered Office of our Company was situated at 429, Vithalbhai Patel Road, Mumbai -400 004 since incorporation which was shifted to 308, Acme Plaza, Opp. Sangam Cinema, Andheri Kurla Road, Andheri (East), Mumbai - 400 059 w.e.f. August 20, 2010. The location of registered office was changed due to administrative convenience.

Major Events

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

Calendar Year	Events & Milestones
1995	• Incorporation of Company by converting the partnership firm in to a public

	limited company under Part IX of the Companies Act, 1956. <ul style="list-style-type: none"> Acquisition of a manufacturing plant located at Sanwer Road, Indore by acquiring the partnership firm – “M/s. Hindustan Forgings” to manufacture the propeller shafts and components.
1996	Acquisition of Forging Unit located at A.B.Road, Dewas from ‘Madhya Pradesh Financial Corporation’ to meet the requirement of forging in-house itself.
2005	Company was awarded ‘Highest Exporter’s Trophy’ in recognition of outstanding contribution to engineering exports during year 2002-03 in the category of ‘Exports With Continuous Excellence – Non SSI’ by ‘Engineering Export Promotion Council’.
2007	Change in Promoters of Company - majority shareholding of the company was acquired by the current promoters and promoter group of the company
2008	Company was awarded “International Quality Summit Award” by “Business Initiative Directions” in New York
2010	<ul style="list-style-type: none"> Application for the debonding of the company’s 100% EOUs was allowed to convert the same into DTA by the Office of the Development Commissioner, Indore SEZ. There was a strike in the factories located at Laxmibainagar, Indore and Sanwer Road, Indore during October 6, 2010 to October 28, 2010 by the labour union. Work at these factories was resumed w.e.f. October 29, 2010.

For details regarding Capacity / facility creation, location of plant, products, marketing, competition, etc. please refer “**Business Overview**” on page no. 56 of DRHP. For details regarding raising of Capital in the form of Equity please refer “**Capital Structure**” on page no. 15 of DRHP. For details regarding corporate profile of the issuer regarding its history, the description of the activities, products, market, the growth of the issuer, exports, competition, management, the technology, market, and managerial competence etc., please refer to “**Business Overview**” and “**Our Management**” on page no. 56 & 76 respectively of DRHP.

MAIN OBJECTS OF THE COMPANY

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

- To carry on the business of manufacturers, producers, fabricators Casters, Forgers. Importers, exporters, buyers, sellers, stockiest suppliers, distributors, traders, repairers of all types of Propellers shafts, Shafts Assembly, U-joints, S.G. Castings, Forgings, Clutch Plates, Brake House, Fuel Lines, Rubber parts of all types, Auto Casing parts, switches, and other items used in automobiles of all types.
- To Carry on the business of manufacturers, producers, fabricators assemblers, importers, exporters buyers, sellers, stockiests, suppliers, distributors, wholesale and retail dealers, repairers, Cleaners, hirer and lessors of automobile components, parts Spares, Accessories, Fittings, equipments and tools, assemblies, and sub assemblies and all articles and things which are used, fitted, attached, assembled or required in manufacture of Motor Cars, Motor Vans, Motor Lorries, Motor Trucks , Vehicles, a Motor Launches, Tractor and Trolleys Aircrafts or other things of a character similar or analogous to the foregoing or any of them or connected or indirectly with them.
- To convert the business of the partnership firm M/s. Adroit Industries (India) into a limited Company under the provisions and as per chapter IX of the Companies Act, 1956.

CHANGES IN MEMORANDUM OF ASSOCIATION

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

Date of General resolution	Passing Meeting	Amendment
February 15, 1995		The authorized shares capital of Rs 2,00,00,000 divided into 20,00,000 equity shares of Rs 10 each was increased to Rs 5,00,00,000 divided into 50,00,000 equity shares of Rs 10 each.
January 30, 2004		The authorized share capital of Rs.5,00,00,000 divided into 50,00,000 equity shares of Rs.10 each was increased to Rs.6,00,00,000 divided into 60,00,000 equity shares of Rs.10 each.
September 27, 2010		The authorized share capital of Rs.6,00,00,000 divided into 60,00,000 equity shares of Rs.10 each was increased to Rs.22,00,00,000 divided into 2,00,00,000 equity shares of Rs.10 each and 20,00,000 5% Non Cumulative Redeemable

Acquisitions

Acquisition of Partnership Firm – “M/s. Hindustan Forgings”

In the year 1995, AILL acquired a manufacturing plant located at Sanwer Road, Indore by acquiring the partnership firm – “M/s. Hindustan Forgings” vide an agreement dated July 17, 1995 to manufacture the propeller shafts and components. AILL acquired this partnership firm for a total cash consideration of Rs. 2.57 Lacs.

Acquisition of a forging unit from ‘Madhya Pradesh Financial Corporation’

For the purpose of backward integration, company acquired a forging unit located at A.B.Road, Dewas in May 1996 from ‘Madhya Pradesh Financial Corporation’ vide an agreement dated May 24, 1996 to meet the requirement of forging in-house itself. This has reduced the cost, lead time, increased the control over the consistent quality parameters and allowed to maintain the supply chain management in a better manner. Total consideration paid by the company for this acquisition was Rs. 70 Lacs only.

Acquisition of Partnership Firm – “M/s. Hindustan Springs”

In the year 1995, AILL had acquired the partnership firm – “M/s. Hindustan Springs” by way of issue of 3,00,000 equity shares of Rs. 10 each to the partners of the “M/s. Hindustan Springs” amounting to a total consideration of Rs. 30 Lacs.

Subsidiaries

The company does not have any subsidiary company.

Joint Venture Agreements

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

Shareholders Agreements

There is no Shareholders Agreement entered into by the company.

Other Agreements / Arrangements

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

Strategic Partners

As on the date of filing of this DRHP with SEBI there are no strategic partner agreements entered in to by the company.

Financial Partners

As on the date of filing of this DRHP with SEBI there are no financial partnership agreements entered in to by the company.

OUR MANAGEMENT

Board of Directors

The following table sets forth the details regarding our Board of Directors as on the date of this Draft Red Herring Prospectus:

Sr. No.	Name, Father's Name, Age, Address, Occupation, Designation & DIN	Qualifications	Date of Appointment and Terms	Other Directorship
1.	Mr. Mukesh Sangla S/o Mr. Lalchand Agrawal Aged 55 Years Address: 1 B, Gulmohar Extension, Indore - 452001, M.P. Occupation: Business Designation: Chairman & Managing Director DIN: 00189676	B.A	March 13, 2007. 5 years from March 13, 2007	1. Signet Industries Ltd 2. Shri Balaji Starch And Chemicals Limited 3. Signet Impex Pvt Ltd 4. Signate Leasing & Finance Pvt Ltd 5. Ornate Leasing & Finance Pvt Ltd 6. Swan Holdings Pvt Limited
2.	Mr. Saurabh Sangla S/o Mr. Mukesh Sangla Aged 29 Years Address: 1-B, Gulmohar Extension, Indore -452001, M.P. Occupation: Business Designation: Whole Time Director DIN: 00206069	Bachelor of Science, Engineering	March 13, 2007. 5 years from October 1, 2010	1. Signet Industries Ltd 2. Shri Balaji Starch And Chemicals Limited 3. Signet Impex Pvt Ltd 4. Ornate Leasing & Finance Pvt Ltd 5. Swan Holdings Pvt Limited
3.	Mr. Bhupesh Sanghvi S/o Mr. Jayantilal Sanghvi Aged 48 Years Address: 21, Pragati Vihar Colony, Bicholi Mardana, Indore - 452007 Occupation: Business Designation: Independent Director DIN: 01943854	B.Com	March 13, 2007	1. Rajvi Holdings Pvt Ltd
4.	Mr. Niranjan Modi S/o Mr. Vasantlal Modi Aged 36 Years Address: B-406, 4 th Flr, Vertex Vikas Bldg, Andheri-Kurla Rd, Andheri (East) Mumbai- 400 069 Occupation: Professional Designation: Independent Director DIN: 02966720	A.CA.	August 10, 2010	1. Racy Merchants Private Limited 2. Market MIS Software Private Limited 3. Indravarun Impex Private Limited 4. Choosy Trades Private Limited
5.	Mr. Anil Agarwal S/o Mr. Radheshyam Agarwal Aged 24 Years Address: I-32, B.K. Park Soc. Althan Rd, Bhatar Rd, Surat- 395 017 Occupation: Professional Designation: Independent Director	B.Com, A.CA	August 10, 2010	NIL

	DIN: 03210769			
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Mr. Mukesh Sangla is a father of Mr. Saurabh Sangla. Other than this, there is no relationship, in terms of the Companies Act, 1956, between any of the directors of the company.

Details of current/past Directorship(s) of our Directors in other listed companies which have been Suspended/Delisted from any Stock Exchanges during the last five years as on date of this DRHP

None of our Directors are/were director of any company whose shares have been/were suspended from trading by stock exchanges or delisted during the last five years as on the date of this DRHP, except Mr. Mukesh Sangla & Mr. Saurabh Sangla, promoters & directors of the issuer company who are also on the board of Signet Industries Limited whose shares were suspended from trading by BSE for the period July 14, 2003 to January 19, 2009 for non-compliance of clause 16 of the Listing Agreement relating to minimum time gap period required for notice of closure of Register of Members and transfer books. The Equity Shares of Signet Industries Limited are listed at the Bombay Stock Exchange Limited and Madhya Pradesh Stock Exchange Limited, Indore. Mr. Mukesh Sangla, presently Managing Director of Signet Industries Ltd, is on the board of this company since April 10, 1991. Mr. Saurabh Sangla is also on the board of the Signet Industries Ltd since July 7, 2003.

Arrangement and understanding with major shareholders, customers, suppliers and others

None of our Directors or member of senior management has been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers and others.

Details of compensation paid and benefits in kind granted during the last financial year i.e. 2009-10 to the executive directors:

Name of executive director	Compensation (Rs. In Lacs)	Benefits granted (Rs. In Lacs)
Mr. Mukesh Sangla	Nil	Nil
Mr. Saurabh Sangla	6.00	Nil

No portion of the compensation was paid pursuant to a bonus or profit sharing plan.

Brief profile of Directors

Please refer to the section "Our Promoters And Promoters Group" on page no. 85 of Draft Red Herring Prospectus for brief profile of Mr. Mukesh Sangla and Mr. Saurabh Sangla. Brief profile of other directors is given hereunder:

Mr. Bhupesh Sanghvi

Mr. Bhupesh Sanghvi aged 48 years, is a Non-Executive Independent director of our company. He is a commerce graduate. He has more than 27 years of experience in different businesses, particularly business related to sales of sub-mercible pumps, electrical motors, diesel pump sets, spares and in the field of real estate developers.

Mr. Niranjana Modi

Mr. Niranjana Modi aged 36 years, is a Non-Executive Independent director of our company. He is a member of The Institute of Chartered Accountants of India. He has 9 years of experience in the field of accounts, audit, taxation and finance. He started his career in the year 2001 as a partner in M/s. Modi Mehta & Associates, Chartered Accountants where he is involved as a tax and audit consultant.

Mr. Anil Agarwal

Mr. Anil Agarwal aged 24 years, is a Non-Executive Independent director of our company. He is a Commerce graduate and is a member of The Institute of Chartered Accountants of India. He has 6 months of experience in the field of accounts, audit, taxation and finance. He is presently working at M/s. Ravi & Dev, Chartered Accountants firm in Mumbai and handling various assignments of companies including their Internal audit, statutory audit, tax audit and planning, accounting, and project finance.

Details of borrowing powers

Our Company at its Annual General Meeting held on September 27, 2010, passed a resolution authorizing Board of Directors pursuant to the provisions of section 293(1) (d) for borrowing from time to time any sum or sums of money from any person(s) or bodies corporate (including holding Company) or any other entity, whether incorporated or not, on such terms and conditions as the Board of Directors may deems fit for the purpose of the Company's business. The monies so borrowed together with the monies already borrowed by our Company (apart from temporary loans obtained from the banks in the ordinary course of business) may exceed the aggregate of the paid up share capital of our Company and its free reserves, that is to say, reserves not set apart for any specific purpose, provided that the total amount of such borrowings together with the amount already borrowed and outstanding shall not, at any time, exceed Rs. 400 Crores (Rupees Four Hundred Crores only).

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

Mr. Mukesh Sangla

At the Board meeting held on March 13, 2007, Mr. Mukesh Sangla was appointed as Managing Director of our company with effect from March 13, 2007, subject to the necessary approvals under the Companies Act, 1956. The Members of the company have vide resolution passed in the Extra Ordinary General Meeting held on July 17, 2007 approved the appointment and remuneration of Mr. Mukesh Sangla as Managing Director of the company. As per the resolution, Mr. Mukesh Sangla has been appointed as Managing Director of our company for a period of five years with effect from March 13, 2007 and shall be paid a gross remuneration as under:

1. Rs.10,000/- per month during the period April 1, 2007 to March 31, 2008
2. Rs. 25,000/- per month during the period April 1, 2008 to March12, 2012

If in any financial year, the company has no profits or its profits are inadequate Mr. Mukesh Sangla, shall be paid the remuneration aforesaid as minimum remuneration.

Mr. Saurabh Sangla

At the Board meeting held on September 1, 2010, Mr. Saurabh Sangla was reappointed as Whole Time Director of our company for a period of five years with effect from October 1, 2010, subject to the necessary approvals under the Companies Act, 1956. At the AGM held on September 27, 2010 the shareholders of our company approved his terms of reappointment and terms of remuneration. The terms of reappointment and remuneration inter alia contain the following principal terms and conditions:

1. **PERIOD:**
Five years (from October 1, 2010 to September 30, 2015)
2. **SALARY:**
Rs. 1, 50,000 (Rupees One Lacs Fifty Thousand) per month
The Salary will be increase by 10% every year.
3. **PROVIDENT FUND CONTRIBUTION:**
The Company's contribution to the provident fund will be in accordance with its rules and regulations.
4. **PERQUISITES:**
Perquisites will be allowed in addition to salary, the perquisites shall be valued as per Income Tax Act and Rules. However the amount of perquisites shall be restricted to annual salary. For this purpose, perquisites will be as follows:-
Unfurnished Residential Accommodation:
Rent -free unfurnished accommodation
Free Gas Electricity and Water
Will be provided with Gas, Electricity and water
Domestic Servants:
The following domestic servants shall be provided:
 - Two Watchman
 - Two Sweepers
 - One Cook
 - One Assistant CookMedical Reimbursement:
Actual expenses incurred on medical treatment for self and family
Leave Travel Concession:
For self and family once in a year
Club Fees:

Fees of clubs subject to a maximum of two clubs excluding admission and life membership fee

Personal Accident Insurance:

For an amount, the annual premium of which does not exceed Rs.5000.

5. **Gratuity**

Gratuity at the rate not exceeding half a month's salary for each completed year of service.

If in any financial year during the currency of the tenure of the Whole Time Director, the company has no profits or its profits are inadequate, the company will pay remuneration by way of salary and perquisites as specified above, subject to the requisite approvals, being obtained.

Service contracts entered into by the directors with the issuer providing benefits upon termination from employment

None of our directors have entered into any service contracts with our company and no benefits are granted upon their termination from employment other than the statutory benefits provided by our company.

Corporate Governance

Our company has complied with the requirements of the applicable regulation, including the Listing Agreement to be entered into with Stock Exchange and the SEBI Regulation, in respect of corporate governance, including constitution of the Board and Committees thereof. Our corporate governance framework is based on an effective independent Board, separation of the Board's supervisory role from the executive management and constitution of Board Committees.

At present our company has Five-member Board with an Executive Chairman constituted in compliance with the Companies Act and Listing agreement with the Stock Exchange and in accordance with best practices in corporate governance i.e. having more than half of the Board's strengths as Independent. The Board of Directors functions either as a full Board or through various committees including Audit committee, Shareholder/Investor grievance committee and Remuneration committee.

Committees of the Board

1. Audit Committee

Our Company has constituted an audit committee pursuant to the provisions of section 292A of the Companies Act, 1956 read with clause 49 of the Listing Agreement in the meeting of the Board of Directors of the company held on September 1, 2010. Audit Committee is consisting the following members:

Sr. No.	Name of the Director	Designation in Committee	Nature of Directorship
1.	Mr. Niranjan Modi	Chairman	Independent Director
2.	Mr. Anil Agarwal	Member	Independent Director
3.	Mr. Saurabh Sangla	Member	Executive Director

Mr. Niranjan Modi shall act as Chairman of the Audit Committee.

The terms of reference of the constituted Audit Committee shall include the following:

1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
 - a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - b. Changes, if any, in accounting policies and practices and reasons for the same
 - c. Major accounting entries involving estimates based on the exercise of judgment by management
 - d. Significant adjustments made in the financial statements arising out of audit findings
 - e. Compliance with listing and other legal requirements relating to financial statements
 - f. Disclosure of any related party transactions
 - g. Qualifications in the draft audit report.

5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval
- 5A. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
6. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
7. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
8. Discussion with internal auditors any significant findings and follow up there on.
9. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
10. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
11. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors.
12. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- 12A. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. of the candidate.
13. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

Review of information by Audit Committee

The Audit Committee shall mandatorily review the following information:

1. Management discussion and analysis of financial condition and results of operations;
2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief internal auditor shall be subject to review by the Audit Committee

Powers of the Audit Committee:

1. To investigate activity within its terms of reference;
2. To seek information from any employees;
3. To obtain outside legal or other professional advice; and
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.

Company Secretary shall act as the secretary to the Audit Committee.

2. Shareholders/Investors Grievances Committee

Our company has constituted Shareholders/Investor grievance committee in the meeting of our Board of Directors held on September 1, 2010. The Shareholder's/Investor grievances committee is consisting the following members:

Sr. No.	Name of the Director	Designation in Committee	Nature of Directorship
1.	Mr. Bhupesh Sanghvi	Chairman	Independent Director
2.	Mr. Anil Agarwal	Member	Independent Director
3.	Mr. Mukesh Sangla	Member	Executive Director

Mr. Bhupesh Sanghvi shall act as Chairman of the Shareholders/Investor grievance committee.

The scope of the Shareholder's/Investor grievance committee is to review and resolve the shareholders' grievances from time to time.

Company Secretary shall act as the secretary to the shareholders/investor grievance committee.

3. Remuneration Committee:

Our company has constituted Remuneration Committee in the meeting of our Board of Directors held on September 1, 2010. The remuneration committee of the Board is comprised of three non-executive independent directors which are as follows:

Sr. No.	Name of the Director	Designation in Committee	Nature of Directorship
1.	Mr. Anil Agarwal	Chairman	Independent Director
2.	Mr. Niranjani Modi	Member	Independent Director
3.	Mr. Bhupesh Sanghvi	Member	Independent Director

Mr. Anil Agarwal shall act as Chairman of the Remuneration committee.

The terms of reference of the constituted Remuneration Committee shall include the following:

1. To determine the compensation packages of Executive Directors and Senior Managers of the company. The committee will review recommendations made to it by the company and others.
2. To determine the parameters and supervise the operation of the bonus schemes of the company.
3. To Investigate any activity within its terms of reference;
4. To seek any information from any employee of the company.
5. To obtain outside legal or independent professional advice.

Company Secretary shall act as the secretary to the Remuneration Committee.

Shareholding of Directors

The shareholding of our directors as on the date of this Draft Red Herring Prospectus is as follows:

Sr. No.	Name of Directors	No. of Equity shares
1.	Mr. Mukesh Sangla	1217720
2.	Mr. Saurabh Sangla	1104558
3.	Mr. Bhupesh Sanghvi	Nil
4.	Mr. Niranjani Modi	Nil
5.	Mr. Anil Agarwal	Nil

As per our Articles of Association our directors do not require to hold any qualification shares.

Interest of Directors

All the non executive directors of the company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or Committee thereof as well as to the extent of other remuneration and/or reimbursement of expenses payable to them as per the applicable laws.

The directors may be regarded as interested in the shares and dividend payable thereon, if any, held by or that may be subscribed by and allotted/transferred to them or the companies, firms and trust, in which they are interested as directors, members, partners and or trustees. All directors may be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by Adroit Industries (India) Limited with any company in which they hold directorships or any partnership or proprietorship firm in which they are partners or proprietors as declared in their respective declarations.

Executive Directors are interested to the extent of remuneration paid to them for services rendered to the company.

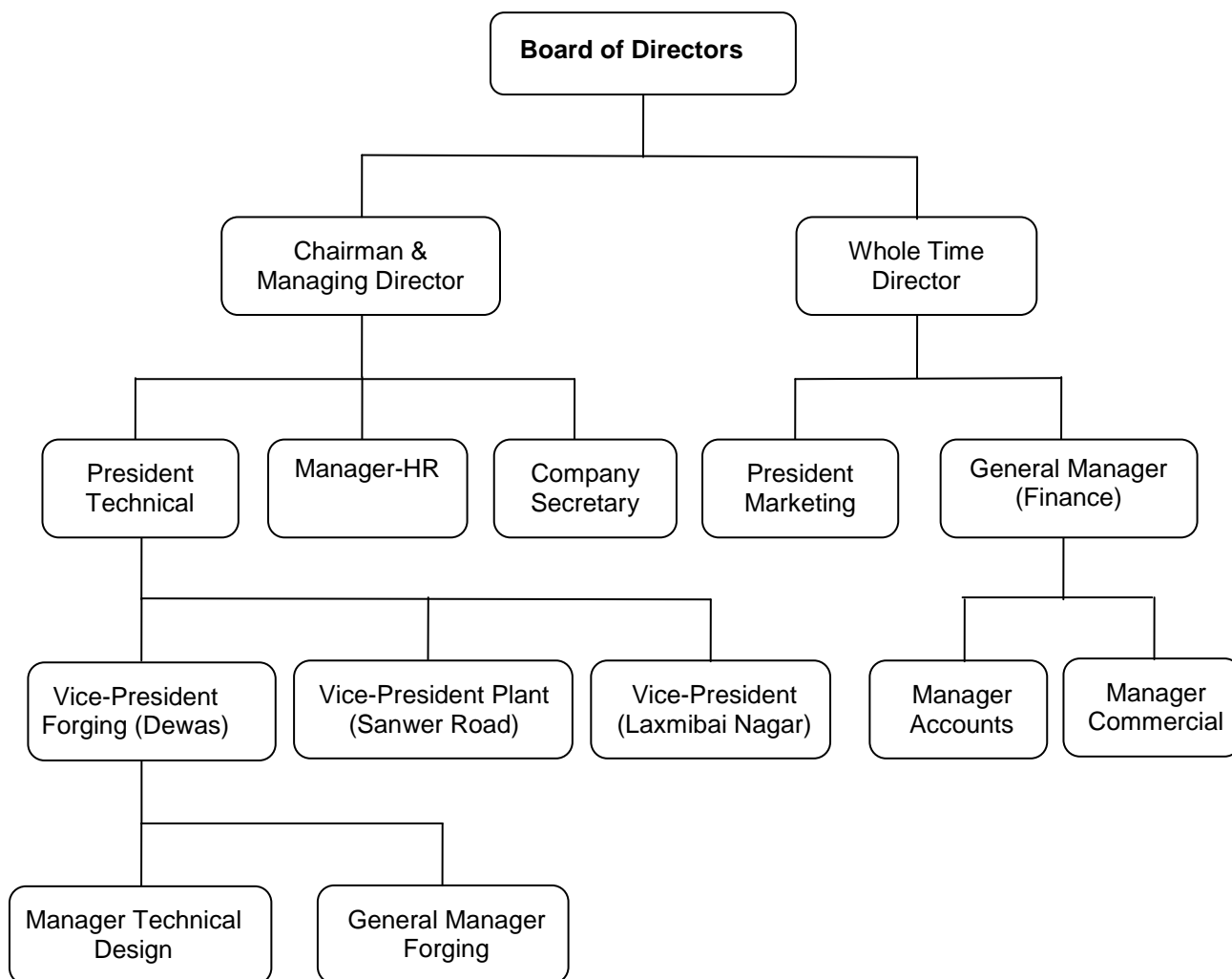
Except as stated under Related Party Transaction on page no. 111 of this Draft Red Herring Prospectus, our company has not entered into any contracts, agreements or arrangements during the preceding two years from the date of the Draft Red Herring Prospectus in which our directors are interested directly or indirectly.

Changes in Board of Directors during the last three years

Change in the composition of the Board of Directors during the last 3 years from the date of this Draft Red Herring Prospectus is as follows:

Name of Directors	Date of Appointment/Resignation	Reason
Mr. Mahesh Gupta	August 10, 2010	Resignation as Director
Mr. Niranjan Modi	August 10, 2010	Appointed as Independent Director
Mr. Anil Agarwal	August 10, 2010	Appointed as Independent Director

Management Organization Structure



Key-Managerial Personnel

The following table sets forth the details regarding our Key-Managerial Personnel as on the date of this Draft Red Herring Prospectus:

Sr. No.	Name	Qualification	Designation	Age in years	Date of Appointment	Experience in years	Previous Employment	Compensation paid during previous year (Rs in Lacs)
1.	Mr. Rakesh Agrawal	BE.(Mech), M.E	President Technical	56	March 15, 2007	28	Grasim Staple & Fibre Division, Birla Gram, Nagda	1.50
2.	Mr. Kirti Kumar Sikka	B.Sc.	President Marketing	57	August 1, 2010	37	Signet Industries Ltd	-
3.	Ms. Preeti Choudhary	M.Com, C.S.	Company Secretary	28	August 10, 2010	-	-	-
4.	Mr. Devendra	M.Com, C.A	General	32	July 1, 2010	5	R.S. Jhawar & Co.	-

	Punasiya	(Inter)	Manager (Finance)					
5.	Mr. Manohar Hemnani	M.Sc.	Vice President (Laxmibai Nagar)	57	June 1, 2007	25	Self Employed	1.78
6.	Mr. Chagan Lal Vakde	LL.B	Vice President forging (Dewas)	61	June 12, 1996	44	ITL Industries Limited	4.20
7.	Mr. Rajesh Singhal	B.Com	Vice President Plant (Sanwer Road)	41	December 1, 2009	26	Man Industries India Limited	1.95
8.	Mr. Umesh Singh	M.BA	Managerial Commercial	49	April 22, 2008	13	Kirti Industries India Limited	1.73
9.	Mr. Najmuddin Bandoowala	B.Com	Manager Accounts	28	July 3, 2008	6	Universal Data Management	1.20
10.	Mr. Jithu Lal	Post Diploma CAD/CAM	Manager Technical Design	26	November 1, 2007	7	Force Motors Limited	0.87
11.	Mr. Rohi V Dhone	Diploma in Mechanical	General Manager Forging	40	January 1, 1998	18	Him Tekno Forge Limited	2.64
12.	Mr. Murali Nair	B.A.	Manager Human Resources	41	August 2, 2010	15	Design Auto Systems Limited	-

All the above Key-Managerial Personnel are permanent employees of our company.

None of our Key-Managerial Personnel have been granted any benefits in kind from our Company, Other than their remuneration.

None of our Key-Managerial Personnel have entered into any service contracts with our company and no benefits are granted upon their termination from employment other than the statutory benefits provided by our company.

Family relationship between any of the Key-Managerial Personnel

There is no relationship, in terms of the Companies Act, 1956, between any of the Key-Managerial Personnel of the company.

Arrangement and understanding with major shareholders, customers, suppliers and others

None of our Key-Managerial Personnel has been appointed pursuant to any arrangement or understanding with our major shareholders, customers, suppliers and others.

Bonus or profit sharing plan for our Key-Managerial Personnel

Our company does not have any bonus or profit sharing plan for our Key-Managerial Personnel.

Shareholding of the Key-Managerial Personnel

None of our Key-Managerial Personnel holds any Shares in our company.

Changes in the Key-Managerial Personnel during the last three years

The changes in our Key-Managerial Personnel during the last three years as on the date of this Draft Red Herring Prospectus:

Sr.	Name	Designation	Date	of	Reason
-----	------	-------------	------	----	--------

No.			Appointment/Resignation	
1.	Mr. Umesh Singh	Managerial Commercial	April 22, 2008	Appointed
2.	Mr. Trilok Chand Jain	Excise Manager	May 31, 2008	Retired
3.	Mr. Najmuddin Bandoowala	Manager Accounts	July 3, 2008	Appointed
4.	Mr. Lal Chand Shukla	Technical Manager	May 28, 2009	Resigned
5.	Mr. Rajesh Singhal	Vice President Plant (Sanwer Road)	December 4, 2009	Appointed
6.	Mr. Devendra Punasiya	General Manager (Finance)	July 1, 2010	Appointed
7.	Mr. Kirti Kumar Sikka	President Marketing	August 1, 2010	Appointed
8.	Ms. Preeti Choudhary	Company Secretary	August 10, 2010	Appointed
9.	Mr. Murali Nair	Manger Human Resources	August 2, 2010	Appointed

Scheme of Employee Stock Option or Employee Stock Purchase

Our company does not have any Employee Stock Option Scheme/Employee Stock Purchase Scheme.

Payment or Benefit to Officers of our Company (non-salary related)

No amount or benefit has been paid or given to any officer of our company within the two preceding years from this Draft Red Herring Prospectus or is intended to be paid, other than in the ordinary course of their employment.

OUR PROMOTERS AND PROMOTER GROUP

PROMOTERS AND THEIR BACKGROUND

The Company was originally promoted by Mr. Jagjit Singh Anand, Mr. Varinder Singh Anand and their family members. On March 13, 2007, majority of the shareholding of the Company was acquired by the present promoters and promoter group of the Company for a total cash consideration of Rs. 1365.01 lacs. For further details please refer to 'Notes to Capital Structure' in the section "Capital Structure" on page no. 16 of this Draft Red Herring Prospectus.

Our present Promoters are:

1. Mr. Mukesh Sangla
2. Mr. Saurabh Sangla
3. Signet Industries Limited

Brief profile of the Promoters



Mr. Mukesh Sangla

Mr. Mukesh Sangla, aged 55 years, is Chairman & Managing Director of our company. He is a graduate and has more than 30 years of experience in different businesses particularly auto components, plastic and its products. He takes strategic decision for any kind of business matters that are related to our company.

Mr. Saurabh Sangla

Mr. Saurabh Sangla aged 29 years, is the Whole Time Director of our company. He holds a degree of Bachelor of Science (B.S.), Engineering from University of California, Berkeley. He has more than 7 years of experience in auto components, plastic and its products business. He looks after the day to day operations of our company particularly production and business development.

Other details of the Promoters:

Name of the Promoter	Mr. Mukesh Sangla	Mr. Saurabh Sangla
Photograph of the promoter		
Driving License No.	MP09R-2010-0167910	MP09/010300/05
Passport No.	F6848865	Z1721931
Permanent Account No.	ANAPS5579F	ANBPS3195G
Name of Bank and Branch	UCO Bank, New Palasia, 2/5 & 3/5 Girnar Tower, Indore (M.P)	UCO Bank, New Palasia, 2/5 & 3/5 Girnar Tower, Indore (M.P)
Bank Account No.	02580200053163	02580200053203
Voter ID number	Not Available	Not Available

Signet Industries Limited

Signet Industries Limited was originally incorporated on January 29, 1985 in name of Anubhuti Commercial Enterprises Limited by Registrar of Companies, Maharashtra, Mumbai. Its name was changed to Signet Fincom Limited on October 11, 1995. Thereafter its name was changed to Signet Overseas Limited on May 21, 2004 which was subsequently changed to Signet Industries Limited on January 11, 2010. The Company's registered office was shifted from A-17, Kaveri Mahima Society, Bangur Nagar, Goregaon (W), Mumbai to 316, 3rd floor, Midas, Sahar plaza, Andheri Kurla Road, Andheri (E), Mumbai on July 7, 2003.

Thereafter, the registered office of the company has been shifted to 308, ACME Plaza, Andheri Kurla Road, Andheri (E) Mumbai – 400059 w.e.f. December 1, 2005. The Corporate office is situated at Survey No. 314/3, SDA Compound, Lasudia Mori, Dewas Naka, Indore - 452010. The original promoters of the company were Mr. Hanumanmal M. Joshi, Mr. Deepak Kumar Jalan and Mr. Champaklal L. Hirawat. Mr. Mukesh Sangla and Mrs. Monica Sangla took over the management of the company in the year 1991 by way transfer of shares from original promoters.

The present promoters of the company are Mr. Mukesh Sangla & Mr. Saurabh Sangla.

At, present the Company is engaged in the business of Manufacturing of moulded plastic goods like household goods, hardware items, agro based items, drip-irrigation pipes, HDPE pipes and moulded furniture, distribution and trading of Polypropylene, High Density Poly Ethylene, Resin, Imported Polymers and generation of power through wind mills.

The Equity Shares of Signet Industries Limited are listed at the Bombay Stock Exchange Limited and Madhya Pradesh Stock Exchange Limited, Indore. The trading of equity shares was suspended by Bombay Stock Exchange Limited for non compliance of Clause 16 of the Listing Agreement with regard to maintaining minimum time gap for giving notice of closure of Register of Members and transfer books w.e.f July 14, 2003. The said suspension was revoked w.e.f. January 19, 2009. Prior to this, the trading of equity shares of Signet Industries Limited was suspended in September 1995, for non-compliance with regard to issuance of required notice within stipulated time to BSE for fixing the record date for issuance of Bonus Shares. The said suspension was revoked on October 18, 1995.

Other Details:

1. **CIN:** L51900MH1985PLC035202

2. **Permanent Account Number:** AABCS3489F

3. Bank Account Details:

- Name of the Bank: Uco Bank
- Branch: New Palasia, 2/5 & 3/5 Girnar Tower, Indore
- Account No: 02580500006461

Shareholding Pattern

(a) The following is the shareholding of this Company as on December 31, 2010:

category code	Category of shareholder	Number of Shareholders	Total No of shares	Number of Shares held in dematerialized form	Total shareholding as a percentage of total no of Shares		Shares Pledged or otherwise encumbered	
					As a percent age of (A+B)	As a percent age of (A+B+C)	Number of shares	As a percent age
(A)	Shareholding of Promoter and Promoter Group							
1	Indian							
(a)	Individuals/ Hindu Undivided family	8	7029954	7029954	24.09	24.09	0	0.00
(b)	Central Government/State Government(s)							
(c)	Bodies Corporate	8	14381046	14381046	49.27	49.27		
(d)	Financial Institutions/Banks							
(e)	Any other (specify)							
	Sub-Total(A)(1)	16	21411000	21411000	73.36	73.36	0	0.00
2	Foreign							
(a)	Individuals (Non Resident individuals/Foreign Individuals							
(b)	Bodies Corporate							

(c)	Institutions							
(d)	Any other (specify)							
	Sub-Total(A)(2)	0	0	0	0	0	0	0
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	16	21411000	21411000	73.36	73.36	0	0.00
(B)	Public Shareholding							
1	Institutions							
(a)	Mutual Funds/UTI							
(b)	Financial Institutions/Banks							
(c)	Central Government/State Government(s)							
(d)	Venture capital Funds							
(e)	Insurance Companies							
(f)	Foreign Institutional Investors							
(g)	Foreign Venture Capital Investors							
(h)	Any other (specify)							
	Sub-Total(B)(1)	0	0	0	0	0	0	0
2	Non-institutions							
(a)	Bodies Corporate	49	7573771	7573771	25.95	25.95	0	0.00
(b)i	Individuals-i. Individual Shareholders holding Nominal Share upto Rs 1 lakh.	157	201779	49679	0.69	0.69	0	0.00
(b)ii	ii. Individual shareholders holding Nominal share capital in excess of Rs 1 lakh.	0	0	0	0.00	0.00	0	0.00
(c)i	Any other (Clearing House, Clearing Member & Corporate CM/TM-Client)	5	450	450	0.00	0.00	0	0.00
(c)ii	Any other (Non Resident)	0	0	0	0.00	0.00	0	0.00
(c)iii	Any other (Trusts)	0	0	0	0.00	0.00	0	0.00
	Sub-Total(B)(2)	211	7,776,000	7,623,900	26.64	26.64	0	0.00
	Total Public Shareholding (B)=(B)(1)+(B)(2)	211	7,776,000	7,623,900	26.64	26.64	0	0.00
	Total (A)+(B)	227	29,187,000	29,034,900	100.00	100.00	0	0.00
(C)	Shares held by Custodians and against which Depository receipts have been issued.	0	0	0	0	0	0	0.00
	GRAND TOTAL (A)+(B)+(C)	227	29,187,000	29,034,900	100.00	100.00	0	0.00

(b) Statement showing Shareholding of persons belonging to the category "Promoter and Promoter Group"

Sr. No.	Name of the shareholder	Total shares held	Shares pledged or otherwise encumbered
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		Number of shares	As a % of grand total (A) + (B) + (C) of sub-clause (I)(a)	Number	As a percentage	As a % of grand total (A)+(B)+(C) of sub-clause (I)(a)
1.	Shri Balaji Starch and Chemicals Limited	3886200	13.31	0	0.00	0.00
2.	Swan Holdings Private Limited	2891700	9.91	0	0.00	0.00
3.	Adroit Industries India Limited	2475000	8.48	0	0.00	0.00
4.	Ornate Leasing & Finance Private Limited	2078400	7.12	0	0.00	0.00
5.	Signate Leasing & Finance Private Limited	2065746	7.08	0	0.00	0.00
6.	Mr. Mukesh Sangla	1844382	6.32	0	0.00	0.00
7.	Mrs. Monika Sangla	1843500	6.32	0	0.00	0.00
8.	Mr. Saurabh Sangla	1812000	6.21	0	0.00	0.00
9.	Mukesh Sangla (HUF)	1080072	3.70	0	0.00	0.00
10.	Signet Impex Private Limited	984000	3.37	0	0.00	0.00
11.	Mrs. Avantika Sangla	450000	1.54	0	0.00	0.00
	Total	21411000	73.36	0	0.00	0.00

(c) Statement showing Shareholding of persons belonging to the category " Public" and holding more than 1% of the total number of Shares

Sr. No	Name of the shareholder	No of shares	Shares as a percentage of total number of Shares {i.e., Grand Total (A)+(B)+(C) indicated in Statement at para (I)(a) above}
1.	Can India Overseas Limited	1440000	4.93
2.	Indore Dyechem Private Ltd	1440000	4.93
3.	Ava Enterprises Private. Ltd.	1439310	4.93
4.	Impulse Line Hospitals Private. Ltd.	1431995	4.91
5.	Pranay Trade Link Pvt. Ltd.	1402200	4.80
6.	Amrita Securities Private. Ltd.	409360	1.40
	TOTAL	7562865	25.90

Board of Directors

Sr. No.	Name of Director	Designation
1.	Mr. Mukesh Sangla	Managing Director
2.	Mr. Saurabh Sangla	Director
3.	Mr. Deepak Jayantkumar Mehta	Director
4.	Mr. Dipak Kumar Kalani	Director
5.	Mr. Murli Dhar Vashist	Director

Financial Information

(Rs. in Lacs)

Year Ended March 31	2010	2009	2008
Total Income	36,744.61	30,530.93	23,995.74
Profit after Tax (PAT)	1155.99	203.85	275.15
Share Capital	486.45	162.15	162.15
Reserves (excluding revaluation reserve)	2636.40	1,806.78	1,602.92
Net Worth	3,122.85	1,968.93	1,765.07
Earning Per Share (EPS) (RS.) (Basic & Diluted)	23.76	4.19	16.97
Net Asset Value (NAV) per share (Rs.)	64.20	121.43	108.85

Source: Audited Financial Results

Notes:

- i. The Face Value of each Equity Share is Rs.10.
- ii. The calculation of EPS is as per Accounting Standard-20 issued by ICAI.
- iii. For the calculation Net Asset Value per Share, number of equity shares outstanding at the end of the year has been considered.

