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DRAFT RED HERRING PROSPECTUS
Dated March 29, 2010
Please read Section 60B of the Companies Act, 1956
(This Draft Red Herring Prospectus will be updated upon filing with the RoC)
100% Book Built Issue

CEBBCO ...bodies in motion...

COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED

(The Company was incorporated in Uttar Pradesh, India as a private limited company under the Companies Act, 1956 as "Commercial Engineers & Body Builders Co Private Limited" pursuant to a Certificate of Incorporation No. 4837 of 1979 dated September 28, 1979. The Company became a public limited company and its name was changed to "Commercial Engineers & Body Builders Co Limited" on March 25, 2010. There has been no change in the registered office of our company since incorporation. For details of the change in our name, please refer to the Section "History and Certain Corporate Matters" beginning on page 95 of this Draft Red Herring Prospectus)

Registered Office: 84/105-A, G. T. Road, Kanpur Mahanagar, Kanpur - 208 003, Uttar Pradesh, India; **Telephone:** +91 512 2521 571; **Facsimile:** +91 512 2522 743
Corporate Office: 124, Napier Town, Jabalpur - 482 001, Madhya Pradesh, India; **Telephone:** +91 761 4085924; **Facsimile:** +91 761 4085924;
Contact Person: Mr. Anurag Misra, Company Secretary and Compliance Officer; **Tel:** +91 761 4085924; **E-mail:** cs@cebbco.com; **Website:** www.cebbco.com

THE PROMOTERS OF THE COMPANY ARE DR. KAILASH GUPTA AND MR. AJAY GUPTA

PUBLIC ISSUE OF [●] EQUITY SHARES OF FACE VALUE OF RS. 10 EACH ("EQUITY SHARES") CONSISTING OF A FRESH ISSUE OF [●] EQUITY SHARES BY COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED (THE "COMPANY" OR "ISSUER") AT A PRICE OF [●] PER EQUITY SHARE FOR CASH AGGREGATING TO RS. 1,700 MILLION ("FRESH ISSUE") AND AN OFFER FOR SALE OF 1,698,430 EQUITY SHARES BY NEW YORK LIFE INVESTMENT MANAGEMENT INDIA FUND (FVCI) II LLC AND COMMERCIAL AUTOMOBILES PRIVATE LIMITED (THE "SELLING SHAREHOLDERS") AT A PRICE OF RS. [●] PER EQUITY SHARE FOR CASH AGGREGATING TO RS. [●] MILLION ("OFFER FOR SALE"). THE FRESH ISSUE AND OFFER FOR SALE ARE HEREINAFTER REFERRED TO COLLECTIVELY AS THE "ISSUE". THE ISSUE WILL CONSTITUTE [●]% OF THE FULLY DILUTED POST ISSUE PAID-UP CAPITAL OF THE COMPANY, BEING LESS THAN 25% OF THE POST ISSUE CAPITAL .

THE FACE VALUE OF THE EQUITY SHARES IS RS. 10 EACH.
THE PRICE BAND AND THE MINIMUM BID LOT SIZE WILL BE DETERMINED BY THE COMPANY AND THE SELLING SHAREHOLDERS, IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS, AND ADVERTISED AT LEAST TWO WORKING DAYS PRIOR TO THE BID/ISSUE OPENING DATE.

In case of revision in the Price Band, the Bidding Period shall be extended for three additional working days after such revision, subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the National Stock Exchange and Bombay Stock Exchange, by issuing a press release and by indicating the change on the websites of the Book Running Lead Managers ("BRLMs") and the terminals of the members of the Syndicate.

This being an Issue for less than 25% of the post-Issue capital, the Issue is being made through a 100% Book Building Process, wherein atleast 60% of the Issue shall be allotted on a proportionate basis to Qualified Institutional Buyers ("QIBs"), of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only and the remaining shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. In addition, in accordance with Rule 19(2)(b) of the SCRR (as defined in the section "Definitions and Abbreviations"), a minimum of two million securities are being offered to the public and the size of the Issue shall aggregate atleast Rs. 1,000 million. If atleast 60% of the Issue cannot be allotted to QIBs, then the entire application money will be refunded/released forthwith. Further, not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 30% 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. The QIB Portion includes the Anchor Investor Portion (as defined in the section "Definitions and Abbreviations") and the Company may consider participation by Anchor Investors in the Issue for up to 30% of the QIB Portion in accordance with the ICDR Regulations (as defined in the section "Definitions and Abbreviations"). Any Bidder (other than QIBs) may participate in this Issue through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid amounts will be blocked by Self Certified Syndicate Banks ("SCSBs"). For details in this regard, specific attention is invited to "Issue Procedure" beginning on page 230 of this Draft Red Herring Prospectus.

RISKS IN RELATION TO THE FIRST ISSUE

This being the first issue of Equity Shares of the Company, there has been no formal market for the Equity Shares of the Company. The face value of the Equity Shares is Rs. 10 each and 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. The Issue Price (as determined and justified by the Company and Selling Shareholders in consultation with the BRLMs, as stated in the section "Basis of Issue Price", beginning on page 44 of this DRHP) should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding active and/or sustained trading in the Equity Shares of the Company or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISKS

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

IPO GRADING

This Issue has been graded by [●] and has been assigned the "IPO Grade [●]" indicating [●], through its letter dated [●]. The IPO grading is assigned on a five point scale from 1 to 5 with an "IPO Grade 5" indicating strong fundamentals and an "IPO Grade 1" indicating poor fundamentals. For details regarding the grading of the Issue, see the section "General Information" beginning on page 11 of this Draft Red Herring Prospectus.

COMPANY'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 this 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. Each of the Selling Shareholders, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to their respective Equity Shares comprised in the Offer for Sale and the Selling Shareholders which is material in the context of this Issue, and that such information is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions, if any, expressed by them 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 issued through the Red Herring Prospectus are proposed to be listed on the BSE and the NSE (as defined in the section "Definitions and Abbreviations"). We have received in-principle approvals for the listing of the Equity Shares pursuant to letters dated [●] and [●] from the BSE and the NSE, respectively. [●] is the Designated Stock Exchange.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE ISSUE
ICICI Securities	Edelweiss Ideas create, values protect	KARVY Karvy Computershare Private Limited
ICICI Securities Limited ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai - 400 020 Telephone: +91 22 2288 2460 Facsimile: +91 22 2282 6580 E-mail: cebbcoipo@icicisecurities.com Investor Grievance E-mail: customercare@icicisecurities.com Contact Person: Mr. Vishal Kanjani / Mr. Johnny Barnett Website: www.icicisecurities.com SEBI registration number: INM000011179	**Edelweiss Capital Limited** 14th Floor, Express Towers, Nariman Point, Mumbai - 400 021 Telephone: +91 22 4086 3535 Facsimile: +91 22 4086 3610 E-mail: cebbco.ipo@edelcap.com Investor Grievance E-mail: customerservice.mb@edelcap.com Contact Person: Mr. Chitrang Gandhi / Mr. Jai Baid Website: www.edelcap.com SEBI registration number: INM0000010650	**Karvy Computershare Private Limited** Plot nos.17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500 081. Telephone: +91-040-2342 0815-28 Facsimile: +91-040-2343 1551 E-mail: cebbco.ipo@karvy.com Investor Grievance E-mail: cebbco.ipo@karvy.com Contact Person: Mr.Murali Krishna Website: http://karisma.karvy.com SEBI registration number: INR000000221

BID / ISSUE PROGRAMME*	
BID / ISSUE OPENS ON : [●]	**BID / ISSUE CLOSES ON : [●]**

(*) The Company may consider participation by Anchor Investors. The Anchor Investor Bidding Date shall be one day prior to the Bid/Issue Opening Date.

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SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

Capitalized terms used in this Draft Red Herring Prospectus shall, unless the context requires otherwise, have the following meanings.

Term	Description
"CEBBCO", "Issuer", "the Company", "our Company", "we", "us" and "our"	Commercial Engineers & Body Builders Co Limited, a public limited company incorporated under the Companies Act and whose registered office is at 84/105-A, G. T. Road, Kanpur Mahanagar, Kanpur – 208 003, Uttar Pradesh, India.
Articles/Articles of Association/AoA	The Articles of Association of the Company, as amended.
Associate	An associate entity of the Company as per Accounting Standards issued by the Institute of Chartered Accountants of India.
Audit Committee	Committee of Directors constituted as our Company's Audit Committee in accordance with Clause 49 of the Equity Listing Agreement to be entered into with the Stock Exchanges.
Auditors / Auditor	The statutory auditors of the Company, being Deloitte Haskins & Sells, Chartered Accountants.
Axis Bank	Axis Bank Limited.
Board of Directors/Board	The Board of Directors of the Company or any committee thereof, as constituted from time to time.
CBB	Commercial Body Builders, a Group Company.
Cho Thavee	Cho Thavee Dollasien Co. Ltd., a company incorporated in Thailand with its principal place of business at 265, Moo 4, Klangmuang Road, Muangkhao, Muang, Khonkaen 40000, Thailand.
Commercial Automobiles	Commercial Automobiles Private Limited, a Group Company.
Commercial Instalment	Commercial Instalment, a Group Company.
Corporate Office	The corporate office of the Company located at 124, Napier Town, Jabalpur – 482 001, Madhya Pradesh, India.
Cold Chain Supply	Transportation of goods in frozen form in containers fitted with freezing devices.
Director (s)	The director(s) on the Board of the Company (unless otherwise specified).
Eurofibre India	Eurofibre India, a Group Company.
Factory (ies)	Refers to the Indore Factory, Jamshedpur Factory, Mandla Factory, Richhai Factory I and Richhai Factory II, individually or collectively as required in the context.
Group Company (ies)	Refer to the section "Our Promoters, Group Companies and Promoter Group" beginning on page 120 of this Draft Red Herring Prospectus.
HSBC	Hongkong & Shanghai Banking Corporation
Identified Loan Facilities	Refers collectively, to the SBI Term Loan and the outstanding Railway Project Loan.
Indore Factory	The factory at Plot Nos. 690 to 693 and 751 to 756, Industrial Area, Pithampur – III, Dhar, near Indore, Madhya Pradesh.
Jamshedpur Factory	The factory at Plot Nos. 730, 731 and 742 Mouza Asangi, Adityapur Industrial Area Jamshedpur, Seraikella Kharshwan, Jharkhand belonging to Mithila Motors at which the Company is operating under a joint project agreement with Mithila Motors.
Jashn Beneficiary Trust	A family trust belonging to the Promoter Group, settled by our Promoter Director, Dr. Kailash Gupta on September 1, 2009. The trustees are Ms. Asha Devi Gupta and Ms. Rekha Gupta.
J.N. Auto	J.N. Auto Private Limited, a Group Company.
Joint Project Agreement	An agreement dated September 28, 2009 between the Company and Mithila Motors for jointly operating the Jamshedpur Factory.
Kailash Auto Builders	Kailash Auto Builders Private Limited, a member of our Promoter Group.
Kailash Auto Finance	Kailash Auto Finance Limited, a Group Company.
Kailash Moser	Kailash Moser Industries Private Limited, a Group Company.

Term	Description
Kailash Motors Finance	Kailash Motors Finance Private Limited, a Group Company.
Kailash Traders	Kailash Traders, a Group Company.
Le Capitaine	Le Capitaine SAS, a company incorporated in France with its principal place of business at Saint – Lo (50000), Parc d' Activites, Neptune I 315, rue Louise Michel, France.
Lender(s)	Means HSBC, SBI, YES Bank Limited, Axis Bank Limited and HDFC Bank Limited, individually or collectively as required in the context.
MP Scheme 2004	Madhya Pradesh Industrial Investment Promotion Assistance Scheme, 2004.
Mandla Factory	The factory at Plot No. 133/2, Village Udaipura Settlement Zone, 47(1) PC Udaipura, Mandla, Jabalpur, Madhya Pradesh.
Memorandum/Memorandum of Association/MoA	The Memorandum of Association of the Company, as amended.
Mithila Motors	Mithila Motors Private Limited, a company incorporated under the Companies Act with its registered office at Ram Mandir Area, Bistupur, Jamshedpur, Jharkhand.
Mosaic Capital	Mosaic Capital Services Private Limited, a private company incorporated in India that is a financial investor in the Company.
NYLIM	New York Life Investment Management India Fund (FVCI) II LLC, a private equity investor which is a limited liability company established under the laws of Mauritius and registered as an FVCI in India, a financial investor in the Company.
NYLIM SHA	Shareholders' agreement dated August 1, 2007 between the Company, NYLIM, Dr. Kailash Gupta, Mr. Ajay Gupta and Ms. Rekha Gupta pursuant to which NYLIM invested Rs. 300 million in the Company.
Narmada Auto	Narmada Auto Care Services Private Limited, a Group Company.
Order Book	As of a certain date, means the expected value of orders (i) that have been placed with us on or prior to such date, and (ii) for which we have commenced work and not recognized revenue or for which work has not commenced as of such date.
Promoter(s)	Dr. Kailash Gupta and Mr. Ajay Gupta, individually or together, as required in the context.
Promoter Group	Refer to section "Our Promoters, Group Companies and Promoter Group" beginning on page 120 of this Draft Red Herring Prospectus.
Railway Project	The combined wagon and EMU Coach manufacturing facility of the Company with a production capacity of approximately 1,200 wagons and 150 EMU Coaches per annum, for which a substantial portion of the Net Proceeds of the Fresh Issue will be utilized.
Railway Project Loan	The term loan of Rs. 500 million availed by the Company from Axis Bank Limited for financing Phase-I of the Railway Project under the sanction letter dated March 9, 2010.
Registered Office	The registered office of the Company located at 84 / 105A, G. T. Road, Kanpur Mahanagar, Kanpur – 208 003, Uttar Pradesh, India.
RDSO	The Research Designs and Standards Organisation, a unit of the Ministry of Railways in charge of maintaining standards for Rolling Stock and approving vendors to the Indian Railways.
Richhai Factory I	The factory at Plot Nos. 21, 22, 33 and 34 at Industrial Estate, Richhai, Jabalpur, Madhya Pradesh.
Richhai Factory II	The factory at Industrial Estate, Richhai, Jabalpur, Madhya Pradesh.
RoC/Registrar of Companies	The Registrar of Companies, 10/499 B, Allenganj, Khalasi Line, Kanpur -208002 Uttar Pradesh, India.
SBI	State Bank of India
SBI Term Loan	Term loan of Rs. 120 million availed by the Company from SBI under the sanction letter dated August 28, 2009 read with loan agreement dated August 29, 2009. The Company intends to repay the outstanding amount of the term loan which is Rs. 107 million as on February 28, 2010 from the Net Proceeds of the Fresh Issue.
Scheme of De-Merger	The de-merger scheme sanctioned by the BIFR pursuant to which the Company