Information about Share Price

The Equity Shares of the Company are listed at Bombay Stock Exchange and Madhya Pradesh Stock Exchange Limited. Monthly high and low of the market price of the Equity Shares on BSE for the last six months are as follows:

Month	BSE			MPSE
	Volume(No. of shares)	High (Rs.)	Low (Rs.)	
August 2010	1,247	68.50	28.70	There has been no trading of shares of the Company during the last six months i.e. from August 2010 to January 2011.
September 2010	1,518	164.25	71.90	
October 2010	370	267.35	172.45	
November 2010	127	341.05	59.60*	
December 2010	34397	142.60	72.30	
January 2011	24343	110.75	89.50	

*Date of Ex-bonus: November 18, 2010

The Company has issued 2,43,22,500 Equity Shares as bonus shares to the existing shareholders of the Company in the ratio of 5:1, on November 22, 2010.

Mechanism for redressal of Investor Grievances

The Board of Directors of Signet Industries Limited have constituted a shareholder/investors grievance committee comprising of Mr. Dipak Kalani, Mr. Saurabh Sangla, Mr. Deepak Mehta and Mr. Murli Dhar Vashisht in accordance with clause 49 of the Listing Agreement with the Stock Exchange to look into the redressal of complaints of investors such as transfer credit of shares to demat accounts and non- receipt of dividend/interest/annual reports. Mr. Sanjay Agrawal is the compliance officer. The Company normally takes 15 days to dispose off investor's complaints.

Declaration

The Company confirms that the Permanent Account Number, Bank Account Number and Passport Number of Individual Promoters and Permanent Account Number, Bank Account Number, Company Registration Number and address of ROC of Corporate Promoter have been submitted to BSE and NSE at the time of filling of this Draft Red Herring Prospectus with them.

Interest of Promoters & Directors

The Promoters of the Company are interested to the extent of their shareholding in the Company. Further, Promoters who are also the Directors of the Company may be deemed to be interested to the extent of fees, if any, payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of other remuneration, reimbursement of expenses payable to them. Directors may also be deemed to be interested to the extent of the Equity Shares, if any, already held by them and their relatives in the Company, or that may be subscribed for and allotted to them, out of present issue in terms of this Draft Red Herring Prospectus and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Further, the Promoters are also directors on the boards of certain Promoter Group entities and they may be deemed to be interested to the extent of the payments made by the Company, if any, to these Promoter Group Entities. For further details, see "Our Promoters and Promoter Group" beginning on page no. 90. For the payments that are made by the Company to certain Promoter Group entities, please refer to the section titled "Financial Information of the Company", beginning on page no. 111.

Except as state otherwise in this Draft Red Herring Prospectus, the Company has not entered into any contract, agreements or arrangements during the preceding two years from the date of this Draft Red Herring Prospectus in which the Promoters are directly or indirectly interested and no payments have been

made to them in respect of the contracts, agreements or arrangements which are proposed to be made with them including the properties purchased by Company other than in normal course of business.

Payment or Benefit to Promoters of the Company

Except as stated in “Financial Information of the Company – Related Party Transaction” on page no.111, no amount or benefit has been paid or given to any Promoter, within the two preceding years from the date of filing of this Draft Red Herring Prospectus or is intended to be paid.

PROMOTERS GROUP

The natural persons who are part of the Promoter Group (Being immediate relatives of our Individual Promoters) are as follows:

Sr. No.	Mr. Mukesh Sangla		Mr. Saurabh Sangla	
	Name	Relationship with Promoters	Name	Relationship with Promoter
•	Mrs. Monika Sangla	Spouse	Mrs. Avantika S. Sangla	Spouse
•	Late Mrs. Shanti Devi Agrawal	Mother	Mrs. Monika M. Sangla	Mother
•	Late Mr. Lal Chand Agrawal	Father	Mr. Mukesh L. Sangla	Father
•	• Mr. Rajendra L. Agrawal • Mr. Yeshwant L. Sangla	Brothers	---	Brother
•	• Mrs. Vijaya L. Goyal • Mrs. Veena L. Agrawal • Mrs. Veenu L. Mangal • Mrs. Sushma L. Agrawal	Sisters	---	Sister
•	Mr. Saurabh M. Sangla	Son	Ms. Vanshika S. Sangla	Daughter
•	Late Mrs. Sita N. Gupta	Mother-in Law	Mrs. Anjana S. Gupta	Mother-in Law
•	Late Mr. Nand Kishore Gupta	Father-in-Law	Mr. Sushil Kumar Gupta	Father-in-Law
•	• Mr. Amritlal N. Gupta • Mr. Jagdish Chandra N. Gupta • Late Mr. Ramesh Chandra N. Gupta • Late Mr. Satish Chandra N. Gupta	Brothers-in-Law	Mr. Anish S. Gupta	Brother-in-Law
•	---	Sister-in Law	Ms. Anika S. Gupta	Sister-in-Law

Promoters Group Companies and Entities

The following table sets forth the Companies and entities which are part of the Promoters Group:

Sr. No.	Name of Promoters Group Companies and entities
1.	Signet Impex Private Limited
2.	Signate Leasing & Finance Private Limited
3.	Ornate Leasing & Finance Private Limited
4.	Swan Holdings Private Limited
5.	Shri Balaji Starch & Chemicals Limited
6.	Adroit Agro and Allied Industries (Partnership Firm)
7.	Signet Energy (Partnership Firm)
8.	Mukesh Sangla Hindu Undivided Family
9.	Saurabh Sangla Hindu Undivided Family
10.	Sangla Charitable Trust

Financial Information of Group Companies/Entities

The information for the last 3 years based on the audited/unaudited statements in respect of all the Companies, Firms, ventures etc. promoted by the promoters irrespective of whether these are covered under section 370(1)(B) of the Companies Act, 1956 or not.

1. Signet Impex Private Limited

Corporate Information

Signet Impex Private Limited was incorporated on October 21, 2003. The registered office of the company is situated at 314/3, SDA Compound, Lasudia Mori, Dewas Naka, Indore (M.P.). At present the company is engaged in the trading of polymer goods.

Shareholding Pattern as on December 31, 2010

Sr. No.	Name of Shareholder	No. of share	% of Shareholding
1.	Mr. Mukesh Sangla	5000	50
2.	Mr. Saurabh Sangla	5000	50
	Total	10000	100

Board of Directors as on December 31, 2010

Name of Director	Designation
Mr. Mukesh Sangla	Director
Mr. Saurabh Sangla	Director

The Financials for the last 3 years are given below:

(Rs. in Lacs)

Year Ended March 31	2010	2009	2008
Total Income	5.58	19.52	0.31
Profit after Tax (PAT)	1.15	13.52	0.14
Share Capital	1.00	1.00	1.00
Reserves (excluding revaluation reserve)	15.04	13.89	0.37
Net Worth	15.95	14.78	1.24
Earning Per Share (EPS)(RS.) (Basic & Diluted)	11.51	135.21	1.42
Net Asset Value (NAV) per share (Rs.)	159.45	147.78	12.42

Source: Audited Financial Results

Note: The Face Value of each Equity Share is Rs.10

The calculation of EPS is as per Accounting Standard-20 issued by ICAI.

2. Signate Leasing & Finance Private Limited

Corporate Information

Signate Leasing & Finance Private Limited was incorporated on December 19, 1988. Its registered office is located at 314/3, SDA Compound, Lasudia Mori, Dewas Naka, Indore (M.P.). At present the company is engaged in the business of financing Industrial enterprises and trade of Polymer goods as well as the promotion of companies engaged in industrial and trading business.

Shareholding Pattern as on December 31, 2010

Sr. No.	Name of Shareholder	No. of Shares	% of Shareholding
1.	Mr. Mukesh Sangla	700	70
2.	Mrs. Monica Sangla	300	30
	Total	1000	100

Board of Directors as on December 31, 2010

Name of Director	Designation
Mr. Mukesh Sangla	Director

Mrs. Monica Sangla	Director
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The Financials for the last 3 years are given below:

(Rs. in Lacs)

Year Ended March 31	2010	2009	2008
Total Income	4.97	13.79	0.74
Profit after Tax (PAT)	0.55	9.18	0.46
Share Capital	1.00	1.00	1.00
Reserves (excluding revaluation reserve)	10.89	10.33	1.15
Net Worth	11.89	11.33	2.15
Earning Per Share (EPS)(RS.) (Basic & Diluted)	55.44	918.02	46.49
Net Asset Value (NAV) per share (Rs.)	1189.54	1133.10	215.08

Source: Audited Financial Results

Note: The Face Value of each Equity Share is Rs.100

The calculation of EPS is as per Accounting Standard-20 issued by ICAI.

3. Ornate Leasing & Finance Private Limited

Corporate Information

Ornate Leasing & Finance Private Limited was incorporated on December 19, 1988. The registered office of the company is situated at 314/3, SDA Compound, Lasudia Mori, Dewas Naka, Indore (M.P.). At present the company is engaged in the activities of financing Industrial enterprises, trade of polymer goods and promotion of companies engaged in Industrial and trading business.

Shareholding Pattern as on December 31, 2010

Sr. No.	Name of Shareholder	No. of Shares	% of Shareholding
1.	Mr. Mukesh Sangla	5000	50
2.	Mrs. Monica Sangla	5000	50
	Total	10000	100

Board of Directors as on December 31, 2010

Name of Director	Designation
Mr. Mukesh Sangla	Director
Mr. Saurabh Sangla	Director

The Financials for the last 3 years are given below:

(Rs. in Lacs)

Year Ended March 31	2010	2009	2008
Total Income	5.65	14.25	15.52
Profit after Tax (PAT)	0.67	9.22	4.96
Share Capital	1.00	1.00	1.00
Reserves (excluding revaluation reserve)	16.19	15.52	6.30
Net Worth	17.19	16.52	7.30
Earning Per Share (EPS)(RS.) (Basic & Diluted)	6.77	92.20	49.60
Net Asset Value (NAV) per share (Rs.)	171.90	165.20	73.00

Source: Audited Financial Results

Note: The Face Value of each Equity Share is Rs.10

The calculation of EPS is as per Accounting Standard-20 issued by ICAI.

4. Swan Holdings Private Limited

Corporate Information

Swan Holdings Private Limited was incorporated on May 22, 1995. Its registered office is situated at 314/3, SDA Compound, Lasudia Mori, Dewas Naka, Indore (M.P.). At present the company is engaged in the

business of investment in securities, shares, bonds, debentures and also financing and trading of goods, articles and commodities

Shareholding Pattern as on December 31, 2010

Sr. No.	Name of Shareholder	No. of Shares	% of Shareholding
1.	Mr. Mukesh Sangla	550	54.51
2.	Mrs. Monika Sangla	459	45.49
	Total	1009	100

Board of Directors as on December 31, 2010

Name of Director	Designation
Mr. Mukesh Sangla	Director
Mr. Saurabh Sangla	Director

The Financials for the last 3 years are given below:

(Rs. in Lacs)

Year Ended March 31	2010	2009	2008
Total Income	5.56	14.78	0.85
Profit after Tax (PAT)	0.63	9.57	0.56
Share Capital	1.009	1.009	1.009
Reserves(excluding revaluation reserve)	12.01	11.38	1.81
Net Worth	13.02	12.39	2.82
Earning Per Share (EPS)(RS.) (Basic & Diluted)	62.17	948.35	55.22
Net Asset Value (NAV) per share (Rs.)	1290.39	1228.22	279.87

Source: Audited Financial Results

Note: The Face Value of each Equity Share is Rs.100

The calculation of EPS is as per Accounting Standard-20 issued by ICAI.

5. Shri Balaji Starch and Chemicals Limited

Corporate Information

Shri Balaji Starch and Chemicals Limited was incorporated on July 7, 1995. The registered office of the Company is situated at 308, Acme Plaza, Opp. Sangam Cinema, Andheri Kurla Road, Andheri (E), Mumbai Maharashtra. Presently, the company is not engaged in any manufacturing and trading activities.

Board of Directors as on December 31, 2010

Name of Director	Designation
Mr. Mukesh Sangla	Director
Mr. Saurabh Sangla	Director
Mrs. Monica Sangla	Director

Shareholding Pattern as on December 31, 2010

Sr. No.	Name of Shareholder	No. of Shares	% of Shareholding
1.	Mr. Mukesh Sangla	24750	49.5
2.	Mrs. Monika Sangla	24750	49.5
3.	Mr. Ganpat Mangal	100	0.2
4.	Ms. Veenu Mangal	100	0.2
5.	Mr. P.P Kesavan Nair	100	0.2
6.	Dr. Mahesh C Gupta	100	0.2
7.	Ms. Rajkumari gupta	100	0.2
	Total	50000	100

The Financials for the last 3 years are given below:

(Rs. in Lacs)

Year Ended March 31	2010	2009	2008
Total Income	-	-	-
Profit after Tax (PAT)	-	-	-
Share Capital	5.00	5.00	5.00
Reserves(excluding revaluation reserve)	-	-	-
Net Worth	2.31	2.38	2.45
Earning Per Share (EPS)(RS.) (Basic & Diluted)	-	-	-
Net Asset Value (NAV) per share (Rs.)	4.61	4.76	4.90

Source: Audited Financial Results

Note: The Face Value of each Equity Share is Rs.10

The calculation of EPS is as per Accounting Standard-20 issued by ICAI.

6. Adroit Agro and Allied Industries

Adroit Agro and Allied Industries a partnership firm, is having its principal place of business at 429, V P Road, Mumbai, Maharashtra. The firm was constituted vide partnership deed dated September 14, 1992 under the Indian Partnership Act, 1932 for manufacturing and dealing of automobile parts and accessories and at present firm is not doing in any kind of such activities.

Profit/Loss sharing pattern as on December 31, 2010

Sr. No.	Name of Partner	% of Profit/Loss
1.	Mrs. Monika Sangla	50
2.	Mr. Saurabh Sangla	50
	Total	100

7. Signet Energy

Signet Energy, a partnership firm, is having its principal place of business at 114-116, Trade House, South Tukoganj, Indore and is engaged in generating and supplying power through non-conventional power plant such as wind mill. The firm was constituted vide partnership deed dated April 1, 2004 under the Indian Partnership Act, 1932.

Profit/Loss sharing pattern as on December 31, 2010

Sr. No.	Name of Partner	% of Profit/Loss
1.	Mr. Mukesh Sangla	25
2.	Mrs. Monica Sangla	25
3.	Mr. Saurabh Sangla	25
4.	Mr. Mukesh Sangla (HUF)	25
	Total	100

8. Mukesh Sangla Hindu Undivided Family

Mukesh Sangla (HUF) is having its principal place of business at 1-B, Gulmohar Extn, Indore, Madhya Pradesh and is engaged in investment activities. Mr. Mukesh Sangla is the Karta of the HUF.

9. Saurabh Sangla Hindu Undivided Family

Saurabh Sangla (HUF), is having its principal place of business at 1-B Gulmohar Extn, Indore, Madhya Pradesh and is engaged in investment activities. Mr. Saurabh Sangla is the Karta of the HUF.

10. Sangla Charitable Trust

Sangla Charitable Trust was formed on May 7, 2002 with the following persons designated as trustees.

- Mr. Mukesh Sangla
- Mr. Saurabh Sangla
- Mrs. Monica Sangla

Common Pursuits

No common pursuit exists among the group-companies/associates companies and the issuer company except Adroit Agro and Allied industries, a partnership firm, which was engaged in the business of manufacturing and dealing of automobile parts and accessories which is also a business carried on by the issuer company. However, at present, no such activity is being carried out by the firm.

None of our group companies/associates companies had related business transaction within the group which had significance on the financial performance of the issuer except otherwise stated in "Related Party Transaction" on page no. 111 of this DRHP.

None of our Promoter Group Companies is a sick company within the meaning of Sick Industrial Companies (Special Provisions) Act, 1985 or are under winding up or have any BIFR proceeding initiated against it.

None of our Promoter Group Companies has been struck off as a defunct company by a Registrar of Companies in India and no application was made to the Registrar of Companies for striking off the name of any of the group company during the five years preceding the date of filing this Draft Red Herring Prospectus with the Board

There are no sales or purchases between our Company and our group-companies/associate companies exceeding 10% of total sales or purchases of our Company, except purchases between our Company and Adroit Agro and Allied industries, a partnership firm, aggregating to 12.44% & 13.85% of total purchase of our Company in year 2005-06 and 2006-07 respectively.

No Group Company has business interest in our Company Except as disclosed in the section "Related Party Transactions"

None of our Promoters have been disassociated from any of the companies or firms during the last three years preceding the date of filing this Draft Red Herring Prospectus.

For details on litigations pending against the group Companies/Entities and defaults made, please refer to the section titled "Outstanding Litigations and Material Developments" on page no. 124 of this Draft Red Herring Prospectus.

RELATED PARTY TRANSACTIONS

For details on our related party transactions, please refer to the section titled “Financial Information of the Company” on page 111 of this Draft Red Herring Prospectus.

CURRENCY OF PRESENTATION

In this Draft Red Herring Prospectus, all references to “Rupees” and “Rs.” and “Indian Rupees” are to the legal currency of the Republic of India.

DIVIDEND POLICY

The Declaration and payment of dividends will be recommended by the Board and approved by the shareholders of the company, at their discretion and will depend on a number of factors, including but not limited to our profits and overall financial conditions. The Board may also from time to time pay interim dividends.

The ability of the company to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements we may enter into. The dividend declared by the company during the last five financial years as been presented below:

Particulars	F.Y. 2010	F.Y. 2009	F.Y. 2008	F.Y. 2007	F.Y. 2006
Face Value of Equity Shares (Rs.)	10	10	10	10	10
Interim Dividend on each Equity Share (Rs.)	Nil	Nil	Nil	3.00	2.5
Final dividend on each Equity Share (Rs.)	0.50	Nil	Nil	Nil	Nil
Dividend Rate (%)	5%	Nil	Nil	30%	25%

The amounts paid as dividend in the past are not necessarily indicative of the dividend policy of the company or dividend amounts, if any, in the future.

SECTION – V FINANCIAL INFORMATION

FINANCIAL INFORMATION OF THE COMPANY

AUDITOR'S REPORT

To,
The Board of Directors,
Adroit Industries (India) limited
308, ACME Plaza, Opposite Sangam Cinema,
Andheri Kurla Road,
Andheri (East)
MUMBAI - 400059

Dear Sirs,

We have examined the attached financial information of **Adroit Industries (India) limited**

- 1) (hereinafter referred to as 'the Company') as approved by Board of Directors of the Company, prepared in term of the requirements of Paragraph B(1) of Part II of the Companies Act, 1956 ('the Act') and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (SEBI ICDR Regulations) and in terms of our engagement agreed upon with you in accordance with our engagement letter dated 16.07.2010 in connection with the proposed Initial Public Offer of equity shares of the Company.
- 2) This information have been extracted by the Management of the Company from the audited financial statement of the Company for the financial year ended on March 31, 2006, March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010 and half year ended on September 30, 2010 audited by us **except for the March 31, 2006 is audited by V.R. Dafria & Co., Indore and same was relied upon by us.** Accordingly reliance has been placed on the audited financial statements for the said years for the purpose of the restated financial information.
- 3) We have also examined the restated financial information of the Company for the above years/periods prepared and approved by the Board of Directors for the purpose of disclosure in the offer document of the Company. The financial information for the above years/periods was examined to the extent practicable, for the purpose of audit of financial information in accordance with the Auditing and Assurance Standards issued by the Institute of Chartered Accountants of India. Those Standards required that we plan and perform our audit to obtain reasonable assurance, whether the financial information under examination is free of material misstatement.
- 4) We report that:
 - a) The Restated Summary Statement of Assets and Liabilities of the Company for the year/period that ended on March 31, 2006, March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010 and half year ended on September 30, 2010 are as set out in Annexure-1 to this report are after making adjustments/restatements and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies and Notes to Restated Financial Information as set out in Annexure-4 to this report.
 - b) The Restated Statement of Profit and Loss of the Company for the year/period that ended on March 31, 2006, March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010 and half year ended on September 30, 2010 are as set out in Annexure-2 to this report are after making adjustments/restatements and regrouping as in our opinion were appropriate and more fully described in Significant Accounting Policies, Notes to the Restated Financial Information as set out in Annexure-4 to this report.
- 5) We have examined the following financial information relating to the Company for the year/period that ended on March 31, 2006, March 31, 2007, March 31, 2008, March 31, 2009, March 31, 2010 and half year ended on September 30, 2010 proposed to be included in the Draft Red Hearing Prospectus, as prepared and approved by the Board of Directors and annexed to this report:

S. No.	Particulars	Annexure No.
1	Statement of restated Cash flow	Annexure-3

2	Significant Accounting Policies & Notes on Accounts	Annexure-4
3	Statement of Break up of Other income	Annexure-5
4	Details of loans and advances showing the same with the Related Parties	Annexure-6
5	Accounting Ratios	Annexure-7
6	Capitalization Statement as at March 31, 2010	Annexure-8
7	Statement of tax shelters	Annexure-9
8	Statement of Related Party transactions	Annexure-10
9	Statement showing age wise analysis of Debtors	Annexure-11
10	Statement of Unsecured Loans	Annexure-12
11	Statement of Secured Loans	Annexure-13
12	Statement of Dividend	Annexure-14
13	Statement of Investments	Annexure-15
14	Statement of Fixed Assets	Annexure-16
15	Statement of Current Liabilities & Provisions	Annexure-17

- 6) In our opinion the Restated Statement of Assets and Liabilities, Restated Statement of Profit and Loss Account and the financial information as stated above read along with the Significant Accounting Policies and Notes as set out in Annexure-4 have been prepared in accordance with Paragraph B(1) of Part II of Schedule II of the Companies Act, 1956 and the SEBI (ICDR) Regulations.
- 7) We further state that:
- There are no incorrect accounting practices or failures to make provisions or other adjustments to restated accounts which resulted in audit qualifications for which adjustment or rectification was required.
 - There have been no material amounts relating to adjustments for previous years/periods in arriving at the profits of the years/periods to which they relate irrespective of the period in which the event triggering the profit or loss occurred except for adjustments related to previous year which for the purpose of restated accounts has been adjusted in the respective years as stated in Point No. C to Notes to Accounts forming part of Annexure 4.
 - There has been no change in accounting policy in the profits or losses of the earlier years/periods except for adjustments related to change in accounting policy for the purpose of restated accounts has been adjusted in the respective years as stated in Point No. C to Notes to Accounts forming part of Annexure 4.
 - There has been no incorrect accounting policy which needs re computation in the financial information.
- 8) This report should not be in any way construed as a re-issuance or re-dating of any of the previous audit reports issued by us nor should it be construed as a new opinion on any of the financial statements referred to therein.
- 9) This report is intended solely for use of the management and for inclusion in the Offer document in connection with the Proposed Initial Public Offer of the Company and should not be used or referred to or distributed for any other purpose without our prior consent in writing.

For Ashok Khasgiwala & Co.
Chartered Accountants
(Firm Reg. No. 0743C)

CA Avinash Baxi
Partner
Membership No. 79722

Place: Indore
Date: 22.01.2011

Annexure 1
STATEMENT OF AUDITED ASSETS AND LIABILITIES AS RESTATED
(Rupees in Lakhs)

YEAR/PERIOD ENDED	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
A. Fixed Assets						
Gross Block	1575.67	1553.34	1539.61	1416.46	1276.77	1250.06
Less: Depreciation	697.78	661.75	590.81	520.76	467.49	816.10
Net Block	877.89	891.59	948.80	895.70	809.28	433.96
TOTAL FIXED ASSETS (A)	877.89	891.59	948.80	895.70	809.28	433.96
B. Investments	148.99	0.00	0.00	0.00	0.00	0.00
C. Current Assets, Loans & Advances						
Inventories	701.91	682.63	759.09	437.80	153.40	244.04
Receivables/Sundry Debtors	601.90	335.93	339.00	379.66	299.21	325.92
Cash & Bank Balances	64.55	292.23	97.84	159.08	382.12	388.22
Loans & Advances	1560.79	1126.85	1206.37	1496.30	442.45	248.60
TOTAL ©	2929.15	2437.64	2402.30	2472.85	1277.18	1206.78
D. Liabilities & Provisions						
Secured Loans	728.25	649.08	949.27	1051.72	277.80	329.12
Unsecured Loans	108.00	0.00	0.00	0.00	0.00	0.00
Deferred Tax Liability	162.45	164.34	159.26	147.28	159.93	25.25
Current Liabilities & Provisions	1088.93	837.08	735.33	804.40	472.45	441.54
TOTAL (D)	2087.63	1650.50	1843.86	2003.40	910.18	795.91
E. Net Worth [A+B+C-D]	1868.40	1678.73	1507.25	1365.15	1176.28	844.83
F. Represented By						
Share Capital *	562.50	562.50	562.50	562.50	562.50	562.50
Share Capital	562.50	562.50	562.50	562.50	562.50	562.50
Reserves & Surplus	1305.90	1116.23	944.75	802.65	614.35	285.97
Accumulated Profits	919.95	730.28	658.81	516.71	328.41	25.15
General Reserve	194.87	194.87	94.86	94.86	94.86	69.74
Capital Redemption Reserve	191.08	191.08	191.08	191.08	191.08	191.08
Miscellaneous Expenditure to the extent not written off	0.00	0.00	0.00	0.00	0.57	3.64
TOTAL (A+B-C)	1868.40	1678.73	1507.25	1365.15	1176.28	844.83
Net Worth	1868.40	1678.73	1507.25	1365.15	1176.28	844.83
Note: The Above summary of statement of Assets & Liabilities are to be read with notes to restated financial statement and significant accounting policies as Appearing in Annexure IV						

Annexure 2
STATEMENT OF AUDITED PROFIT AND LOSS AS RESTATED

(Rs. in Lakhs)

YEAR/PERIOD ENDED	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Income						
Sales						
-Manufactured Goods	1280.55	1687.74	2461.36	2218.29	1954.46	1826.62
-Traded Goods	0.00	0.00	0.00	0.00	98.56	102.50
Less: Excise Duty	0.00	0.00	0.00	6.84	0.00	0.00
Net Sales	1280.55	1687.74	2461.36	2211.46	2053.02	1929.12
Other Income	60.34	86.23	55.98	6.71	4.35	2.16
Increase/(Decrease) in stock	(46.39)	120.72	-89.74	206.61	-22.75	-8.55
Total Income	1294.50	1894.69	2427.60	2424.78	2034.63	1922.74
Expenditure						
Raw Material Consumed	286.23	524.68	655.34	962.03	726.94	649.98
Cost of Traded Goods	0.00	0.00	0.00	0.00	82.98	93.18
Other Manufacturing Expenses	226.07	283.21	411.56	325.81	320.97	261.22
Employees Cost	268.58	449.04	447.30	399.08	283.49	275.17
Administrative, Selling and Distribution Expenses	148.76	141.05	437.05	242.49	231.60	232.98
Preliminary Expenses Written off	0.00	0.00	0.00	0.57	3.06	3.06
TOTAL EXPENDITURE	929.64	1397.98	1951.25	1929.98	1649.04	1515.59
Net Profit before Interest, Depreciation & Tax	364.86	496.71	476.36	494.80	385.59	407.15
Depreciation	36.03	70.94	70.05	60.22	62.15	83.00
Net Profit before Interest & Tax	328.83	425.77	406.31	434.58	323.43	324.15
Interest/Financial Charges	44.88	116.12	178.45	128.05	1.82	2.53
Net Profit Before Tax & Extraordinary Item	283.95	309.65	227.86	306.53	321.61	321.63
Provision for Taxation						
Current	96.67	100.29	70.84	127.73	87.82	119.78
Deferred	(2.39)	5.09	11.96	(12.65)	134.69	(6.80)
Previous Year Tax & FBT	0.00	0.00	0.00	0.00	(14.92)	11.27
Fringe Benefit Tax	0.00	0.00	2.95	3.15	4.00	3.67
Net Profit After Tax but before Extraordinary Item	189.67	204.27	142.11	188.30	110.03	193.71
Depreciation reversed due to change in method of depreciation	0.00	0.00	0.00	0.00	410.77	0.00
Net Profit After Tax & Extraordinary Item	189.67	204.27	142.11	188.30	520.80	193.71
Net Profit as Restated	189.67	204.27	142.11	188.30	520.80	193.71

APPROPRIATION						
Add: Brought Forward from Previous Period	730.28	658.81	516.71	328.41	25.15	21.79
Less: Transfer to General	0.00	100.00	0.00	0.00	25.12	30.00

Reserve						
Less: Proposed Dividend/ Interim Dividend	0.00	28.13	0.00	0.00	168.75	140.63
Less: Tax on Proposed Dividend	0.00	4.67	0.00	0.00	23.67	19.72
Balance C/f to Balance Sheet	919.95	730.28	658.81	516.71	328.41	25.15

Annexure 3
Statement of Restated Cash Flow Statement

(Rupees in Lakhs)						
YEAR/PERIOD ENDED	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
A) Cash Flow from Operating Activities						
Net Profit before tax & Extraordinary Items	283.95	309.65	227.86	306.53	321.61	321.63
Adjustments for -						
Depreciation	36.03	70.94	70.05	60.22	62.15	83.00
(Profit)/Loss on sale of Fixed Assets	0.00	0.00	0.00	12.71	0.00	0.08
Interest Income	(18.22)	(45.15)	(52.65)	(3.88)	(2.13)	(2.16)
Preliminary Expenses	0.00	0.00	0.00	0.57	3.06	3.06
Interest & Financial Expenses	4.75	24.92	44.18	107.16	0.30	0.40
Operating profit before working capital changes	306.51	360.36	289.44	483.31	385.00	406.00
Adjustments for -						
1. Decrease/(Increase) in Debtors	(265.96)	3.06	40.66	(80.45)	26.71	(3.51)
2. Decrease/(Increase) in Inventories	(19.29)	76.46	(321.28)	(284.41)	90.65	8.77
3. Decrease/(Increase) in Loans & Advances	(408.80)	147.32	446.72	(1029.28)	(33.19)	(0.37)
4. Increase/(Decrease) in Current Liabilities & Provisions	155.66	(31.32)	(142.86)	201.07	(60.91)	83.24
Cash generated from operations	(231.88)	555.88	312.67	(709.75)	408.25	494.13
Direct Taxes Paid (net)	(25.13)	(67.80)	(156.79)	(24.59)	(145.73)	(94.58)
Cash flow before extraordinary item	(257.01)	488.08	155.89	(734.34)	262.52	399.55
Extraordinary Item	0.00	0.00	0.00	0.00	0.00	0.00
Net Cash From Operating Activities	(257.01)	488.08	155.89	(734.34)	262.52	399.55
B) Cash Flow from Investing Activities						
1. Purchase of Fixed Assets	(22.33)	(13.72)	(123.16)	(164.84)	(26.71)	(54.49)
2. Purchase of Investments	(148.99)	0.00	0.00	0.00	0.00	0.00
3. Sale of Fixed Assets	0.00	0.00	0.00	5.50	0.00	3.40
4. Interest Received	18.22	45.15	52.65	3.88	2.13	2.16
5. Misc Expenditure	0.00	0.00	0.00	0.00	0.00	0.00
Net Cash (Used in)/From Investing Activities	(153.10)	31.43	(70.51)	(155.46)	(24.58)	(48.93)
C) Cash Flow from Financing Activities						
1. Interest & Finance Charges Paid	(4.75)	(24.92)	(44.18)	(107.16)	(0.30)	(0.40)
2. Proceed from short term borrowings	79.17	0.00	0.00	0.00	0.00	0.00
3. Proceeds from Long Term borrowings	0.00	(300.19)	(102.45)	773.92	(51.32)	90.09

4. Proceeds from Unsecured Loans	108.00	0.00	0.00	0.00	0.00	0.00
5. Withdrawals of Capital (Net)	0.00	0.00	0.00	0.00	0.00	0.00
6. Dividend paid	0.00	0.00	0.00	0.00	(168.75)	(140.62)
7. Dividend tax Paid	0.00	0.00	0.00	0.00	(23.67)	(19.72)
Net Cash (Used in)/From Financing Activities	182.42	(325.11)	(146.63)	666.76	(244.04)	(70.65)
Net Increase/(Decrease) in Cash & Cash Equivalents (A+B+C)	(227.69)	194.40	(61.25)	(223.04)	(6.10)	279.97
Cash & Cash Equivalents at the Start of the Period	292.23	97.83	159.08	382.12	388.22	108.25
Cash & Cash Equivalents at the Close of the Period	64.54	292.23	97.83	159.08	382.12	388.22

Adjustments

Statement of Adjustment in Profit & Loss Account arising out of Changes in accounting Policies and material adjustments relating to previous years/periods:

(Rs. in Lakhs)						
YEAR/PERIOD ENDED	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Net Profit / (Loss) After Tax as per Audited P & L A/C	187.87	206.68	145.21	168.67	251.24	199.12
Adjustments - Increase / (Decrease)						
1. Income & Fringe Benefit Tax (Self Assessment Tax Paid)	0	0	0.00	0.00	0.00	(4.47)
2. Income & Fringe Benefit Tax (Excess Provision Written Back)	3.33	0.14	0.16	5.97	2.18	(0.89)
3. Change in Deferred Tax due to change in depreciation method	0.42	1.12	(8.19)	(6.08)	(140.57)	0.00
3.Prior Period Expense (Adjusted in respective year)	0	0	0.00	5.67	(5.62)	(0.05)
Depreciation Adjustment Excess /(short) charged	(0.98)	(3.68)	4.94	21.32	2.80	0.00
4. Depreciation reversed /(charged) due to change in method of Depreciation	(0.97)	0	0.00	0.00	410.77	0.00
Net Total (Decrease)/Increase due to Adjustments	1.80	(2.42)	(3.09)	26.88	269.56	(5.41)
Net Profit /(Loss) After Tax as per Restated Profit and Loss	189.67	204.26	142.12	195.55	520.80	193.71

A. Adjustments on account of changes in accounting policies:

Up to 31.03.2006 company has not provided deferred tax which has been provided during the financial year 2006-07 and deferred tax Rs. 25.25 lacs up to 31.03.2006 was debited to Opening balance of General Reserve during the financial year 2006-07 as per requirement of AS-22, now Rs. 6.80 lacs credited to profit & loss account and Rs. 32.05 lacs deferred tax up to 31.03.2005 is debited to General Reserve during the year 2005-06 in the restated financial statement.

Deferred Tax

In accordance with AS-22 issued by ICAI, the Company has accounted for Deferred Taxes during the year ended March 31, 2006, 2007, 2008, 2009 and 2010:

(Rupees in Lakhs)						
YEAR/PERIOD ENDED	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
On account of Depreciation	163.93	165.83	168.46	154.39	159.93	25.25

On account of Profit/(Loss) on Sale of Fixed Assets	0.00	0.00	0.00	0.00	0.00	0.00
On account of allowance/disallowance under provisions of Sec 40(a)(ia) of the Income Tax Act, 1961	1.48	1.48	9.20	7.10	0.00	0.00
Net Liability/(Assets)	162.45	164.35	159.26	147.29	159.93	25.25

Contingent Liabilities not provided for in respect of:

(Rupees in Lakhs)

YEAR/PERIOD ENDED	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Disputed Entry Tax Demand, excise duty	0.00	0.00	0.00	0.00	0.00	265.00
Disputed Income Tax Demand	0.00	0.00	0.00	0.00	0.00	8.64
Bills Discounted with Banks	0.00	0.00	0.00	0.00	0.00	0.00
Guarantees Invoked by Buyer not provided in Books	0.00	0.00	0.00	0.00	0.00	0.00
Import Letter of Credits issued by Company's Bankers	0.00	0.00	0.00	0.00	0.00	0.00
Guarantees given by Company's Bankers in normal course of Business	0.00	0.00	0.00	0.00	0.00	0.00
Total	0.00	0.00	0.00	0.00	0.00	273.64

ANNEXURE – 4

SIGNIFICANT ACCOUNTING POLICIES AND NOTES ON ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

i) BASIS OF ACCOUNTING

The financial statements are prepared under the historical cost convention on an accrual basis of accounting in accordance with the Generally Accepted Accounting Principles (GAAP), Accounting Standards Issued by the Institute of Chartered Accountants of India, as applicable, and the relevant provisions of the Companies Act, 1956.

ii) USE OF ESTIMATES:

The preparation of financial statements in conformity with Generally Accepted Accounting Principles requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities on the date of financial statements and the reported amounts of revenue and expenses during the reported period. Actual results could differ from these estimates and difference between actual results and estimates are recognized in the period in which the results are known/materialize.

iii) VALUATION OF INVENTORIES (AS-2)

Inventories are valued at lower of cost or market value on FIFO basis. Cost of inventory is generally comprise of cost of purchase, cost of conversion and other cost incurred in bringing the inventory to their present location and condition. The excise duty in respect of closing inventory of finished goods is included as cost of finished goods and goods in transit stated at cost.

iv) DEPRECIATION (AS-6)

Depreciation on fixed assets is being provided on straight line method as the rates prescribed in schedule XIV of the companies Act, 1956. Depreciation on assets added/disposed off during the year has been provided on pro-rata basis with reference to the month of addition / disposal.

v) REVENUE RECOGNITION (AS-9)

The Company follows the mercantile system of accounting and recognizes income and expenditure on accrual basis.

vi) FIXED ASSETS (AS-10)

Fixed assets are stated at cost of acquisition, net of tax/duty credit availed if any, including any cost attributable for bringing the assets to its working condition for its intended use; less accumulated depreciation.

vii) FOREIGN CURRENCY TRANSACTION (AS-11)

All transactions in foreign currency are recorded at the rates of exchange prevailing at the date of transaction.

Monetary items in the form of Loans, Current assets and Current liabilities in foreign currencies, outstanding at the close of the year are converted in Indian currency at the appropriate rates of exchange prevailing on the date of Balance Sheet. Resultant gain or loss is accounted during the year.

In respect of Forward Exchange contracts entered into to hedge foreign currency risks, the difference between the forward rate and the exchange rate at the inception of the contract is recognized as income or expense over the life of the contract. Further, the exchange differences arising on such contracts are recognized as income or expense along with the exchange differences on the underlying assets / liabilities.

viii) INVESTMENTS (AS-13)

Investments are stated at cost. No provision is made for Diminution in the value of investments, if any, since the same is considered by Board as temporary, while investments are of long-term in nature.

ix) EMPLOYEE BENEFITS (AS-15)

(a) Post-employment benefit plans

- i) Defined Contribution Plan - Contributions to provident fund and Family Pension Fund are accrued in accordance with applicable statute and deposited with appropriate authorities.
- ii) Defined Benefit Plan - The company has opted for scheme with Life Insurance Corporation of India to cover its liability towards employee's gratuity. The annual premium paid to Life Insurance Corporation of India is charged to profit and loss account. The company has also carried out actuarial valuation of gratuity using Projected Unit Credit Method as required by Accounting Standard 15 "Employee Benefits" (Revised 2005) and the difference between fair value of plan assets and liability as per actuarial valuation as at year end is recognized in profit and loss account. Company makes the provision for leave encashment at the year end as per the Factories Act 1948, which is being paid in subsequent year.