Term	Description
	acquired the Mandla Factory from Kailash Auto Builders described in detail in the section “History and Certain Corporate Matters” beginning on page 95 of this Draft Red Herring Prospectus.
Shivam Motors	Shivam Motors (P) Limited, a Group Company.
Shivam Phoenix	Shivam Phoenix Transport Services Private Limited, a Group Company.

Issue Related Terms and Abbreviations

Term	Description
Allot/Allotment/Allotted	The issue and allotment / transfer of Equity Shares pursuant to this Issue.
Allottee	A successful Bidder to whom Equity Shares are Allotted.
Anchor Investor	A Qualified Institutional Buyer, applying under the Anchor Investor category, who has Bid for Equity Shares for an amount of at least Rs.100 million.
Anchor Investor Bid	Bid made by the Anchor Investor.
Anchor Investor Issue Price	The final price at which Equity Shares will be issued and Allotted to Anchor Investors in terms of the Red Herring Prospectus and the Prospectus, which will be a price equal to or higher than the Issue Price but not higher than the Cap Price. The Anchor Investor Issue Price will be decided by our Company and the Selling Shareholders in consultation with the BRLMs.
Anchor Investor Portion	The portion of the Issue being up to 30% of QIB Portion, which may be allocated to Anchor Investors by the Company and the Selling Shareholders in consultation with the BRLM, on a discretionary basis, out of which one third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being made to Anchor Investors.
Anchor Investor Bid Date /Issue Date	The date one day prior to the Bid/Issue Opening Date on which Bidding by Anchor Investors shall open and allocation to anchor investors shall be completed.
Application Supported by Blocked Amount or ASBA	An application, whether physical or electronic, used by a Bidder (other than a QIB) to make a Bid authorizing an SCSB to block the Bid Amount in its specified bank account maintained with such SCSB.
ASBA Account	Account maintained by an ASBA Bidder with a SCSB which will be blocked by such SCSB to the extent of the Bid Amount of the ASBA Bidder.
ASBA Bidder	Any Bidder (other than a QIB) who intends to apply through ASBA facility.
ASBA Bid-cum-Application Form or ASBA BCAF	The form, whether physical or electronic, used by an ASBA Bidder to make a Bid, which will be considered as the application for Allotment for the purposes of the Red Herring Prospectus and the Prospectus.
ASBA Public Issue Account	A bank account of the Company under Section 73 of the Companies Act, where the funds shall be transferred by the SCSBs from the bank accounts of the ASBA Bidders.
ASBA Revision Form	The form used by the ASBA Bidders to modify the quantity of Equity Shares or the Bid Amount in any of their ASBA Bid cum Application Forms or any previous ASBA Revision Form(s) and which contain an authorisation to block the Bid Amount in an ASBA account.
Bid	An indication to make an offer during the Bidding Period (or on the Anchor Investor Bid/Issue Date for an Anchor Investor), by a prospective investor to subscribe to the Equity Shares at a price within the Price Band, including all revisions and modifications thereto. For ASBA Bidders, it means an indication to make an offer during the Bid/Issue Period by any Bidder (other than a QIB) pursuant to the submission of an ASBA Bid cum Application Form to subscribe to the Equity Shares.
Bid Amount	The highest value of the optional Bids indicated in the Bid-cum-Application Form and payable by a bidder on submission of a Bid in the Issue.
Bidder	Any prospective investor who makes a Bid pursuant to the terms of the Red Herring Prospectus and the Bid-cum-Application Form, including an ASBA Bidder and an Anchor Investor.
Bid-cum-Application Form	The form in terms of which the Bidder (excluding the ASBA Bidders) shall make an offer to subscribe to the Equity Shares and which will be considered as the application for Allotment pursuant to the terms of the Red Herring Prospectus and the Prospectus.
Bid / Issue Closing Date	Except in relation to the Anchor Investors, the date after which the members of the Syndicate or SCSBs (in case of ASBA Bidders) shall not accept any Bids for the Issue and which shall be notified in two widely circulated national newspapers

Term	Description
	one each in English and Hindi which is also the regional newspaper.
Bid / Issue Opening Date	Except in relation to the Anchor Investor, the date on which the members of the Syndicate or SCSBs (in case of ASBA Bidders) shall start accepting Bids for the Issue and which shall be notified in two widely circulated national newspapers one each in English and Hindi which is also the regional newspaper.
Bidding Period	The period between the Bid/Issue Opening Date and the Bid/Issue Closing Date (inclusive of both days) and during which prospective Bidders (other than Anchor Investors) can submit their Bids, including any revisions thereof.
Bonus Shares	Equity Shares of the Company issued pursuant to the Bonus Issue.
Bonus Issue	Issue of bonus shares by the Company on March 18, 2010 by capitalization of our reserves and surplus in the ratio of 6 Equity Shares for every one Equity Share held.
Book Building Process	The book building process as described in Schedule XI of the ICDR Regulations and in terms of which this Issue is made.
BRLMs/Book Running Lead Managers	The book running lead managers to the Issue, in this case being ICICI Securities Limited and Edelweiss Capital Limited.
Business Day	Any day, other than Saturday and Sunday, on which commercial banks are open for business in Mumbai, India.
CAN/Confirmation of Allocation Note	The note or advice or intimation of allocation of Equity Shares sent to the successful Bidders who have been allocated Equity Shares after discovery of the Issue Price in accordance with the Book Building Process, including any revisions thereof. In relation to Anchor Investors, the note or advice or intimation of allocation of Equity Shares sent to the successful Anchor Investors who have been allocated Equity Shares after discovery of the Anchor Investor Issue Price, including any revisions thereof
Cap Price	The upper end of the Price Band, above which the Issue Price will not be finalised and above which no Bids will be accepted, including any revisions thereof.
Controlling Branches of the SCSBs / Controlling Branches	Such branches of the SCSBs which coordinate with the BRLMs, the Registrar to the Issue and the Stock Exchanges and a list of which is available at http://www.sebi.gov.in.
Cut-off Price	Any price within the Price Band finalized by the Company and Selling Shareholders in consultation with the BRLMs. A Bid submitted at the Cut-off Price by a Retail Individual Bidder is a valid Bid. Only Retail Individual Bidders are entitled to bid at the Cut-off Price. QIBs and Non-Institutional Bidders are not entitled to bid at the Cut-off Price.
Depositories	NSDL and CDSL.
Designated Branches	Such branches of the SCSBs which shall collect the ASBA Bid-cum-Application Forms used by ASBA Bidders and a list of which is available at http://www.sebi.gov.in.
Designated Date	The date on which the Escrow Collection Banks transfer the funds from the Escrow Account to the Public Issue Account or the amount blocked by the SCSBs is transferred from the bank account of the ASBA Bidders to the Public Issue Account, as the case may be, after the Prospectus is filed with the RoC, and following which the Board of Directors shall Allot Equity Shares to successful Bidders.
Designated Stock Exchange	[•]
Draft Red Herring Prospectus	The draft red herring prospectus dated March 29, 2010 issued in accordance with Section 60B of the Companies Act and ICDR Regulations and which does not have complete particulars on the price at which the Equity Shares are offered and total number of Equity Shares comprised in this Issue.
Eligible NRIs	NRIs from such jurisdictions outside India where it is not unlawful to make an offer or invitation under the Issue and in relation to whom the Red Herring Prospectus constitutes an invitation to subscribe or purchase the Equity Shares

Term	Description
	offered thereby.
Equity Shares	Means equity shares of the Company having a face value of Rs. 100 each prior to the Share Split and a face value of Rs. 10 each after the Share Split.
Equity Shares pre Share Split	Equity Shares of the Company of a face value of Rs. 100 each.
Equity Shares post Share Split	Equity Shares of the Company of a face value of Rs. 10 each.
Escrow Account	An account opened with Escrow Collection Bank(s) for the Issue and in whose favor the Bidder (excluding the ASBA Bidders) will issue cheques or drafts when submitting a Bid.
Escrow Agreement	The agreement to be entered into among the Company, the Selling Shareholders, the Registrar to the Issue, the BRLMs, the Syndicate Members, Refund Bankers and the Escrow Collection Bank(s) to the Issue for collection of the Bid Amounts and, where applicable, for remitting refunds of the amounts collected to the Bidders (excluding the ASBA Bidders) on the terms and conditions thereof.
Escrow Collection Bank(s)	[•], which are clearing members and registered with SEBI as Bankers to the Issue with whom the Escrow Account(s) will be opened.
First Bidder	The Bidder whose name appears first in the Bid-cum-Application Form or Revision Form or the ASBA BCAF.
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.
Fresh Issue	Issue of [•] Equity Shares of Rs. 10 each at a price of Rs. [•] each by the Company.
Fresh Issue Size	The aggregate value to be raised by the Company from the Fresh Issue portion of this Issue.
Gross Proceeds / Gross Proceeds of the Issue	Total sum raised in the Issue.
IPO Grading Agency	[●]
IPO Committee	A committee formed on January 10, 2010, to carry out various actions in relation to the Issue, comprising Mr. Ajay Gupta and Mr. Bharat Bakhshi and authorized by the Board at the board meeting held on January 10, 2010 to execute and perform all necessary deeds, documents, assurances, acts and things in connection with the Issue.
Issue	The public issue of [●] Equity Shares consisting of the Fresh Issue and the Offer for Sale at the Issue Price.
Issue Agreement	The agreement executed on [●] between the BRLMs, the Company and the Selling Shareholders.
Issue Price	The final price at which Equity Shares will be Allotted in the Issue, as determined by the Company and the Selling Shareholders, in consultation with the BRLMs, on the Pricing Date.
Issue Size	[•] Equity Shares to be Allotted in the Issue at the Issue Price.
Listing	Completion of the Issue by the listing of the Equity Shares on the BSE and NSE.
Mutual Funds	Mutual funds registered with SEBI pursuant to the SEBI (Mutual Funds) Regulations, 1996, as amended.
Mutual Fund Portion	5% of the QIB Portion available for allocation to Mutual Funds only.
Net Proceeds of the Fresh Issue	Proceeds of the Fresh Issue after deducting expenses as described in "Objects of the Issue" beginning on page 35 of this Draft Red Herring Prospectus.
Non Institutional Bidders	All Bidders including sub-accounts of FIIs registered with SEBI which are foreign corporate or foreign individuals, that are not Qualified Institutional Buyers or Retail Individual Bidders and who have Bid for Equity Shares for an amount more than Rs.100,000.
Non Institutional Portion	Consists of [•] Equity Shares, being not less than 10% of the Issue available for allocation to Non Institutional Bidders.
Offer for Sale	Transfer of upto 1,698,430 Equity Shares by the Selling Shareholders.
Offer for Sale Proceeds	Proceeds of the Offer for Sale.
Preference Shares	Preference Shares of the Company having a face value of Rs. 100 each.
Price Band	The Price Band and the minimum Bid lot size for the Issue will be determined by