(b) Short term employment benefits

The undiscounted amount of short term employee benefits expected to be paid in exchange for services rendered by employees is recognized during the period when the employees renders the services. These benefits include compensated absence also.

x) BORROWING COST (AS-16)

Borrowing costs attributable to acquisitions and construction of assets are capitalized as a part of the cost of such asset up to the date when such asset is ready for its intended use. Other borrowing costs are charged to Profit & Loss Account.

xi) EARNING PER SHARE (AS-20)

The Company reports basic and diluted Earning Per Share (EPS) in accordance with Accounting Standard (AS) – 20 on "Earning Per Share". The basic EPS is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period. Diluted EPS is computed by dividing the net profit or loss for the period by the weighted average number of equity shares outstanding during the period as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

xii) TAXES ON INCOME (AS-22)

Current tax is the amount of tax payable on taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961. Deferred Tax is recognized on timing difference between taxable income and accounting income that originate in one period and are capable of reversal on one or more subsequent period.

Deferred Tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

xiii) IMPAIRMENT OF ASSETS (AS-28)

An asset is impaired when the carrying cost of asset exceeds its recoverable value. An impairment loss is charged to the profit and loss account in the year in which an asset is identified as impaired. An impairment loss recognized in prior period is reversed if there has been a change in the estimate of recoverable amount.

xiv) SALES

Sales are inclusive of export incentive and exchange fluctuation on export receivables and net of trade discount / rebate.

B. NOTES ON ACCOUNTS

1. Contingent Liabilities: As per contingent liability details stated in restatement annexure.
2. In the opinion of the Board of Directors, Current Assets Loans & Advances have value on realization in the ordinary course of business at least equal to the amount at which they are stated in the Balance Sheet and that the provision for known liabilities is adequate and reasonable.
3. Previous years figures have been re-grouped or re-arranged wherever considered necessary.
4. Some of the balances of creditors, debtors, deposits and advances are not confirmed.
5. Sundry Creditors does not include any amount due to small-scale industrial undertakings. Information is based on details provided to us by the company.
6. The company is engaged mainly in manufacturing of Auto parts and as such is the only reportable segment as per Accounting Standard on segment reporting AS-17 issued by the Institute of Chartered Accountants of India. Hence segment is not reported in the restated financial statement.
7. EARNING PER SHARE (EPS)

		Half Year 2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
(a)	Net Profit/(Loss) after tax (Rs. in Lacs)	189.67	204.27	142.11	188.30	110.03	193.71
(b)	Weighted Average Number of Equity Shares (in Lacs)	56.25	56.25	56.25	56.25	56.25	56.25
(c)	Nominal Value of Per ordinary Share (In Rs.)	10	10	10	10	10	10
(d)	Basic & Diluted Earning Per Share (In Rs.)	3.37	3.63	2.53	3.35	1.96	3.44

		Half Year 2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
(a)	Directors Remuneration						
	Salary & Allowances	600000	600000	540000	1152000	3628800	3628800
(b)	Auditors Remuneration						
	Audit Fees (Including Service Tax)	55150	82725	82725	84270	84180	62360

(Rs. In Lacs)							
		Half Year 2010-11	2009-10	2008-09	2007-08	2006-07	2005-06
(a)	Raw Material						
	(A) Imported	92.06	176.06	267.52	257.99	216.59	160.07
	(B) Indigenous	193.63	340.17	387.82	704.04	510.35	489.92
(b)	Stores & Spares						
	(A) Imported	22.59	0	0	0	0	0
	(B) Indigenous	130.99	168.96	240.92	162.70	173.30	136.15
(c)	FOB Value of Exports during the year	1160.27	1649.78	2300.93	2152.20	1982.54	1852.69
(d)	Value of Imports during the year (on CIF Basis)	105.06	176.55	267.52	257.99	2028.30	167.02
(e)	Expenditure in Foreign Currency	6.65	2.29	11.54	4.48	17.09	171.92

C. MATERIAL ADJUSTMENTS RELATED TO PREVIOUS YEAR/ PERIOD AND CHANGE IN ACCOUNTING POLICY

- Up to 31.03.2006 company has not provided deferred tax which has been provided during the financial year 2006-07 and deferred tax Rs. 25.25 Lacs up to 31.03.2006 was debited to Opening balance of General Reserve during the financial year 2006-07 as per requirement of AS-22, now Rs. 6.80 credited to profit & loss account and Rs. 32.05 Lacs deferred tax up to 31.03.2005 is debited to General Reserve during the year 2005-06 in the restated financial statement.
- During the Financial Year 2005-2006 the Company has paid Rs.11.27 Lacs as Income Tax Related to previous years, which was debited to General Reserve Account, now restated and debited to Profit & Loss Account.
- The General Reserve balance for the financial year 2005-06 increased by Income Tax related to previous years Rs.11.27 Lacs which was incorrectly debited to General Reserve Account.
- The balances of Fixed Deposits with Banks have been regrouped in the restated financial statements with Cash & Bank Balances under the head Current Assets, Loans and Advances.
- During the financial year 2006-07 and 2007-08 Rs 0.05 lakhs and Rs5.67 lakhs respectively were debited in Profit and Loss account under the head Administrative Expenses, which were related to the financial year 2005-06 and 2006-07 respectively i.e. prior year expenses, which are now debited in the relevant financial year by crediting the current liabilities and provisions.
- During the financial year 2009-10 and half year ended 30th September 2010 short depreciation was charged amounting to Rs. 3.68 lacs and 0.98 lacs respectively and during financial year 2006-07, 2007-08 and 2008-09, excess depreciation was charged amounting Rs. 2.08 lacs, Rs. 21.32 lacs and 4.94 lacs respectively reversed in the restatement shown under depreciation adjustment.
- During the financial year 2006-07 company has changed its method of providing depreciation from Written Down value method to straight line method. Due to this change in method of depreciation excess depreciation charged in earlier years amounting to Rs. 410.77 lacs was credited to profit and loss account for the year 2006-07 and corresponding accumulated depreciation was debited. Further during the half year ended 30th September 2010 depreciation on furniture & fixture was not provided since WDV of the asset was not depreciable but due to change in method of depreciation, depreciation Rs. 0.97 lacs has been provided and debited to restated profit & Loss account.
- Due to change in accounting policy of depreciation during the financial year 2006-07 depreciation is changed and correspondingly there is change in deferred tax also the effect of the same is also given in the year 2006-07, 2007-08, 2008-09, 2009-10 and half year ended 30th September 2010.

(Rs. in Lacs)					
Particular	2006-07	2007-08	2008-09	2009-10	Half Year Ended September 2010
Deferred Tax Liability (Net) Already Provided	19.36	0.64	4.40	10.62	8.65
Deferred Tax Liability (Net) After effect of change in method of Depreciation	159.93	147.29	159.26	164.35	162.45

Annexure 5
Statement of Breakup of Other Income

(Rupees in Lakhs)						
YEAR/PERIOD ENDED	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Profit before Tax & extraordinary items	283.95	309.65	227.86	306.53	321.61	321.63
20% of Net Profit Before Tax	56.79	61.93	45.57	61.31	64.32	64.33
Other Income for the Year/Period	60.34	86.23	55.98	6.71	4.35	2.16
Interest on Loans & Advances & Deposits	18.22	45.15	52.65	3.88	2.13	2.16
Insurance Claims	0.00	6.07	3.33	0.00	0.00	0.00
Discount	0.00	0.00	0.00	2.83	2.22	0.00
Export Incentives	25.87	11.10	0.00	0.00	0.00	0.00
Foreign Exchange Fluctuations	10.00	0.00	0.00	0.00	0.00	0.00
Other Receipts	6.25	23.91	0.00	0.00	0.00	0.00
Total	60.34	86.23	55.98	6.71	4.35	2.16

Annexure 6
Details of Loans & Advances

(Rs. in Lakhs)						
Particulars	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Security Deposits	12.82	12.82	12.48	11.24	10.29	9.53
Advances Recoverable in Cash or kind or value to be received	193.07	199.07	285.25	1086.20	0.00	0.00
Advance Tax & TDS	586.38	561.24	493.44	336.65	312.06	151.41
Advances to Suppliers	25.11	3.26	2.58	0.16	8.57	0.00
Balances with Tax Authorities- Customs Duty, Excise, VAT etc	209.96	89.56	56.58	62.04	32.23	0.00
Inter corporate loans & advances	533.45	260.90	356.04	0.00	0.00	0.00
Other Loans & Advances	0.00	0.00	0.00	0.00	79.30	87.65
Total	1560.79	1126.85	1206.37	1496.29	442.45	248.59

None of the Loans & Advances are provided to the directors, promoters, promoter group of the issuer company in any way other than those which are specifically mentioned in annexure 10 relating to related party transactions

Annexure 7
Statement of Restated Accounting Ratios

Particulars	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Basis of Accounting Ratios						
Net Profit After Tax but before Extraordinary Item	189.67	204.27	142.11	188.30	110.03	193.71
Weighted average number of	56.25	56.25	56.25	56.25	56.25	56.25

Equity Shares outstanding during the year/period						
Net Worth	1868.40	1678.73	1507.25	1365.15	1176.28	844.83
Accounting Ratios						
Basic/Diluted Earning per share (EPS) (Rs.)	3.37	3.63	2.53	3.35	1.96	3.44
Net Asset Value (NAV) (Rs. per Share)	33.22	29.84	26.80	24.27	20.91	15.02
Return on Net Worth (RONW) (%)	10.15	12.17	9.43	13.79	9.35	22.93

The Ratios have been computed as per the following formula:

- Earning per Equity Share: (Adjusted Net Profit after Tax)/ (Weighted Average number of Equity Shares).
- Net Asset Value: (Net worth)/ (Weighted Average number of Equity Shares).
- Return on Net Worth: (Adjusted Net Profit after Tax/Adjusted Equity Share holders Fund after reduction of Miscellaneous Expenditure not written off at the end of the year.

Net Profit, as restated and appearing in the statement of profit and losses has been considered for the purpose of computing the above ratios. These Earnings per share calculations have been done in accordance with Accounting standard- 20 "Earning per share" issued by the Institute of Chartered Accountants of India.

Note:

46,87,493 equity shares of Rs.10 each have been allotted as fully paid up bonus shares in the ratio of 5 shares for every 6 shares held on 17.11.2010. As a result, the paid up equity share capital of the company was increased from Rs.5,62,50,000/- to Rs.10,31,24,930/-.

On 11.12.2010, the company has issued 2,00,000 fully paid up equity shares of Rs.10 each at a price of Rs.100 each to the promoters of the company on preferential basis. As a result, the paid up equity share capital of the company has increased from Rs. 10,31,24,930/- to Rs. 10,51,24,930/-.

**Annexure 8
Capitalization Statement**

(Rupees in Lakhs)

Particulars	Pre issue As At 30-Sep-10	Pre issue As At 31-Mar-10	Post Issue *
Borrowings			
Short Term Debts	728.25	514.90	
Long Term Debts	0.00	134.18	
Total Debts	728.25	649.08	
Shareholders Funds			
Share Capital			
-Equity	562.50	562.50	
Reserves & Surplus	1305.90	1116.23	
Less : Miscellaneous expenditure not written off	0.00	0.00	
Total Shareholders' fund	1868.40	1678.73	
Long term Debts / Shareholders' Fund	0.00	0.08	
Total Debts / Shareholders' Fund	0.39	0.39	
Note: The Figures disclosed above are based on Restated Financial Statements			
[*] Share Capital and Reserves & Surplus, post issue can be calculated on the conclusion of the Book Building process.			

**Annexure 9
Tax Shelter Statement**

(Rupees in Lakhs)

YEAR/PERIOD ENDED	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Tax Rate (Including Surcharge & Education Cess.)	33.22	33.99	33.99	33.99	33.66	33.66

MAT Rate (Including Surcharge & Education Cess.)	20.39	17.00	11.33	11.33	11.22	8.42
Profit / (Loss) as per books of accounts	283.95	309.65	227.86	306.53	321.61	321.63
Notional Tax Payable (A) (Income Tax/MAT)	94.33	105.25	77.45	104.19	108.25	108.26
Timing Differences						
1. Difference Between Book & IT depreciation	7.05	8.09	(25.64)	3.62	14.51	21.58
2. Profit/(Loss) on Sale of Fixed Assets	0.00	0.00	0.00	12.70	0.00	(0.08)
3. Disallowance/Allowance u/s 40(a)(ia)	0.00	(4.82)	4.82	4.26	0.00	0.00
4. Disallowance/Allowance u/s 43B	0.00	0.00	0.00	0.26	0.00	0.02
5. Gratuity Disallowed	0.00	(17.89)	1.36	20.88	(75.73)	12.25
Total of B	7.05	(14.62)	(19.46)	41.72	(61.22)	33.77
Permanent Differences						
1. Club Membership	0.00	0.00	0.03	0.00	0.46	0.34
2. Prior Period Expenses	0.00	0.00	0.00	5.67	0.05	0.00
3. Donation	0.00	0.00	0.00	0.55	0.00	0.11
4. Penalty	0.00	0.03	0.00	0.00	0.00	0.00
Total of C	0.00	0.03	0.03	6.22	0.51	0.45
Net Adjustments (B+C)	7.05	(14.59)	(19.43)	47.94	(60.71)	34.22
Tax savings thereon	(2.34)	4.96	6.60	(23.54)	20.43	(11.52)
Net Tax for the year / Period	96.67	100.29	70.84	127.73	87.82	119.78

Annexure 10

Related Party Transactions

As per Accounting Standard (AS-18) on Related Party Disclosures Issued by ICAI , The Disclosures of Transaction with the related Parties are as Follows-

1) Related Party Disclosures

A. Enterprises in which Management or Directors have Significant Influence

ASSOCIATES ENTITIES

	NAME OF ASSOCIATS ENTITIES	PERIODS	
		FROM	TO
1	SIGNET INDUSTRIES LTD.	13/03/2007	TILL DATE
2	SIGNATE LEASING AND FINANCE PVT. LTD	13/03/2007	TILL DATE
3	ORNATE LEASING AND FINANCE PVT. LTD	13/03/2007	TILL DATE
4	SWAN HOLDINGS PVT LTD.	13/03/2007	TILL DATE
5	SHREE BALAJI STARCH AND CHEMICALS LTD	13/03/2007	TILL DATE
6	SIGNET IMPEX PVT. LTD.	13/03/2007	TILL DATE
7	ADROIT AGRO AND ALLIED INDUSTRIES	09/01/1995	TILL DATE

B. Key Management Personnel

	Directors	DESIGNATION	PERIOD	
			FROM	TO
1	J.S.Anand	Director	09/01/1995	10/01/2007
2	V.S.Anand	Director	09/01/1995	10/01/2007

3	Jas Pawansingh Anand	Director	09/01/1995	04/03/2007
4	Manmeet Kaur Anand	Director	15/05/2003	13/03/2007
5	Mukesh Sangla	Managing Director	13/03/2007	TILL DATE
6	Saurabh Sangla	Whole time Director	13/03/2007	TILL DATE

C. Relatives of Key Management Personnel

	Name of Relative	Relationship
1	Mrs. Monika Sangla	Wife of Mr. Mukesh Sangla
2	Mrs. Avantika Sangla	Wife of Mr. Saurabh Sangla

(Rs in Lakhs)

Particulars	Nature of Relationship	Name of Related Party	For the year ended March 31,					
			30.09.2010	2010	2009	2008	2007	2006
Purchases	Companies / Firms in which Promoters has significant interest	Adroit Agro & Allied industries	0.00	0.00	0.00	63.94	93.35	93.18
Loan Given	Companies / Firms in which Promoters has significant interest	Adroit Agro & Allied industries	0.00	0.00	46.20	26.72	22.09	0.94
		Signet Industries Limited	0.00	58.07	457.53	14.75	0.00	0.00
Loan Refund	Companies / Firms in which Promoters has significant interest	Adroit Agro & Allied industries	0.00	0.00	46.20	58.34	0.00	0.00
		Signet Industries Limited	0.00	58.07	457.53	14.75	0.00	0.00
Loan Taken	Companies / Firms in which Promoters has significant interest	Signet Industries Limited	0.00	0.00	843.29	386.23	0.00	0.00
Loan Repaid	Companies / Firms in which Promoters has significant interest	Signet Industries Limited	0.00	0.00	843.29	386.23	0.00	0.00
Outstanding Payable* (Against Purchase)	Companies / Firms in which Promoters has significant interest	Adroit Agro & Allied industries	0.00	0.00	0.00	(0.07)	(0.08)	0.00
Outstanding Receivable (Against Loan)	Companies / Firms in which Promoters has significant interest	Adroit Agro & Allied industries	0.00	0.00	0.00	0.00	31.62	9.52
Salary	Promoters	J.S.Anand	0.00	0.00	0.00	5.60	13.44	13.44
		V.S.Anand	0.00	0.00	0.00	4.32	10.36	10.36
		Jas Pawansingh Anand	0.00	0.00	0.00	0.00	7.68	7.68
		Manmeet Kaur Anand	0.00	0.00	0.00	0.40	4.80	4.80
		Mukesh Sangla	0.00	0.00	3.00	1.20	0.00	0.00
		Saurabh Sangla	6.00	6.00	2.4	0.00	0.00	0.00
Rent	Promoters	J.S.Anand	0.00	0.00	0.00	2.16	2.16	2.16

* Creditor having debit balance

Annexure 11
Statement Showing Analysis of Sundry Debtors

(Rupees in Lakhs)

YEAR/PERIOD ENDED	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Debts outstanding exceeding six months						
Considered Good	4.87	3.31	1.70	1.04	0.39	0.00
Considered Bad	0.00	0.00	0.00	0.00	0.00	0.00
Other Debts						
Considered Good	597.03	332.63	337.30	378.62	298.82	325.92
Considered Bad	0.00	0.00	0.00	0.00	0.00	0.00
Total	601.90	335.94	339.00	379.66	299.21	325.92

None of the Sundry Debtor includes the amount due from the directors, promoters, promoter group of the issuer company in any way other than those which are specifically mentioned in annexure 10 relating to related party transactions

Note: Sundry Debtors includes debts due by firms/Company in which Director is a Partner/ Director/ Member as mentioned in annexure 10.

Annexure 12

Details of Unsecured Loans

(Rupees in Lakhs)

YEAR/PERIOD ENDED	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
From Group Firms & Companies	0.00	0.00	0.00	0.00	0.00	0.00
From Directors & Relatives of Partners/Directors	0.00	0.00	0.00	0.00	0.00	0.00
From Others	108.00	0.00	0.00	0.00	0.00	0.00
Total	108.00	0.00	0.00	0.00	0.00	0.00

Note:

The Unsecured Loans are Repayable on demand.

None of the Unsecured Loans includes the amount taken from the directors, promoters, promoter group of the issuer company in any way other than those which are specifically mentioned in annexure 10 relating to related party transactions.

Annexure 13

Statement of Secured Loans

(Rupees in Lakhs)

YEAR/PERIOD ENDED	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Term Loan	-					
UCO Bank	0.00	134.18	222.58	284.77	0.00	0.00
Working Capital Loan	-					
State Bank Of Indore	0.00	0.00	0.00	0.00	277.80	329.12
UCO Bank	728.25	514.9	726.69	766.95	0.00	0.00
Total	728.25	649.08	949.27	1051.72	277.80	329.12

Principal Terms of Secured Loans and Assets Charged as Security Working Capital finance

(Rs In Lakhs)

Name of the Bank	Type of the Loan Facility	Amount out-standing As on 30.09.10	Interest @ 9.75% p.a.	Security
UCO Bank	Packing Credit	728.25	22.57	Secured by hypothecation of RM,FG,WIP, Stores & Spares and equitable mortgage of factory land & building and hypothecation of Plant & Machinery and other fixed assets and personal guarantee of Mr. Mukesh Sangla, Mr. Saurabh Sangla & Mrs. Monika Sangla

Annexure 14
Statement of Dividend Paid

(Rupees in Lakhs)

YEAR/PERIOD ENDED	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Dividend (Interim & Final)	0.00	28.12	0.00	0.00	168.75	140.62
Dividend (%)	NA	5.00	NA	NA	30.00	25.00

Annexure 15
Statement of Investment

(Rupees in Lakhs)

PARTICULARS	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Short Term Investments	0.00	0.00	0.00	0.00	0.00	0.00
Long Term Investments (Unquoted)	0.00	0.00	0.00	0.00	0.00	0.00
Long Term Investments (Quoted) Investments in Listed Securities:24,75,000 equity shares of Signet Industries Limited (M.V. per share As on 21/01/2011 Rs.94.00)	148.99	0.00	0.00	0.00	0.00	0.00
TOTAL==>	148.99	0.00	0.00	0.00	0.00	0.00

Annexure 16
Statement of Fixed Assets

	GROSS BLOCK (AT COST)				DEPRECIATION				NET BLOCK	
	As on 01.04.2010 Rs.	Additi ons Rs.	Deduc tion Rs.	As on 30.09.2010 Rs.	Upto 31.03.2010 Rs.	For the half year Rs.	Adjustm ent Rs.	Total Rs.	As on 30.09.2010 Rs.	As on 31.03.2010 Rs.
LAND	36.07	0.00	0.00	36.07	0.00	0.00	0.00	0.00	36.07	36.07
FACTORY BUILDING	262.42	0.00	0.00	262.42	113.79	4.38	0.00	118.18	144.24	148.62
PLANT & MACHINERY	929.04	0.00	0.00	929.04	359.40	22.06	0.00	381.46	547.57	569.64
ELECTRICAL INSTALLATIO N	53.37	0.00	0.00	53.37	26.26	1.27	0.00	27.53	25.84	27.11
AIR CONDITIO N	3.71	0.00	0.00	3.71	3.03	0.06	0.00	3.09	0.62	0.68
GENRATOR	32.37	0.00	0.00	32.37	16.55	0.76	0.00	17.32	15.05	15.82
TOOLS	109.56	0.00	0.00	109.56	60.29	2.17	0.00	62.46	47.10	49.27
FURNITURE & FIXTURES	30.50	0.00	0.00	30.50	22.42	0.97	0.00	23.39	7.11	8.08
OFFICE EQUIPME NT S	15.60	0.00	0.00	15.60	6.21	0.37	0.00	6.58	9.02	9.39
VEHICLE	73.02	21.82	0.00	94.84	51.93	3.33	0.00	55.25	39.58	21.09
COMPUTER	7.68	0.51	0.00	8.20	1.87	0.65	0.00	2.52	5.67	5.81
Total	1553.34	22.33	0.00	1575.67	661.75	36.03	0.00	697.78	877.89	891.59

Annexure 17
Current Liabilities & Provisions

(Rupees in Lakhs)

PARTICULARS	30-Sep-10	31-Mar-10	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06
Creditors- Advance from Customers	10.74	0.00	13.13	3.36	2.20	7.30
Sundry Creditors	241.36	97.98	106.96	206.76	125.56	100.18
Other Current Liabilities	21.00	0.00	22.53	63.99	0.00	0.00
Provision for Taxation	690.82	594.65	489.69	415.90	285.02	193.20
Provision for Expenses	80.81	111.96	80.77	93.51	59.67	140.86
Proposed Dividend	28.13	28.13	0.00	0.00	0.00	0.00
Employee Benefits	16.07	4.36	22.25	20.88	0.00	0.00
TOTAL==>	1088.93	837.08	735.33	804.40	472.45	441.54

CHANGES IN ACCOUNTING POLICIES IN THE LAST THREE YEARS

There is no change in accounting policies followed by the company in preparation of its financial accounts during the financial years, i.e. during the year 2007-08, 2008-09, 2009-10.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

(A) Background of Automobile Industry

While the genesis of Indian Automotive Industry can be traced to the 1940s, significant growth started in the 1970s. Between 1970 and 1984 cars were considered a luxury product; manufacturing was licensed, expansion was restricted; there were quantitative restriction (QR) on imports and a tariff structure designed to restrict the market. The market was dominated by six manufacturers -Telco (now Tata Motors), Ashok Leyland, Mahindra & Mahindra, Hindustan Motors, Premier Automobiles and Bajaj Auto. The decade of 1985 to 1995 saw the entry of Maruti Udyog in the passenger car segment and Japanese manufacturers in the two wheelers and light commercial vehicle segments. Economic liberalization, started in 1991, led to the de-licensing of the passenger car segment in 1993. Quantitative Restriction (QR) on imports continued. This decade witnessed the emergence of Hero Honda as a major player in the two wheeler segments and Maruti Udyog as the market leader in the passenger car segment. Between 1995 and 2000 several international players entered the market. Advanced technology was introduced to meet competitive pressures, and environmental and safety imperatives. Automobile companies started investing in service network to support maintenance of on-road vehicles. Auto financing started emerging as an important driver for demand. Starting in 2000, several landmark policy changes like removal of quantitative restrictions (QR) and 100 percent FDI through automatic route were introduced. Indigenously developed vehicles were introduced in the domestic market and exports were given a thrust. Innovative sales strategies were developed as auto companies started collaboration with financial firms to provide easy auto financing services to customers.

Manufacturers also introduced systems to improve capacity utilization and adopted quality and environmental management systems. In the year 2003, a Core- group on automotive R&D was set up to identify priority areas for automotive R&D in India.

(Source: http://acmainfo.com/docmgr/Status_of_Auto_Industry/Status_Indian_Auto_Industry.pdf)

(B) Business Overview

Adroit Industries (India) Limited (AAIL), a public limited company, was incorporated on January 9, 1995 by converting M/s. Adroit industries (India), a Partnership firm, under Part IX of the provisions of the Companies Act, 1956 (**"Part IX Conversion"**). The partnership firm was originally formed by a Partnership Deed dated March 9, 1966 executed by and between Mr. Jagjit Singh and Mr. Varinder Singh (**the "Partnership Deed"**). The said Partnership Deed was reconstituted on June 2, 1994 and reconstituted partnership deed was executed by and between Mr. Jagjit Singh, Mr. Varinder Singh, Mr. Jaspavan Singh, Mr. Jaspreet Singh, Mr. Surinderpal Singh, Ms. Narinder Kaur and Ms. Gajinderpal Kaur (**"Reconstituted Partnership Deed"**). Finally, on January 9, 1995 the said partnership formed by the Deed was dissolved and our Company was formed under the name and style of "Adroit Industries (India) Limited" vide Certificate of Incorporation issued by the Registrar of Companies, Maharashtra, Mumbai. AAIL was originally promoted by Mr. Jagjit Singh Anand, Mr. Varinder Singh Anand and their family members. On March 13, 2007, the majority of shareholding of the company was acquired by the current promoter group of the company.

The business was started in a small industrial shed at 50A, Laxmibai Nagar, Indore and is engaged in the manufacturing of Propeller Shaft and its components like Universal Joint, Slip Yoke, Weld Yoke, End Yoke, Companion Flange & Flange Yoke, Tube, Stub Shaft, etc. which are used in the commercial and passenger vehicles. AAIL manufactures propeller shafts for cars, light / medium / heavy commercial vehicles and several other industrial applications.

In the year 1995, AAIL acquired a manufacturing plant located at Sanwer Road, Indore by acquiring the partnership firm M/s. Hindustan Forgings vide an agreement dated July 17, 1995 to manufacture the propeller shafts and its components which has increased the total production capacity of the company. Thereafter, for the purpose of backward integration, company acquired a forging unit located at A.B.Road, Dewas in May 1996 from 'Madhya Pradesh Financial Corporation' vide an agreement dated May 24, 1996 to meet the requirement of forging in-house itself. This has reduced the cost, lead time, increased the control over the consistent quality parameters and allowed to maintain the supply chain management in a better manner. Later, AAIL started manufacturing Dyes for forging under the same roof of Dewas unit, which has allowed the integration of the forging and machining in-house. In this way, starting from forging dyes to finished forgings to propeller components and shafts, AAIL has in-house manufacturing facility for the production of propeller shafts and components.

The units located at Laxmibai Nagar, Indore and Sanwer Road, Indore were 100% export oriented units and were enjoying related tax benefits of Income Tax and Duty free Procurement of raw material and capital goods. Company has completed its tax holiday of 10 years, thus company applied for debonding of units from EOU scheme to DTA unit. The said conversion was permitted by the Office of the Development Commissioner, Indore SEZ vide its letter dated September 14, 2010. After conversion, company is entitled for availing all benefits of Export Schemes of the Govt of India.

Company's products adhere to quality standards and two of its units at A.B.Road, Dewas and Sanwer Road have got IS/ ISO 9001:2008 certification for the 'manufacture of forged automobile components for drive shaft assemblies' and for 'manufacture of automobile components specializing in drive shafts' respectively from 'Surewin Quality Certification'.

Because of the increase in demand of propeller shafts and its components globally, AILL is proposing to set up a new manufacturing unit with an installed capacity of 8,10,000 components per annum to cater to the various industries such as **Automotive** (complete range from light to heavy commercial vehicles, passenger car vehicles, heavy earth-moving equipments, engine test cell equipments, etc.), **Locomotive** (railway rolling stock, railway track maintenance machinery, etc.), **Industrial** (steel and rolling mills, woodworking machinery, papermaking machinery, etc.), **Agricultural** (water sewage treatment works, pump drivers, etc.), **Marine** and other various industries.

(C) Significant developments subsequent to the last financial year

There are no such significant developments that have taken place from the date of the last financial statements which materially and adversely affect or is likely to affect the trading or profitability of the issuer company, or the value of its assets, or its ability to pay its liabilities within the next twelve months.

(D) Factors affecting results of our operations

Our financial condition and results of operations are affected by the following factors:

- **General economic Conditions**

The change in Indian as well as Global economic conditions will adversely affect demand of our products.

- **Foreign currency risk**

The Company has proposed for setting up its new Industrial Unit at Special Economic Zone at Pithampur, Dist Dhar (M.P.). All revenues of this unit will be denominated in USD, GBP and most of our expenses will be incurred and paid in Indian rupees. The exchange rates between the Indian rupee and the U.S. Dollar have changed in the recent years. Such fluctuations in the exchange rate may affect the profitability of the company arising from proposed export of products of the company.

- **Cost of people**

The component of cost of Salaries & wages of our employees is vital. In view of increasing employees compensation in India due to competitive pressures, if wages in India increases, we may require to pay more wages which may result in increase in our human resource cost.

- **Competition**

We compete with Indian and Global auto and similar parts manufacturing producers, such competition may effect on growth and pricing of our product.

- **Cost of Materials**

The principal component of our cost is steel and stores materials used in the process of manufacturing. The steel prices are highly volatile. This may adversely affect our operational results.

- **Interest Rates**

With the high inflation rate in India the Government is taking all necessary steps to curb the inflation. As a monetary control the Reserve Bank of India is increasing their repo rate and CRR on time to time in the recent past that is resulting in increase in the rate of interest. This is causing increase in the cost of borrowings from the banks.

- **Demand**

Our revenues are dependent on the growing demand of Automobile products etc. any adverse change in their demand will affect the results of operations of our company.

These factors and a number of future developments may affect our results of operations, financial condition and cash flow in future periods. We believe that the following future developments may affect our future results of operations, financial condition and cash flow:-

- Additional capital expenditures and related financings, if any, including for capacity expansion;
- Increase of steel prices.
- Changes in the government legislations on tax incentives;
- Competition from other customized manufacturing companies;
- Changes in the strategic plans of our current and potential customers and clients towards outsourcing of customized manufacturing;

As a result of the various factors discussed above that affect our income and expenditure our results of operations may vary from period to period.

(E) Our Results of Operations

The following table sets forth certain information with respect to our results of operations for the periods indicated read together with notes, accounting policies and report thereon which appear in DRHP:

(Rs. In lacs)

Particulars	Year ended 31.03.08	Year ended 31.03.09	Increase/ Decrease (%)	Year ended 31.03.10	Increase / Decrease (%)	Period ended 30.09.10
Income:						
Income from Operations	2211.46	2461.36	11.30	1687.74	(31.43)	1280.55
Other Income – Recurring	6.71	55.98	734.28	86.23	54.04	60.34
Other Income -Non Recurring	0.00	0.00	--	0.00	--	0.00
Accretion/ (Depletion) of Stocks	206.61	(89.74)	(143.13)	120.72	(234.52)	(46.39)
Total Income	2424.78	2427.60	0.12	1894.69	(21.95)	1294.50
Expenditure:						
Material Cost	962.03	655.34	(31.88)	524.68	(19.94)	286.23
Cost of traded goods	0.00	0.00	--	0.00	--	0.00
Employee Compensation and Related Expenses	399.08	447.30	12.08	449.04	0.39	268.58
Manufacturing and other expenses	325.81	411.56	26.32	283.21	(31.19)	226.07
Administrative, selling, distribution & other expenses	242.49	437.05	80.23	141.05	(67.73)	148.76
Interest & Financial Charges	128.05	178.45	39.36	116.12	(34.93)	44.88
Depreciation	60.22	70.05	16.32	70.94	1.27	36.03
Amortization of Preliminary and Miscellaneous Expenses	0.57	0	(100.00)	0	--	0
TOTAL	2118.25	2199.75	3.85	1585.04	-27.94	1010.55
Profit Before Tax	306.53	227.86	-25.66	309.65	35.89	283.95
Provision For Tax	118.23	85.75	-27.47	105.38	22.89	94.28
Profit After Tax	188.30	142.11	-24.53	204.27	43.74	189.67

(F) Analysis of Revenue

Our revenues, referred to in our financial statements as total income comprises of income from operations and other income. The income from operations comprises of the sales of propeller shaft and its components to various countries world over, most of them based at USA, Canada, Australia, UK, Germany, South Africa, Dubai, Denmark, New-Zealand, Hungary, Singapore etc. Other income consists of interest, export incentives and other receipt.

(G) Expenditure

Our expenditure mainly comprises of Material Cost, Employees Cost, Manufacturing and Other Expenses and Depreciation etc. Material cost consists of Raw Material, Employee Cost consists payments made to the employees at all levels of the hierarchy. Manufacturing and other expenses comprises of expenditure incurred on power & fuel, job work and labour charges, factory expenses, stores and spares etc. Administrative, selling , distribution & other expenses consists of rent, repairs & maintenance, insurance, stationary & printing, traveling, legal & professional Communication Cost, rates & taxes, Selling and distribution expenses, export expenses, other expense, forward booking cancellation charges, loss on sales

of fixed assets etc. Other expenses consists day to day routine expenses like packing expenses, office expenses, labour welfare etc. Interest consists of interest payable to bank and to others.

Results for the Financial Year ended March 31, 2009 as compared to the results for the year ended March 31, 2008

Income

Income from operations increased from Rs. 2211.46 Lacs for the financial year 2007-08 to Rs.2461.36 lacs for the financial year 2008-09 i.e. an increase of 11.30%. Increase in the operating activities is largely because of better realization of company's products in export market.

Material Cost

Material cost in the financial year 2008-09 was at Rs. 655.34 lacs as against Rs. 962.03 lacs in the financial year 2007-08 i.e. a decrease of 31.88%. The Company has been able to maintain the improvement in raw material consumption during the financial year 2008-09. In addition, due to global recession during the year 2008-09, steel prices declined sharply resulting lower material cost.

Employee Compensation and Related Expenses

Employee compensation and related expenses comprises of salary, wages, bonus, contribution to provident and other funds etc. These expenses in the financial year 2008-09 were at Rs. 447.30 lacs as against Rs.399.08 lacs in the financial year 2007-08 i.e. an increase of 12.08%. This increase was due to annual increment in salary and wages and employment of new personnel.

Manufacturing & Other expenses

The manufacturing & other expenses in the financial year 2008-09 was at Rs. 411.56 lacs as against Rs.325.81 lacs in the financial year 2007-08 i.e. an increase of 26.32%. The increase in these expenses during financial year 2008-09 was due to increase in job work & labour charges, factory expenses and stores & spares.

Administrative, selling & distribution and other expenses

The Administrative, selling & distribution and other expenses in the financial year 2008-09 was at Rs. 437.05 lacs as against Rs.242.49 lacs in the financial year 2007-08 i.e. an increase of 80.23%. The increase in these expenses during financial year 2008-09 was due to loss on foreign exchange forward booking cancellation, loss on sale of shares, increase in other expenses.

Finance Charges

Finance cost during the financial year 2008-09 was Rs.178.45 lacs as compared to Rs.128.05 lacs during financial year 2007-08 i.e. an increase of 39.36%. The increase in Finance Charges was on account of increase in interest on Term Loan and bank charges/ commission.

Depreciation

Depreciation for the financial year 2008-09 was Rs. 70.05 lacs as against Rs 60.22 lacs for the financial year 2007-08 i.e. an increase of 16.32%. The reason of increase in depreciation in the financial year 2008-09 was addition in plant & machinery and other fixed assets and also application of full depreciation on fixed assets purchased in the year 2007-08.

Profit after Tax

The Profit after tax for the financial year 2008-09 was Rs. 142.11 lacs as against Rs 188.30 lacs for the financial year 2007-08 i.e. a decrease of 24.53%. The decline in profit was due to loss on foreign exchange forward booking cancellation, loss on sales of shares, increase in other expenses & interest cost. However, increase in these expenses was partly compensated by decline in cost of material.

Results for the Financial Year ended March 31, 2010 as compared to the results for the year ended March 31, 2009

Income

Income from operations decrease from Rs. 2461.36 Lacs for the financial year 2008-09 to Rs. 1687.74 lacs for the financial year 2009-10 i.e. a decrease of 31.43%. Due to global recession, the markets had suffered reduction in demand in international market.

Material Cost

Material cost in the financial year 2009-10 was at Rs. 524.68 lacs as against Rs.655.34 lacs in the financial year 2008-09 i.e. decrease of 19.94%. The decrease of cost of material was due to lower level of

operations during the financial year 2009-10. However, the steel prices during the year were higher in comparison to the previous year.

Employee Compensation and Related Expenses

Employee compensation and related expenses in the financial year 2009-10 was at Rs. 449.04 lacs as against Rs. 447.30 lacs in the financial year 2007-08 i.e. marginal increase of 0.39%. Considering lower level of operations during the financial year 2009-10 these expenses are at higher side, reason being annual increment in salary and wages.

Manufacturing & Other expenses

The manufacturing & other expenses in the financial year 2009-10 was at Rs. 283.21 lacs as against Rs. 411.56 lacs in the financial year 2008-09 i.e. decrease of 31.19%. The decrease in these expenses during financial year 2009-10 was mainly due to lower level of operations, and due to decrease in power & fuel charges, job work charges, factory expenses and stores & spares.

Administrative, selling & distribution and other expenses

The Administrative, selling & distribution and other expenses in the financial year 2009-10 was at Rs. 141.05 lacs as against Rs. 437.05 lacs in the financial year 2008-09 i.e. decrease of 67.73%. The reduction in the administrative, selling & distribution and other expenses was mainly on account of lower level of operations, no loss on foreign exchange forward booking cancellation and on sales of shares and reduction in other expenses.

Finance Charges

Finance cost during the financial year 2009-10 was Rs.116.12 lacs as compared to Rs. 178.45 lacs during financial year 2008-09 i.e. a decrease of 34.93%. The decrease in Finance Charges in the financial year 2009-10 was on account of decrease in interest outgo on term loan & other loans and Export Packing Credit and reduction in Bank Charges/ Commission. The Term Loan was repaid by Rs. 88 lacs during the financial year 2009-10.

Depreciation

Depreciation for the financial year 2009-10 was Rs. 70.94 lacs as against Rs 70.05 lacs for the financial year 2008-09 i.e. an increase of 1.27%. The increase in depreciation during the financial year 2009-10 was due to addition in fixed assets.

Profit after Tax

The Profit after tax for the financial year 2009-10 was Rs. 204.27 lacs as against Rs 142.11 lacs for the financial year 2008-09 i.e. an increase of 43.74%. The increase in profit during the financial year was due to reduction in administrative, selling & distribution and other expenses and borrowing and finance Charges.

Information required as per Item (2)(IX)(E)(5) of Part A of Schedule VIII to the SEBI Regulations:

- **Unusual or infrequent events or transactions**

There are no unusual or infrequent events or transactions, other than as described in this Draft Red Herring Prospectus, that have significantly affected operations of the Company.

- **Significant economic changes that materially affected or are likely to affect income from continuing operations**

Any slowdown in the growth of Indian economy & market, other economies where we operate and future volatility in prices of material and labour, Interest rates, regulatory requirement could affect the business operations, including the future financial performance, shareholders' funds and ability to implement strategy and the price of the Equity Shares.

- **Known trends or uncertainties that have had or are expected to have a material adverse impact on sales, revenue or income from continuing operations.**

Apart from the risks as disclosed under heading "Risk Factors" of this Draft Red Herring Prospectus, there are no other known trends or uncertainties that have had or are expected to have a material adverse impact on revenue or income from continuing operations.

- **Future changes in relationship between costs and revenues in case of events such as future increase in labour or material cost or prices that will cause material change are known.**

Other than described in the section titled "Risk Factors " and " Management's Discussion and Analysis of Financial Conditions and Results of Operation" in this Draft Red Herring Prospectus, to the best of our

knowledge there is no future changes in relationship between cost and income that would have a material adverse impact on our operations and revenues.

- **The extent to which material increases in net sales / revenue is due to increase in sales volume, introduction of new products or services or increased sales prices**

Increases in revenue are largely on account of optimum utilization of its capacity, increase in selling price in the export market & Export orders received during last few years.

- **Total turnover of each major industry segment in which the Company operated**

The Company is engaged in only one segment namely auto components.

- **Status of any publicly announced New Products or Business Segment**

The Company has not announced any new products or business segment.

- **The extent to which the company's business is seasonal.**

The Company's business is not seasonal in nature.

- **Any significant dependence on a single or few suppliers or customers**

The Company is dependent on single and few customers, as the top one and top ten customers constitutes around 31% and 72% of the sales for the year 2009-10. In addition, company is also dependent on few suppliers as top one and top ten suppliers constitutes around 31% and 85% of the total purchases for the year 2009-10. All the top 10 customers are foreign customers and any adverse change in the foreign currency rate affects the profitability and financial performance of the company adversely. The Company is trying to increase the customer and suppliers base to reduce the dependency of the Company on a particular customer/supplier or group of customers/suppliers.

- **Competitive conditions**

The Company faces competition from various international players. The Company is smaller in size compared to the international market leaders. However, with proposed capital expenditure company intends to make it good and face competition more confidently. Further, there exists immense scope for the company to enjoy larger market share by providing larger variety and better services to current and potential clients after the expansion.

SECTION VI - LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

The Issuer Company certifies that except as stated herein, there is no:

- (a) Litigations against the issuer or against any other company whose outcome could have a materially adverse effect of the position of the issuer;
- (b) Litigations against the directors involving violation of statutory regulations or alleging criminal offence;
- (c) Any criminal/ civil prosecution against the directors for any litigation towards tax liabilities.
- (d) Pending proceedings initiated for economic offences against the issuer or its directors;
- (e) Adverse findings, if any, in respect of the issuer as regards compliance with the securities laws.
- (f) The past cases in which penalties were imposed by the authorities concerned on the issuer , directors, Promoters or group companies
- (g) Outstanding litigations, defaults, etc. pertaining to matters likely to affect operations and finances of the issuer, including disputed tax liabilities, prosecution under any enactment in respect of Schedule XIII to the Companies Act, 1956 (1 of 1956) etc.;
- (h) pending litigations, disputes, defaults, non payment of statutory dues, overdues to banks or financial institutions, defaults against banks or financial institutions, contingent liabilities not provided for, proceedings initiated for economic offences or civil offences (including the past cases, if found guilty), disciplinary action taken by the Board or stock exchanges against the issuer or its directors;
- (i) pending litigations in which the promoters are involved, defaults to the financial institutions or banks, non-payment of statutory dues and dues towards instrument holders such as debt instrument holders, fixed deposits and arrears on cumulative preference shares, by the promoters and group companies, and proceedings initiated for economic offences or civil offences (including the past cases, if found guilty), disciplinary action taken by the Board or recognized stock exchanges against the promoters and group companies.
- (j) Pending litigations, defaults, etc. in respect of group companies with which the promoters were associated in the past but are no longer associated in case their name(s) continue to be associated with the particular litigation(s).
- (k) litigations/ defaults/over dues or labour problems/ closure etc. faced by group companies,
- (l) litigations against the promoter involving violation of statutory regulations or alleging criminal offence
- (m) Pending proceedings initiated for economic offences against the promoters, group companies.
- (n) adverse findings, if any, in respect of the persons/entities connected with the issuer/promoter/ group companies as regards compliance with the securities laws.

1. Criminal Laws

- a) Cases filed by the Company - Nil
- b) Cases filed against the Company - Nil
- c) Cases filed by the Promoters/Promoter Company/Directors-

S. No.	Case No.	Institution date	Parties	Authority /Court	Subject Matter /Relief/ History	Amount	Present status	Likely adverse effect on the financials of issuer Co.
1	7123/s/s/09	07/05/09	M/s Signet Overseas	Metropolitan Magistrate's	Complaint under section 200 of the Criminal	Rs. 22.47	Summons & Warrant were	There will be no

			Limited Vs. M/s Mark Laminex Pvt. Ltd. Ahemdabad and others	10 th Court, Andheri (E) Mumbai	Procedure Code filed by the Company against the purchaser of goods for offence under section 138 of the Negotiable Instrument Act on dishonor of Ch. No. 456592 for Rs.2246738/- given toward their legal liability.	lacs	issued by Court against all the directors of M/s Mark Laminex Pvt. Ltd.	adverse effect on the financial of issuer
2	14029/ss/2009	11.11.09	M/s Signet Overseas Limited Vs. M/s Parat Polymer Extrusions Pvt. Ltd. Ernakulam (Kerala) and others	Metropolitan Magistrate's 10 th Court, Andheri (E) Mumbai	Complaint under section 200 of the Criminal Procedure Code filed by the Company against the purchaser of goods for offence under section 138 of the Negotiable Instrument Act on dishonor of Ch. No. 001137 for Rs. 375312/- given toward their legal liability.	Rs. 3.75 lacs	Case was filed in the court and is under process for verification U/s 202	-Do-
3	14030/11/2009	11.11.09	M/s Signet Overseas Limited Vs. M/s Parat Polymer Extrusions Pvt. Ltd. Ernakulam (Kerala) and others	Metropolitan Magistrate's 10 th Court, Andheri (E) Mumbai.	Complaint under section 200 of the Criminal Procedure Code filed by the Company against the purchaser of goods for offence under section 138 of the Negotiable Instrument Act on dishonor of Ch. No. 001138 for Rs.275000/- given toward their legal liability.	Rs. 2.75 lacs	Case was filed in the court and is under process for verification U/s 202	-Do-
4	14031/11/2009	11.11.09	M/s Signet Overseas Limited Vs. M/s Parat Polymer Extrusions Pvt. Ltd. Ernakulam (Kerala) and others	Metropolitan Magistrate's 10 th Court, Andheri (E) Mumbai.	Complaint under section 200 of the Criminal Procedure Code filed by the Company against the purchaser of goods for offence under section 138 of the Negotiable Instrument Act on dishonor of Ch. No.001136 for Rs.300000/- given toward their legal liability.	Rs. 3.00 lacs	Case was filed in the court and is under process for verification U/s 202	-Do-
5	226/2010	18.04.10	M/s Signet Overseas Ltd Vs. Shri Dinesh Khandelwal, Proprietor of M/s Kayemm Enterprises, Muradnagar, Dist Ghaziabad	Chief Metropolitan Magistrate Tis Hazari Court, Delhi	Complaint under section 200 of the Criminal Procedure Code filed by the Company against the purchaser of goods for offence under section 138 of the Negotiable Instrument Act on dishonor of Ch.No.269648 For Rs. 200000/- Ch. No.269650 For Rs. 200000/- Ch. No. 269651 For Rs. 200000/- Ch.No. 269652 For Rs. 200000/- Ch. No. 269649 For Rs.220000/- Ch. No. 269646 For Rs.	Rs. 24.40 lacs	Case filed and awaiting hearing on issuance of summons to the accused	-Do-

					200000/- Ch. No. 269647 For Rs. 217261/- Ch. No. 295809 For Rs. 40000/- Ch. No. 295811 For Rs. 60000/- Ch. No. 295814 For Rs. 69638/- Ch. No. 295803 For Rs. 200000/- Ch. No. 295804 For Rs. 200000/- Ch. No. 295805 For Rs.200000/- Ch. No. 295815 For Rs. 50000/- Ch. No. 295816 For Rs.82812/- Ch .No. 234397 For Rs. 100000/- Given by party against sale of material.			
6	Case No. 1041/10	18.04.10	M/s Signet Overseas Ltd Vs. Shri Chandra Shekhar Ojha proprietor of M/s Deepak Industries, Udham Singh Nagar (Uttarakhand)	Judicial Magistrate and Special Environment Court, Faridabad (Haryana)	Complaint under section 200 of the Criminal Procedure Code filed by the Company against the purchaser of goods for offence under section 138 of the Negotiable Instrument Act on dishonor of Ch. No. 754224 For Rs. 200000/- Ch. No. 754225 For Rs. 200000/- Ch. No. 754223 For Rs. 400000/- Given by party against sale of material.	Rs. 8.00 lacs	Summon has been issued to the accused Shri Chandra Shekhar Ojha proprietor of M/s Deepak Industries, Udham Singh Nagar (Uttarakhand)	-Do-

- d) Cases filed against the Promoters/ Promoter Company /Directors – Nil
e) Cases filed by the Group Companies/associate concerns – Nil
f) Cases filed against the Group companies/associate concerns – Nil

2. under securities Laws

- a) Cases filed by the Company - Nil
b) Cases filed against the Company- Nil
c) Cases filed by the Promoters/ Promoter Company /Directors - Nil
d) Cases filed against the Promoters/ Promoter Company /Directors - Nil
e) Cases filed by the Group Companies/associate concerns- Nil
f) Cases filed against the Group companies/associate concerns-Nil

3. under Tax Laws

- a) Cases filed by the Company - Nil
b) Cases filed against the Company- Nil
c) Cases filed by the Promoters/Promoter Company/Directors-

S. No.	Case No.	Institution date	Parties	Authority	Subject Matter /relief sought / History	Amount	Present status	Likely adverse effect on the financials of issuer Co.

1	Appeal Case No.261/9	31.12.2009	M/s Signet Overseas Limited Vs. The Asst. Commissioner of Commercial Tax Circle-09, Indore	Appellate Authority & Dy. Commissioner of Commercial Tax, Division 03, Indore	The Company has filed appeal against tax demanded under assessment order dated 23.11.2009 for Rs.1,23,633 in case No. 192/2007 (Central) for the assessment year 2006-07 passed by the ACOCT 09, Indore U/s 9 (2) read with section 26 (4) (d) of the Central Sales Tax, 1956.	Rs. 1.24 lacs	Appeal filed.	No adverse effect on financials of the issuer Company
2	--	24.07.2010	Signet Overseas Limited Vs. The Dy. Commissioner of Commercial, Tax, Audit Wing o2, Indore	Appellate Authority & Add. Commissioner of Commercial Tax, Division 03, Indore	The Company has filed appeal against tax demanded under the assessment order dated 29.04.2010 for Rs.16,82,926 in case No. 1/2008 (VAT) for the assessment year 2007-08 passed by The Dy. Commissioner of Commercial, Tax, Audit Wing o2, Indore U/s 18 (4) (a) and (b) of the VAT Act, 2002	Rs. 16.83 lacs	Appeal filed & case pending before the respective authority	No adverse effect on financials of the issuer Company
3	--	19.01.2010	M/s Signet Overseas Limited Vs. Income Tax Officer 7 (2) (3) Mumbai	The Commissioner of Income Tax (Appeals) – XIII, Mumbai	Company filed Appeal against the assessment order dated 29.12.2009 passed by the ITO (7) (2) (3), Mumbai by adding income of Rs. 7,18,731/- on which liability of tax Rs. 241925/- for the assessment year 2007-08 U/S 143 (3) of the I.T.Act, 1961	Rs. 2.42 lacs	Appeal filed & case pending before the respective authority	No adverse effect on financials of the issuer Company
4	IT-000335	25.01.10	Saurabh Sangla Vs. The Assistant Commissioner of Income Tax, 4 (1)	The Commissioner of Income Tax (Appeals) – II, Indore	The assessee has filed appeal against the order dated 31.12.2009 passed by the Assistant Commissioner of Income Tax, 4 (1) U/s 143 (3) of the I T Act, 1961 for the assessment year 2007-08	Rs. 3.59 lacs	Case pending before the respective authority	No adverse effect on financials of the issuer Company
5	360/IN D-2010	01.06.10	Mukesh Sangla Vs. Dy. Commissioner of Income Tax 1 (1), Indore	The Income Tax Appellate Tribunal, Indore Bench	The assessee has filed appeal against the order dated 03.03.2010 passed by The Commissioner of Income Tax (Appeals) – 1, Indore in case No. 123/09-10 under section 143 (3) of the I T Act, 1961 for the assessment year 2007-08.	Rs. 2.07 lacs	Case pending before the respective authority	No adverse effect on financials of the issuer Company

d) Cases filed against the Promoters/Promoter Company/Directors -

S. No.	Case No.	Institution date	Parties	Authority	Subject Matter	Amount	Present status	Likely adverse effect on the
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								financials of issuer Co.
1	F. No. IV(6)IN V/RUI/ 06/08/1703	24.11.2009	Addl. Commissioner of Central Excise, Nashik V/s 1) M/s Tulsi Extrusion Ltd. Unit-II, Jalgaon 2) Mr. Khiwanmal lohia 3) Mr. Mukesh Sangla	Add. Commissioner Central Excise, Nashik	A show cause notice was issued to M/s Tulsi Extrusion Ltd. Unit-II, Jalgaon by the Joint Director DGCEI, Indore in terms of Rule 14 of Cenvat Credit Rules, 2004 read with section 11A of the Central Excise Act, 1944, for recovery of Cenvat Credit amount of Rs. 22,55,284, which was wrongly availed on the invoices issued by M/s Signet Overseas Ltd. and M/s DCW without receipt of goods. Since, the invoices were issued by Signet Overseas Ltd., the same show cause notice was also issued to Mr. Mukesh Sangla, Managing Director, for imposing penalty under Rule 26 of Central Excise Rules, 2002.	Not Ascertainable	Case pending before respective authority	No adverse effect on financials of the issuer Company
2	F. No. IV(6)IN V/RUI/ 06/08/1716	24.11.2009	Addl. Commissioner of Central Excise, Nashik V/s 1) M/s Tulsi Extrusion Ltd. Unit-I, Jalgaon 2) Mr. Khiwanmal lohia 3) Mr. Mukesh Sangla	Add. Commissioner Central Excise, Nashik	A show cause notice issued to M/s Tulsi Extrusion Ltd (Unit-I) Jalgaon by the Joint Director DGCEI, Indore in terms of Rule 14 of Cenvat Credit Rules, 2004 read with section 11A of the Central Excise Act, 1944, for recovery of Cenvat Credit amounting to Rs. 49,85,899 which was wrongly availed on the invoices issued by M/s Signet Overseas Ltd. and M/s DCW without receipt of goods. Since, the invoices were issued by Signet Overseas Ltd., the same show cause notice was also issued to Mr. Mukesh Sangla, Managing Director, for imposing penalty under Rule 26 of Central Excise Rules, 2002.	Not Ascertainable	Case pending before respective authority	No adverse effect on financials of the issuer Company
3	F. No. IV(6)IN V/RUI/ 04/08/729	06.05.2009	Additional commissioner of Central Excise, Indore V/s 1) M/s Kisan Extrusion Ltd.	Addl. Commissioner Central Excise, Indore	Show cause notice was issued to M/s Kisan Extrusion Ltd. Unit-I and Unit-II by the Joint Director DGCEI, Indore in terms of Rule 14 of Cenvat Credit Rules, 2004 read with	Not Ascertainable	Case pending before respective authority	No adverse effect on financials of the issuer Company

			Unit-I and Unit-II 2) Mr. Vijay Tailor 3) Mr. Mukesh Sangla		section 11A of the Central Excise Act, 1944, for recovery of Cenvat Credit amounting to Rs.20,88,144 and Rs.2,24,627 which was wrongly availed on the invoices issued by M/s Signet Overseas Ltd. and M/s HPL without receipt of goods. Since, the invoices were issued by Signet Overseas Ltd., the same show cause notice was also issued to Mr. Mukesh Sangla, Managing Director, for imposing penalty under Rule 26 of Central Excise Rules, 2002.			
4	F. No. DGCEI /AZU/36-61/2009-10/1802	24.08.2009	Additional Commissioner of Central Excise, Daman V/s 1) M/s LMR Polymers, Daman 2) Mr. Rajneesh Agrawal, 3) Mr. Mukesh Sangla	Addl. Commissioner Central Excise, Daman	Show cause notice was issued to M/s LMR Polymers, Daman by the Additional Director DGCEI, Ahmedabad in terms of Rule 14 of Cenvat Credit Rules, 2004 read with section 11A of the Central Excise Act, 1944, for recovery of Cenvat Credit amounting to Rs. 42,30,415 which was wrongly availed on the invoices issued by M/s Signet Overseas Ltd. and M/s KMPL without receipt of goods. Since, the invoices were issued by Signet Overseas Ltd., the same show cause notice was also issued to Mr. Mukesh Sangla, Managing Director, for imposing penalty under Rule 26 of Central Excise Rules, 2002.	Not Ascertainable	Case pending before respective authority	No adverse effect on financials of the issuer Company
5	F. No. IV(6) INV/ RUI/27/08/ 952	23.06.2009	Additional Commissioner of Central Excise, Indore V/s 1) M/s Narmada Extrusion Ltd., Pithampur 2) Mr. Mukesh Sangla	Addl. Commissioner Central Excise, Indore	Show cause notice was issued to M/s Narmada Extrusion Ltd., Pithampur by the Joint Director DGCEI, Indore in terms of Rule 14 of Cenvat Credit Rules, 2004 read with section 11A of the Central Excise Act, 1944, for recovery of Cenvat Credit amounting to Rs.29,08,236 which was wrongly availed by them without receipt of goods on the invoices issued by M/s HPL. Mr. Mukesh Sangla,	Not Ascertainable	Case pending before respective authority	No adverse effect on financials of the issuer Company

					Managing Director of Signet Overseas Ltd., appears to be responsible for facilitating diversion of inputs consigned by M/s. HPL to M/s. NEL as the goods had been received by M/s SOL without any invoices and payments for such goods had been made by Mr. Mukesh Sangla to M/s NEL in cash. Based on this act, the same show cause notice was also issued to Mr. Mukesh Sangla being the Managing Director for imposing penalty Under Rule 26 of Central Excise Rules 2002.			
6	F. No. IV(6)IN V/RUI/12/08/1014	10.08.2009	Additional Commissioner of Central Excise, Indore V/s 1) M/s STL Extrusion Pvt. Ltd. 2) Mr. Mukesh Sangla	Addl. Commissioner Central Excise, Indore	Show cause notice was issued to M/s STL Extrusion Pvt. Ltd., Pithampur by the Joint Director DGCEI, Indore in terms of Rule 14 of Cenvat Credit Rules, 2004 read with section 11A of the Central Excise Act, 1944, for recovery of Cenvat Credit amounting to Rs.29,12,952 which was wrongly availed by them without receipt of goods on the invoices issued by M/s Signet Overseas Ltd. and M/s HPL. Since, the invoices were issued by Signet Overseas Ltd., the same show cause notice was also issued to Mr. Mukesh Sangla, Managing Director, for imposing penalty under Rule 26 of Central Excise Rules, 2002.	Not Ascertainable	Case pending before respective authority	No adverse effect on financials of the issuer Company
7	F. No. IV(6)INV/RUI/07/08/1438	21.10.2009	Additional Commissioner of Central Excise, Indore V/s 1) M/s Askas Plastics Pvt. Ltd., Dewas 2) Mr. Mukesh Sangla	Addl. Commissioner Central Excise, Indore	Show cause notice was issued to M/s Askas Plastics Pvt. Ltd., Dewas by the Joint Director DGCEI, Indore in terms of Rule 14 of Cenvat Credit Rules, 2004 read with section 11A of the Central Excise Act, 1944, for recovery of Cenvat Credit amounting to Rs.15,01,200 which was wrongly availed by them without receipt of goods on the invoices issued by M/s Signet Overseas Ltd. and M/s HPL.	Not Ascertainable	Case pending before respective authority	No adverse effect on financials of the issuer Company

					Since, the invoices were issued by Signet Overseas Ltd., the same show cause notice was also issued to Mr. Mukesh Sangla, Managing Director, for imposing penalty under Rule 26 of Central Excise Rules, 2002.			
8	F.No./I V(6)/IN V/2/RU I/ 08/716	06.05.2 009	Additional Commissione r of Central Excise, Indore V/s 1) M/s Rajshri Plastiwood Pvt. Ltd., Pithampur 2) Mr. Ravi Barjatya 3) Mr. Mukesh Sangla	Addl. Commissione r Central Excise, Indore	Show cause notice was issued to M/s Rajshri Plastiwood Pvt. Ltd., Pithampur by the Additional Director DGCEI, Indore in terms of Rule 14 of Cenvat Credit Rules, 2004 read with section 11A of the Central Excise Act, 1944, for recovery of Cenvat Credit amounting to Rs.43,02,028 which was wrongly availed by them without receipt of goods on the invoices issued by M/s Signet Overseas Ltd. Since, the invoices were issued by Signet Overseas Ltd., the same show cause notice was also issued to Mr. Mukesh Sangla, Managing Director, for imposing penalty under Rule 26 of Central Excise Rules, 2002.	Not Ascertainable	Case pending before respective authority	No adverse effect on financials of the issuer Company
9	F.No. DGCEI /AZU/3 6- 8/2009- 10/268	06.05.2 009	Commissione r of Customs and Central Excise, Indore V/s 1) M/s Flexituff International Ltd. 2) Mr. Umesh Dwivedi, and 3) Mr. Mukesh Sangla	Commissione r of Customs and Central Excise, Indore	Show cause notice was issued to M/s Flexituff International Ltd., Pithampur by the Additional Director General, Ahmedabad in terms of Rule 14 of Cenvat Credit Rules, 2004 read with section 11A of the Central Excise Act, 1944, for recovery of Cenvat Credit amounting to Rs. 38,41,487 which was wrongly availed by them without receipt of goods on the invoices issued by M/s Signet Overseas Ltd., M/s LPP and M/s HPL and for the recovery of Duty Drawback amounting to Rs.1,62,86,651 availed by them in excess of admissible amount in terms of Rule 16 of the Customs, Central Excise Duties and Service Tax Drawback Rules, 1995. Since, the invoices were	Not Ascertainable	Case pending before respective authority	No adverse effect on financials of the issuer Company

					issued by Signet Overseas Ltd., the same show cause notice was also issued to Mr. Mukesh Sangla, Managing Director, for imposing penalty under Rule 26 of Central Excise Rules, 2002.			
10	DGCEI /AZU/36-6/2009-10/234	05.05.2009	Commissioner of Central Excise, Bhopal V/s 1) M/s Manish Industries, Rewa 2) Mr. Rajneesh Agrawal, 3) Mr. Mukesh Sangla, 4) M/s. AVM Brothers	Commissioner Central Excise, Bhopal	Show cause notice was issued to M/s Manish Industries, Rewa by Additional Director General in terms of Rule 14 of Cenvat Credit Rules, 2004 read with section 11A of the Central Excise Act, 1944, for recovery of Cenvat Credit amounting to Rs. 1,56,07,771 which was wrongly availed by them without receipt of goods on the basis of invoice issued by M/s Signet Overseas Ltd., KMPL, PAPL and M/s NEL and for recovery of Central Excise duty amounting to Rs. 72,02,038 which was short paid, in terms of section 11A of the Central Excise Act, 1944. Since, the invoices were issued by Signet Overseas Ltd., the same show cause notice was also issued to Mr. Mukesh Sangla, Managing Director, for imposing penalty under Rule 26 of Central Excise Rules, 2002.	Not Ascertainable	Case pending before respective authority	No adverse effect on financials of the issuer Company
11	F. No. IV(6) INV/ RUI/75/07/722	06.05.2009	Additional Commissioner Central Excise, Indore V/s 1) M/s Parag Pentachem Pvt. Ltd., Pithampur 2) Mr. Karni Singh Kothari, and 3) Mr. Mukesh Sangla	Addl. Commissioner Central Excise, Indore	Show cause notice was issued to M/s Parag Pentachem Pvt. Ltd., Pithampur by the Additional Director, DGCEI, Indore in terms of Rule 14 of Cenvat Credit Rules, 2004 read with section 11A of the Central Excise Act, 1944, for recovery of Cenvat Credit amounting to Rs.35,51,805 which was wrongly availed by them without receipt of goods on the invoices issued by M/s Signet Overseas Ltd., and M/s DCW. Since, the invoices were issued by Signet Overseas Ltd., the same show cause notice was also issued to Mr. Mukesh Sangla,	Not Ascertainable	Case pending before respective authority	No adverse effect on financials of the issuer Company

					Managing Director, for imposing penalty under Rule 26 of Central Excise Rules, 2002.			
12	F. No. DGCEI /AZU/36-09/2009-10/736-IND	07.05.2009	Commissioner of Central Excise, Indore V/s 1) M/s Laxmi Pipes and Fittings Pvt. Ltd., Pithampur 2) Mr. Sunil Kothari, and 3) Mr. Mukesh Sangla	Commissioner Central Excise, Indore	Show cause notice was issued to M/s Laxmi Pipes and Fittings Pvt. Ltd., Pithampur by the Additional Director General in terms of Rule 14 of Cenvat Credit Rules, 2004 read with section 11A of the Central Excise Act, 1944, for recovery of Cenvat Credit amounting to Rs. 91,16,608 which was wrongly availed by them without receipt of goods on the invoices issued by M/s Signet Overseas Ltd., M/s HPL and M/s DCW. Since, the invoices were issued by Signet Overseas Ltd., the same show cause notice was also issued to Mr. Mukesh Sangla, Managing Director, for imposing penalty under Rule 26 of Central Excise Rules, 2002 and rule 15 of Cenvat Credit Rules, 2004..	Not Ascertainable	Case pending before respective authority	No adverse effect on financials of the issuer Company
13	C. No. V/35/53/2009 Adjn.B. III	04.05.2010	Additional Commissioner Central Excise, Customs, Bangalore V/s 1) M/s R.K. International, Bangalore 2) Mr. Mukesh Sangla 3) Mr. Dhanraj S Bhora 4) Mr. Mehul Sanghvi 5) Mr. Arun J. Ghatge 6) Mr. Janardhan N	Additional Commissioner Central Excise, Bangalore	Show cause notice was issued to M/s R.K. International, Bangalore by the Additional Commissioner General in terms of Rule 14 of Cenvat Credit Rules, 2004 read with section 11A of the Central Excise Act, 1944, for recovery of Cenvat Credit amounting to Rs.13,02,676 which was fraudulently availed without receipt of goods on the invoices issued by M/s Signet Overseas Ltd. Since, the invoices were issued by Signet Overseas Ltd., the same show cause notice was also issued to Mr. Mukesh Sangla, Managing Director, for imposing penalty under Rule 26 of Central Excise Rules, 2002.	Not Ascertainable	Case pending before respective authority	No adverse effect on financials of the issuer Company
14	IV(6)IN V/RUI/71/07/1260	24.05.2008	Additional Commissioner of Central Excise,	Addl. Commissioner Central Excise,	Show cause notice was issued to M/s Logic Poly Products, M/s Signet Overseas Ltd. and Mr.	Rs. 46.42 lacs and penalty	Case pending before respective	No adverse effect on financials

			Indore V/s 1) M/s Logic Poly Products, (Unit of Signet Overseas Ltd.) 2) Sign et Overseas Ltd. 3) Mr. Mukesh Sangla	Indore	Mukesh Sangla by the Additional Director, DGCEI, Indore for seizure of goods valued at Rs.11,42,004/- which were found in excess of the recorded balance as per the Daily Production Register at the time of search by the officer at the factory premises of Logic Poly Products. During the search at the residence of Mr. Mukesh Sangla, cash of Rs.35 Lacs was also found and the same was seized by the officer. The officer seized the goods and amount for confiscation under Rule 25(1) of the Central Excise Rules and Section 121 of the Customs Act, 1992 and imposed penalty under Rules 25(1) of the Central Excise Rule. Penalty was also imposed on Mr. Mukesh Sangla under Rule 26 of the Central Excise Rules, 2002.	thereon.	authority	of the issuer Company
15	F.No. DGCEI /AZU/3 6- 04/200 9-10	06.04.2 009	Commissioner of Central Excise, Indore V/s 1) M/s Logic Poly Products, (A unit of Signet Industries Ltd.) Indore, 2) Mr. Mukesh Sangla	Commissioner Central Excise, Indore	Show cause notice was issued by the Additional Director General to M/s Logic Poly Products, Indore for recovery of central excise duty amounting to Rs.1,22,45,850 payable on finished excisable goods manufactured and cleared by them clandestinely; for imposing penalty and for recovery of interest in terms of Section 11A, 11AC, 11AB, of the Central Excise Act, 1944 read with Rule 25 of Central Excise Rules 2002. During the search a lump sum amount of Rs. 2 Crore was deposited by the company and the above show cause notice was issued to appropriate the demand of Rs. 1,22,45,850 worked out against the Rs. 2 Crore deposited. Being Managing Director of the company, the same show cause notice was	Not Ascertainable	Case pending before respective authority	No adverse effect on financials of the issuer Company

					also issued to Mr. Mukesh Sangla imposing penalty under Rule 26 of Central Excise Rules 2002. The case is yet to be heard by the Commissioner Central Excise, Indore.			
16	F.No. V(39)15-6/06/A DJ.-II/18662	22.08.2006	Commissioner appeal Central Excise, Indore V/s M/s Logic Poly Products, Indore, (A unit of Signet Industries Ltd.)	Commissioner appeal Central Excise, Indore	Show cause notice was issued to M/s Logic Poly Products, Indore by the Additional Commissioner Central Excise, Indore for Rs. 32,53,428/- in connection to the clearance of goods without payment of excise duty, penalty imposed, confiscation of goods seized and interest thereon. The demand was made under Section 11A, 11AC, & 11AB of Central Excise Act. The company has deposited Rs. 15,75,198/- , 25% penalty of Rs. 3,93,800/- and also interest of Rs.21,116/-. The department was of the view that company should pay 100% penalty instead 25%. The case was filed with Commissioner (Appeals) Indore but the same was rejected on the ground of bar of limitation. Thereafter, the case was filed with Tribunal, New Delhi and the Tribunal has ordered that the matter needs to be remanded to the Commissioner (Appeals) to consider the case on merits.	Rs. 32.53 lacs and interest thereon.	Case pending before respective authority	No adverse effect on financials of the issuer Company
17	C. No.- V(39)15-08/2009/Adj.II/21978	31.08.2009	Additional Commissioner Central Excise Indore V/s M/s Logic Poly Products (A unit of Signet Industries Ltd.) 2) Mr. Vimal Kumar Bandi	Additional Commissioner Central Excise Indore	Show cause notice was issued to M/s Logic Poly Products, Indore by the Additional Commissioner Central Excise, Indore for an amount of Rs. 16,04,310/- alleging that the company has used Cenvat Credit amount of raw material which were used in their exempted goods. As per the provisions of Rule 6(3)(i) of Cenvat Credit Rules 2004 read with provisions to 11A of Central Excise Act 1944 and Rule 14 of	Rs. 16.04 lacs and penalty thereon	Case pending before respective authority	No adverse effect on financials of the issuer Company

					Cenvat Credit Rules, 2004 the said demand raised and penalty Under Rule 15(2) and Rule 25 of Central Excise Rules 2002 is also proposed. Being authorized signatory of the company penalty proposal Under Rule 26 is also made on Mr. Vimal Kumar Bandi.			
18	C. No. V(39) 15/B-1/ Adjn/ Cenvat / DGCEI / 70/08	30.03.2010	Commissioner Central Excise, Bhubaneswar V/s Ori Plast, Orissa and others [including M/s Signet Fincom Ltd.(now Signet Industries Ltd)]	Commissioner Central Excise, Bhubaneswar	Order in original passed by the Commissioner Central Excise, Bhubaneswar against M/s Ori Plast, Orissa for Rs. 1,40,29,900/- and equal penalty for wrong availment of Cenvat Credit on them. Since, M/s Signet Fincom has issued invoices, the penalty of Rs. 10,000/- also imposed on under Rule 26 of Central Excise Rules 2002 and also for the applicable interest thereon.	Rs. 0.10 lacs	Case pending before respective authority	No adverse effect on financials of the issuer Company

e) Cases filed by the Group Companies/associate concerns- Nil

f) Cases filed against the Group companies/associate concerns – Nil

4. Under civil laws

a) Cases filed by the Company - Nil

b) Cases filed against the Company- Nil

c) Cases filed by the Promoters/Promoter Company/Directors –

S. No.	Case No.	Institution Date	Parties	Authority	Subject Matter /relief sought / History	Amount	Present status	Likely adverse effect on the financials of issuer Co.
1	-	21.07.2010	M/s Signet Overseas Limited Vs. M/s Natural Petrochemicals Pvt. Ltd.(Formerly Divine Petrochemical Pvt. Ltd and others	High Court Mumbai	Petitioner company M/s Signet Overseas Limited has filed company petition against the respondent M/s Natural Petrochemicals Pvt. Ltd. (Formerly known as Divine Petrochemical Pvt. Ltd., and others, for its winding up under section 433, 434 and 439 of the Companies Act 1956 for non payment of price of the goods sold to the respondent.	Rs. 42.97 lacs	Company petition filed.	No adverse effect on financials of the issuer Company
2	-	07.06.2010	M/s Signet Overseas Limited Vs.	High Court Mumbai	Signet Overseas Limited has filed summary suit against the defendant, M/s Natural Petrochemicals	Rs. 37.60 lacs	Suit filed.	No adverse effect on financials

			M/s Natural Petrochemicals Pvt. Ltd.(Formerly Divine Petrochemical Pvt. Ltd. and others		Pvt. Ltd.(Formerly Divine Petrochemical Pvt. Ltd. and others, for recovery of price of the goods were sold to the defendants for Rs. 37,60,000/-			of the issuer Company
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- d) Cases filed against the Promoters/Promoter Company/Directors – Nil
e) Cases filed by the Group Companies/associate concerns- Nil
f) Cases filed against the Group companies/associate concerns- Nil

5. Under Labour laws

- a) Cases filed by the Company –

S. No.	Case No.	Institution Date	Parties	Authority	Subject Matter /relief sought / History	Amount	Present status	Likely adverse effect on the financials of issuer Co.
1	24/IT/2010	2.11.2010	Adroit Industries (India) Limited Vs. Laghu Udyog Mazdur Union , Indore	Industrial Tribunal, Indore under Industrial Dispute Act, 1948.	Case referred by Labour commissioner under Industrial Dispute Act, 1948 regarding legality of strike from 6.10.2010 imposed by workers union	NIL	Case pending for filling statement of claim. Notice issued to both the parties	NIL

- b) Cases filed against the Company-

S. No.	Case No.	Institution Date	Parties	Authority	Subject Matter /relief sought / History	Amount	Present status	Likely adverse effect on the financials of issuer Co.
1	321/99	02.10.1999	Labour Inspector, Indore Vs. Pushpa Securities Services, Indore and Mr. J.S.Anand (Ex. Director, Adroit Industries (India) Limited	Authority Under Minimum Wages Act, 1948 (Labour Court)	Case filed under Minimum Wages Act, 1948 by Labour Inspector, Indore against Security Contractor (Pushpa Securities Services) for making payment to 12 guards which was less than the minimum wages prescribed under the Minimum Wages Act, 1948.	Wages of Rs.45,692 and compensation of Rs.4,56,920	Notice issued to both parties. Case pending in the court for written statement from the parties	To the extent of Wages of Rs.45,692 and compensation of Rs.4,56,920, which company may be required to pay.
2	27/ESI/10	22.11.2010	Mr. Ramchand Razade Vs. ESIC, Indore and Adroit Industries	ESI Court Indore (Labour Court)	Case filed under section 75, ESI Act, 1958 By Ramchandra son of Rampal who met with an accident during duty hours on 6.8.2009 causing him permanent disability for	Rs.5,00,000/ along with interest	Summon issued by the Court to both parties for written statement	To the extent of Rs.5,00,000, which company may be required

		(India) Limited		compensation of Rs.5 lacs			to pay.
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- c) Cases filed by the Promoters/Promoter Company/Directors - Nil
- d) Cases filed against the Promoters/ Promoter Company /Directors - Nil
- e) Cases filed by the Group Companies/associate concerns- Nil
- f) Cases filed against the Group companies/associate concerns-Nil

6. Under various statutory laws

- a) Cases filed by the Company - Nil
- b) Cases filed against the Company- Nil
- c) Cases filed by the Promoters/ Promoter Company /Directors - Nil
- d) Cases filed against the Promoters/ Promoter Company /Directors - Nil
- e) Cases filed by the Group Companies/associate concerns- Nil
- f) Cases filed against the Group companies/associate concerns- Nil

Note: The name of Signet Overseas Ltd has been changed to Signet Industries Ltd

Other defaults

The Equity Shares of Signet Industries Limited (Promoter Company) are listed at the Bombay Stock Exchange Limited and Madhya Pradesh Stock Exchange Limited, Indore. The trading of equity shares was suspended by Bombay Stock Exchange Limited for non compliance of Clause 16 of the Listing Agreement with regard to maintaining minimum time gap for giving notice of closure of Register of Members and transfer books w.e.f July 14, 2003. The said suspension was revoked w.e.f. January 19, 2009. Prior to this, the trading of equity shares of Signet Industries Limited was suspended in September 1995, for non-compliance with regard to issuance of required notice within stipulated time to BSE for fixing the record date for issuance of Bonus Shares. The said suspension was revoked on October 18, 1995.

Amount Outstanding to SSI Undertaking or other creditors

There are no SSI Undertakings or other creditors to whom the Company owes an amount exceeding Rs.1 Lac which is outstanding for more than 30 days from the due date.

Material Developments

There are no material developments after the date of the last audited balance sheet as on March 31, 2010, which may materially affect the performance, or prospects of the Company.

GOVERNMENT APPROVALS /LICENSING ARRANGEMENTS

Investment Approvals (FIPB/RBI, etc.)

As per Notification No. FEMA 20/2000 -RB dated May 3, 2000, as amended from time to time, under automatic route of Reserve Bank, the Company is not required to make an application for issue of equity shares to NRIs/FIIs with repatriation benefits. However, the allotment/transfer of the Equity Shares to NRIs/FIIs shall be subject to prevailing RBI Guidelines.