Term	Description
	the Company and the Selling Shareholders, in consultation with the BRLMs, and advertised in two widely circulated national newspapers one each in English and Hindi which is also the regional newspaper at least two working days prior to the Bid/Issue Opening Date.
Pricing Date	The date on which the Company, in consultation with the BRLMs, finalize the Issue Price.
Prospectus	The prospectus, to be filed with the RoC pursuant to Section 60 of the Companies Act, containing, *inter alia*, the Issue Price that is determined at the end of the Book Building Process, the size of this Issue and certain other information.
Public Issue Account	Account opened with the Escrow Collection Banks to receive monies from the Escrow Account for this Issue on the Designated Date.
Qualified Institutional Buyers/QIBs	As defined under the ICDR Regulations as amended, which, as on the date of this document, defined QIBs as public financial institutions (as defined under Section 4A of the Companies Act), FIIs and sub-accounts registered with SEBI (other than a sub-account which is a foreign corporate or foreign individual), scheduled commercial banks, multilateral and bilateral development financial institutions, Mutual Funds, VCFs, FVCIs, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of Rs. 250 million, pension funds with a minimum corpus of Rs. 250 million, the National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India and insurance funds set up and managed by the army, navy or air force of the Government.
QIB Portion	At least 60% of the Issue which are to be Allotted to QIBs on a proportionate basis.
RHP or Red Herring Prospectus	The Red Herring Prospectus dated [●] issued in accordance with Section 60B of the Companies Act, which does not have complete particulars of the price at which the Equity Shares are offered and the size of the Issue. The Red Herring Prospectus will be filed with the RoC at least three days before the Bid/Issue Opening Date and will become a Prospectus upon filing with the RoC after the Pricing Date.
Refund Account	The account opened with the Refund Bank(s), from which a refund of the whole or part of the Bid Amount (excluding to the ASBA Bidders), if any, shall be made.
Refund Bank	An Escrow Collection Bank in which an account is opened and from which a refund of the whole or part of the Bid Amount shall be made.
Refunds through electronic transfer of funds	Refunds through electronic transfer of funds means refunds through ECS, Direct Credit or RTGS, as applicable.
Registrar/Registrar to this Issue	Karvy Computershare Private Limited
Retail Individual Bidders	Individual Bidders (including HUFs and Eligible NRIs) who have Bid for an amount less than or equal to Rs.100,000 in any of the bidding options in the Issue.
Retail Portion	Not less than 30% of the Issue available for allocation to Retail Individual Bidder(s).
Revision Form	The form used by the Bidders, excluding ASBA Bidders, to modify the quantity of Equity Shares or the Bid Price in any of their Bid-cum-Application Forms or any previous Revision Forms.
SCSBs or Self Certified Syndicate Banks	The banks which are registered with SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, as amended, and offer services of ASBA, including blocking of funds in bank accounts, are recognized as such by the SEBI and a list of whom is available at http://www.sebi.gov.in.
Selling Shareholder(s)	NYLIM and Commercial Automobiles, individually or collectively, as required in the context.
Share	Refers to the Equity Shares and Preference Shares of the Company, collectively.
Share Split	Sub-division of each Share of the Company of a face value of Rs. 100 to 10 shares of a face value of Rs. 10 each, which took place on March 18, 2010 pursuant to a resolution of the shareholders of the Company in an EGM on that date.
Stock Exchanges	The NSE and the BSE.
Syndicate	The BRLMs and the Syndicate Members.

Term	Description
Syndicate Agreement	The agreement to be entered into among the Company, the Selling Shareholders and the members of the Syndicate, in relation to the collection of Bids in this Issue (excluding Bids from the ASBA Bidders).
Syndicate Members	[●].
Transaction Registration Slip/TRS	The slip or document issued by the members of the Syndicate or the SCSBs (only on demand) to a Bidder as proof of registration of the Bid.
Underwriters	The BRLMs and the Syndicate Members.
Underwriting Agreement	The agreement among the Underwriters, the Selling Shareholders, and the Company to be entered into on or after the Pricing Date.

Conventional/General Terms

Term	Description
Companies Act	The Companies Act, 1956, as amended.
Crore / Crores / Cr / Crs	Accounting unit customarily used in India. One crores is equal to 10,000,000.
Depositories Act	The Depositories Act, 1996, as amended.
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996, as amended.
Depository Participant	A depository participant as defined under the Depositories Act.
EPS	Earnings per share, i.e., profit after tax for a fiscal/period divided by the weighted average number of equity shares/potential equity shares during that fiscal/period.
FEMA	The Foreign Exchange Management Act, 1999, as amended, and the regulations framed thereunder.
Financial Year/Fiscal/FY/fiscal/financial year	Unless otherwise stated, in respect of a year, means the period of twelve months beginning April 1 of the preceding year and ending March 31 of that particular year, unless the context otherwise requires. Therefore, for example, unless otherwise stated Financial Year 2009 or FY 09 means the period of twelve months beginning April 1, 2008 and ending March 31, 2009.
FII	A Foreign Institutional Investor (as defined under SEBI (Foreign Institutional Investors) Regulations, 1995, as amended) registered with SEBI under applicable laws in India.
FVCI	Foreign Venture Capital Investors (as defined under the SEBI (Foreign Venture Capital Investors) Regulations, 2000, as amended) registered with the SEBI.
ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
Indian GAAP	Generally Accepted Accounting Principles in India.
IFRS	International Financial Reporting Standards.
I.T. Act	The Income Tax Act, 1961, as amended.
I.T. Rules	The Income Tax Rules, 1962, as amended, except as stated otherwise.
Lakh/lakh	A counting unit customarily used in India. One lakh is equal to 100,000.
Non Resident	A person resident outside India, as defined under FEMA, and includes NRIs and FIIs.
NRI/Non-Resident Indian	A person resident outside India, as defined under FEMA and who is a citizen of India or a person of Indian origin as specified under the FEMA (Deposit) Regulations, 2000, as amended.
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts in which not less than 60% of the beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under the FEMA. OCBs are not allowed to invest in this issue.
RBI	Reserve Bank of India constituted under the RBI Act.
RBI Act	Reserve Bank of India Act, 1934.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act.

Term	Description
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended.
SCRA	Securities Contracts (Regulation) Act, 1956, as amended.
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended.
SICA	Sick Industrial Companies (Special Provisions) Act, 1985, as amended.
U.S. GAAP	Generally accepted accounting principles in the United States of America.
Takeover Code	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended.
VCF	A Venture Capital Fund (as defined under the Securities and Exchange Board of India (Venture Capital Fund) Regulations, 1996, as amended) registered with SEBI.

Abbreviations

Term	Description
A/c	Account.
AO	Assessing Officer.
AY	Assessment Year.
AGM	Annual General Meeting.
AMFI	Association of Mutual Funds in India.
AS	Accounting Standards issued by the Institute of Chartered Accountants of India.
BIFR	Board for Industrial and Financial Reconstruction
BSE	The Bombay Stock Exchange Limited.
CAGR	Compounded Annual Growth Rate.
CCT	Commissioner of Commercial Tax.
CDSL	Central Depository Services (India) Limited.
CEC	Commissioner of Central Excise.
CEO	Chief Executive Officer.
CIT(A)	Commissioner of Income Tax (Appeals).
COO	Chief Operating Officer.
DP/Depository Participant	A depository participant as defined under the Depositories Act, 1996.
EBIDTA	Earnings Before Interest, Depreciation, Tax and Amortisation.
ECS	Electronic Clearing System.
EGM	Extraordinary general meeting of the shareholders.
EURIBOR	Euro Inter Bank Offered Rate.
Euro	The official currency of the European Union.
FCNR Account	Foreign Currency Non Resident Account.
FDI	Foreign Direct Investment.
FIs	Financial Institutions.
FIPB	Foreign Investment Promotion Board of the GoI.
GDP	Gross Domestic Product.
GIR Number	General Index Registry Number.
GoI/Government	The Government of India.
HNI	High Networth Individual.
HUF	Hindu Undivided Family; a legal entity recognised under Indian Hindu family law that is capable of holding securities and other property on behalf of its members. Members of an HUF consist of the members of a Hindu joint family. The HUF acts through the head of the family, who is termed the "karta" of the HUF. The expression "HUF(Name of Person)" means the Person named in the brackets is the karta of the relevant HUF.
IPO	Initial Public Offering.
ITAT	Income Tax Appellate Tribunal.
NA	Not Applicable.
NAV	Net Asset Value.
NEFT	National Electronic Fund Transfer.
NRE Account	Non Resident External Account.