All Government and Other Approvals

The Company has received all the necessary licenses, permissions and approvals from the Central and State Government and other government agencies/certification bodies required for the business and except as mentioned below, no further approvals are required by the Company for carrying on the present as well as proposed business activities of the Company. It must, however, be distinctly understood that in granting the above approvals, the Central Government, State Government, RBI and other authorities do not take any responsibility for the financial soundness of the Company or for the correctness of any of the statements or any commitments made or opinions expressed.

In view of the approvals listed below, the Company can undertake the current as well as proposed business activities and other than as mentioned below, no further major approvals from any statutory authority are required to continue those activities.

The following statement sets out the details of licenses, permissions and approvals obtained by the Company under various Central and State Laws for carrying out its business.

(a) Registration under the Companies Act, 1956:

Sr. No	Authority granting approval	Approval/Registration Number	Applicable Law	Nature of approval	Validity
1	Registrar of Companies, Maharashtra, Mumbai	084474	Companies Act, 1956	Certificate of Incorporation	Valid till cancelled

(b) Registration under various Acts/Rules relating to Income Tax, Sales Tax, Value Added Tax and Central Excise:

Sr. No.	Authority granting approval	Approval/Registration Number	Applicable Law	Nature of approval	Validity
1.	Income Tax Department	AAACA6850F	Income Tax Act 1961	Permanent Account Number	Valid till cancelled
2.	Income Tax Department	MUMA19300B	Income Tax Act 1961	Tax Deduction Account Number (TAN)	Valid till cancelled
3.	Commercial Tax Department	23670201551	Central Sales Tax Act, 1956	Tax Payer's Identification Number (TIN)	Valid till cancelled
4.	Superintendent, Service Tax	AAACA6850FST001	Finance Act, 1994	Service Tax Code	Valid till cancelled
5.	Deputy/Assistant Commissioner of Central Excise	AAACA6850FXM001	Central Excise Rules, 2002	Central Excise Registration Number for Laxmibai Nagar plant	Valid till cancelled
6.	Deputy/Assistant Commissioner of Central Excise	AAACA6850FXM002	Central Excise Rules, 2002	Central Excise Registration Number for Sanwer Road plant	Valid till cancelled
7.	Superintendent of Central Excise	AAACA6850FXM003	Central Excise Rules, 2002	Central Excise Registration Number for Dewas plant	Valid till Cancelled
8.	Profession Tax Officer, Mumbai	PT/E/1/1/24/18/2785	Maharashtra State Tax on Professions,	Enrolment under Maharashtra State Tax on Professions,	Valid till Cancelled

			Trades, Callings and Employment Act, 1975	Trades, Callings and Employment Act, 1975	
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(c) Registration under various Industrial and Labour Laws:

Sr. No.	Authority granting approval	Approval/Registration Number	Applicable Law	Nature of approval	Validity
1.	Assistant Commissioner of Provident fund,	MP/IN/12300	Employees (Provident Fund & Miscellaneous provisions) Act-1952.	Provident Fund Registration	Valid till cancelled
2.	General Manager, District Trade & Industries Centre Indore	Entrepreneurs Memorandum Number – 230261102293 Part II	Govt. of India Micro, Small and Medium Scale Industries Development Act, 2006	Acknowledgement for filing memorandum for manufacturing as micro enterprise (Laxmibai Nagar plant)	Valid till cancelled
3.	General Manager, District Trade & Industries Centre, Dewas	Entrepreneurs Memorandum Number - 230231200577	Govt. of India Micro, Small and Medium Scale Industries Development Act, 2006	Acknowledgement for filing memorandum for manufacturing as small enterprise (Dewas plant)	Valid till cancelled
4.	Regional Director, Employees State Insurance Corporation, Indore	18-6876-67	Employees state Insurance Act, 1948	Registration under the ESI Act, 1948	Valid till cancelled

(d) Registration and approvals from various Governmental and Regulatory Authorities:

Sr. No.	Authority granting approval	Approval/Registration Number	Applicable Law	Nature of approval	Validity
1.	Secretariat for Industrial Assistance	1770/SIA/IMO/97	Industrial Development Regulation Act, 1951	Acknowledgement for Industrial Entrepreneur Memorandum for Dewas plant)	Valid till cancelled
2.	Madhya Pradesh Pollution Control Board., Indore	5386/RO/PCB/Ind./2008/I-805	Air (prevention & Control of Pollution) Act, 1981	Consent order authorizing operation of the plant at Laxmibai Nagar	May 30, 2013
3.	Madhya Pradesh Pollution Control Board, Indore	HSMD/Auth/MPPCB/RO/47	Hazardous Waste (Management Handling & Transboundary Movement) Amendments Rules, 2008	Authorization for occupier or operator handling of hazardous waste for plant at Laxmibai Nagar	September 23, 2013
4.	Madhya Pradesh Pollution Control Board, Ujjain	2273/HSMD/MPPCB/2009	Hazardous Waste (Management Handling & Transboundary Movement) Amendments Rules, 2008	Authorization for occupier or operator handling of hazardous waste for plant at Dewas	September 18, 2014
5.	Foreign Trade Development Officer, Mumbai	0388015641	EXIM Policy	Importer - Exporter Code	Valid till cancelled
6.	Officer In Charge, Indore Nagar Palik Nigam	18915/092007/34	Shops and Establishment Act, 1958	License under Shops and Establishment Act, 1958 for	March 31, 2011

				Laxmibai Nagar Plant	
7.	Officer In Charge, Indore Nagar Palik Nigam	18915/092007/35	Shops and Establishment Act, 1958	License under Shops and Establishment Act, 1958 for Sanwer Road Plant	March 31, 2011

(e) Quality Certifications and Registration/Membership of Trade Association/Export Council:

Sr. No.	Authority granting approval	Approval/Registration Number	Nature of approval	Validity
1.	Surewin Quality Certification	Q10339	IS/ISO 9001:2008 for the plant at Dewas	September 17, 2013
2.	Surewin Quality Certification	Q10340	IS/ISO 9001:2008 for the plant at Sanwer Road	September 17, 2013

LIST OF APPROVALS APPLIED FOR BUT NOT YET RECEIVED FOR EXISTING UNITS

Sr. No.	Authority granting approval	Approval/Registration Number	Applicable Law	Nature of approval
1.	Madhya Pradesh Pollution Control Board, Bhopal	329DT2001-2003	Hazardous Waste (Management Handling & Transboundary Movement) Amendments Rules, 2008	Renewal of Authorization for occupier or operator handling of hazardous waste for plant at Sanwer Road
2.	Madhya Pradesh Pollution Control Board, Ujjain	1157/ROU/MPPCB/2007	Water (Prevention & Control of Pollution) Act, 1974	Renewal of consent to establish & operate under Water (Prevention & Control of Pollution) Act, 1974 for plant at Dewas
3.	Madhya Pradesh Pollution Control Board, Ujjain	1159/ROU/MPPCB/2007	Air (Prevention & Control of Pollution) Act, 1981	Renewal of consent to establish & operate under Air (Prevention & Control of Pollution) Act, 1981 at Dewas
4.	Madhya Pradesh Pollution Control Board, Indore		Water (Prevention & Control of Pollution) Act, 1974	consent to establish & operate under Water (Prevention & Control of Pollution) Act, 1974 for plant at Laxmibai Nagar
5.	Chief Inspector of Factories, Madhya Pradesh	155/13969/DWS/2000 (i)	Factories Act, 1948	Renewal of License to work a factory at Dewas
6.	Additional Chief Inspector of Factories, Madhya Pradesh	290/00229/IND/2000(i)	Factories Act, 1948	Renewal of License to work a Factory at Laxmibai nagar
7.	Chief Inspector of Factories, Madhya Pradesh	52/14592/IND/2000 (i)	Factories Act, 1948	Renewal of License to work a Factory at Sanwer road
8.	Madhya Pradesh Pollution Control Board, Bhopal	2822/TS/MPPCB/2010	Water (Prevention & Control of Pollution) Act, 1974	Renewal of consent to establish & operate

				under Water (Prevention & Control of Pollution) Act, 1974 for plant at Sanwer Road
9.	Madhya Pradesh Pollution Control Board, Bhopal	2824/TS/MPPCB/2010	Air (Prevention & Control of Pollution) Act, 1981	Renewal of consent to establish & operate under Air (Prevention & Control of Pollution) Act, 1981 for plant at Sanwer Road

LIST OF APPROVALS YET TO BE APPLIED (FOR EXPANSION PROJECT)

Our Company has to apply for the following major/ material licenses, which will be applied in due course of time for the proposed project (for SEZ Project):

Sr.no	Approvals	Purpose	Authority/Department giving consent and approvals
1.	Factory License and Labour Approvals	For operation/production and health & safety	Development Commissioner, Special Economic Zone, Indore under Single Window Clearance Mechanism
2.	Pollution clearance	For pollution clearance	Development Commissioner, Special Economic Zone, Indore under Single Window Clearance Mechanism
3.	Letter of permission	For procurement of raw material, capital goods and clearance of goods and for the purpose of establishing the unit	Development Commissioner, Special Economic Zone, Indore under Single Window Clearance Mechanism
4.	Approval for allotment of land	For establishing the proposed unit	Development Commissioner, Special Economic Zone, Indore
5.	Electric connection	To run the plant	MPAKVN, Indore
6.	Electrical Inspection certificate	For safety	Electrical Inspection Department

Note: Letter of permission (LOP) issued by the development commissioner, shall mean permission for all the purpose other than mentioned above.

SECTION VII - OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Board has, pursuant to a resolution passed at its meeting held on September 1, 2010 authorized the Public Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act. The shareholders of the Company have authorized the Issue by a special resolution in accordance with Section 81(1A) of the Companies Act, passed at the Annual General Meeting of the Company held on September 27, 2010.

Prohibition by SEBI and RBI

Our Company, Promoters, Promoter Group, Directors, Group Companies, the natural persons having control over the promoter have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI or any other authorities. None of our Promoters, Directors was or also is a promoter, director or person in control of any other company which is debarred from accessing the capital market under any order or directions made by the SEBI. The listing of any securities of our Company has never been refused at any time by any of the stock exchanges in India.

Our Directors are not in any manner associated with the securities market and no action has been taken by the SEBI against any of the Directors or any entity with which our Directors are involved as promoters or directors.

Further, none of our Directors are/were director of any company whose shares have been/were suspended from trading by stock exchanges or delisted except Mr. Mukesh Sangla & Mr. Saurabh Sangla, promoters & directors of the issuer company who are also on the board of Signet Industries Limited whose shares were suspended from trading by BSE for the period July 14, 2003 to January 19, 2009 for non-compliance of clause 16 of the Listing Agreement relating to minimum time gap period required for notice of closure of Register of Members and transfer books. Mr. Mukesh Sangla, promoter & director of the issuer company was also on the board of Signet Industries Limited whose shares were earlier suspended from trading by BSE for the period September, 1995 to October 18, 1995 for non-compliance of clause 16 of the Listing Agreement relating to minimum time gap period required for notice of closure of Register of Members and transfer books.

Neither our Company, our Promoters or their relatives (as defined in the Companies Act), Group Companies, nor our Directors, have been identified as willful defaulters by the RBI or any other government authorities. There are no violations of securities laws committed by any of them in the past or pending against them.

Eligibility for the Issue

The Company is eligible for the Issue in accordance with Regulation 26(1) of the SEBI ICDR Regulations as explained under, with the eligibility criteria calculated in accordance with Restated Financial Statements:

- The company has net tangible assets of at least Rs 3 Crores in each of the preceding 3 full years (of 12 months each), of which not more than 50% is held in monetary assets;
- The Company has a track record of distributable profits in terms of section 205 of the Companies Act, 1956, for at least three (3) out of immediately preceding five (5) years;
- The Company has a net worth of at least Rs.1 Crores in each of the preceding three (3) full years (of 12 months each);
- The Company has not changed its name within the last one year;
- The aggregate of the proposed issue and all previous issues made in the same financial year in terms of issue size (i.e. offer through offer document+ firm allotment+ promoter's contribution through the offer document) does not exceed five (5) times its pre-issue net worth as per the audited balance sheet of the preceding financial year.

As per Regulation 26 (4), the Issuer shall not make an allotment pursuant to a public issue if the number of prospective allottees is less than one thousand (1000).

The pre-issue net worth, distributable profits in terms of section 205 of the Companies Act and net tangible assets of the Company for the last 5 completed years are as under:

(Rs. in Lacs)

For the Financial year ending	March 31, 2006	March 31, 2007	March 31, 2008	March 31, 2009	March 31, 2010
Net Tangible Assets	1199.20	1614.02	2404.15	2430.78	2357.97
Monetary Assets	388.22	382.12	159.08	97.84	292.23
% of Monetary Assets to Net Tangible Assets	32.37	23.68	6.62	4.02	12.39
Distributable Profits	193.71	520.80	188.30	142.11	204.27
Net worth	844.83	1176.28	1365.15	1507.25	1678.73

Source: Restated Audited Financial Statements of the Company.

The proposed issue size would not exceed five times the pre-issue net worth as on March 31, 2010 which is Rs.1678.73 Lacs. Based on the above data we hereby certify that the Company is fulfilling the criteria of eligibility norms for Public Issue by unlisted company as specified in the regulation 26(1) of SEBI (ICDR) Regulations, 2009 and amendments thereof.

Monetary Asset is defined as the sum of Cash & Bank Balance.

'Net tangible assets' is defined as the sum of fixed assets, investments, current assets, loans and advances (excluding deferred tax assets) less current liabilities & provisions (excluding deferred tax liabilities and long term loans), short term unsecured loans and interest accrued and due excluding intangible assets' as defined in AS 26 issued by ICAI.

For a complete explanation of the above figures please refer to the section entitled "Financial Information of the Company" beginning on page 99 of this Draft Red Herring Prospectus.

Disclaimer Clause

AS REQUIRED, A COPY OF THE DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF OFFER DOCUMENT TO THE SECURITIES AND EXCHANGE BOARD OF INDIA (SEBI) SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE OFFER DOCUMENT. THE BOOK RUNNING LEAD MANAGER, CHARTERED CAPITAL AND INVESTMENT LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE OFFER DOCUMENT, THE BOOK RUNNING LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGER, CHARTERED CAPITAL AND INVESTMENT LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED FEBRUARY 7, 2011 WHICH READS AS FOLLOWS:

- (1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**
- (2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER, WE CONFIRM THAT:**
 - (A) THE DRAFT RED HERRING PROSPECTUS FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**
 - (B) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL**

GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND

- (C) THE DISCLOSURES MADE IN THE DRAFT RED HERRING PROSPECTUS ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
- (3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT RED HERRING PROSPECTUS ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.
- (4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS.-NOTED FOR COMPLIANCE
- (5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.
- (6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS.
- (7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE.- NOT APPLICABLE
- (8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
- (9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE PROSPECTUS. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.
- (10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.-NOT APPLICABLE
- (11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.
- (12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS:
- (A) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE ISSUER AND
- (B) AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.

- (13)WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE. -NOTED FOR COMPLIANCE
- (14)WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE ,ETC.
- (15)WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT RED HERRING PROSPECTUS WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.

THE FILING OF THE DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP AT ANY POINT OF TIME, WITH THE BOOK RUNNING LEAD MANAGER, ANY IRREGULARITIES OR LAPSES IN THE DRAFT RED HERRING PROSPECTUS.

ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF FILING OF THE RED HERRING PROSPECTUS WITH THE REGISTRAR OF COMPANIES, MAHARASTRA, MUMBAI IN TERMS OF 60B OF THE COMPANIES ACT. ALL LEGAL REQUIREMENTS PERTAINING TO THE ISSUE WILL BE COMPLIED WITH AT THE TIME OF REGISTRATION OF THE PROSPECTUS WITH THE REGISTRAR OF COMPANIES, MAHARASTRA, MUMBAI IN TERMS OF SECTION 56, SECTION 60 AND SECTION 60B OF THE COMPANIES ACT.

Disclaimer from the Company and the BRLM

Our Company, our Directors and the BRLM accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our instance and anyone placing reliance on any other source of information, including our web site www.adroitindustries.com would be doing so at his or her own risk.

The BRLM accepts no responsibility, save to the limited extent as provided in the Memorandum of Understanding entered into between the BRLM and our Company dated October 6, 2010 and the Underwriting Agreement to be entered into between the Underwriters and our Company.

All information shall be made available by us and the BRLM to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Caution

Our Company, the BRLM and the Underwriters shall not be liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

The BRLM and their respective associates and affiliates may engage in transactions with, and perform services for, our Company and our group companies, affiliates or associates in the ordinary course of business and have engaged, or may in future engage, in investment banking transactions with our Company and our group companies, affiliates or associates for which they have received, and may in future receive, compensation.

Investors that Bid in the Issue will be required to confirm and will be deemed to have represented to our Company and the Underwriters and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company and will not offer, sell, pledge or transfer the Equity Shares of our Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of our Company. Our Company, the Underwriters and their respective directors, officers,

agents, affiliates and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire Equity Shares of our Company.

Disclaimer in respect of Jurisdiction

This Issue is being made in India to persons resident in India (including Indian nationals resident in India who are not minors, HUFs, companies, corporate bodies and societies registered under the applicable laws in India and authorized to invest in shares, Indian Mutual Funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), or trusts under applicable trust law and who are authorized under their constitution to hold and invest in shares, and any FII sub-account registered with SEBI which is a foreign corporate or foreign individual, permitted insurance companies and pension funds) and to FIIs and Eligible NRIs. This Draft Red Herring Prospectus does not, however, constitute an invitation to purchase shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions. Any dispute arising out of this Issue will be subject to the jurisdiction of appropriate court(s) in Mumbai, India only.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that this Draft Red Herring Prospectus has been filed with SEBI for observations. Accordingly, our Company's Equity Shares, represented thereby may not be offered or sold, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. Neither the delivery of this Draft Red Herring Prospectus nor any sale hereunder shall, under any circumstances, create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. The Equity Shares have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Equity Shares are being offered and sold only outside the United States in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdictions where those offers and sales occur.

Disclaimer clause of the BSE

As required, a copy of the Draft Red Herring Prospectus has been submitted to BSE. BSE has given vide its letter dated [●], permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this Company's securities are proposed to be listed. The Exchange has scrutinized this offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner:

- warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or
- warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or
- take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer clause of the NSE

As required, a copy of this offer document has been submitted to NSE. NSE has given vide its letter ref.[●] dated [●] permission to the Issuer to use the Exchange's name in this offer document as one of the stock

exchanges on which the Issuer's securities are proposed to be listed. The Exchange has scrutinized this Draft offer document for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the offer document has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this offer document, nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer clause of grading agency

[•]

Filing

A copy of this Draft Red Herring Prospectus has been filed with the Corporate Finance Department of SEBI, SEBI Bhavan, Plot No. C-4A, G Block, Bandra Kurla Complex, Bandra (East), Mumbai 400 051.

A copy of the Red Herring Prospectus, along with the documents required to be filed under section 60B of the Companies Act, will be delivered for registration to the RoC and a copy of the Prospectus required to be filed under section 60 of the Companies Act will be delivered for registration with RoC situated at 100, Everest, Marine Drive, Mumbai – 400002.

Listing

Applications have been made to the BSE and the NSE for permission for listing of the Equity Shares being issued through this Draft Red Herring Prospectus. The BSE shall be the Designated Stock Exchange with which the basis of allocation will be finalized for the issue.

If the permission to deal in and for an official quotation of the Equity Shares is not granted by any of the Stock Exchanges, the Company shall forthwith repay, without interest, all moneys received from the applicants in pursuance of this Draft Red Herring Prospectus. If such money is not repaid within eight days after the Company will become liable to repay it (i.e. from the date of refusal or within 15 days from the date of Bid/Issue Closing Date, whichever is earlier), then the Company along with every Director of the Company who is default shall, on and from expiry of eight days, be liable to repay the money, with interest at the rate of 15% per annum on application money, as prescribed under Section 73 of the Companies Act.

The Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges mentioned above are taken within twelve working days from the date of Bid/Issue Closing Date.

Impersonation

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

“Any person who:

- (a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or**
- (b) otherwise induces a company to allot, or register any transfer of shares, therein to him, or any other person in a fictitious name,**

Shall be punishable with imprisonment for a term which may extend to five years.

Consents

Consents in writing of: (a) the Directors, the Company Secretary and Compliance Officer, the auditor, Legal Advisor to the Company, the Bankers to the Issue, the Bankers to the Company; and (b) the BRLM, the Syndicate Member, the Escrow Collection Banks and the Registrar to the Issue, to act in their respective capacities, have been obtained and would be filed along with a copy of the Red Herring Prospectus with the RoC as required under sections 60 and 60B of the Companies Act and such consents shall not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act, 1956 and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, M/s Ashok Khasgiwala & Co, Chartered Accountants, our Auditors have given their written consent vide their letter dated December 23, 2010 for the inclusion of their report in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus for registration with the RoC.

M/s Ashok Khasgiwala & Co, Chartered Accountants, our Auditors have given their written consent vide their letter dated October 20, 2010 for the inclusion of their Tax Benefits accruing to our Company and its shareholders in the form and context in which it appears in this Draft Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus for registration with the RoC.

[•], a SEBI registered credit rating agency engaged by us for the purpose of obtaining IPO grading in respect of this Issue, has given its written consent as experts to the inclusion of their report in the form and context in which they will appear in the Red Herring Prospectus and such consents and reports will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus to the Registrar of Companies.

Expert Opinion

Except as stated elsewhere in this Draft Red Herring Prospectus, the Company has not obtained any expert opinions.

Expenses of the Issue

The total expenses of the Issue are estimated to be approximately Rs.[•] Lacs. The expenses of this Issue include, among others, underwriting and management fees, selling commission, printing and distribution expenses, statutory advertisement expenses and listing fees. All expenses with respect to the Issue would be paid by our Company.

The estimated Issue expenses are as under:

(Rs. in Lacs)

Activity	Expenses *	Percentage of the Issue Expenses	Percentage of the Issue Size
Lead management fees, underwriting and selling commission*	[•]	[•]	[•]
Advertising and marketing expenses*	[•]	[•]	[•]
Printing and stationery, including transportation costs*	[•]	[•]	[•]
Others (Registrar's fee, Advisor, Legal Advisor, listing fees etc.)*	[•]	[•]	[•]
Fees payable to Grading Agency*	[•]	[•]	[•]
Total estimated Issue expenses	[•]	[•]	[•]

* To be completed after finalization of issue price

Fees Payable to the BRLM and the Syndicate Members

The total fees payable to the Book Running Lead Manager and the Syndicate Members will be as per the MoU between our Company and the BRLM and offer letter of Syndicate Members, a copy of which shall be available for inspection at our registered office during the Bid/ Issue Period.

Fees Payable to the Registrar to the Issue

The fees payable by our Company to the Registrar to the Issue for processing of application, data entry, printing of CAN/refund order, preparation of refund data on magnetic tape, printing of bulk mailing register will be as the per the MoU between our Company and the Registrar to the Issue, a copy of which shall be available for inspection at our registered office during the Bid/ Issue Period.

The Registrar to the Issue will be reimbursed for all out of pocket expenses including cost of stationery, postage, stamp duty, and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to send refund orders or Allotment advice by registered post/speed post/under certificate of posting.

Previous Right and Public Issues

We have not made any public or right issue since inception.

Issues otherwise than for Cash

Except as stated in the section "Capital Structure" on page no. 16 of Draft Red Herring Prospectus, the Company has not issued any Equity Shares for consideration otherwise than for cash.

Commission and Brokerage paid on Previous Issues of the Company's Equity Shares

Since this is the initial public offer of the Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Company's Equity Shares since inception.

Issues Made By The Companies Under The Same Management Under Section 370(1B) Of The Companies Act, 1956.

Neither our Company nor any other company under the same management within the meaning of Section 370(1B) of the Companies Act, 1956, has made any capital issue i.e. public/right/composite during the last three years.

Promise vis-à-vis Performance

Since our Company has not made any public/right issue in past, Promise vis-à-vis Performance is not applicable to us.

Further, none of the group company has made any public/right issue during last 10 years preceding the date of filing of DRHP with the Board and therefore, Promise vis-à-vis Performance is not applicable to a group company/ associate company.

Outstanding debentures, bonds, redeemable preference shares and other instruments issued by Our Company

Our Company has no outstanding debentures, bonds or redeemable preference shares.

Stock Market Data of the Company's Equity Shares

This being an initial public offer, the Equity Shares are not listed on any stock exchange.

Disclosure on Investor Grievances and Redressal System

The Memorandum of Understanding between the Registrar to the Issue and our Company provides for retention of records with the Registrar to the Issue for a period of three years from the last date of dispatch of the letters of Allotment, or refund orders, demat credit or where refunds are being made electronically, giving of refund instructions to the clearing system, to enable the investors to approach the Registrar to the Issue for redressal of their grievances.

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

All grievances relating to the ASBA process may be addressed to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, amount paid on application and the Designated Branch or the collection centre of the SCSB where the Bid cum Application Form was submitted by the ASBA Bidders.

Disposal of Investor Grievances by our Company

The Company estimates that the average time required by the Company or the Registrar to the Issue for the redressal of routine investor grievances shall be 15 working days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, the Company will seek to redress these complaints as expeditiously as possible.

The Company has appointed a Shareholders/Investors Grievances Committee comprising Mr. Bhupesh Sanghvi, Mr. Anil Agarwal and Mr. Mukesh Sangla.

The Company has appointed Ms. Preeti Choudhary, Company Secretary, as the Compliance Officer and she may be contacted in case of any pre-Issue or post-Issue-related problems. She can be contacted at the following address:

Ms. Preeti Choudhary, Company Secretary & Compliance Officer,
50-A, Laxmibai Nagar,
Fort, Indore – 452 006
Tel: +91-731-2410568;
Fax: +91-731-2411988;
E-mail: ipo@adroitindustries.com;
Website: www.adroitindustries.com

Mechanism for Redressal of Investor Grievances by Companies under the same management

None of the company under the same management is listed on any stock exchange as on the date of filing the DRHP with SEBI except Our Corporate Promoter Signet Industries Limited. The Equity Shares of Signet Industries Limited is listed at The Bombay Stock Exchange Limited and Madhya Pradesh Stock Exchange Limited.

The Board of Directors of Signet Industries Limited has constituted a shareholders/investors grievance committee comprising of Mr. Dipak Kalani, Mr. Saurabh Sangla, Mr. Deepak Mehta and Mr. Murli Dhar Vashist in accordance with clause 49 of the Listing Agreement with the Stock Exchange to look into the redressal of complaints of investors such as transfer, credit of shares to demat accounts and non- receipt of dividend/interest/annual reports. Mr. Sanjay Agrawal is the compliance officer. The Company normally takes 15 days to dispose off investor's complaints

The company has not received any investor complaint during last three years. As of February 7, 2011, no investor complaint was pending for redressal.

Changes in the Auditors during last three years

There has been no change in the Auditors in the last three years.

Capitalization of reserves or profits during last five years

On November 17, 2010 our Company has issued 46,87,493 Equity Shares as bonus shares to the then existing shareholders of our Company in the ratio of 5:6. For details of the same, please refer to the section titled "Capital Structure" beginning on page 16 of the Draft Red Herring Prospectus. Except the said bonus issue, our Company has not capitalized its reserves or profits during the last five years.

Revaluation of assets during last five years

There has been no revaluation of assets of the Company during last five years.

SECTION VIII: ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares being offered are subject to the provisions of the Companies Act, the SCRR, our Memorandum and Articles of Association, the terms of this Draft Red Herring Prospectus, Red Herring Prospectus, the Prospectus, the Bid cum Application Form, the Revision Form, the CAN and other terms and conditions as may be incorporated in the Allotment advices and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to laws as applicable, guidelines, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, Government of India, the Stock Exchanges, the RBI, RoC and/ or other authorities, as in force on the date of the Issue and to the extent applicable.

Ranking of Equity Shares

The Equity Shares being offered shall be subject to the provisions of our Memorandum and Articles of Association and shall rank *pari passu* in all respects with the existing Equity Shares including rights in respect of dividend. The Allottees will be entitled to dividend or any other corporate benefits, if any, declared by the Company after the date of allotment. See “Main Provisions of the Articles of Association of the Company” beginning on page 185 for a description of the Articles of Association of the Company.

Mode of Payment of Dividend

We shall pay dividend to our shareholders as per the provisions of the Companies Act, 1956.

Face Value and Issue Price

The face value of the Equity Shares is Rs. 10 each and the Floor Price is Rs. [●] and the Cap Price is Rs. [●] per Equity Share. At any given point of time there shall be only one denomination for the Equity Shares subject to the applicable laws.

Compliance with SEBI ICDR Regulations

We shall comply with all applicable disclosure and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, regulations, rules and guidelines and the Memorandum and Articles of Association, the equity shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote on a show of hands in person or a poll either in person or by proxy;
- Right to receive annual reports and notices to members;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right of free transferability; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act and the Memorandum and Articles of Association.

For a detailed description of the main provisions of our Articles of Association dealing with voting rights, dividend, forfeiture and lien, transfer and transmission and/or consolidation/splitting, see “Main Provisions of Articles of Association of the Company” on page 185.

Market Lot and Trading Lot

In terms of Section 68B of the Companies Act, the Equity Shares of the Company shall be allotted only in dematerialized form. In terms of existing SEBI Regulations, the trading in the Equity Shares of the Company

shall only be in dematerialized form for all investors. Since trading of our Equity Shares will be in dematerialized mode, the tradable lot is one equity share.

Allocation and allotment of Equity Shares through this Issue will be done only in electronic form in multiples of 1 Equity Share to the successful Bidders subject to a minimum Allotment of 1 Equity Shares. For details of allocation and allotment, see "Issue Procedure" on page 176 of DRHP.

Nomination Facility to the Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidder(s), may nominate any one person in whom, in the event of death of the sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall in accordance with Section 109A of the Companies Act, be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. A fresh nomination can be made only on the prescribed form available on request at the registered office of the Company or at the Registrar and Transfer Agent of the Company.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, shall upon the production of such evidence as may be required by our Board, elect either:

- a. to register himself or herself as the holder of the Equity Shares; or
- b. to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with, within a period of 90 days, our Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the allotment of Equity Shares in the Issue will be made only in dematerialized mode, there is no need to make a separate nomination with us. Nominations registered with the respective depository participant of the applicant would prevail. If the investors require to change the nomination, they are requested to inform their respective depository participant.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, including devolvement on Underwriters, if any, within 60 days from the Bid/Issue Closing Date, our Company shall forthwith refund the entire subscription amount received. If there is a delay beyond 8 days after our Company becomes liable to pay the amount, our Company shall pay interest prescribed under Section 73 of the Companies Act.

Further, in accordance with the regulation 26(4) of the SEBI Regulations, the Company shall ensure that the number of allottees under the Issue shall not be less than 1,000.

Arrangement for disposal of Odd Lots

The Equity Shares will be traded in dematerialized form only and therefore the marketable lot is one (1) Equity Share. Hence, there is no possibility of any odd lots.

Restriction on transfer of shares

There are no restrictions on transfers and transmission of shares or debentures and on their consolidation or splitting except as provided in our Articles. See the section "Main Provisions of the Articles of Association" beginning on page 185 of this Draft Red Herring Prospectus.

Jurisdiction

Exclusive jurisdiction for the purpose of this Issue is with the competent courts/authorities in Mumbai, India.

The Equity Shares have not been and will not be registered under the US Securities Act of 1933 (the “Securities Act”) or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold (i) in the United States to “qualified institutional buyers”, as defined in Rule 144A of the Securities Act in reliance on Rule 144A under the Securities Act, and (ii) outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act.

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

Application in Issue

Equity Shares being issued through this Draft Red Herring Prospectus can be applied for in the dematerialized form only.

Withdrawal of the Issue

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

ISSUE STRUCTURE

Public issue of [●] Equity Shares of Rs.10 each for cash at a price of Rs.[●] per Equity Share (including a share premium of Rs.[●] per Equity Share) aggregating up to Rs. 5000.00 Lacs by Adroit Industries (India) Limited. The issue would constitute [●] % of the fully diluted post issue paid up capital of the company.

Particulars	QIBs	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares*	Up to [●] Equity Shares aggregating Rs. 2500.00 lacs or Issue less allocation to Non Institutional Bidders and Retail Individual Bidders.	At least [●] Equity Shares aggregating Rs. 750.00 lacs or Issue less allocation to QIBs and Retail Individual Bidders.	At least [●] Equity Shares aggregating Rs.1750.00 lacs or Issue less allocation to QIBs and Non-Institutional Bidders.
Percentage of Issue Size available for allocation	Up to 50% of Issue or Issue less allocation to Non Institutional Bidders and Retail Individual Bidders. However, 5% of the QIB Portion shall be available for allocation to mutual Funds only. Mutual funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs.	At least 15% of the Issue or Issue less allocation to QIBs and Retail Individual Bidders.	At least 35% of Issue or Issue less allocation to QIBs and Non Institutional Bidders.
Basis of Allocation if Respective category is oversubscribed	Proportionate (a) [●] Equity Shares aggregating Rs.125.00 lacs shall be allocated on a proportionate basis to Mutual Funds ; and (b) [●] Equity Shares aggregating Rs.2375.00 lacs shall be allocated on a proportionate basis to all QIBs including Mutual funds receiving allocation as per (a) above	Proportionate	Proportionate
Minimum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds Rs.200,000.	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount exceeds Rs. 200,000.	[●] Equity Shares
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares so that the bid does not exceed the Issue size, subject to applicable limits.	Such number of Equity Shares in multiples of [●] Equity Shares so that the bid does not exceed the Issue size, subject to applicable limits.	Such number of Equity Shares in multiples of [●] Equity Shares whereby the Bid Amount does not exceed Rs. 200,000.
Mode of Allotment	Compulsorily in dematerialized form	Compulsorily in dematerialized form	Compulsorily in dematerialized form
Trading Lot	One Equity Share	One Equity Share	One Equity Share
Who can apply **	(i) a mutual fund, venture capital fund and foreign venture capital investor registered with the Board; (ii) a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board; (iii) a public financial institution as defined in section 4A of the Companies Act, 1956; (iv) a	Resident Indian individuals, Eligible NRIs, HUF (in the name of Karta), companies, Corporate bodies, scientific institutions societies and trusts and any FII sub-account registered with SEBI which is a	Resident Indian individuals, Eligible NRIs, HUF (in the name of Karta) applying for Equity Shares such that the Bid Amount does not exceed Rs.200,000 in value.

	<p>scheduled commercial bank; (v) a multilateral and bilateral development financial institution; (vi) a state industrial development corporation; (vii) an insurance company registered with the Insurance Regulatory and Development Authority; (viii) a provident fund with minimum corpus of twenty five crore rupees; (ix) a pension fund with minimum corpus of twenty five crore rupees; (x) National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India; (xi) insurance funds set up and managed by army, navy or air force of the Union of India; (xii) insurance funds set up and managed by the Department of Post, India</p>	foreign corporate or foreign individual.	
Terms of Payment	<p>Full Bid Amount on Bidding at the time of submission of Bid cum Application Form to the members of the Syndicate. In case of ASBA Bidders, the SCSB shall be authorized to block the Bid Amount mentioned in the ASBA Form.</p>	<p>Full Bid Amount on Bidding at the time of submission of Bid cum Application Form to the members of the Syndicate. In case of ASBA Bidders, the SCSB shall be authorized to block the Bid Amount mentioned in the ASBA Form.</p>	<p>Full Bid Amount on Bidding at the time of submission of Bid cum Application Form to the members of the Syndicate. In case of ASBA Bidders, the SCSB shall be authorized to block the Bid Amount mentioned in the ASBA Form.</p>

** Subject to valid Bids being received at or above the Issue Price. Under subscription, if any, in any category would be met with spill over from any of the other categories or combination of categories at the discretion of our Company in consultation with the BRLM. However, if the aggregate demand by Mutual Fund is less than Mutual Fund Portion i.e. [●] Equity Shares aggregating Rs.125.00 lacs, the balance Equity Shares available for allocation in the Mutual Fund Portion will first be added to QIB portion and be allocated proportionately to QIB bidders.*

*** In case the Bid cum Application Form is submitted in joint names, the investors should ensure that the demat account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form.*

Bidding Period / Issue Period

Bid / Issue Opens on	[●]
Bid/ Issue Closes on	[●]

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

- c) A standard cut-off time of 5.00 P.M. for uploading of bids received from only retail applicants, which may be extended up to such time as deemed fit by Stock Exchanges after taking into account the total number of applications received upto the closure of timings and reported by BRLM to the Exchange within half an hour of such closure.

Bids and any revision in Bids shall be accepted **only between 10.00 a.m. and 5.00 p.m.** (Indian Standard Time) during the Bidding Period as mentioned above at the bidding centers mentioned on the Bid cum Application Form **except that on the Bid/Issue Closing Date, when Bids shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time).**

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

Our Company reserves the right to revise the Price Band during the Bidding Period in accordance with the SEBI Regulations. The cap on the Price Band should not be more than 20% of the floor of the Price Band. Subject to compliance with the immediately preceding sentence, the floor of the Price Band can move up or down to the extent of 20% of the floor of the Price Band advertised at least two working days prior to the Bid /Issue Opening Date.

In case of revision in the Price Band, the Issue Period will be extended for three additional working days after revision of the Price Band, subject to the Bidding Period/Issue Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding Period/Issue Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a press release, and also by indicating the change on the website of the BRLM and at the terminals of the syndicate.

ISSUE PROCEDURE

This section applies to all Bidders. Please note that all Bidders can participate in the Issue through the ASBA process. ASBA Bidders should note that the ASBA process involves application procedures that are different from the procedure applicable to Bidders other than the ASBA Bidders. Bidders applying through the ASBA process should carefully read the provisions applicable to such applications before making their application through the ASBA process. Please note that all Bidders are required to make the full Bid Amount or instruct the relevant SCSB to block the full Bid Amount along with the Bid Cum Application Form.

Our Company and the Syndicate do not accept any responsibility for the completeness and accuracy of the information stated in this section, and are not liable for any amendment, modification or change in applicable law, which may occur after the date of this DRHP. Bidders are advised to make their independent investigations and ensure that their Bids do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the DRHP.

Book Building Procedure

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

All Bidders, other than ASBA Bidders are required to submit their Bids through the Syndicate. ASBA Bidders are required to submit their Bids to the SCSBs. Bids by QIBs will only have to be submitted through the BRLM or its affiliates or the Syndicate Members. The QIBs who bid through the ASBA process shall submit their Bids to the designated branch of the SCSBs and should intimate the BRLM. Our Company, in consultation with the BRLM may reject any Bid procured from QIBs, by any or all members of the Syndicate, for reasons to be recorded in writing provided that such rejection shall be made at the time of acceptance of the Bid and the reasons thereof shall be disclosed to the Bidders. In case of Non-Institutional Bidders and Retail Individual Bidders, our Company would have a right to reject the Bids only on technical grounds.

Investors should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialized form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including the DP ID Numbers and the beneficiary account number, shall be treated as incomplete and rejected. Bid cum Application Forms which do not have the details of the Bidders' PAN, shall be treated as incomplete and are liable to be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialized segment of the Stock Exchanges.

Bid cum Application Form

Bidders (other than the ASBA Bidders) are required to submit their Bids through the members of the Syndicate. Bids by QIBs will only have to be submitted through the BRLM or its affiliates or the Syndicate Members. Such Bidders shall only use the Bid cum Application Form bearing the stamp of the BRLM or Syndicate Member for making a Bid in terms of the Red Herring Prospectus.

ASBA Bidders shall submit an ASBA Bid cum Application Form either in physical or electronic form to the SCSB authorizing blocking of funds that are available in the bank account specified in the ASBA Bid cum Application Form used by the ASBA Bidders. The QIBs who bid through the ASBA process shall submit their Bids to the designated branch of the SCSBs and should intimate the BRLM.

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 CAN and filing of the Prospectus with the RoC, the Bid cum Application Form shall be considered as the Application Form. Upon completion and submission the Bid cum Application Form to the Syndicate (and in the case of an ASBA Bid cum Application form, to the SCSB) the Bidder is deemed to have authorized us to make the necessary changes in the Red Herring Prospectus and the Bid-cum-Application Form as would be

required for filing the Prospectus with the RoC and as would be required by SEBI and / or the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed colour of the Bid cum Application Form for various categories is as follows:

Category	Colour of Bid cum Application Form*
Resident Indians, Eligible NRIs applying on a non-repatriation basis (ASBA as well as non-ASBA bidders)	White
Non-residents, Eligible NRIs, or FIIs or Foreign Venture Capital Funds registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis (ASBA as well as non-ASBA bidders)	Blue

*Excluding electronic ASBA Bid Cum Application Form

Who can Bid?

- Persons eligible to invest under all applicable laws, rules, regulations and guidelines;
- Indian nationals resident in India who are majors, in single or joint names (not more than three);
- Hindu Undivided Families or HUFs in the individual name of the *Karta*. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form 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;
- Eligible NRIs on a repatriation basis or a non-repatriation basis, subject to compliance with applicable laws, rules, regulations, guidelines and approvals in the Issue;
- a mutual fund, venture capital fund and foreign venture capital investor registered with the Board;
- a foreign institutional investor and sub-account (other than a sub-account which is a foreign corporate or foreign individual), registered with the Board;
- a public financial institution as defined in section 4A of the Companies Act, 1956;
- a scheduled commercial bank;
- a multilateral and bilateral development financial institution;
- a state industrial development corporation;
- an insurance company registered with the Insurance Regulatory and Development Authority;
- a provident fund with minimum corpus of twenty five crore rupees;
- a pension fund with minimum corpus of twenty five crore rupees;
- National Investment Fund set up by resolution no. F. No. 2/3/2005-DDII dated November 23, 2005 of the Government of India published in the Gazette of India;
- insurance funds set up and managed by army, navy or air force of the Union of India;
- Companies and corporate bodies registered under the applicable laws in India and authorized to invest in Equity Shares;
- Trusts/societies registered under the Societies Registration Act, 1860, as amended, or under any other law relating to trusts and who are authorized under their constitution to hold and invest in Equity Shares;
- Scientific and/or industrial research organizations in India authorized under their constitution to invest in equity shares;
- Any FII sub-account registered with SEBI which is a foreign corporate or foreign individual; and
- Any other QIBs permitted to invest in the Issue under applicable law or regulation.

As per existing regulations, OCBs cannot Bid in the Issue.

Note: The BRLM and Syndicate Member shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLM and Syndicate Member may subscribe for Equity Shares in the Issue, including in the QIB Portion and Non-Institutional Portion where the allocation is on a proportionate basis.

Bidders are advised to ensure that any single Bid from them does not exceed the investments limits or maximum number of Equity Shares that can be held by them under applicable laws, rules, regulations, guidelines and approvals.

Bids by Mutual Funds

An eligible Bid by a Mutual Fund shall first be considered for allocation proportionately in the Mutual Funds Portion. In the event that the demand is greater than [] Equity Shares, Allocation shall be made to Mutual Funds on proportionate basis to the extent of the Mutual Funds Portion. The remaining demand by Mutual Funds shall, as part of the aggregate demand by QIB Bidders, be made available for allocation

proportionately out of the remainder of the QIB Portion, after excluding the allocation in the Mutual Funds Portion.

The Bids made by the asset management companies or custodians of Mutual Funds shall specifically state the names of the concerned schemes for which the Bids are made. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund registered with SEBI and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme for which the Bid has been made.

In accordance with the current regulations, the following restrictions are applicable for investments by mutual funds:

No mutual fund scheme shall invest more than 10% of its net asset value in the Equity Shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments by index funds or sector or industry specific funds. No mutual fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share of the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

Bids by Eligible NRIs

1. Bid cum Application Forms have been made available for Eligible NRIs at the registered office of the Company and Members of the Syndicate.
2. Eligible NRI applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment under the NRI category. The Eligible NRIs who intend to make payment through Non-Resident Ordinary (NRO) accounts shall use the form meant for Resident Indians (white in colour).

Bids by FIIs

In accordance with the current regulations, the following restrictions are applicable for investments by FIIs:

The issue of Equity Shares to a single FII should not exceed 10% of our post-Issue issued capital of the Company. In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital. Under the current foreign investment policy applicable to us foreign equity participation up to 100% is permissible under the automatic route. Pursuant to the resolution of the Board of Directors dated September 1, 2010 followed by a special resolution by the shareholders of the Company passed at the Annual General Meeting dated September 27, 2010, the aggregate FII holding limit in the Company has been increased up to 49% of the paid up equity share capital of the Company.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations 1995, as amended, an FII or its sub-account may issue, deal in, or hold, offshore derivative instruments such as Participatory Notes, equity-linked notes or any other similar instruments against underlying securities listed or proposed to be listed on any stock exchange in India, only in favour of those entities which are regulated by any relevant regulatory authorities in the countries of their incorporation or establishment, subject to compliance of "know your client" requirements. An FII or sub-account shall also ensure that no further downstream issue or transfer of any instrument referred to hereinabove is made to any person other than a regulated entity.

Bids by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors

In accordance with the current regulations, the following provisions are applicable for investments by SEBI registered Venture Capital Funds and Foreign Venture Capital Investors:

The SEBI (Venture Capital Funds) Regulations, 1996, and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund. Further, Venture Capital Funds/ Foreign Venture Capital Funds can invest only up to 33.33% of their respective investible funds by way of subscription to an initial public offer.

The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. The Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. The Company and the BRLM are not liable to inform the investors of any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Maximum and Minimum Bid Size

(a) For Retail Individual Bidders:

The Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter, so as to ensure that the total Bid Amount (including revision of Bids, if any) payable by the Bidder does not exceed Rs.2,00,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs.2,00,000. In case the Bid Amount is over Rs.2,00,000 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 subscribe to Equity Shares at the final Issue Price as determined at the end of the Book Building Process.

(b) For Non-Institutional Bidders and QIB Bidders:

The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount exceeds Rs.2,00,000 and in multiples of [●] Equity Shares. A Bid cannot be submitted for more than the Issue size. However, the maximum Bid by a QIB investor should not exceed the investment limits prescribed for them by the regulatory and statutory authorities governing them. **Under SEBI ICDR Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/ Issue Closing Date, as applicable and is required to pay the entire Bid Amount upon submission of Bid.**

In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs.2,00,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs.2,00,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIB Bidders do not have the option of bidding at Cut-off Price.

Bidders are advised to ensure that any single Bid from them does not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or regulation or as specified in this Draft Red Herring Prospectus.

Information for the Bidder:

1. Our Company and the BRLM shall declare the Bid/ Issue Opening Date and the Bid/ Issue Closing Date in the Red Herring Prospectus to be registered with the RoC and also publish the same in two national daily newspapers (one each in English and Hindi) and in one regional daily newspaper with wide circulation, where the Registered Office of our Company is situated. This advertisement shall be in the prescribed format.
2. Our Company will file the Red Herring Prospectus with the ROC at least three days prior to the Bid/ Issue Opening Date.
3. The Syndicate and the SCSBs, as applicable, will circulate copies of the Bid cum Application Form to potential investors and at the request of potential investors, copies of the Red Herring Prospectus. The SCSB shall ensure that the abridged prospectus is made available on its website.
4. The Bidding Period shall be for a minimum of three Working Days. In case the Price Band is revised, the Bidding Period shall be extended, by an atleast additional three Working Days, subject to the total Bidding Period not exceeding ten Working Days. The revised Price Band and Bidding Period will be widely disseminated by notification to the SCSBs and Stock Exchanges, and by publishing in two national newspapers (one each in English and Hindi) and one regional newspaper, with wide circulation in the place where our registered Office is situated and also by indicating the change on the websites of the BRLM and at the terminals of the members of the Syndicate.

5. Any Bidder (who is eligible to invest in our Equity Shares) who would like to obtain the Red Herring Prospectus and/ or the Bid cum Application Form can obtain the same from our Registered Office or from the members of the Syndicate or the SCSBs.
6. Eligible Bidders who are interested in subscribing the Equity Shares should approach the members of the Syndicate or the SCSBs (as applicable) to register their Bid. Bidders can also approach the Designated Branch of the SCSBs to register their Bids under the ASBA process.
7. The Bids should be submitted on the prescribed Bid cum Application Form only. Bid cum Application Forms (other than the ASBA Bid cum Application Form) should bear the stamp of the BRLM or Syndicate Member otherwise they will be rejected. Bids by ASBA Bidders shall be accepted by the Designated Branches of SCSBs in accordance with the SEBI ICDR Regulations and any circulars issued by SEBI in this regard. Bidders applying through the ASBA process also have an option to submit the ASBA Bid cum Application Form in electronic form.

Bidders may note that in case the Depository Participant identification number, client identification number of the demat account of the Bidder, and PAN mentioned in the Bid cum Application Form or the ASBA Form, as the case may be and entered into the electronic bidding system of the Stock Exchanges by the Members of Syndicate do not match with the Depository Participant identification number, client identification number of the demat account of the Bidder, and PAN available in the Depository database, the application Bid-cum-Application Form or the ASBA Form, as the case may be is liable to be rejected. With effect from August 16, 2010, the demat accounts for Bidders for which PAN details have not been verified shall be “suspended credit” and no credit of Equity Shares pursuant to the Issue shall be made into accounts of such Bidders.

Method and Process of Bidding

1. Our Company in consultation with the BRLM, shall declare the Bid/Issue Opening Date, Bid/Issue Closing Date and Price Band in the Red Herring Prospectus to be filed with Roc and publish the same in two national newspapers (one each in English and Hindi) and one regional newspaper, with wide circulation in the place where our registered Office is situated. The advertisement, subject to the provisions of Section 66 of the Companies Act, shall be in the format prescribed in Schedule XIII of the SEBI ICDR Regulations. The Syndicate and the SCSBs shall accept Bids from the Bidders during the Bid/ Issue Period.
2. The Bid/ Issue Period shall be a minimum of three Working Days and not exceeding ten Working Days (including the days for which the Issue is open in case of revision in Price Band). In case the Price Band is revised, the revised Price Band and Bidding Period will be published in one English national daily, one Hindi national daily and one regional daily newspaper with wide circulation, where the Registered Office of our Company is situated and the Bid/ Issue Period may be extended, if required, by an additional three Working Days, subject to the total Bid/ Issue Period not exceeding ten Working Days. Any revision in the Price Band and the revised Bid/ Issue Period, if applicable, will be published in two national newspapers (one each in English and Hindi) and one regional daily newspaper with wide circulation, where the Registered Office of our Company is situated, and also by indicating the change on the website of the BRLM, and at the terminals of the members of the Syndicate.
3. Each Bid cum Application Form will give the Bidder the choice to bid for upto three optional prices (for details refer to the paragraph entitled “Bids at Different Price Levels” below) within the Price Band and specify the demand (i.e. the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid cum Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation/Allotment and the rest of the Bid(s), irrespective of the Bid Price, will become automatically invalid.
4. 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 or the SCSBs. Submission of a second Bid cum Application Form to either the same or to another member of the Syndicate or SCSBs 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 this Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph titled “Build up of the Book and Revision of Bids”.
5. The members of the Syndicate/ SCSBs will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip, (TRS), for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive upto three TRSs for each Bid cum Application Form.
6. During the Bid/ Issue Period, Bidders (other than QIBs), who are interested in subscribing for the Equity Shares may approach any of the members of the Syndicate to submit their Bid. The member of the

Syndicate shall accept Bids from all the Bidders and shall have the right to vet the Bids in accordance with the terms of the Syndicate Agreement and the Draft Red Herring Prospectus. Bidders who wish to use the ASBA process should approach the Designated Branches of the SCSBs to register their Bids.

7. Along with the Bid cum Application Form, all Bidders will make payment in the manner described under the paragraph titled '*Payment Instructions*' of the Draft Red Herring Prospectus.
8. Upon receipt of the ASBA Bid cum Application Form, submitted whether in physical or electronic mode, the Designated Branch of the SCSB shall verify if sufficient funds equal to the Bid Amount are available in the ASBA Account, as mentioned in the ASBA Bid cum Application Form, prior to uploading such Bids with the Stock Exchanges.
9. If sufficient funds are not available in the ASBA Account, the Designated Branch of the SCSB shall reject such Bids and shall not upload such Bids with the Stock Exchanges.
10. If sufficient funds are available in the ASBA Account, the SCSB shall block an amount equivalent to the Bid Amount mentioned in the ASBA Bid cum Application Form and will enter each Bid option into the electronic bidding system as a separate Bid and generate a TRS for each price and demand option. The TRS shall be furnished to the ASBA Bidder on request.
11. The Bid Amount shall remain blocked in the aforesaid ASBA Account until finalization of the Basis of Allotment and consequent transfer of the Bid Amount against the Allotted Equity Shares to the Public Issue Account, or until withdrawal/ failure of the Issue or until withdrawal/ rejection of the ASBA Bid cum Application Form, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the Controlling Branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful Bidders to the Public Issue Account. In case of withdrawal/ failure of the Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

Bids at Different Price Levels

1. The Price Band has been fixed at Rs. [●] to Rs. [●] per Equity Share, Rs. [●] being the floor of the Price Band and Rs. [●] being the cap of the Price Band. The Bidders can Bid at any price within the Price Band in multiples of Re. 1.
2. In accordance with SEBI ICDR Regulations, our Company, in consultation with the BRLM, and without the prior approval of, or intimation, to the Bidders reserves the right to revise the Price Band during the Bid/ Issue Period, provided the Cap Price shall be less than or equal to 120% of the Floor Price and the Floor Price shall not be less than the face value of the Equity Shares. The revision in Price Band shall not exceed 20% on the either side i.e. the Floor Price can move up or down to the extent of 20% of the Floor Price disclosed at least two Working Days prior to the Bid/ Issue Opening Date and the Cap Price will be revised accordingly.
3. Any revision in the Price Band and the revised Bidding/Issue Period, if applicable, will be widely disseminated by notification to BSE and NSE, by issuing a public notice in two national newspapers (one each in English and Hindi) and one regional newspaper, with wide circulation in the place where our registered Office is situated, and also by indicating the change on the website of the BRLM and at the terminals of the members of the Syndicate.
4. Our Company, in consultation with the BRLM can finalize the Issue Price within the Price Band without the prior approval of, or intimation to, the Bidders.
5. The Bidder has to Bid for the desired number of Equity Shares at a specific price. The Bidder can Bid at any price within the Price Band in multiples of Re.1. Retail Individual Bidders may Bid at Cut-off Price. However, bidding at Cut-off Price is prohibited for QIB Bidders or Non-Institutional Bidders and such Bids from QIBs and Non-Institutional Bidders shall be rejected.
6. Retail Individual Bidders who Bid at the Cut-off Price agree that they shall acquire 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 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, who Bid at Cut-off Price, shall receive the refund of the excess amounts from the Refund Account(s). In case of ASBA Bidder bidding at Cut-off Price, the ASBA Bidders shall instruct the SCSBs to block amount based on the Cap Price.
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) shall make additional payment based on the cap of the revised Price Band, (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 2,00,000 if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate or the SCSBs to whom the original Bid was submitted. In case the total amount (i.e. original Bid Amount plus additional payment) exceeds Rs. 2,00,000, the Bid will be considered for allocation under the Non Institutional Bidders category in terms of the Draft 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 for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.

8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the respective Refund Account or unblocked by the SCSBs, as applicable.
9. In the event of any revision in the Price Band, whether upwards or downwards, the minimum application size shall remain [●] Equity Shares irrespective of whether the Bid Amount payable on such minimum application is not in the range of Rs. 5,000 to Rs. 7,000.
10. When a Bidder has revised his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the Members of Syndicate. It is the Bidder's responsibility to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

Escrow Mechanism, Terms of Payment and Payment into the Escrow Account

For details of the escrow mechanism and payment instructions, please refer to "*Issue Procedure – Payment Instructions*" on page 172 of the Draft Red Herring Prospectus.

Electronic Registration of Bids

1. The members of the Syndicate and the SCSBs will register the Bids using the on-line facilities of the Stock Exchanges. There will be at least one on-line connectivity to each city where a stock exchange is located in India and where the Bids are being accepted. The BRLM, our Company and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to, (i) the Bids accepted by the members of the Syndicate and the SCSBs, (ii) the Bids uploaded by the members of the Syndicate and the SCSBs, (iii) the Bids accepted but not uploaded by the members of the Syndicate and the SCSBs or (iv) with respect to ASBA Bidders, Bids accepted and uploaded without blocking funds in the ASBA Accounts. However, the respective member of the Syndicate and / or the SCSBs shall be responsible for any errors in the Bid details uploaded by them. It shall be presumed that for the Bids uploaded by the SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.
2. The Syndicate and the SCSBs will undertake modification of selected fields in the Bid details already uploaded within one Working Day from the Bid/ Issue Closing Date.
3. The Stock Exchanges will offer a screen-based facility for registering Bids for the Issue. This facility will be available on the terminals of the members of the Syndicate, their authorized agents and the SCSBs during the Bid/ Issue Period. The Syndicate Member and the Designated Branches 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 members of the Syndicate and the Designated Branches of the SCSBs shall upload the Bids till such time as may be permitted by the Stock Exchanges. This information will be available with the BRLM on a regular basis. Bidders are cautioned that a high inflow of bids typically experienced on the last day of the bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time, and such bids that could not be uploaded will not be considered for allocation. Bids will only be accepted on working days, i.e., Monday to Friday (excluding any public holiday).
4. The aggregate demand and price for Bids registered on the electronic facilities of NSE and BSE will be downloaded on a regular basis, consolidated and displayed on-line at all bidding centers. A graphical representation of the consolidated demand and price would be made available at the bidding centers and the websites of the Stock Exchanges during the Bid/Issue Period along with category wise details.
5. At the time of registering each Bid (other than ASBA Bidder), the member of the Syndicate shall enter the following details of the Bidder in the on-line system:
 - Name of the Bidder(s): Bidders should 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, Bidders should ensure that the Depository Account is also held in the same joint names and are in the same sequence in which they appear in the Bid cum Application Form;
 - Investor Category such as Individual, Corporate, NRI, FII or Mutual Fund, etc.;
 - Numbers of Equity Shares Bid for;
 - Bid Amount;
 - Price option;
 - Cheque Amount;
 - Cheque Number;
 - Bid cum Application Form number;

- Depository Participant Identification Number and Client Identification Number of the Demat Account of the Bidder; and
- PAN, except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts

With respect to ASBA Bidders, at the time of registering each Bid, the Designated Branches of the SCSBs shall enter the following information pertaining to the Bidder into the electronic bidding system:

- Name of the Bidder(s).
 - ASBA Bid cum Application Form Number.
 - PAN (of First Bidder if more than one Bidder)
 - Investor Category and Sub-Category:
 - DP ID and client identification number
 - Numbers of Equity Shares Bid for;
 - Price Option
 - Bank Account Number
 - Bid amount
6. 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 request and obtain the TRS from the member of the Syndicate or the Designated Branches of the SCSBs.** The registration of the Bid by the member of the Syndicate or the Designated Branches of the SCSBs does not guarantee that the Equity Shares shall be allocated either by the BRLM or the Syndicate Member or our Company.
 7. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.
 8. In case of QIB Bidders, bidding in the QIB Portion, BRLM or Syndicate Members can reject the Bids at the time of accepting the Bid provided that the reason for such rejection is provided in writing. Bids under the Non-Institutional Portion and Bids under the Retail Individual Portion would not be rejected except on the technical grounds listed in the Draft Red Herring Prospectus. The members of the Syndicate may also reject Bids if all the information required is not provided and the Bid cum Application Form is incomplete in any respect. The SCSB shall have no right to reject Bids except on technical grounds.
 9. It is to be distinctly understood that the permission given by the Stock Exchanges to use their network and software of the online IPO system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and the BRLM are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of our Company, our Promoters, our management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.
 10. Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation/ Allotment. The members of the Syndicate will be given upto one day after the Bid/ Issue Closing Date to verify DP ID and Client ID uploaded in the online IPO system during the Bid/ Issue Period after which the data will be sent to the Registrar to the Issue for reconciliation and Allotment of Equity Shares. In case of discrepancy of data between BSE or NSE and the members of the Syndicate or the Designated Branches of the SCSBs, the decision of our Company, in consultation with the BRLM and the Registrar to the Issue, shall be final and binding on all concerned.

Build Up of the Book and Revision of Bids

1. Bids registered by various Bidders through the members of the Syndicate and SCSBs shall be electronically transmitted to the BSE or NSE mainframe on a regular basis.
2. The book gets built up at various price levels. This information will be available with the BRLM on a regular basis at the end of the Bid/ Issue Period.
3. During the Bidding Period, any Bidder who has registered his or her interest in the Equity Shares at a particular price level is free to revise his or her Bid within the price band using the printed Revision Form, which is a part of the Bid cum Application Form.
4. Revisions can be made in both the desired number of Equity Shares and the Bid Amount 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 and the Designated Branches of the SCSBs.

5. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) of the Bid, the Bidders will have to use the services of the same members of the Syndicate or the SCSB through whom the Bidder had placed the original Bid. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only in such Revision Form or copies thereof.
6. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their Bid or (ii) shall make additional payment based on the cap of the revised Price Band (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 200,000.00 if the Bidder wants to continue to Bid at Cut-off Price), with the members of the Syndicate to whom the original Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional payment) exceeds Rs. 200,000.00, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Draft Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of allocation, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at Cut-off Price.
7. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders, who have bid at Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Refund Account.
8. Our Company in consultation with the BRLM, shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of Rs. 5,000 to Rs. 7,000.
9. 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 the Draft Red Herring Prospectus. With respect to the ASBA Bids, if revision of the Bids results in an incremental amount, the relevant SCSB shall block the additional Bid amount. In case of Bids, other than ASBA Bids, the members of the Syndicate shall collect the payment in the form of cheque or demand draft if any, to be paid on account of upward revision of the Bid at the time of one or more revisions. In such cases, the members of the Syndicate will revise the earlier Bid details with the revised Bid and provide the cheque or demand draft number of the new payment instrument in the electronic book. The Registrar to the Issue will reconcile the Bid data and consider the revised Bid data for preparing the Basis of Allotment.
10. When a Bidder revises his or her Bid, he or she shall surrender the earlier TRS and get a revised TRS from the member of the Syndicate or SCSBs, as applicable. It is the responsibility of the Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.
11. The Syndicate Members may modify selected fields (viz. DP ID and Client ID) in the Bid details already uploaded upto one Working Day post the Bid/ Issue Closing Date.
12. In terms of the SEBI Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.

Price Discovery and Allocation

1. After the Bid /Issue Closing Date, the BRLM will analyse the demand generated at various price levels.
2. The Company in consultation with the BRLM, shall finalise the "Issue Price" and the number of Equity Shares to be allocated in each investor category.
3. After the closure of bidding, the level of subscription in the various categories shall be determined.
4. Under-subscription, if any, in any category would be met with spill over from other categories or combination of other categories at the sole discretion of our Company in consultation with the BRLM. In case of inadequate demands from the Mutual Funds, the Equity Shares would be made available to QIBs other than Mutual Funds.
5. The allocation under the Issue shall be on proportionate basis, in the manner specified in the SEBI Regulations and this DRHP and in consultation with Designated Stock Exchange.
6. The BRLM, in consultation with us, shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders.
7. The Company, in consultation with the BRLM, reserves the right not to proceed with the Issue at anytime after the Bid/Issue Opening Date but before Allotment. If our Company withdraws from the Issue, it shall issue a public notice within two days of the closure of the Issue informing the reason. The notice shall be issued in the same newspapers where the pre-Issue advertisements have appeared and our Company shall also promptly inform the Stock Exchanges. If our Company withdraws the Issue after

the Bid/Issue Closing Date and thereafter determines that it will proceed with an initial public offering of its Equity Shares, it shall file a fresh Draft Red Herring Prospectus with the SEBI.

8. Allocation to Eligible NRIs or FIIs or Foreign Venture Capital Investor registered with SEBI, Multilateral and Bilateral Development Financial Institutions applying on repatriation basis will be subject to applicable laws, rules, regulations, guidelines and approvals.
9. In terms of the SEBI Regulations, QIB Bidders shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date.
10. The Basis of Allotment details shall be put up on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

- (a) We, the BRLM and the Syndicate Member shall enter into an Underwriting Agreement on finalization of the Issue Price and allocation(s) to the Bidders.
- (b) After signing the Underwriting Agreement, we would update and file the updated Red Herring Prospectus with RoC, which then would be termed 'Prospectus'. The Prospectus would have details of the Issue Price, Issue size, underwriting arrangements and would be complete in all material respects.

Filing with the RoC

We will file a copy of the Red Herring Prospectus and Prospectus with the RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Announcement of Pre-Issue Advertisement

Subject to Section 66 of the Companies Act, our Company shall, after registering the Red Herring Prospectus with the RoC, publish a pre-Issue advertisement, in the form prescribed by the SEBI ICDR Regulations, in one English language national daily newspaper, one Hindi language national daily newspaper and one regional language newspaper with wide circulation, where the Registered Office of our Company is situated.

Advertisement regarding Price Band and Red Herring Prospectus

A statutory advertisement will be issued by the Company after the filing of the Red Herring Prospectus with the RoC. This advertisement in addition to the information that has to be set out in the statutory advertisement shall indicate the Price Band along with a table showing the number of Equity Shares and the amount payable by an investor. Any material updates between the date of Red Herring Prospectus and the Prospectus shall be included in the advertisement.

Issuance of Confirmation of Allocation Note ("CAN")

Subject to "Allotment Reconciliation and Revised CANs" as set forth below:

1. Upon approval of Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the BRLM and Syndicate Members a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the Basis of Allotment by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or prior to the approval of the Basis of Allotment for the Retail and Non-Institutional Bidders. However, Bidders should note that our Company shall ensure that (i) the Allotment of the Equity Shares and (ii) the instructions by our Company for the demat credit of the Equity Shares, to all Bidders in this Issue shall be done on the same date.
2. The Registrar to the Issue will then dispatch the CAN to the Bidders who have been allocated Equity Shares in the Issue. The dispatch of CAN shall be deemed a valid, binding and irrevocable contract for the Bidder to pay the entire Issue Price for the Allotment to such Bidder.
3. The Issuance of CAN shall be deemed a valid, binding and irrevocable contract for the Allotment of Equity Shares to such Bidder.
4. Bidders who have been allocated Equity Shares and who have already paid the Bid Amount into the Escrow Account(s) at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realisation of his or her cheque or demand draft paid into the Escrow Account(s). The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder.

Notice to QIBs: Allotment Reconciliation and Revised CANs

After the Bid/Issue Closing Date, an electronic book will be prepared by the Registrar on the basis of Bids uploaded on the BSE/NSE system. Based on the electronic book, QIBs may be sent a CAN, indicating the

number of Equity Shares that may be allocated to them. This CAN is subject to the basis of final Allotment, which will be approved by the Designated Stock Exchange and reflected in the reconciled book prepared by the Registrar. Subject to SEBI Regulations, certain Bid applications may be rejected due to technical reasons, non-receipt of funds, cancellation of cheques, cheque bouncing, incorrect details, etc., and these rejected applications will be reflected in the reconciliation and basis of Allotment as approved by the Designated Stock Exchange. As a result, a revised CAN may be sent to QIBs, and the allocation of Equity Shares in such revised CAN may be different from that specified in the earlier CAN. QIBs should note that they may be required to pay additional amounts, if any, by the Pay-in Date specified in the revised CAN, for any increased allocation of Equity Shares. The CAN will constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the QIB to pay the entire Issue Price for all the Equity Shares allocated to such QIB. The revised CAN, if issued, will supersede in entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

- (a) Our Company will ensure that the Allotment of Equity Shares is done within 12 working days of the Bidding /Issue Closing Date. After the funds are transferred from the Escrow Accounts to the Public Issue Account on the Designated Date, we would ensure the credit to the successful Bidders depository account within 12 working days of the closure of the issue.
- (b) As per SEBI Regulations, **Equity Shares will be issued and Allotment shall be made only in the dematerialized form to the allottees.**
- (c) After the funds are transferred from the Escrow Accounts to the Public Issue Account on the Designated Date, the Company will allot the Equity Shares to the Allottees.
- (d) Successful Bidders will have the option to rematerialize the Equity Shares so allotted/transferred if they so desire as per the provisions of the Companies Act and the Depositories Act, rules, regulations and bye laws of the Depositories.

Investors are advised to instruct their depository participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

GENERAL INSTRUCTIONS

Do's:

1. Check if you are eligible to apply;
2. Read all the instructions carefully and complete the Bid cum Application Form;
3. Ensure that the details about Depository Participant and Beneficiary Account are correct as Allotment of Equity Shares will be in the dematerialized form only;
4. Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of the BRLM or Syndicate Member or with respect to ASBA Bidders ensure that your Bid is submitted at a Designated Branch of the SCSB where the ASBA Bidders or the person whose bank account will be utilized by the ASBA Bidder for bidding, has a bank account;
5. With respect to ASBA Bids, ensure that the ASBA Bid cum Application Form is signed by the account holder in case the applicant is not the account holder. Ensure that you have mentioned the correct bank account number in the ASBA Bid cum Application Form;
6. Ensure that you have requested for and receive a TRS for all your Bid options;
7. Ensure that you have funds equal to the Bid Amount in your bank account maintained with the SCSB before submitting the ASBA Bid cum Application Form to the respective Designated Branch of the SCSB;
8. Instruct your respective banks not to release the funds blocked in the bank account under the ASBA process;
9. Ensure that the full Bid Amount is paid for the Bids submitted to the members of the Syndicate and funds equivalent to the Bid Amount are blocked in case of any Bids submitted through the SCSBs;
10. Submit revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
11. Ensure that the Bid is within the Price Band;
12. Ensure that you mention your PAN allotted under the I.T. Act with the Bid cum Application Form, except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
13. Ensure that the Demographic Details (as defined herein below) are updated, true and correct in all respects.
14. Ensure that the name(s) given in the Bid cum Application Form is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the Bid cum Application

Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid cum Application Form.

Don'ts:

- (a) Do not Bid for lower than the minimum Bid size;
- (b) Do not Bid/revise Bid to a price that is less than the Floor Price or higher than the Cap Price;
- (c) Do not Bid on another Bid cum Application Form after you have submitted a Bid to the members of the Syndicate;
- (d) Do not pay the Bid amount in cash;
- (e) Do not send Bid cum Application Forms by post; instead submit the same to a member of the Syndicate only;
- (f) Do not Bid at Cut-off Price (for QIB Bidders and Non-Institutional Bidders);
- (g) Do not fill up the Bid cum Application Form such that the Equity Shares Bid for exceeds the Issue size and/or investment limit or maximum number of Equity Shares that can be held under the applicable laws or regulations or maximum amount permissible under the applicable regulations or under the terms of the Draft Red Herring Prospectus;
- (h) Do not bid at Bid Amount exceeding Rs. 2,00,000 (for Retail Individual Bidders);
- (i) Do not submit the Bid without the full Bid amount;
- (j) Do not submit Bids accompanied by Stockinvest or postal order or money order; and
- (k) Do not submit the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.

INSTRUCTIONS FOR COMPLETING THE BID CUM APPLICATION FORM

Bidders can obtain Bid cum Application Forms and / or Revision Forms from the any of the member of the Syndicate or from our Registered Office. **ASBA Bid cum Application Forms can be obtained from the Designated Branches of the SCSBs. ASBA Bid cum Application Forms shall also be available at the website of the respective stock exchanges at www.bseindia.com and www.nseindia.com.**

Bids and Revisions of Bids

Bids and revisions of Bids must be:

- (a) Made only in the prescribed Bid cum Application Form or Revision Form, as applicable.
- (b) 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. Bidders should note that the members of the Syndicate and / or the SCSBs (as appropriate) will not be liable for errors in data entry due to incomplete or illegible Bid cum Application Forms or Revision Forms.
- (c) Information provided by the Bidders will be uploaded in the online IPO system by the members of the Syndicate and SCSBs, as the case may be, and the electronic data will be used to make allocation/Allotment. Please ensure that the details are correct and legible.
- (d) The Bids from the Retail Individual Bidders must be for a minimum of [●] Equity Shares and in multiples of [●] thereafter subject to a maximum Bid amount of Rs. 200,000.
- (e) 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. 200,000 and in multiples of [●] Equity Shares thereafter. All Individual Bidders whose maximum bid amount exceeds Rs.200,000 would be considered under this category. Bids cannot be made for more than the Issue Size. Bidders are advised to ensure that a single Bid from them should not exceed the investment limits or maximum number of Equity Shares that can be held by them under the applicable laws or regulations.
- (f) In single name or in joint names (not more than three and in the same order as their Depository Participant details).
- (g) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule in the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

Bidder's Depository Account and Bank Details

Bidders should note that on the basis of name of the Bidders, Depository Participant's name, Depository Participant-Identification number and Beneficiary Account Number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain from the Depository the demographic details including address, Bidders bank account details, MICR code and occupation (hereinafter referred to as 'Demographic Details'). These bank account details would be used for

giving refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS) to the Bidders. Hence, Bidders are advised to immediately update their Bank Account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch/ credit of refunds to Bidders at the Bidders sole risk and neither the BRLM or the Registrar or the Escrow Collection Banks nor the Company shall have any responsibility and undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details in the Bid cum Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO GET THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE BID CUM APPLICATION FORM. INVESTORS MUST ENSURE THAT THE NAME GIVEN IN THE BID CUM APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE BID CUM APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE BID CUM APPLICATION FORM.

These Demographic Details would be used for all correspondence with the Bidders including mailing of the CANs/Allocation Advice and printing of Bank particulars on the refund orders or for refunds through electronic transfer of funds, as applicable. The Demographic Details given by Bidders in the Bid cum Application Form would not be used for any other purpose by the Registrar to the Issue.

By signing the Bid cum Application Form, the Bidder would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

In case of Bidders receiving refunds through electronic transfer of funds, delivery of refund orders/allocation advice/CANs may get delayed if the same once sent to the address obtained from the depositories are returned undelivered. In such an event, the address and other details given by the Bidder in the Bid cum Application Form would be used only to ensure dispatch of refund orders. Please note that any such delay shall be at the Bidders sole risk and neither the Company, nor the Registrar, Escrow Collection Bank(s) nor the BRLM shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depository that matches three parameters: PAN of the sole/first name of the Bidder, Depository Participant's identity (DP ID) and beneficiary's account number, then such Bids are liable to be rejected.

The Company in its absolute discretion, reserve the right to permit the holder of the power of attorney to request the Registrar that for the purpose of printing particulars on the refund order and mailing of the refund order/CANs/allocation advice/ refunds through electronic transfer of funds, the Demographic Details given on the Bid cum Application Form should be used (and not those obtained from the Depository of the Bidder). In such cases, the Registrar shall use Demographic Details as given in the Bid cum Application Form instead of those obtained from the depositories.

Equity Shares in Dematerialized form with NSDL or CDSL

As per the provisions of Section 68B of the Companies Act, the Equity Shares in this Issue shall be allotted only in a dematerialized form, (i.e., not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode).

In this context, two tripartite agreements have been signed among us, the respective Depositories and the Registrar to the Issue:

- (a) an agreement dated [●] between NSDL, us and Registrar to the Issue;
- (b) an agreement dated [●] between CDSL, us and Registrar to the Issue.

Bidders will be allotted Equity Shares only in dematerialized mode. Bids from any Bidder without relevant details of his or her depository account are liable to be rejected.

1. A Bidder applying for Equity Shares must have at least one beneficiary account with the Depository Participants of either NSDL or CDSL prior to making the Bid.

2. The Bidder must necessarily fill in the details (including the beneficiary account number and Depository Participant's identification number) appearing in the Bid cum Application Form or Revision Form.
3. Equity Shares Allotted to a successful Bidder will be credited in electronic form directly to the beneficiary account (with the Depository Participant) of the Bidder.
4. Names in the Bid cum Application Form or Revision Form should be identical to those appearing in the account details with the Depository. In case of joint holders, the names should necessarily be in the same sequence as they appear in the account details with the Depository.
5. If incomplete or incorrect details are given under the heading 'Bidders Depository Account Details' in the Bid cum Application Form or Revision Form, it is liable to be rejected.
6. The Bidder is responsible for the correctness of his or her Demographic Details given in the Bid cum Application Form vis-à-vis those with his or her Depository Participant.
7. It may be noted that Equity Shares in electronic form can be traded only on the stock exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where our Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.
8. The trading of the Equity Shares would be in dematerialized form only for all investors in the demat segment of the respective Stock Exchanges.

Bids by Eligible NRIs, FIIs, Foreign Venture Capital Funds registered with SEBI and multilateral and bilateral development financial institutions on a repatriation basis

Bids and revision to Bids must be made:

1. On the Bid cum Application Form or the Revision Form, as applicable (blue in colour), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.
2. By FIIs for a minimum of such number of Equity Shares and in multiples of [●] thereafter that the Bid Amount exceeds Rs. 200,000. For further details see "Issue Procedure-Maximum and Minimum Bid Size" on page 161.
3. In the names of individuals, or in the names of FIIs or Foreign Venture Capital Funds registered with SEBI and multilateral and bilateral development financial institutions but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.
4. In a single name or joint names (not more than three).

Bids by Eligible NRIs for a Bid Amount of up to Rs. 200,000 would be considered under the Retail Portion for the purposes of allocation and Bids by Eligible NRIs for a Bid Amount of more than Rs. 200,000 would be considered under the Non-Institutional Portion for the purposes of allocation;

Refunds, dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and/or commission. In case of Bidders who remit money through Indian Rupee drafts purchased abroad, such payments in Indian Rupees will be converted into US Dollars or any other freely convertible currency as may be permitted by the RBI at the rate of exchange prevailing at the time of remittance and will be dispatched by registered post or if the Bidders so desire, will be credited to their NRE accounts, details of which should be furnished in the space provided for this purpose in the Bid cum Application Form. Our Company will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

It is to be distinctly understood that there is no reservation for Eligible NRIs and FIIs, and all such Bidders will be treated on the same basis with other categories for the purpose of allocation.

As per the existing policy of the Government of India, OCBs cannot participate in this Issue.

Bids under Power of Attorney

1. In case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies, registered societies, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.
2. In case of Bids made pursuant to a Power of Attorney by FIIs, a certified copy of the Power of Attorney or the relevant resolution or authority as the case may be, along with a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, the Company reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.

3. In case of the Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by Insurance Regulatory and Development Authority must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.
4. In case of the Bids made by provident funds, subject to applicable law, with minimum corpus of Rs. 2500 Lacs and pension funds with minimum corpus of Rs. 2500 Lacs, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/pension fund must be lodged along with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.
5. In case of Bids made by Mutual Funds, venture capital funds registered with SEBI and FVCIs registered with SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid cum Application Form. Failing this, we reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefore.
6. We, in our absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that we and the BRLM may deem fit.