Term	Description
NRO Account	Non Resident Ordinary Account.
NSDL	National Securities Depository Limited.
NSE	The National Stock Exchange of India Limited.
P/E Ratio	Price/Earnings Ratio.
PAN	Permanent Account Number allotted under the I.T. Act.
PAT	Profit After Tax.
PBT	Profit Before Tax.
RoNW	Return on Net Worth.
Rs./Rupees/INR	Indian Rupees, the legal currency of the Republic of India.
RTGS	Real Time Gross Settlement.
USA	United States of America.

Industry or Technical Terms and Abbreviations

Term	Description
APQP	Advance Product Quality Planning.
ATP European Standard	Agreement on the International Carriage of Perishable Foodstuffs and on the Special Equipment to be used for such Carriage, Geneva dated September 1, 1970 and entered into force on November 21, 1976.
BCNHL	A type of Bogie Covered Wagon with a High Load Capacity.
BOXN Wagon	A design category of the Ministry of Railways for railway wagons.
BOXNR Guidelines	The WD-15-BOXNR-2009 Guidelines and Technical Requirements for Upgraded Rehabilitation of BOXN wagons to BOXNR wagons (with stainless steel body) issued by the RDSO in November, 2009.
BOXNR Wagons	A design category of the Ministry of Railways denoting refurbished BOXN Wagons.
BPT	Bulk Pressure Tanker.
BTKM	Billion Tonne Kilometers
CNC	Computer Numerical Control.
DFCs	Dedicated Freight Corridors
DLW	Diesel Locomotive Works, a production unit of the Indian Railways.
ERW	Electric Resistance Welded.
EMU	Electric Multiple Unit.
End-Walls	Walls fitted at the end of railway wagons.
FBV	Fully Built Vehicles.
FMEA	Failure Mode and Effect Analysis.
FWUs	Four Wheeler Units
GRP	Glass Reinforced Plastic.
ICF	Integral Coach Factory, a production unit of the Indian Railways.
Indian Railways	Means the railways in India, which are under the public control of the Government of India and administered through the Ministry of Railways.
Industrial Policy	The policy and guidelines relating to industrial activity in India issued by the Ministry of Commerce and Industry, Government of India, as updated, modified or amended from time to time.
Inter-Modal Rail-Road Containers	Freight containers that can be transported by both rail and truck.
Inter-Modal Rail-Road Transport	Transportation of freight in Inter-Modal Rail-Road Containers.
LCV	Light Commercial Vehicles
LHB Coaches	It is a coach design used by the Indian Railways for its “Rajdhani trains”.
LOI	Letter of Intent.
LWIS	Liberalised Wagon Investment Scheme
M&HCV	Medium & Heavy Commercial Vehicles
MTKM	Million Tonne-Kilometers
OEM	Original Equipment Manufacturers.

Term	Description
POL	Petroleum, Oil and Lubricants
PPAP	Product Part Approval Process.
QAP	Quality Assurance Plan.
Rolling Stock	Rolling Stock comprises the full range of wagons, locomotives and coaches used/required by the Indian Railways.
SIAM	Society of Indian Automobile Manufacturers (an ISO 9001-2008 certified organization).
SS	Stainless Steel.
SST	Stainless Steel Tipper.
Side-Walls	Walls fitted at the sides of railway wagons.
WRS	Wagon Repair Shop, Kota (a workshop of the West Central Railway).

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Financial Data

Unless indicated otherwise, the financial data in this Draft Red Herring Prospectus is derived from the Company's restated financial statements as of and for FY 2005, FY 2006, FY 2007, FY 2008 and FY 2009 and as of and for the nine months ended December 31, 2009, prepared in accordance with the professional standards applicable in India and the Companies Act, 1956 and restated in accordance with ICDR Regulations, as stated in the report of our Auditor, Deloitte Haskins & Sells, included in this Draft Red Herring Prospectus. Our Financial Year commences on April 1 of each calendar year and ends on March 31 of the following calendar year.

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

There are significant differences between the professional standards applicable in India and International Financial Reporting Standards (IFRS) and generally accepted accounting principles in the United States of America (U.S. GAAP); accordingly, the degree to which the financial statements, prepared according to the professional standards applicable in India, included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices and the professional standards applicable in India,, Indian GAAP, the Companies Act and the ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices, Indian GAAP, the Companies Act and the ICDR Regulations on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. Our Company has not attempted to explain these differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on financial data.

Unless otherwise specified or the context otherwise requires, all references to "India" in this Draft Red Herring Prospectus are to the Republic of India, together with its territories and possessions and all references to the "US", the "USA", the "United States" or the "U.S." are to the United States of America, together with its territories and possessions.

Currency of Presentation

All references to "Rupees" or "Rs." or "INR" are to Indian Rupees, the official currency of the Republic of India. All references to "USD" are to United States Dollars, the official currency of the United States of America.

This Draft Red Herring Prospectus contains translations of certain US Dollar and other currency amounts into Indian Rupees that have been presented solely to comply with the requirements of Item VIII(G) of Part A to Schedule VIII of the ICDR Regulations. These translations should not be construed as a representation that those US Dollar or other currency amounts could have been, or can be converted into Indian Rupees, at any particular rate.

Unless otherwise stated, the Company has in this Draft Red Herring Prospectus used a conversion rate of Rs. 45.5 for one US Dollar, being the RBI reference rate as of March 8, 2010 (Source: RBI website at www.rbi.org/in/). Such translations should not be considered as a representation that such U.S Dollar amounts have been, could have been or could be converted into Rupees at any particular rate, the rates stated above or at all.

Industry and Market Data

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

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

FORWARD-LOOKING STATEMENTS

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

Similarly, statements that describe our objectives, strategies, plans or goals are also forward-looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include but are not limited to:

i. We have derived significant revenues from a limited number of customers. The loss of one or more of our significant customers could adversely affect us.

ii. Orders placed on us may be delayed, cancelled or not fully paid for by our customers, which could materially harm our cash flow position, revenues or profits.

iii. Historically, our business has been concentrated on manufacturing bodies for commercial vehicles. We have recently commenced refurbishment of wagons as well as manufacturing of components for railway wagons, coaches and locomotives and propose to expand our business in this area to cater to the entire Rolling Stock requirements of the Indian Railways. Therefore, our business may no longer be concentrated in the commercial vehicles division.

iv. We have little experience in refurbishment of wagons as well as manufacturing of components for wagons, coaches and locomotives for Indian Railways into which we have recently expanded and we have no experience in the manufacture of new wagons and EMU Coaches for which we propose to set up a factory for which a substantial portion of the Net Proceeds of the Fresh Issue will be utilized.

v. Our profitability and results of operations may be adversely affected in the event of increases in the price of raw materials, fuel costs, labor or other inputs.

vi. Inability to manage our growth could disrupt our business and reduce our profitability.

vii. Our business strategy may change in the future and may be different from that which is contained herein.

viii. We are dependant on our directors and senior management.

ix. Our ability to attract and retain skilled personnel could adversely affect our business and results of operations.

x. We have high working capital requirements. If we have insufficient cash flows to meet working capital requirements there may be an adverse effect on our results of operations.