Payment Instructions

Escrow Mechanism for Bidders other than ASBA Bidders

Our Company, the Syndicate Members, the BRLM shall open Escrow Accounts with one or more Escrow Collection Bank(s) in whose favour the Bidders shall make out the cheque or demand draft in respect of their 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 Bank(s) will act in terms of the Red Herring Prospectus and an Escrow Agreement to be entered into amongst our Company, the BRLM, Escrow Collection Bank(s) and Registrar to the Issue. 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 Bank(s) shall transfer the monies represented by allocation of Equity Shares (other than ASBA funds with the SCSBs) from the Escrow Account as per the terms of the Escrow Agreement, into the Public Issue Account with the Bankers to the Issue as per the terms of the Escrow Agreement. The balance amount after transfer to the Public Issue account shall be transferred to the Refund Account. Payments of refunds to the Bidders shall also be made from the Refund Account as per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between the Escrow Collection Bank(s), our Company, the Syndicate Members, the Registrar to the Issue and the BRLM to facilitate collection from the Bidders.

Payment mechanism for ASBA Bidders

The ASBA Bidders shall specify the bank account number in the ASBA Bid cum Application Form and the SCSB shall block an amount equivalent to the Bid Amount in the bank account specified in the ASBA Bid cum Application Form. The SCSB shall keep the Bid Amount in the relevant bank account blocked until receipt of instructions from the Registrar to the Issue to unblock the Bid Amount. The Bid Amount shall remain blocked in the ASBA Account until finalization of the Basis of Allotment in the Issue and consequent transfer of the Bid Amount to the Public Issue Account or until withdrawal/ failure of the Issue or until rejection of the Bid, as the case may be.

Payment into Escrow Account for Bidders other than ASBA Bidders:

Each Bidder shall draw a cheque or demand draft or remit the funds electronically through the RTGS mechanism for the amount payable on the Bid and/ or on allocation/ Allotment as per the following terms:

All Bidders would be required to pay the full Bid Amount at the time of the submission of the Bid cum Application Form.

1. QIB, Non-Institutional Bidders and Retail Individual Bidders shall, with the submission of the Bid cum Application Form, draw a payment instrument for the Bid Amount in favour of the Escrow Account and submit the same to the members of the Syndicate, as applicable. If the payment is not made favouring

the Escrow Account along with the Bid cum Application Form, the Bid of the Bidder shall be liable to be rejected.

2. The payment instruments for payment into the Escrow Account should be drawn in favor of:
 - (i) In case of Resident QIB Bidders: **“Escrow Account – AIL IPO – QIB – R”**
 - (ii) In case of non resident QIB Bidders: **“Escrow Account – AIL IPO – QIB – NR”**
 - (iii) In case of Resident Retail and Non-Institutional Bidders: **“Escrow Account – AIL IPO – R”**
 - (iv) In case of Non-Resident Retail and Non-Institutional Bidders: **“Escrow Account – AIL IPO – NR”**
3. In case of bids by NRIs applying on a 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 the Non-Resident External (NRE) Accounts or the Foreign Currency Non-Resident Accounts (FCNR), maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance. Payment will not be accepted out of Non-Resident Ordinary (NRO) account of Non Resident Bidder bidding on a repatriation basis. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to the NRE Account or the Foreign Currency Non- Resident Account.
4. In case of Bids by NRIs applying on non-repatriation basis, the payments must be made through Indian Rupee Drafts purchased abroad or cheques or bank drafts, for the amount payable on application remitted through normal banking channels or out of funds held in Non-Resident External (NRE) Accounts or Foreign Currency Non-Resident (FCNR) Accounts, maintained with banks authorized to deal in foreign exchange in India, along with documentary evidence in support of the remittance or out of a Non-Resident Ordinary (NRO) Account of a Non-Resident Bidder bidding on a non-repatriation basis. Payment by drafts should be accompanied by a bank certificate confirming that the draft has been issued by debiting an NRE or FCNR or NRO Account.
5. In case of Bids by FIIs, the payment should be made out of funds held in Special Non Resident Rupee Account ‘SPNR’ along with documentary evidence in support of the remittance. Payment by drafts should be accompanied by bank certificate confirming that the draft has been issued by debiting to Special Non Resident Rupee Account ‘SPNR’.
6. Where a Bidder has been allocated a 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 allocated, will be refunded to the Bidder from the Refund Accounts.
7. The monies deposited in the Escrow Account will be held for the benefit of the Bidders (other than ASBA Bidders) till the Designated Date.
8. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account with the Banker to the Issue.
9. No later than 12 Working Days from the Bid/ Issue Closing Date, the Refund Bank shall refund all amounts payable to unsuccessful Bidders (other than ASBA Bidders) and also the excess amount paid on Bidding, if any, after adjusting for allocation to the successful Bidders payments should be made by cheque, or a 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.
10. Bidders are advised to mention the number of application form on the reverse of the cheque/ demand draft to avoid misuse of instruments submitted along with the Bid cum Application Form.
11. In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Bank(s), such Bids are liable to be rejected.

Payments should be made by cheque, or demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers’ clearing house located at the centre where the Bid cum Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/Stockinvest/money orders/postal orders will not be accepted.

Payment by Stockinvest

In terms of the 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 instrument in lieu of cheques or bank drafts for payment of Bid money has been withdrawn. Accordingly, payment through Stockinvest will not be accepted in the Issue.

Payment by cash / money order

Payment through cash/ money order shall not be accepted in this 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. With respect to ASBA Bidders, the ASBA Bid cum Application Form or the ASBA Revision Form shall be submitted to the Designated Branches of the SCSBs.

No separate receipts shall be issued for the money payable on the submission of Bid cum Application Form or Revision Form. However, the collection centre of the members of the Syndicate will acknowledge the receipt of the Bid cum Application Forms or Revision Forms by stamping and returning to the Bidder the acknowledgement slip. This acknowledgement slip will serve as the duplicate of the Bid cum Application Form for the records of the Bidder.

OTHER INSTRUCTIONS

Joint Bids in case of Individuals

Bids may be made in single or joint names (not more than three). In case of joint Bids, all payments will be made out in favour of the Bidder whose name appears first in the Bid cum Application Form or Revision Form. All communication will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or First Bidder is one and the same.

In this regard, the procedures which would be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name and age will be accumulated and taken to a separate process file which will serve as a multiple master document.
2. In this master, a check will be carried out for the same PAN numbers. In cases where the PAN numbers are different, the same will be deleted from this master.
3. The addresses of all these applications from the multiple master will be strung from the address master. This involves including the addresses in a single line after deleting non-alpha and non-numeric characters, i.e., commas, full stops, hashes etc. Sometimes, the name, the first line of the address and pin code will be converted into a string for each application received and a photo match will be carried out among all the applications processed. A print-out of the addresses will be made to check for common names. Applications with the same name and same address will be treated as multiple applications.
4. The applications will be scanned for similar Depository Participant's identity (DP ID) and client identity numbers. If applications bear the same numbers, these will be treated as multiple applications.
5. After the aforesaid procedures, a print-out of the multiple master will be taken and the applications physically verified to tally signatures and also father's/husband's names. Upon completion of this exercise, the applications will be identified as multiple applications.

In case of a mutual fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

We, in consultation with the BRLM, reserve the right to reject, in our absolute discretion, all or any multiple Bids in any or all categories.

'PAN' Number

The Bidders or in the case of a Bid in joint names, each of the Bidders, should mention his/her Permanent Account Number (PAN) allotted under the I.T. Act.. Applications without this information will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not furnish the GIR number instead of the PAN as the Bid is liable to be rejected on this ground.**

This requirement is not applicable to Bids received on behalf of the Central and State Governments, from residents of the state of Sikkim and from officials appointed by the courts

Rejection of Bids

In case of QIB Bidders, bidding under the QIB Portion, our Company, in consultation with the BRLM may reject Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing. In case of Non-Institutional Bidders and Retail Individual Bidders our Company has a right to reject Bids based on technical grounds. Consequent refunds shall be made by RTGS/ NEFT/ NECS/ Direct Credit/ cheque or pay order or draft and will be sent to the Bidder's address at the Bidder's risk. With respect to ASBA Bids, the Designated Branches of the SCSBs shall have the right to reject ASBA Bids if at the time of blocking the Bid Amount in the Bidder's bank account, the respective Designated Branch ascertains that sufficient funds are not available in the Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the ASBA Bid by the SCSB, our Company would have a right to reject the ASBA Bids only on technical grounds.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on, inter alia, the following technical grounds:

1. Amount paid does not tally with the highest number of Equity Shares Bid for. With respect to ASBA Bids, the amounts mentioned in the ASBA Bid cum Application Form does not tally with the amount payable for the value of the Equity Shares Bid for;
2. 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;
3. Bids by Persons not competent to contract under the Indian Contract Act, 1872, including minors, insane persons;
4. Age of the First Bidder not given;
5. PAN number not stated and GIR number given instead of PAN number, except for Bids on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
6. Bids for lower number of Equity Shares than specified for that category of investors;
7. Bids at a price less than the Floor Price;
8. Bids at a price more than the Cap Price;
9. Submission of more than five ASBA Bid cum Application forms per bank account;
10. Bids at cut-off price by Non-Institutional and QIB Bidders;
11. Bids for number of Equity Shares which are not in multiples of [●];
12. Category not ticked;
13. Multiple bids as defined in the Draft Red Herring Prospectus;
14. In case of Bid under power of attorney or by limited companies, corporate, trust etc., relevant documents are not submitted;
15. Bids accompanied by Stock invest/ money order/ postal order/ cash;
16. Signature of sole and/ or joint bidders missing. With respect to ASBA Bids, the Bid cum Application form not being signed by the account holders, if the account holder is different from the Bidder;
17. Bid cum Application Form does not have the stamp of the BRLM or Syndicate Member;
18. ASBA Bid cum Application Form does not have the stamp of the SCSB, except for ASBA Bid cum Application Forms downloaded from the websites of the Stock Exchanges, in which case the ASBA Bid Cum Application Forms shall bear a unique application number;
19. Bids by QIBs not submitted through the BRLM / Syndicate Members or in case of ASBA Bids for QIBs, not intimated to the BRLM/ Syndicate Members;
20. Bid cum Application Form does not have Bidder's depository account details;
21. In case no corresponding record is available with the Depository that matches three parameters: PAN of the sole/first name of the Bidder, Depository Participant's identity (DP ID) and beneficiary's account number;
22. 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 the Red Herring Prospectus and the Bid cum Application Form;
23. With respect to ASBA Bids, inadequate funds in the bank account to block the Bid Amount specified in the ASBA Bid cum Application Form at the time of blocking such Bid Amount in the bank account;

24. Bids for amounts greater than the maximum permissible amounts prescribed by the regulations;
25. Bids where clear funds are not available in Escrow Accounts as per final certificate from the Escrow Collection Bank(s);
26. Bids by persons in the United States;
27. Bids by any person outside India if not in compliance with applicable foreign and Indian Laws;
28. Bids not uploaded on the terminals of the Stock Exchanges;
29. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;
30. Bids by OCBs;
31. In case the DP ID, client ID and PAN mentioned in the Bid Cum Application Form and entered into the electronic bidding system of the Stock Exchanges by the members of the Syndicate do not match with the DP ID, client ID and PAN available in the records with the depositories. Non-submissions of bank account details in the space provided in the application form;
32. ASBA Applications made by using duplicate copy of ASBA Bid cum Application Form downloaded from the website of the Stock Exchanges (i.e. two ASBA Bid cum Application Forms bearing the same unique identification number);
33. Bids or revision thereof by QIB Bidders and Non-Institutional Bidders where the Bid amount is in excess of Rs. 200,000 uploaded after 4.00 p.m. on the Bid/ Issue Closing Date; and
34. Bids by NRIs not disclosing their residential status;

Basis of Allotment

A. For Retail Individual Bidders

- Bids received from the Retail Individual Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all the successful Retail Individual Bidders will be made at the Issue Price.
- The Issue size less Allotment to Non-Institutional Bidders and QIB Bidders shall be available for Allotment to Retail Individual Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this portion is less than or equal to [●] Equity Shares aggregating Rs.1750.00 lacs at or above the Issue Price, full Allotment shall be made to the Retail Individual Bidders to the extent of their demand.
- If the aggregate demand in this category is greater than [●] Equity Shares aggregating Rs.1750.00 lacs at or above the Issue Price, the allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation, refer page no 176 of Draft Red Herring Prospectus.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The Allotment to all successful Non-Institutional Bidders will be made at the Issue Price.
- The Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation to Non-Institutional Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- If the aggregate demand in this category is less than or equal to [●] Equity Shares aggregating Rs.750.00 lacs at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their demand.
- In case the aggregate demand in this category is greater than [●] Equity Shares aggregating Rs.750.00 lacs at or above the Issue Price, allocation shall be made on a proportionate basis up to a minimum of [●] Equity Shares and in multiples of one Equity Share thereafter. For the method of proportionate basis of allocation refer page no 176 of Draft Red Herring Prospectus.

C. For QIB Bidders

- Up to 50% of the Issue Size shall be available for allocation to the QIB Bidders.
- Bids received from the QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this category. The Allotment to all the QIB Bidders will be made at the Issue Price.

- The Issue size less allocation to Non-Institutional Portion and Retail Portion shall be available for proportionate allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.
- However, eligible Bids by Mutual Funds only shall first be considered for allocation proportionately in the Mutual Funds Portion. After completing proportionate allocation to Mutual Funds for up to [●] Equity Shares aggregating Rs.125.00 lacs (the Mutual Funds Portion), the remaining demand by Mutual Funds, if any, shall then be considered for allocation proportionately, together with Bids by other QIBs, in the remainder of the QIB Portion (i.e. after excluding the Mutual Funds Portion). For the method of allocation in the QIB Portion, see the paragraph titled “Illustration of Allotment to QIBs” appearing below. If the valid Bids by Mutual Funds are for less than [●] Equity Shares aggregating Rs.125.00 lacs, the balance Equity Shares available for allocation in the Mutual Funds Portion will first be added to the QIB Portion and allocated proportionately to the QIB Bidders.
- Allotment shall be undertaken in the following manner:
 - In the first instance allocation to Mutual Funds for 5% of the QIB Portion shall be determined as follows:
 - 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.
 - 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.
 - 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:
 - In the event that the oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids at or above the Issue Price shall be allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.
 - 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.
 - Under-subscription below 5% of the QIB Portion, if any, from Mutual Funds, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

For the method of proportionate basis of allocation refer below.

Illustration of Allotment to QIBs and Mutual Funds (“MF”)

A. Issue Details

Sr. No	Particulars	Issue details
1	Issue size	200 million Equity Shares
2	Allocation to QIB (not more than 50% of the Issue)	100 million Equity Shares
	Of which:	
	a. Reservation For Mutual Funds, (5%)	5 million Equity Shares
	b. Balance for all QIBs including Mutual Funds	95 million Equity Shares
3	Number of QIB applicants	10
4	Number of Equity Shares applied for	500 million Equity Shares

B. Details of QIB Bids

Sr. No	Type of QIB bidders#	No. of shares bid for (in million)
1	A1	50
2	A2	20
3	A3	130
4	A4	50
5	A5	50
6	MF1	40
7	MF2	40
8	MF3	80
9	MF4	20
10	MF5	20
	TOTAL	500

A1-A5: (QIB bidders other than MFs), MF1-MF5 (QIB bidders which are Mutual Funds)

C. Details of Allotment to QIB Bidders/ Applicants

(Number of equity shares in million)

Type of QIB bidders	Shares bid for	Allocation of 5 million Equity Shares to MF proportionately (please see note 2 below)	Allocation of balance 95 million Equity Shares to QIBs proportionately (please see note 4 below)	Aggregate allocation to MFs
(I)	(II)	(III)	(IV)	(V)
A1	50	0	9.60	0
A2	20	0	3.84	0
A3	130	0	24.95	0
A4	50	0	9.60	0
A5	50	0	9.60	0
MF1	40	1	7.48	8.48
MF2	40	1	7.48	8.48
MF3	80	2	14.97	16.97
MF4	20	0.5	3.74	4.24
MF5	20	0.5	3.74	4.24
	500	5	95	42.42

Please note:

- The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in the section titled "Issue Structure" beginning on page 155.
- Out of 100 million Equity Shares allocated to QIBs, 5 million (i.e. 5%) will be allocated on proportionate basis among five Mutual Fund applicants who applied for 200 shares in the QIB Portion.
- The balance 95 million Equity Shares [i.e. 100 - 5 (available for Mutual Funds only)] will be allocated on proportionate basis among 10 QIB Bidders who applied for 500 Equity Shares (including 5 Mutual Fund applicants who applied for 200 Equity Shares).
- The figures in the fourth column titled "Allocation of balance 95 million Equity Shares to QIBs proportionately" in the above illustration are arrived as under:
 - 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 million Equity Shares to the 10 QIBs are reduced by 5 million shares, which have already been allotted to Mutual Funds in the manner specified in column III of the table above.

Procedure and Time of Schedule for Allotment and Demat Credit of Equity

The Issue will be conducted through a "100% book building process" pursuant to which the members of the Syndicate will accept bids for the Equity Shares during the Bidding/Issue Period. The Bidding/Issue Period will commence on [●] and expire on [●]. Following the expiration of the Bidding/Issue Period, the Company, in consultation with the BRLM, will determine the Issue Price, and, in consultation with the BRLM, the basis of allocation and entitlement to Allotment based on the bids received and subject to confirmation by the BSE/NSE. Successful Bidders will be provided with a confirmation of their allocation (subject to a revised confirmation of allocation) and will be required to pay any unpaid amount for the Equity Shares within a prescribed time. The Equity Shares will then be credited and Allotted to the investors' demat accounts maintained with the relevant depository participant. The SEBI Regulations require the Company to complete the Allotment to successful Bidders including credit of shares to demand accounts, within 12 working days of the expiration of the Bidding/Issue Period. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.

Method of Proportionate Basis of Allotment in the Issue

In the event of the Issue being over-subscribed, the Company shall finalize the basis of Allotment in consultation with the Designated Stock Exchange. The Executive Director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLM and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalized in a fair and proper manner.

The Allotment shall be made in marketable lots, on a proportionate basis as explained below:

- a) Bidders will be categorized according to the number of Equity Shares applied for.
- b) The total number of Equity Shares to be allotted to each category as a whole shall be arrived at on a proportionate basis, which is the total number of Equity Shares applied for in that category (number of Bidders in the category multiplied by the number of Equity Shares applied for) multiplied by the inverse of the over-subscription ratio.
- c) Number of Equity Shares to be allotted to the successful Bidders will be arrived at on a proportionate basis, which is total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the over-subscription ratio.
- d) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:
 - The successful Bidders out of the total Bidders for a category shall be determined by draw of lots in a manner such that the total number of Equity Shares allotted in that category is equal to the number of Equity Shares calculated in accordance with (b) above; and
 - Each successful Bidder shall be allotted a minimum of [●] Equity Shares.
- e) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of 1 (which is the marketable lot), the decimal would be rounded off to the higher whole number if that decimal is 0.5 or higher. If that number is lower than 0.5, it would be rounded off to the lower whole number. Allotment to all in such categories would be arrived at after such rounding off.
- f) If the Equity Shares allocated on a proportionate basis to any category are more than the Equity Shares allotted to the Bidders in that category, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the allotted shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for minimum number of Equity Shares.

Communications

All future communications in connection with Bids made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidders Depository Account Details, number of Equity Shares applied for, date of Bid form, name and address of the member of the Syndicate or the Designated Branch of the SCSBs where the Bid was submitted and cheque or draft number and issuing bank thereof or with respect to ASBA Bids, bank account number in which the amount equivalent to the Bid Amount was blocked.

Bidders can contact the Compliance Officer or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of letters of Allotment, credit of allotted Equity Shares in the respective beneficiary accounts, refund orders etc. In case of ASBA Bids submitted to the Designated Branches of the SCSBs, the Bidders can contact the Designated Branches of the SCSBs.

Letters of Allotment or Refund Orders or instructions to Self Certified Syndicate Banks in ASBA Process

Applicants residing at 68 centers where clearing houses are managed by the RBI, State Bank of India, Punjab National Bank, State Bank of Indore, Union Bank of India, Andhra Bank, Corporation Bank, Bank of Baroda, State Bank of Travancore, Central Bank of India, Canara Bank, Oriental Bank of Commerce, United Bank of India, State Bank of Hyderabad and State Bank of Bikaner and Jaipur, will get refunds through NECS only except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS. We shall ensure dispatch of refund orders, if any, of value up to Rs. 1,500, by "Under Certificate of Posting", and shall dispatch refund orders above Rs. 1,500, if any, by registered post or speed post at the sole or first Bidder's sole risk within 12 working days of the Bid/Issue Closing Date. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post, intimating them about the mode of credit of refund within 12 working days of closure of Bid / Issue.

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSBs to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 Working Days of the Bid/Issue Closing Date, which shall be completed within one Working Day after the receipt of such instruction from the Registrar to the Issue.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, the Company further undertakes that:

- Allotment of Equity Shares shall be made only in dematerialized form not later than 12 working days of the Bid/Issue Closing Date;
- Refunds shall be made or instructions to SCSBs to unblock funds in the ASBA Accounts shall be given within 12 working days of the Bid/Issue Closing Date at the sole or First Bidder's sole risk, except for Bidders who have opted to receive refunds through Direct Credit, NEFT, RTGS or NECS;
- The Company shall pay interest at 15% per annum if allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT, RTGS or NECS, the refund instructions have not been given to the clearing system in the disclosed manner within 12 working days of the Bid/Issue Closing Date.

The Company will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrar to the Issue.

Refunds will be made by cheques, pay-orders or demand drafts drawn on a bank appointed by us, as Escrow Collection Banks and payable at par at places where Bids are received except where the refund or portion thereof is made in electronic mode/manner. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Our Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within twelve (12) Working Days from the Bid/Issue Closing Date.

PAYMENT OF REFUNDS

Bidders other than ASBA Bidders must note that on the basis of the names of the Bidders, Depository Participant's name, DP ID, Beneficiary Account number provided by them in the Bid cum Application Form, the Registrar to the Issue will obtain, from the Depositories, the Bidders' bank account details, including the nine digit Magnetic Ink Character Recognition ("MICR") code as appearing on a cheque leaf. Hence Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch of refund order or refunds through electronic transfer of funds, as applicable, and any such delay shall be at the Bidders' sole risk and neither our Company, the Registrar to the Issue, Escrow Collection Bank(s), Bankers to the Issue nor the BRLM shall be liable to compensate the Bidders for any losses caused to the Bidder due to any such delay or liable to pay any interest for such delay.

Interest in Case of Delay in Dispatch of Allotment Letters/Refund Orders

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, the Company undertakes that:

- Allotment shall be made only in dematerialized form within 12 working days from the Bid/Issue Closing Date;
- Dispatch of allotment letters/ refund orders or instructions to SCSBs to unblock funds in the ASBA Accounts shall be done within 12 working days from the Bid/Issue Closing Date; and
- The Company shall pay interest at 15% per annum, if Allotment is not made, allotment letters/ refund orders are not dispatched to the applicant or if, in a case where the refund or portion thereof is made in electronic mode/manner, the refund instructions have not been given to clearing members and/or demat credits are not made to investors within the 12 working days time period prescribed above.

The Company will provide adequate funds required for dispatch of refund orders or Allotment advice to the Registrar. Refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received, except where the refund or portion thereof is made in electronic mode/manner. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

1. NECS – Payment of refund shall be undertaken through NECS for applicants having an account at any of the following 68 centers: Ahmedabad, Bangalore, Bhubaneshwar, Kolkata, Chandigarh, Chennai, Guwahati, Hyderabad, Jaipur, Kanpur, Mumbai, Nagpur, New Delhi, Patna, Thiruvananthapuram (managed by RBI); Baroda, Dehradun, Nashik, Panaji, Surat, Trichy, Trichur, Jodhpur, Gwalior, Jabalpur, Raipur, Calicut, Siliguri (Non-MICR), Pondicherry, Hubli, Shimla (Non-MICR), Tirupur, Burdwan (Non-MICR), Durgapur (Non-MICR), Sholapur, Ranchi, Tirupati (Non-MICR), Dhanbad (Non-MICR), Nellore (Non-MICR) and Kakinada (Non-MICR) (managed by State Bank of India); Agra, Allahabad, Jalandhar, Lucknow, Ludhiana, Varanasi, Kolhapur, Aurangabad, Mysore, Erode, Udaipur, Gorakhpur and Jammu (managed by Punjab National Bank); Indore (managed by State Bank of Indore); Pune, Salem and Jamshedpur (managed by Union Bank of India); Visakhapatnam (managed by Andhra Bank); Mangalore (managed by Corporation Bank); Coimbatore and Rajkot (managed by Bank of Baroda); Kochi/Ernakulum (managed by State Bank of Travancore); Bhopal (managed by Central Bank of India); Madurai (managed by Canara Bank); Amritsar (managed by Oriental Bank of Commerce); Haldia (Non-MICR) (managed by United Bank of India); Vijaywada (managed by State Bank of Hyderabad); and Bhilwara (managed by State Bank of Bikaner and Jaipur). This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories. One of the methods for payment of refund is through NECS for applicants having a bank account at any of the above mentioned 68 centers.
2. Direct Credit – Applicants having bank accounts with the Refund Banker(s), as mentioned in the Bid cum Application Form, shall be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.
3. RTGS – Applicants having a bank account at any of the abovementioned 68 centers and whose refund amount exceeds Rs. 10 Lacs, 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 NECS. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit would be borne by the applicant.
4. NEFT (National Electronic Fund Transfer) – Payment of refund shall be undertaken through NEFT wherever the applicants' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a Magnetic Ink Character Recognition (MICR), if any, available to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage hence use of NEFT is subject to operational feasibility, cost and process efficiency. In the event that NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.
5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched under certificate of posting for value upto Rs. 1,500 and through Speed Post/ Registered Post for refund orders of Rs. 1,500 and above. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Escrow Collection Banks and payable at par at places where Bids are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Please note that applicants having a bank account at any of the 68 centers where the clearing houses for NECS are managed by the RBI, State Bank of India, Punjab National Bank, State Bank of Indore, Union Bank of India, Andhra Bank, Corporation Bank, Bank of Baroda, State Bank of Travancore, Central Bank of India, Canara Bank, Oriental Bank of Commerce, United Bank of India, State Bank of Hyderabad and State Bank of Bikaner and Jaipur are eligible to receive refunds through the modes detailed in I, II, III and IV above. For all the other applicants, including applicants who have not updated their bank particulars alongwith the nine digit MICR Code, prior to the Bid/Issue Opening Date, the refund orders would be dispatched under “Under Certificate of Posting” for refund orders less than Rs. 1,500 and through speed post/registered post for refund orders exceeding Rs. 1,500.

Mode of making refunds for ASBA Bidders

In case of ASBA Bidders, the Registrar to the Issue shall instruct the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA Bid cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBA Bids within 12 working days of the Bid/ Issue Closing Date.

Disposal of applications and application moneys and interest in case of delay

The Company shall ensure, with respect of all bidders other than ASBA bidders, dispatch of Allotment advice, refund orders (except for Bidders who receive refunds through electronic transfer of funds) and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within 12 working days of date of closure of the issue.

In case of applicants who receive refunds through NECS, direct credit or RTGS, the refund instructions will be given to the clearing system within 12 working days from the Bid/ Issue Closing Date. A suitable communication shall be sent to the bidders receiving refunds through this mode within 12 working days of Bid/ Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund.

The Company shall use best efforts to ensure that all steps for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed, are taken within twelve working days of Bid/ Issue Closing date.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the SEBI Regulations, the Company further undertake that:

- Allotment of Equity Shares shall be made only in dematerialized form not later than 12 working days of the Bid/Issue Closing Date;
- Refunds shall be made or instructions to SCSBs to unblock funds in the ASBA Accounts shall be given within 12 working days of the Bid/Issue Closing Date at the sole or First Bidder's sole risk, except for Bidders who have opted to receive refunds through Direct Credit, NEFT, RTGS or NECS;
- The Company shall pay interest at 15% per annum if allotment letters/ refund orders have not been dispatched to the applicants or if, in a case where the refund or portion thereof is made in electronic manner through Direct Credit, NEFT, RTGS or NECS, the refund instructions have not been given to the clearing system in the disclosed manner within 12 working days of the Bid/Issue Closing Date.

Interest on refund of excess Bid Amount

The Company shall pay interest at the rate of 15% per annum on the excess Bid Amount received if refund orders are not dispatched within 12 working days from the Bid/Issue Closing Date.

Undertakings by the Company

We undertake as follows:

- that the complaints received in respect of this Issue shall be attended to by us expeditiously and satisfactorily;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within twelve working days of Bid/Issue closing date;
- that funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by us;
- that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 12 working days of closure of the issue, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- Instructions to SCSBs to unblock funds in the ASBA Accounts shall be given within 12 working days of the Bid/ Issue Closing Date;
- that the refund orders or allotment advice to the Non Resident Indian shall be dispatched within specified time; and
- that no further issue of Equity Shares shall be made till the Equity Shares offered through this Draft Red Herring Prospectus are listed or until the Bid monies are refunded on account of non-listing, under subscription etc;
- that adequate arrangements shall be made to collect all Applications Supported by Blocked Amount (ASBA) and to consider them similar to non-ASBA applications while finalizing the basis of allotment.

Utilization of Issue proceeds

Our Board of Directors certifies that:

- all monies received out of issue of equity shares to public shall be transferred to separate bank account other than the bank account referred to in sub-section (3) of section 73 of the Companies Act, 1956;
- details of all monies utilized out of the issue referred to in sub-item (i) shall be disclosed and continue to be disclosed till the time any part of the issue proceeds remains unutilized under an appropriate separate head in the balance-sheet of the issuer indicating the purpose for which such monies had been utilized; and
- details of all unutilized monies out of the issue of equity shares referred to in sub-item (i) shall be disclosed under an appropriate separate head in the balance sheet of the issuer indicating the form in which such unutilized monies have been invested.

Our Company shall comply with the requirements of Clause 49 of the Listing Agreements in relation to the disclosure and monitoring of the utilization of the Issue Proceeds.

We shall not have recourse to the Issue proceeds until the approval for trading of the Equity Shares from all the Stock Exchanges where listing is sought has been received.

Restrictions on Foreign Ownership of Indian Securities

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 (the “**Industrial Policy**”) of the GoI and FEMA. While the Industrial Policy prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, unless specifically restricted, foreign investment is freely permitted in all sectors of Indian economy upto any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. FIIs are permitted to subscribe to shares of an Indian company in a public offer without the prior approval of the RBI, so long as the price of the equity shares to be issued is not less than the price at which the equity shares are issued to residents. The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the FIPB or RBI, provided that (i) the activities of the investee company are under the automatic route under the foreign direct investment (“**FDI**”) Policy and transfer does not attract the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 (ii) the nonresident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by SEBI/ RBI. As per the existing policy of the Government of India, OCBs cannot participate in this Issue. **As per current foreign investment policies, foreign direct investment in the automobile industry is allowed up to 100% under the automatic route.** In our Company, as of date the aggregate FII holding cannot exceed 49% of the paid up equity share capital.

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

The above information is given for the benefit of the Bidders. Our Company and the BRLM are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

Subscription by Non-Residents

The Equity Shares have not been and will not be registered under the Securities Act or any state securities laws in the United States and may not be offered or sold within the United States or to, or for the account or benefit of, “U.S. persons” (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Equity Shares are only being offered and sold outside the United States to certain persons in offshore transactions in compliance with Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

There is no reservation for any FIIs or Eligible NRIs and such FIIs or Eligible NRIs will be treated on the same basis with other categories for the purpose of allocation.

As per the current regulations, the following restrictions are applicable for investments by FIIs:

No single FII can hold more than 10% of our post-issue issued capital.

In respect of an FII investing in the Equity Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 10% of our total issued capital. As of now, the aggregate FIIs holding in our Company cannot exceed 49% of the paid up equity share capital of our Company.

As per the current regulations, the following restrictions are applicable for investments by SEBI registered VCFs and FVCIs:

The SEBI (Venture Capital Funds) Regulations, 1996, and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, prescribe investment restrictions on venture capital funds and foreign venture capital investors registered with SEBI. Accordingly, the holding by any individual venture capital fund registered with SEBI in one company should not exceed 25% of the corpus of the venture capital fund. Further, Venture Capital Funds/ Foreign Venture Capital Funds can invest only up to 33.33% of their respective investible funds by way of subscription to an initial public offer.

As per the current regulations, OCBs cannot participate in this Issue.

The current provisions of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, there exists a general permission for the NRIs, FIIs and foreign venture capital investors registered with SEBI to invest in shares of Indian companies by way of subscription in an IPO. However, such investments would be subject to other investment restrictions under the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident outside India) Regulations, 2000, RBI and/ or SEBI regulations as may be applicable to such investors. It is to be distinctly understood that there is no reservation for NRIs, FIIs or FVCIs registered with SEBI, applicants will be treated on the same basis with other categories for the purpose of allocation.

The allotment of the Equity Shares to Non-Residents shall be subject to the conditions, if any, as may be prescribed by the Government of India/RBI while granting such approvals.

The above information is given for the benefit of the Bidders. The Bidders are advised to make their own enquiries about the limits applicable to them. Our Company and the BRLM do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. Our Company and the BRLM are not liable to inform the investors of any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for do not exceed the applicable limits under laws or regulations.

SECTION IX - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Main provisions of the articles of association of the company are as under:

TABLE 'A' EXCLUDED

Table 'A' not to apply but the Company to be governed by these Articles.

1. No regulations contained in Table 'A' in the First Schedule to the Companies Act, 1956 shall apply to this Company but, the regulations for the management of the Company and for observance by the members thereof and their representatives shall, subject to any exercise of the statutory powers of the Company with reference to the repeal or alterations of or additions to its regulations by Special Resolution as prescribed by the Companies Act, 1956 be such as are contained in these Articles.

CAPITAL

3. The Authorized share capital of the company is such that stated in clause VI of the Memorandum of Association of the Company or Altered thereat from time to time

DEMATERIALIZATION OF SHARES

Securities in Depositories to be in fungible form

10. All securities held by a Depository shall be dematerialized and shall be in a fungible form. Nothing contained in section 372 of the Act shall apply to a Depository in respect of the securities held by it on behalf of the beneficial owner.

Rights of Depositories and Beneficial Owners

11. (i) Notwithstanding anything to the contrary contained in the Act or these Articles, a Depository shall be deemed to be the registered owner for the purpose of effecting transfer of ownership of security on behalf of the beneficial owner.
(ii) Save as otherwise provided in (i) above, the Depository as a registered owner of the securities shall not have any voting right or any other right in respect of the securities held by it.
(iii) Every person holding securities of the Company and whose name is entered as a beneficial owner in the records of the Depository shall be deemed to be a member of the Company. The beneficial owner of the securities shall be subject to all the liabilities in respect of his securities held by a Depository.

Company to recognize the rights of Registered Holders as also the Beneficial Owners in the Depository

19. Save as herein otherwise provided, the company shall be entitled to treat the person whose name appears on the Register of Members as the holder of any share, as also the Beneficial Owner of the Shares in records of the Depository as the absolute owner thereof as regards receipt of dividends or bonus or service of notices and all or any other matters connected with the Company, and accordingly the Company shall not, except as ordered by a Court of competent jurisdiction or as by law required be bound to recognize any benami trust or equity or equitable contingent or other claim to or interest in such share on the part or any other person where or not it shall have express or implied notice thereof

SUBJECT TO SECTION 81

Further issue of Capital

21. (i) Where at any time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation whichever is earlier the Board decided to increase the capital of the Company by the issue of new shares, then subject to any directions to the contrary which may be given by the Company in General Meeting and subject only to those directions, 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 nearly as circumstances admit to the capital paid upon those shares at that date and such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than fifteen days from the date of the offer within which the offer, if not accepted, will be deemed to have been declined. After the expiry of the time specified in the notice aforesaid or on receipt of earlier intimation from the person to whom such notice is given, if he declines to accept the shares offered, the Board may dispose off them in such manner as it think most beneficial to the Company.

- (ii) Notwithstanding anything contained in clause (1) hereof the further shares therein referred to may be offered to any person (Whether or not those persons include the persons referred to in clause (1) in any manner whatever either :
 - (a) If 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 a poll, as the case may be) in favour of the proposal contained in the resolution moved in that General Meeting (including the casting vote, if any, of the Chairman) by members who being entitled so to do, 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 in this behalf that the proposal is most beneficial to the Company.
- (iii) Nothing in clause (1) and (2) of this Article shall apply to the increase of the subscribed capital caused by exercise of option attached to debentures issued or loans raised by the Company to convert such debentures or loans raised by the Company or to subscribe for shares in the Company in the cases permitted by sub-clause(b) of sub section (3) of Section 81 of the Act.

Acceptance of shares

- 24. Any application signed by or on behalf of any applicant for shares in the Company, followed by allotment of any share therein shall be an acceptance of shares within the meaning of this Article and every person who thus or otherwise accepts any shares and whose name is on the Register shall, for the purposes of these Articles, be a member.

Deposit and call etc. to be a debt payable immediately.

- 25. 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 inscription of the name of the allottees in the Register of Members as the name of the holder of such shares, become a debt due to and recoverable by the Company from the allottee thereof, and shall be paid by him accordingly.

Liability of Members

- 26. 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 require or fix for the payment thereof.

Buy Back of Shares

- 30. (a) The Board of Directors may, when thought fit, buy back Company's own shares or securities subject to such terms and conditions and subject to such approvals as may be permitted by the provisions of Section 77A and 77B of the Companies Act, 1956 and rules prescribed by the Central Government and/or by Securities Exchange Board of India in this behalf.
- (b) Article 30(a) shall not be deemed to affect the power of the Company to reduce its capital as prescribed under Section 100 of the Companies Act, 1956.

Certificates

- 31. A) The certificates of title to shares and duplicates thereof when necessary shall be issued under the Seal of the Company.
- B) The Board of Directors may permit for sub-division or consolidation of share.

Commission & brokerage

- 35. Subject to the provisions of Section 76 of the Act, the Company may at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe (whether absolutely or conditional) for any shares or debentures in the Company, or procuring, or agreeing to procure subscriptions (whether absolute (or conditional) for any shares or debentures in the Company, but so that the commission shall not exceed in the case of shares five percent of the price at which the shares are issued, and in the case of debentures two and a half percent 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 brokerages as may be lawful and reasonable.

CALLS

Calls

36. (1) The Directors may, from time to time, subject to the terms on which any share may have been issued, make such calls as they think fit upon the members in respect of all moneys unpaid on the shares held by them respectively and not by the conditions of allotments thereof made payable at fixed times and each member shall pay the amounts of every call so made on him to the person and at the time and place appointed by the Directors. A call may be made payable by installments.
- (2) A call may be revoked or postponed at the discretion of the Board.
- (3) Also the option or right to call of shares shall not be given to any person except with the sanction of the Issuer in general meetings.

When call deemed to have been made and notice to call

37. A call shall be deemed to have been made at the time when the resolution of the Directors authorizing such was passed. No call shall be made payable within one month after the date fixed for the payment of the last preceding call. Not less than 14 days notice of any call shall be given specifying the time and place of payment and to whom such call shall be paid.

JOINT HOLDERS

Joint Holders

43. Where two or more persons are registered as holders of any shares, they shall be deemed to hold the same as joint-tenants with benefits of survivorship subject to the following and other provisions contained in these Articles.