For a further discussion of factors that could cause our actual results to differ, see the sections "Risk Factors", "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages xiv, 68 and 142 of this Draft Red Herring Prospectus, respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. Neither the Company, the Selling Shareholders, nor the Underwriters, nor any of their respective affiliates or associates 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. The Company, the Selling Shareholders (in respect of the Equity Shares included by them respectively in the Offer for Sale) and the BRLMs 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 in respect of Equity Shares Allotted pursuant to this Issue.

SECTION II: RISK FACTORS

Investment in Equity Shares involves a high degree of risk. You 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 our Equity Shares. Any potential investor in, and purchaser of, our Equity Shares should pay particular attention to the fact that we are governed in India by a legal and regulatory environment which in some material respects may be different from that which prevails in the other countries. If any of the following risks occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment. In making an investment decision, prospective investors must rely on their own examination of the Company and the terms of the Issue, including the merits and risks involved. Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section.

Unless otherwise stated, the financial information of the Company used in this section is derived from our audited financial statements under the professional standards applicable in India, as restated.

<u>Internal Risk Factors</u>

1. **There are criminal proceedings pending against our Promoter Director, Dr. Kailash Gupta, in his capacity as our Director and also in his capacity as a director of certain Group Companies.**

   There is a criminal proceeding pending against our Promoter Director, Dr. Kailash Gupta, in his capacity as our Director in connection with the proceeding initiated against us by the Income Tax authorities regarding delayed payment of Tax Deducted at Source, while paying interest to certain third parties for the assessment year 1987-1988. The approximate amount under consideration in this proceeding is Rs. 0.23 million.

   Dr. Kailash Gupta has also been named in three other criminal proceedings involving the Group Companies i.e., Commercial Automobiles Private Limited and Kailash Auto Finance Limited, in which he is a director.

   For details of these proceedings refer to the section “Outstanding Litigation and Material Developments” on page 168 of this Draft Red Herring Prospectus. Any adverse outcome of these outstanding litigations may adversely impact us, our business, financial condition and results of operations.

2. **There are outstanding legal proceedings against our Company, our Directors, our Promoters and our Group Companies.**

   There are outstanding legal proceedings involving us before various courts and tribunals. These are summarized below:

Nature of Cases	Number of Cases	Approximate Total Amount under Consideration (Rs. in millions)
Criminal Cases	1	0.23
Income Tax Cases	5	7.04
Excise Cases	10	200.10
Sales Tax and VAT Cases	7	2.84
Proceedings filed by the Company	2	1.70
Total	**25**	**211.91**

   Our Directors, our Promoters and our Group Companies may be involved from time to time in disputes with various parties arising from their operations. These disputes may result in court or arbitration proceedings, and may cause us to suffer litigation costs and project delays. There can be no assurance that these legal proceedings will be decided in our favour. The details of outstanding litigations against our Promoter Director – Dr. Kailash Gupta and Group Companies are given:

Promoter Director – Dr. Kailash Gupta		
Nature of cases	**No. of cases**	**Amount**
Criminal	4	Rs. 0.23 million
Civil	1	Rs. 1.2 million
Group Companies		
Nature of cases	**No. of cases**	**Amount**
Criminal	3	Not ascertained
Civil	98	Rs. 27.85 million

These proceedings are pending at different levels of adjudication before various courts, tribunals, enquiry officers, and appellate tribunals. We may be required to devote significant management and financial resources to such actions. Further, no assurances can be given that these matters will be settled in our favour, or that no further liability will arise out of these claims. All entries under the heading "Approximate Total Amount under Consideration" in the table presented above are only estimates and have been made on the basis of the issues in dispute. The actual monetary or other liability when the outstanding litigation is finally decided by the court, tribunal or other authority before which the matter is pending may be more or less than that stated under this head.

For further details on these proceedings, see the section "Outstanding Litigation and Material Developments" beginning on page 168 of this Draft Red Herring Prospectus. Any adverse outcome in this outstanding litigation may adversely impact us, our business, financial condition and results of operations.

3. **Kailash Auto Finance Limited, a BSE listed Group Company, is not in compliance with the listing agreement and filings to be made under the Takeover Code within the time prescribed.**

Kailash Auto Finance Limited, a BSE listed Group Company, is not in compliance with certain provisions of its listing agreement with the BSE, including delay in payment of listing fees, non-appointment of a company secretary, delay in filing of quarterly compliance reports, non-appointment of registered transfer agent, failure to dematerialize shares, delay in meeting filing requirements under the Takeover Code, delay in compliance with requirements under Clause 41 of the listing agreement regarding preparation and reporting of financial results and non-compliance with Clause 49 of the listing agreement regarding corporate governance.

Further, Kailash Auto Finance Limited may be de-listed as there has not been any trading in its equity shares for more than the last six months. Any of such proceedings may have an adverse affect on our reputation and standing.

4. **Historically, we derived significant portion of our revenue from a limited number of customers.**

Historically, we have depended significantly on revenues from a limited number of customers, and may continue to do so in the future. In the Financial Years 2007, 2008 and 2009 and in the nine-months ended December 2009, we derived 86.36%, 73.91%, 69.23% and 49.04% respectively, of our net sales from Tata Motors Limited.

In the Financial Year 2009 and in the nine-months ended December 2009, we derived 2.39% and 25.76% of our net sales from the Indian Railways, who is our sole customer in the railways division.

The loss of any of these customers, or an adverse change in these customer relationships could have an adverse impact on our business and financial condition. We could also be adversely affected by any material adverse change in our major customer's business or financial position. There can be no assurance that our efforts in expanding our market share in the commercial vehicles division or our expansion in the railways division will lead to any significant increase or diversification of our customer base. Further, our ability to broaden our customer base in the railways division will be restricted so long as the Government of India retains restrictions on participation by the private sector in the Indian Railways.

5. **Our business in the commercial vehicles division is subject to seasonal fluctuations and is also cyclical in nature. Further, our business in the railways division tends to vary from quarter to quarter based on the timing of release of various tenders.**

Our business in the commercial vehicles division is seasonal in nature and a substantial part of our sales are realized during the second half of the financial year other than in the Financial Year 2009, which was affected by the global recession. This trend is largely on account of activity being slow and hence demand being low during the monsoon from the mining and road-construction sectors for which a major part of our commercial vehicle bodies are intended.