FORFEITURE SURRENDER AND LIEN

If calls or installment not paid notice must be given

45. If any member fails to pay the whole or any part of any call or installments or any money due in respect of any shares by way of either principal or interest on or before the day appointed for the payment of the same, the Board may, at any time thereafter during such time as the call or installment or any part thereof or other moneys remains unpaid or a judgment or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such member or on the person (if any) entitled to the shares by transmission requiring him to pay such call or installment or such part, thereof or other moneys as remain unpaid together with any interest that may have accrued and all expenses (legal or otherwise) that may have been incurred by the Company reason of such non-payment.

Terms of notice

46. The notice shall name a day (not being less than fourteen days from the date of service of notice) on or before which and a place or places at which the money is to be paid, and the notice shall also state that, in the event of the nonpayment of such money at or before the time and at the place appointed, the shares in respect of which the same is owing will be liable to be forfeited.

In default of payment the shares may be forfeited

47. If the requirements of any such notice as aforesaid shall not be complied with, any share in respect of which such notice is given may at any time thereafter, before payment of all calls or installments, interest and expenses or other moneys due in respect thereof, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.

Forfeited shares to be property of the Company and may be sold etc

49. Every share so forfeited shall thereupon become the property of the Company, and may be sold, reallocated or otherwise, disposed off either to the original holder thereof or to any other person, upon such terms and in such manner as the Board shall think fit.

Company's lien on shares

56. The Company shall have a first and paramount lien upon all the shares (other than fully paid up shares registered in the name of such member (whether solely or jointly with others) and upon the proceeds of sale thereof for the amount of calls, interest, expenses or any other moneys payable to the Company at a fixed time in respect of any shares held by him, whether solely or jointly with other; and such lien shall extend to all dividends and bonuses from time to time declared in respect of such

shares, Unless otherwise agreed, the registration of a transfer of shares shall operate as a waiver of the Company's lien, if any, on such shares. In the case of partly paid shares the Issuer's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares;

Power to issue

59. (a) Upon the sale after the forfeiture or surrender or for enforcing a lien purported to have been exercised by virtue of the powers hereinbefore given, the Directors may cause the purchaser's name to be entered in the register in respect of the share sold; and the person to whom the share is sold or disposed of, shall not be bound to see the regularity of the proceedings, or to the application of the purchase money, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share. The validity of 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.

TRANSFER AND TRANSMISSION OF SHARES

Register of transfers

62. (a) The Company shall keep a book to be called the 'Register of Transfers' and therein shall be fairly and distinctly entered the particulars of every transfer or transmission of any share.

Transfer books when closed

- (b) The Board shall have power on giving not less than seven days previous notice by advertisement in a newspaper circulating in the district in which the Registered Office of the Company is situated to close the transfer books, the Register of Members or Register of Debenture Holders at such time or times and for such period or periods, not exceeding thirty days at a time and exceeding not in the aggregate forty-five days in each year, as it may seem expedient.

Instrument of transfer

63. The instrument of transfer shall be in writing and all the provisions of Section 108 of the Companies Act and of any statutory modification thereof for the time being shall be duly complied with in respect of all transfers of shares and the registration thereof.

Transfer not to be registered except on production of instrument of transfer

64. The Company shall not register a transfer of shares in the Company unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name address and occupation, if any, of the transferee has been delivered to the Company alongwith the certificate relating to the shares, or if no such shares certificate is in existence along with the letter of allotment of the shares; provided that where on an application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf of the transferor and by or on behalf of the transferee has been lost' the Company may register the transfer on such terms as to indemnity as the Board may think fit; provided under that nothing in this Article shall prejudice any power of the Company to register as share-holder any persons to whom the right to any shares in the Company has been transmitted by operation of law.

Application for transfer

- 65 (i) (a) Every instrument of transfer shall be signed both by the transferor and by the transferee, and the transferor shall be deemed to remain the holder, of such share until the name of the transferee is entered in the Register of Members in respect thereof.
- (b) An application for the registration of a transfer of the shares in the Company may be made either by the transferor or by the transferee.
- (c) Where the application is made by the transferor and relates to partly paid shares transfer shall not be registered unless the Company gives notice of the application to the transferee and the transferee makes no objection to the transfer within two weeks from the receipt of the notice.
- (d) For the purposes of sub-clause (c) above, notice to the transferee shall be deemed to have been duly given if it is dispatched by registered post to the transferee at the address given in

the instrument of transfer, and shall be deemed to have been duly delivered at the time at which it would have been delivered in the ordinary course of post.

- (ii) A transfer of a share of a deceased member made by his legal representative shall although the legal representative is not himself a member, be as valid as if he had been a member at the time of the execution of the instrument of transfer.

Board may require evidence of transmission

- 70. (1) Every transmission of a share shall be verified in such manner as the Board may require, and the Company may refuse to register any transmission until the same be so verified, or until and unless an indemnity be given to the Company with regard to such registration which the Board at its discretion shall consider sufficient; provided nevertheless that there shall not be any obligation on the Company or the Board to accept any indemnity.

Board may refuse to register transmission

- (2) Subject to the provision of the Act and these Articles the Board shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in any ordinary transfer presented for registration.

Fee on transfer or transmission

- 71. No fee shall be charged by the Company in respect of the transfer or transmission of any number of shares.

GENERAL MEETINGS

When general meetings to be held

- 78. (a) In addition to any other meetings, general meetings of the Company shall be held at such intervals as are specified in Section 166(1) of the Act and subject to the provision of Section 166(2) of the Act as such times and places as may be determined by the Board.
- (b) Each such general meeting shall be called Annual General Meeting. 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 either at the Registered Office of the Company or at some other place within the city, town or village in which the Registered Office of the Company is situated.

When extraordinary meetings to be called

- 80. The Directors may, whenever they think fit and they shall, on the requisition of the holders of not less than one-tenth of the paid up capital of the Company as at the date carries right of voting in regard to the matter in respect of which the requisition is made, forthwith proceed to convene an Extraordinary General Meeting of the Company and in the case of such requisition the provision of Section 169 of the Act shall apply.

Notice of meeting

- 81. Twenty-one days notice at least of every General Meeting, Annual or Extra-ordinary, and by whomsoever called specifying the day, place and hour of meeting and the general nature of business to be transacted shall be given in the manner hereinafter provided to such persons as are under these Articles or the Act entitled to receive notice from the Company, provided that in the case of an annual general meeting with consent in writing of all the members entitled to vote thereat and in case of any other meeting with consent of the members holding not less than 95 percent (95%) of such part of the paid up capital of the Company as gives a right to vote at the meeting, a meeting may be convened by a shorter notice in the case of an Annual General Meeting, if any business other than (i) the consideration of the Accounts, Balance Sheet and Reports of the Board 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 and extent of the interest if any, therein of every Director and the Manager (if any). Where any such item of business relates to, or affects any other company, the extent of shareholding interest in that other company of every Director and Manager, if any, of the Company shall also be set out in the statement if the extent of such shareholding and interest is not less than twenty per cent of the paid-up share capital of that other company, Where item of business consists of the accord 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.

Quorum at General Meeting

83. Five members present in person shall be a quorum for a General Meeting. A corporation being a member shall be deemed to be personally present if is represented, in accordance with Section 187 of the Act. The President of India or the Governor of a State shall be deemed to be personally present if he is represented in accordance with Section 187-A of the Act.

If quorum not present meeting to stand dissolved or adjourned

84. If, at the expiration of half an hour from the time appointed for holding a meeting of the Company, a quorum shall not be present, the meeting, if convened by or upon the requisition of members shall stand dissolved but in any other case the meeting shall stand adjourned to the same day in the next succeeding week which is not a public holiday at the same time and place or to such other day and at such other time and place 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.

Chairman of General Meeting

85. The Chairman (if any) of the Directors shall be entitled to take the chair at every General Meeting, whether annual or extraordinary. If there be no such Chairman of the Directors or if at any meeting he shall not be present within ten minutes of the time appointed for holding such meeting or shall to take the chair, then any other Director present thereat shall be entitled to take the Chair and the members present shall elect another Directors present or if all the Directors present decline to take the chair, then members present shall elect one of their members to be Chairman.

Election of Chairman

86. The election of the Chairman, if necessary, shall be carried out in accordance with Section 175 of the Act.

Question at General Meeting how to decide

89. At any General Meeting a resolution put to the vote of the meeting shall be decided on show of hands, unless a pole is (before or on the declaration of the result of the show of hands) ordered by the Chairman or demanded by at least five members having the right to vote on the resolution and present in person or by proxy or by any member or members present in person or by proxy and holding shares in the Company conferring a right to vote on the resolution being shares on which an aggregate sum has been paid-up which is not less than one-tenth of the total sum paid-up on all the shares conferring that right and unless a poll is so 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 minutes 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.

Chairman's casting vote

90. In the case of an equity of votes, the Chairman shall both on a show of hands and at a poll (if any) have a casting vote in addition to the vote or votes to which he may be entitled as a member.

Poll to be taken if demanded

91. If a poll is demanded as aforesaid the same shall subject to Article 79 to be taken at such time (not later than forty-eight hours from the time when the demand was made) and place and either by upon 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 of 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.

Scrutinizers at the poll

92. Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutinizers to scrutinize the votes given on the poll and to report there on to him. One of the scrutinizers so appointed shall always be a member (not being an officer or employee of the Company) present at the meeting, provided such a member is available and willing to be appointed. The Chairman shall have power at any time before the result of the poll is declared to remove a scrutinizer from office and fill vacancies in the office of scrutinizers arising from such removal or from any other cause.

In what case poll taken without adjournment

93. Any poll duly demanded on the election of a Chairman of a meeting or on any question of adjournment shall be taken at the meeting forthwith.

VOTES OF MEMBERS

Voting in person or by proxy

96. Subject to the provisions of the Act and these Articles, votes may be given either personally or by an attorney or by proxy or, in the case of a body corporate, by a representative duly authorized under Section 187 of the Act.

Members in arrears not to vote

97. No member shall be entitled to vote, either personally or by proxy for another member, at any General Meeting or meeting of a class of shareholders or upon a poll, in respect of any share registered in any 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.

Voting rights of members

98. (a) On a show of hands, every holder of equity shares entitled to vote and present in person or by proxy shall have one vote and on a poll the voting right of every holder of equity share whether present in person or by proxy, shall be in proportion to his share of the paid up equity capital of the Company.
- (b) The voting rights of the holders of preference share shall be in accordance with Section 87 of the Companies Act, 1956.

Deposit of instrument of proxy

101. The instrument appointing a proxy, and the power of attorney or other authority (if any) under which it is signed or a materially certified copy of that power or authority, shall be 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 proposed to vote, and in default the instruments of proxy shall not be treated as valid.

Form of proxy and its custody

102. Every instrument of proxy, whether for a specified meeting or otherwise, shall as nearly as circumstances will admit, be in any of the forms set out in schedule IX of the Act. If any such instrument of appointment be confined to the object of appointment an attorney or proxy for voting at meetings of the Company, it shall remain permanently, or for such time as the Board may determine, in the custody of the company if embracing other objects, copy thereof, examined, with the original, shall be delivered to the Company to remain in the custody of the Company.

Appointment of proxy

107. Every proxy (Whether member or not) shall be appointed in writing under the hand of the appointer of his Attorney or if such an appointer is a corporation under the common seal of such corporation or the hand of its officer or an Attorney duly authorised by it and any committee or guardian may appoint such proxy. The proxy so appointed shall not have any right to speak at a meeting.

DIRECTORS

Number of directors

109. Until otherwise determined by a General Meeting and subject to Section 252 and 259 of the Act the number of Directors shall not be less than three or more than twelve including Alternate Directors.

Qualification of Directors

113. No share qualification will be necessary for being appointed as or holding the office of a Director of the Company.

Directors may act notwithstanding vacancy

118. 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.

Office of Director to be vacated

119. 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.

Additional Directors

120. The Directors shall also have power at any time and from time to time to appoint any other qualified person to be a Director as an addition to the Board but so that the total number of Directors shall not at any time exceed maximum fixed above. Any person so appointed as an addition to the Board shall retain his office only upto the date of the next Annual General Meeting, but shall be eligible for re-election at such meeting.

Power to the financial institution to nominate Directors on the Board

121. 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 of Director of the Company as may be agreed and from time to time remove and re-appoint them and to fill in vacancy caused by such Directors otherwise ceasing to hold office. Such nominate Directors shall not be required to hold any qualification shares and shall not be liable to retire by rotation.

Conditions under which Directors may contract with Company

123. Subject to the provisions of Section 297 of the Act, a Director shall not be disqualified from contracting with the Company either as vender, purchaser or otherwise for goods, materials or services or for underwriting the subscription of any shares in or debentures of the Company nor shall any such contract or arrangement entered into by or 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 a 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 by liable to account to the Company for any profits realized by any such contract or arrangement by reason of such Director holding office or of the fiduciary relation thereby established, but it is declared that the nature of his interest must be disclosed by him as provided by the Act.

Disclosure of interest

124. Every Director who is in any way whether directly or indirectly concerned or interested in a 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 Boards as required by Section 299 of the Act, A general notice, renewable in the last month of each financial year of the Company as provided for in Section 299 of the Director is a Director or a member of any specified firm and is to be regarded as concerned or interested in any subsequent contract or arrangement with that 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 Directors 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 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 percent of the paid-up share capital in the other company.

Relation of benefit from associated company

125. 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 such company.

Interested Director not to participate or vote in the proceedings of the Board

126. Subject to the provisions of Section 300 of the Act, no Director shall, as a Director take part in the discussions of or vote any contract as arrangement in which he is any way whether directly or indirectly concerned or interested nor shall his presence count for the purchase of forming a quorum at the time of such discussion or vote. This prohibition shall not apply to the exceptions provided for in Section 300 of the Act.

Rights of Directors

127. 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 obligations and duties in respect of the affairs of the Company.

Ascertainment of Directors retiring by rotation and filling of vacancies

130. Subject to Section 256 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 persons who become 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.

Notice of candidature for office of Director except in certain cases

134. (a) No person, not being a 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 has 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.
- (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 on the members not less than seven days before the meeting provided that it shall not be necessary for the Company to serve individual notice upon the member if the Company advertises such candidature or intention not less than seven days before the meeting in at least two newspapers circulating in the district in which the Registered Office of the Company is situated of which one is published in the English language and the other in the regional language.

Disclosure by Director of appointment to any other body corporate

135. (a) Every Director (including a person deemed to be a Director by virtue of the explanation of 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 of the above office in any other body corporate disclose to the Company the particulars relating to his office in the other body corporate which are required to be specified under sub-section (1) of Section 303 of the Act.
- (b) Every Director and every person deemed to be a Director of the Company by virtue of sub-section (10) of 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.

PROCEEDINGS OF BOARD OF DIRECTORS

Meeting of Directors

138. (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.
- (2) Subject to 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 round off as one), or two Directors, whichever is higher provided that where at any time the number or interested Directors exceeds or is equal to two-thirds of the total strength, the number of the remaining Directors, that is to say, the number of Directors who are not interested, shall be the quorum during such time provided such number is not less than two.

Adjournment of meeting for want of quorum

139. If a meeting of the Board could not be held for want of quorum, then the meeting shall stand adjourned to such other time, date and place as may be fixed by the Directors present.

When meeting to be convened

140. The Chairman, if any, or the Managing Director 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.

Chairman

141. 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.

Question at Board Meeting how decided

142. Questions arising at any meeting of the Board shall be decided by a majority of votes and in case of equality of votes, the Chairman shall have a second or casting vote.

Powers of the Board at which Quorum is present

143. A meeting of the Board for the time being at which quorum is present shall be competent to exercise all or any of the authorities/powers and discretions which by or under the Act or the Articles of the Company are for the time being vested in or exercisable by the Board generally.

Directors may appoint a committee and delegate its powers

144. Subject to the restrictions contained in Section 292 of the Act, the Board may delegate any of the their powers to a Committee of Directors consisting of such Director or directors or more directors and a member or members of the company as it thinks fit or to the Managing Directors, the manager or any other principal officer of the company or a branch office or one or more of them together and it may from time revoke and discharge any such committee of the Board either Wholly or in part and either as to persons or purpose; but every committee of the board shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed on it by the Directors, all acts done by any such committee of the board in conformity with such regulations and in fulfilment of the purposes of their appointment but not otherwise, shall have the like force and effect as if done by the Board provided that such delegation shall not be in respect of matters enumerated in sub clauses (a), (b), (c), (d) or (e) of clause (1) (as modified by 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 Clauses (2), (3) and (4) of Section 292 of the Act.

Resolution by Circular

146. A resolution shall be deemed to have been duly passed by the Board or by a committee thereof by circulation, if 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 in number than the quorum fixed for a meeting of the Board or Committee, as the case may be) and to all other Directors or members of the Committee at their usual 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.

POWERS OF THE BOARD

Power of the Board

150. 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 any power or do all such acts and things as the Company is authorised to exercise and so provided that the Board shall not exercise 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 or doing any such act or things, the Board shall 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 thereunder including regulations not inconsistent therewith and duly made thereunder 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.

Further powers of the Board

151. Without prejudice to the general powers conferred by the Article 135 and so as not in any way to limit or restrict those powers and without prejudice to the others conferred by the Articles, but subject to the restrictions contained in the Article 135, it is hereby declared that the Directors shall have the following powers that is to say, power :

Preliminary expenses

- (1) To pay the cost, charges and expenses preliminary and incidental to the promotion, establishment and registration of the Company.

To pay Commission and interest.

- (2) To pay 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.

To acquire property

- (3) Subject to Section 293, 297 and 360 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 lease or other acquisition to accept such title as the Directors may believe or may be advised to be reasonable satisfactory.

To purchase lands, buildings etc.

- (4) Subject to the provisions of the Act, to purchase, or take on lease for any term or terms of years, or other acquire, any factories or any land or lands, with or without buildings and outhouses thereon, suitable in any part of India, at such price or rent and under and subject to such terms and conditions as the Directors may think fit; and in any such purchase lease or other acquisition, to accept such title as the directors may believe, or may be advised to be reasonable satisfactory.

To pay for property in debentures and otherwise.

- (5) At their discretion and subject to the 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 by 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,

To insure

- (6) To insure and keep insured against loss or damages by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other movable and immovable property of the Company either separately or conjointly, also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company, and to sell, assign, surrender or discontinue any policies of assurance effected in pursuance of this power.

To construct building etc.

- (7) to erect and construct, on the said land or lands, buildings, houses, warehouses and sheds, and to alter, extend and improve the same, to let or lease the property of the Company, in part or in whole, for such rent, and subject to such conditions, as may be thought advisable; to sell such portions of the lands or buildings of the Company as may not be required for the purposes of the Company; to mortgage the whole or any portion of the property of the Company for the purpose of the company to sell all or any portion of the machinery or stores belonging to the Company.

To secure contracts by mortgage.

- (8) To secure the fulfilment of any contract or engagement entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such manner as may think fit,

To accept surrender of shares.

- (9) 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.

To appoint Trustees

- (10) 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 such trust and to provide for the remuneration of such trustee or trustees.

To bring and defend actions

- (11) To institute, conduct, defend, compound or abandon any legal proceedings by or against the Company or its officers 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 Indian law or according to any foreign law and either in India or abroad, and observe, perform or challenge any award made thereon.

To act in insolvency matters

- (12) To act on behalf of the Company in all matters relating to bankruptcy or insolvency.

To give receipts

- (13) To make and give receipts, release and other discharge for moneys payable to the Company and for the claims and demands of the Company.

To invest moneys

- (14) Subject to the provisions of the and these Articles to invest and deal with any money of the Company not immediately required for the purpose thereof upon such security (not being shares of this Company), or without security and in such manner as they may think fit and from time to time to vary or realize such investments. Save as provided in Section 49 of the Act, all investment shall be made and held in the Company's own name.

To execute mortgages

- (15) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur any personal liability whether as principal or surety for the benefit of the company such mortgages of the Company's property (present and future) as they think fit and any such mortgage may contain a power of sale and such other powers, provisions, covenants and agreements as shall be agreed upon.

To appoint authorized signatories

- (16) To determine from time to time who shall be entitled to sign, on the Company's behalf bills, notes, receipt acceptances, endorsements, cheques, dividend warrants, release, contracts and documents and to give the necessary authority for such purpose.

To distribute bonus

- (17) To distribute by way of bonus amongst the staff of the Company a shares in the forfeits 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.

To create depreciation and other funds

- (18) Before recommending any dividend, to set aside, out of the profits of the Company, such sums as they may think proper for Depreciation or to a Depreciation fund, Insurance Fund, General Reserve, Reserve fund or Sinking Fund or any special Fund of Account to meet contingencies, or to repay redeemable preference shares, debentures, or debenture-stock, or for special dividends, or for equalizing dividends, or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes as the Directors may, in their absolute discretion, think conducive to the interests of the Company, with power from time to time to transfer moneys standing to the credit of one Fund or any part thereof to the credit of any other Funds, and to invest the several sums to set aside, or so much thereof as required to be invested upon such investments (other than shares of the Company) as they may think fit, and from time to time to deal with and vary such investments and dispose of and apply and extend all or any part thereof for the benefit of the Company in such manner and for such purposes as the Directors, in their absolute discretion, think conducive to the interests of the Company, notwithstanding that the matters to which the Directors apply or upon which they expend the same, or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended; and to divide the Reserve Fund into such special funds as the Directors may think fit, and to employ the assets, constituting all or any of the above funds including the Depreciation Fund, in the business of the Company or in the purchase or repayment of redeemable preference shares debentures or debenture-stock and that without being bound to keep the same separate from the other assets. if the assets constituting any of the above, funds are employed in the business of the Company, the Directors may, if they think fit but not otherwise pay or allow to the credit of such funds interests at such rate as the Directors may think proper, but not exceeding 9 per cent per annum.

To provide for welfare

- (19) To provide for the welfare of Directors or ex-directors or employees or ex-employees of the Company and the wives, widows and families or the dependants or connection of such persons by building or contributing to the building of house, dwelling or chaws or by grants of money, pension, gratuities, allowances, bonus or other payments or by creating and from time to time sub-scribing or contributing to provided and other associations, institutions, funds or trusts and by providing or subscribing or contributing towards places of interest and recreation, hospitals and dispensaries, medical and other attendance and other assistance subject to the limits laid down under the provisions of the Act as the Board shall think fit and subject to 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 objects 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.

To appoint employees etc

- (20) To appoint and at their discretion, remove or suspend such general managers, managers, secretaries, assistance, supervisors, scientists, technicians, engineers, consultants, legal medical or economic advisers, research workers, labourers, clerks, agents, servants and any other kind of employees for permanent temporary or special services as they may from time to time think fit and to determine their powers and duties and fix their powers and duties and fix their salaries or emoluments or remuneration and to require security in such instance and of such amount as they may think fit 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.

To appoint Local Boards

- (21) 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.

To delegate powers etc

- (22) Generally, subject to the provisions of the Act and these Articles, from time to time and at any time, to delegate (with or without powers of sub delegation) all or any of the powers, authorities and discretions, for the time being vested in the Directors to any employee of the Company or to any other person, firm, or company or otherwise to any fluctuating body of persons, including a Local Board.

Power of Attorney

- (23) 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, authorizes and discretions (non exceeding those vested in or exercisable by the Board) 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 thinks fit) be made in favour of the members, or any of the members of any Committee of the Board or a Local Board or in favour of 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 attorney as the Board may think fit and may contain powers enabling any such delegate or attorneys as aforesaid to sub-delegates all or any of the powers, authorities and discretions for the time being vested in them.

To dispose of property

- (24) Subject to Section 293 of the Act, to sell, lease or otherwise dispose any of the properties or undertakings of the Company.

To enter into partnership etc.

- (25) Upon the Company entering into a partnership with any other person or company for the purpose of carrying on the business as per the object 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 India Partnership Act, 1932 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 partner is

required is required to or can or may perform, execute and/or do. For this purposes, 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 mutatis mundas where a company becomes a member of an association of persons or a body of individuals, including re-presenting the Company at a meeting of the partners.

To accept powers of Attorney

- (26) 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 belonging to resident or non-resident in India, and exercise through any Director or Directors or any person authorised by a Resolution of the Board, all powers obtained in Company by the document of Power Attorney.

To subscribe to charitable and other funds

- (27) Subject to the provisions of Section 293 & 293 A of the Act, to subscribe or contribute or otherwise to assist, or to guarantee money to charitable, benevolent, religious, scientific, political, national or other institutions, or objects or for any exhibition or for any public, general or useful object not directly relating to the business of the Company.

May make contracts etc

- (28) Subject to the provisions of the Act and these Articles, for or in relation to any of the matters aforesaid or otherwise, for the purposes of the Company, to enter into all such negotiations and contractors 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 the Board may consider expedient.

BORROWING POWERS

Power to borrow

152. Subject to the provisions of the Act and these Articles and without prejudice to the other powers conferred by these Articles, the Directors shall have the power from time to time at their discretion to borrow any sum or sums of money for the purposes of the Company.

Conditions on which money may be borrowed

153. Subject to the provisions of the Act and these Articles, the Directors may raise and secure payment of such sum or sums in such manner and upon such terms and conditions in all receipts as they think fit, and in particular by the issue of bonds, perpetual or redeemable debentures or debenture-stock, or any mortgage or charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being and debentures, debenture-stock and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.

Bonds, debentures, etc to be subject to control of Directors

154. Any bonds, debentures, debenture-stock or other securities issued or to be issued by the Company shall be under the control of the Directors, who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.

MANAGING DIRECTORS/WHOLE-TIME DIRECTORS

Power to appoint Managing Director/Whole-time Directors

161. Subject to the provisions of the Act, and these Articles, the Directors may from time to time appoint one or more of their body to be a Managing Director or Managing Directors (in which expression shall be included Additional Managing Directors) or Whole-time Director(s) of the Company for such terms not exceeding five years at a time and subject to such contract as they may think fit.
162. Subject to the provisions of the Act and of the Articles, a Managing Director/Whole-time Director shall not, while he continues to hold that office, be subject to retirement by rotation but he shall, subject to the provisions of any contract between him and the company be subject to the same provisions as to resignation and removal as the other Directors of the Company, and he shall ipso facto and

immediately cease to be a Managing Director/Whole-time Director if he ceases to hold the office of Director from any cause.

Provided that if at any time the number of such Directors (including Managing Director/Whole-time Director) as are not subject to retirement by rotation shall exceed one-third of the total number of the Directors for the time being, then such Managing Directors shall from time to time select, shall be liable to retirement by rotation to the intent that the Directors not liable to retirement by rotation shall not exceed one-third of the total number of Directors for the time being.

Remuneration of Managing Director/Whole time Director.

163. The remuneration of a Managing Director/Whole-time Director (subject to Section 309 and other applicable provisions of the Act and of these Articles and of any contract between him and the Company) shall from time to time be fixed by the Directors, and may be by way of fixed salary, or commission on profits of the Company, or by participation in any such profits, or by any or all of these modes.

Power & duties of Managing Director/Whole-time Director.

164. Subject to the supervision and control of the Board of Directors, the day to day management of the Company shall be in the hands of the Managing Director/Whole-time Directors. The Directors may from time to time entrust to and confer upon a Managing Director/Whole-time Director for the time being, such of the powers exercisable under these presents by the Directors as they may think fit, and may confer such powers for such time, and to be exercised for such objects and purposes, and upon such to be exercised for such objects and purchases, and upon such terms and conditions and with such restrictions as they think expedient, and may, subject to the provisions of the Act and these Articles, confer such powers, either collaterally with, or to the exclusion of and in substitution for, all or any of the powers of Directors in that behalf; and may from time to time revoke, withdraw, alter or vary all or any of such powers.

MANAGERS

Power to appoint manager

165. Subject to the provisions of Section 384, 385, 386, 387, 388 and other applicable provisions of the Act and of these Articles, the Directors may from time to time appoint any person or persons as manager or Managers of the Company for such terms not exceeding five years at a time and subject to such contract as they may think fit.

THE SEAL

Seal

167. The Directors shall provide a 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 Directors shall provide for the safe custody of the seal for the time being, and the seal shall never be used except by the authority of the Directors or a Committee of the Directors previously given, and in the presence of a Director of the Company or some other person appointed by the Directors for the purpose.

Deeds how executed

168. 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 for the Company, be signed by any one of the Directors and counter-signed by the Manager or the Secretary or any person authorised by the Directors for the purpose, provided that the Certificates of shares and debentures may be sealed and signed in accordance with the Companies (Issue of Share Certificates) Rules, 1960 or any modification thereof or any other Rules in respect thereof from time to time in force.

DIVIDENDS

The Company in general meeting may declare dividend

170. The Company in annual general meeting may, subject to Section 205 of the Act, declare a dividend to be paid to the members according to their respective rights and interests in the profits, and subject to the profits, and subject to the provisions of the Act, may fix the time for payment. When a dividend has been so declared, the warrant in respect thereof shall be posted within forty two days from the date of the declaration to the shareholders entitled to the payment of the same.

Capital paid up in advance at interest not to earn dividend.

171. Where capital is paid up in advance of calls upon the footing that the same shall carry interest such capital shall not, whilst carrying interest, confer a right to participate in profits or dividend.

Bonus Shares

174. Dividend may be paid by capitalization of profits or reserves by issue of fully paid up bonus shares or paying up any amount for the time being unpaid on any shares held by the members.

Power of Directors to limit dividends.

175. No larger dividend shall be declared than is recommended by the Directors, but the Company in general meeting may declare a smaller dividend. No dividend shall be payable except out of the profits of the year or any other undistributed profits or otherwise than in accordance with the provisions of Section 205, 206 and 207 of the Act and no dividend shall carry interest as against the Company. The declaration of the Directors, as the amount of the net profits of the Company shall be conclusive.

Ascertainment of amount available for dividend.

176. 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 amounts so credited or debited shall for the purpose of ascertaining the funds available for dividends 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 when paid may at the discretion of the Directors be treated as revenue and it shall not be obligatory to capitalize the same or any part thereof.

Interim dividend.

177. Subject to the provisions of the Act, the Directors may from time to time pay to the person is under Article 54 hereof, entitled to become a member, or which any person under that Article is entitled to transfer, until such person shall become a member in respect of such shares or shall duly transfer the same.

Conditions to be fulfilled for forfeiture of unclaimed dividend

182. No unclaimed dividend shall be forfeited by the Board unless the claim thereto become barred by law and the Company shall comply with all the provisions of Section 205A of the Act in respect of unclaimed dividend. The Director may annual such forfeiture and pay any such dividend.

Dividends and call together set-off allowed

183. Any general meeting declaring a dividend may make a call on the members for such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call may be made payable at the same time as the dividend, and the dividend may, if so arranged between the Company and the members, be set off against the calls.

CAPITALISATION

Power to capitalize

184. 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 reserves or any capital redemption reserve fund or in the hands of the Company and available for dividend or representing premiums received on the issue of shares and standing to the credit of the share premium account be capitalized 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 capitalized fund be applied on behalf of such shareholders in paying up in fully any unissued shares, debentures or debenture-stock of the Company which shall be distributed according or in or towards payment of the uncalled liability on any issued shares and that such distribution or payment shall be accepted by such distribution or payment shall be accepted in the said capitalized sum provided that any sum standing to the credit of a share premium account or a capital redemption reserve fund 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 full paid bonus shares.

Surplus money

185. A general meeting may resolve that any surplus money arising from the realization of any capital assets of the Company or any investment representing the same or any other undistributed profits of the Company not subject to charge for income tax, be distributed among the members on the footing that they receive the same as capital.

Fractional certificate

186. For the purpose of giving effects 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 cash payments shall be made to any members upon the footing of the value so fixed in order to adjust the rights of all parties and may vest such cash or specific assets in trustees such trusts for the persons entitled to the dividend or capitalized 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 the 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.

Capitalization where some shares fully paid and others partly paid

187. Subject to the provisions of the Act and these Articles in cases where some of the shares of the Company are fully paid and others are partly paid, the capitalization referred to in Article 169 may be effected by the distribution of further shares in respect of the fully paid shares and by crediting the partly paid shares with the whole or part of the unpaid liability thereon, but so that as between the holders of the fully paid shares and the partly paid shares the sum so applied in the payment of such further shares on the partly paid shares shall be in proportion to the amount then already paid or credited as paid on the existing fully paid and partly paid shares respectively.

BOOKS AND DOCUMENTS

Where to be kept

189. The books of accounts shall be kept at the Office or subject to the provision of section 209 of the Act at such other place as the Directors think fit and shall be open to inspection by the Directors during the business hours.

Inspection by members

190. The Directors shall from time to time determine whether and to what extent and at what time and places and under what conditions of regulations the accounts and books of the Company or any of them shall be open to the inspection of the members not being Directors and no member (not being a Director) shall have any right of inspection any account, or books or documents of the Company except as conferred by law or authorised by the Directors.

WINDING UP

Liquidator may divide assets in specie

204. The liquidator on any winding-up (whether voluntary, under supervision, or compulsory) may, with the sanction 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 and may, with the like sanction, vest any part of the Company in trustees upon such trusts for the benefit of the contributories as the liquidator, with the like sanction, shall think fit.

INDEMNITY AND RESPONSIBILITY

Indemnity

205. 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 or discharge of his duties or supposed duties except such if any, as he shall incur or sustain through or by his own willful act, neglect or default including expenses and in particular and as not to limit the generality of the foregoing provisions against all liabilities incurred by him as such director, manager, officer or auditor in defending any proceedings whether civil or criminal in which judgments 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.

Individual responsibility

206. Subject to the provisions of the Act, no Director, Auditor or other officer of the Company shall be liable for the act, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for conformity or for any loss or 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 tortious act of any person, firm or company to or with whom any moneys, securities or effects shall be entrusted or deposited or for any loss occasioned shall be entrusted or deposited or for any loss occasioned by any error of judgment, omission default or oversight on his part or for any other 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 happen through his own dishonesty.

Secrecy

207. No member shall be entitled to visit or inspect any works of the Company without the permission of the Directors or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or any other matter which may 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.
208. Every Director, Manager, Auditor, Treasurer, Trustee, Member, of a committee, officer servant, agent, accountant or other person employed in the business of the Company shall if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in matters relating thereto, and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained.

SECTION X – OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts and agreements referred to in paragraph 'A' below (not being entered into the ordinary course of business carried on or intended to be carried on by the company or contracts entered into more than two years before the date of this DRHP) which are or may be deemed to be material have been entered into by or on behalf of the company. Copies of these contracts together with copies of the documents referred to in Para (B) below have been attached with the offer document and delivered to the Registrar of Companies, Maharashtra, Mumbai for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of the Company at 308, Acme Plaza, Opp. Sangam Cinema, Andheri Kurla Road, Andheri (East), Mumbai - 400 059 between 10.00 a.m. and 4.00 p.m. on any working day until the Bid/Issue Closing Date.

A. MATERIAL CONTRACTS

- 1) MOU dated October 6, 2010 between the Company and Chartered Capital And Investment Ltd to act as Book Running Lead Manager to the Issue.
- 2) MOU dated November 29, 2010 between the company and Link Intime India Private Limited to act as the Registrar to the Issue.
- 3) Escrow Agreement dated [●] between the Company, the BRLM, the Escrow Collection Bank(s) and the Registrar to the Issue.
- 4) Syndicate Agreement dated [●] between the Company, BRLM and the Syndicate Members.
- 5) Underwriting Agreement dated [●] between the Company, BRLM and other Syndicate Members.
- 6) Due Diligence Certificate dated February 3, 2011 from the Book Running Lead Manager.
- 7) Tripartite Agreement dated [●] between the Company, NSDL and Registrar to the Issue.
- 8) Tripartite Agreement dated [●] between the Company, CDSL and Registrar to the Issue.

B. DOCUMENTS OF INSPECTION

1. Memorandum and Articles of Association of the issuer company.
2. Certificate of Incorporation of the Issuer Company.
3. Special resolution passed by the shareholders at their meeting held on September 27, 2010 under section 81(1A) of the Companies Act, 1956.
4. Resolution passed by the Board of Directors dated September 1, 2010 for going for Initial Public Offer.
5. Resolution passed by the Board of Directors approving the Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus respectively.
6. Consents from the Directors, Book Running Lead Manager, Registrar, Bankers to the issue, Bankers to the company, Auditors, Advisor to the Company, Legal Advisor to the company and Company Secretary & Compliance Officer to act in their respective capacities.
7. Consent of [●], dated [●], a SEBI registered credit rating agency, for inclusion of its grading of the Issue in the Red Herring Prospectus & Prospectus.
8. Auditor's Certificate dated October 20, 2010 on tax benefits available to the Company and their consent to include the same in the offer document.
9. Auditor's Report for the restated financial statement of the company dated January 22, 2011 referred in the offer document and their consent to include the same in the offer document.
10. Auditor's Certificate for Fund deployment dated December 31, 2010 and its consent to include the same in offer document.
11. Resolution of the Board of Directors of the Company dated September 1, 2010 regarding formation of various committees
12. Copies of the Annual Reports of the Company for the year ended March 31, 2010, March 31, 2009, March 31, 2008, March 31, 2007 and March 31, 2006 and audited financial statements for the period ended September 30, 2010.
13. General Meeting Resolution passed by the shareholders of the Company on July 17, 2007 appointing Mr. Mukesh Sangla as Managing Director of the company.




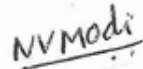

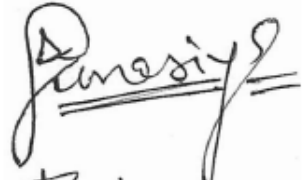

14. Agreement dated October 1, 2010 between Company and Mr. Saurabh Sangla regarding his appointment as Whole Time Director.
15. Copies of the in principle approval received from BSE and NSE dated [•] and [•] respectively.
16. SEBI observation letter No [•] dated [•] and reply of BRLM to same dated [•].

DECLARATION

We declare that all the relevant provisions of the Companies Act, 1956 and the regulations/guidelines issued by the Government or the regulations/guidelines issued by the Securities and Exchange board of India established under section 3 of the Securities and Exchange board of India Act, 1992, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, 1956 or Securities and Exchange board of India Act, 1992 or rules made there under or regulations/guidelines issued, as the case may be. We, the directors of the Company declare and confirm that all statements in this Draft Red Herring Prospectus are true & correct.

We, the directors of the Company declare and confirm that no information / material likely to have a bearing on the decision of the investors in respect of the equity shares offered in terms of the Draft Red Herring Prospectus has been suppressed/withheld and/or incorporated in the manner that would amount to misstatement /misrepresentation and in the event of it transpiring at any point of time till allotment/refund as the case may be that any information / material has been suppressed/ withheld and or amounts to misstatement /misrepresentation we undertake to refund the entire application money to all the subscribers within seven days thereafter without prejudice to the provisions of the section 63 of the Act

The Issuer accepts no responsibility for statements made otherwise than in the Draft Red Herring Prospectus or in the advertisements or any other material issued by or at the instance of the Issuer and that anyone placing reliance on any other source of information would be doing so at his/ her own risk

S.N.	Name	Signature
1	Mr. Mukesh Sangla	
2	Mr. Saurabh Sangla	
3	Mr. Bhupesh Sanghvi	
4	Mr. Niranjan Modi	
5	Mr. Anil Agrawal	
6	Mr. Devendra Punasiya (General Manager Finance)	
7	Ms. Preeti Choudhary (Company Secretary & Compliance Officer)	

Date: February 7, 2011

Place: Indore