Further, the commercial vehicles industry is inherently cyclical in nature and downswings in this industry can have an adverse effect on our performance.

Demand in the railways industry tends to be low in the first quarter of the financial year and picks up only in the second quarter in response to the Railway Budget announcement in the last quarter of the previous financial year. Further, our business in the railways division is based on the timing of release and award of various tenders and hence tends to vary greatly from quarter to quarter.

Therefore, six-monthly or quarterly comparisons of our sales and operating results should not be relied upon as indicators of our performance.

6. We do business with our customers on purchase order basis or through tenders issued by them from time to time and do not have long-term contracts with most of them.

As is common in our industry, our business is conducted on purchase order basis or through tenders issued by our customers from time to time, depending on their requirements for vehicle or locomotive bodies and components. We do not have long-term contracts with most of our customers and there can be no assurance that we will continue to receive repeat orders from any of them, including our long-standing customers. Further, even if we were to continue receiving orders from our customers, there can be no assurance that they will be on the same terms, and the new terms may be less favourable to us than those under the present terms.

7. If we fail to comply with the product specifications, delivery schedules and production standards prescribed by our customers, we may be faced with liabilities and adverse consequences, including monetary penalties, warranty claims and loss of our customers, which could have a material adverse effect on our business, financial condition and results of operations.

Some of our customers, such as the Indian Railways, require us to furnish performance security under their purchase orders in the form of security deposits in cash and performance bank guarantees. Orders from the Indian Railways also provide for liquidated damages and monetary penalties for failure to adhere to delivery timelines. We also face the risk of being de-registered by the Indian Railways and Ministry of Defense, and hence losing their custom, if our factories or products do not meet their standards or specifications. Our supplies to Tata Motors Limited, Man Force Trucks Private Limited, VE Commercial Vehicles Limited and Indian Railways carry warranties varying between 12 to 30 months. We do not make provision for warranty claims in our accounts. Further, typically, under the terms of our purchase orders, our customers have the right to reject goods that have not been cleared by the inspection agencies designated by them or that do not meet their specifications or are not delivered on time. In essence, if we fail to meet the stipulated delivery timelines and product specifications or standards, we may face warranty and liquidated damages or other monetary claims, forfeiture of security deposits, invocation of performance bank guarantees, rejection of goods and de-registration by our customers or loss of our customers that could have a material adverse effect on our business, financial condition and results of operations.

8. If we are unable to obtain, renew or maintain the statutory approvals and regulatory clearances required to operate our factories or business, there may be a material adverse effect on operations at our factories and our overall business.

We require certain statutory approvals and regulatory clearances to operate our business. Some of these are yet to be obtained by us and some require periodic renewal. We have a number of applications for approvals and renewals pending before the relevant regulatory authorities. In addition, we have failed to apply for certain approvals for some of our factories, including under environmental and labour laws. Failure by us to obtain, maintain or renew the required permits or approvals may result in the interruption of our operations and delay or prevent our expansion plans and may have a material adverse effect on our business, financial condition and results of operations. In addition, the relevant authorities may impose conditions on the grant or renewal of approvals and clearances that may impose new or additional (in the case of renewals) or enhanced liabilities on the production capacity, manufacturing processes, number of persons employed or engaged as contract labour or motive power used at our factories. We are also liable to penalties, including fines and closure of our factories, if we conduct or continue our operations without the requisite approvals or renewal thereof in place. For details of pending applications and approvals required but not applied for, see the section "Government and Other Approvals" beginning at page 202 of this Draft Red Herring Prospectus.

9. **We have failed to apply for certain approvals within the prescribed time frame and may be required to re-apply for certain regulatory clearances and may incur penalties for having conducted or continued operations without the requisite approvals or renewal thereof in place.**

   We have failed to apply for certain approvals and renewals within the prescribed time and may be subject to penalties for having conducted or continued operations without the requisite approvals or renewal thereof in place. We may also have to re-apply for certain regulatory clearances in view of this issue, where the terms of such approvals so require. There can be no assurance that the relevant authorities will issue the permits or approvals on the terms applied for, within the timeframe anticipated by us, or at all.

10. **Orders included in our Order Book may get altered, delayed, scaled down, cancelled or not fully paid for by our customers, which could materially harm our cash flow position, revenues and profits.**

    As of December, 31 2009, our Order Book in the commercial vehicles division was Rs. 3,770.43 million and in the railways division was Rs. 270.34 million.

    In the commercial vehicles division, we have in the past experienced cases where the actual number of chassis furnished by our customers on which we are to build the vehicle body has been less than anticipated at the time of the placement of the order, so that the actual number of vehicle bodies procured by the customer has been lower than the quantity originally ordered. Also, some of our customers in this division place orders on terms stating that the quantities are merely indicative and the orders may be cancelled at any time.

    In the railways division, several of the orders placed on us are subject to the condition that the quantities to be supplied may be varied unilaterally by the customer by up to 30%.

    Hence, future earnings related to the execution of our Order Book may not necessarily be realized. Cancellations, delays or adjustments in scope may occur to the orders comprised in our Order Book. Due to potential changes in the scope and schedule of orders, we cannot predict with certainty as to when, or if, the orders in our Order Book will be completed. In addition, even where execution of an order proceeds as scheduled, it is possible that contracting parties may default and fail to pay amounts owed or dispute the amounts owed to us. Any delay, cancellation or payment default could materially harm our cash flow position, revenues or profits, and adversely affect the trading price of our Equity Shares.

11. **The terms of purchase orders placed on us by some of our customers have certain restrictive covenants and onerous clauses.**

    Under the terms of purchase orders placed on us by our long-standing customer in our commercial vehicles division, Tata Motors Limited, we are under an obligation to offer them the lowest price at which we make supplies of same products (other than for export or original equipment sales at lower prices than those applicable for normal replacement). Tata Motors Limited has also stipulated in these purchase orders that no interest will be payable on overdue accounts and their decision will be final in case of any dispute. Under standard terms of purchase orders from VE Commercial Vehicles Limited, the quantity mentioned in a purchase order is stated to be only indicative. The purchase order further states that VE Commercial Vehicles Limited may cancel the order at any time during its validity.

12. **We have limited experience in the railways industry, for which a substantial portion of the Net Proceeds of the Fresh Issue shall be deployed. Our Promoters also do not have significant background or experience in the railways industry.**

Historically, we have derived significant revenues from sale of vehicle bodies to original equipment manufacturers in the commercial vehicles industry. Recently, we have commenced and intend to further expand, our presence in the railways industry. Our railways division has only begun contributing to our revenues in FY09. For FY09 and the nine months ended December 31, 2009, we have reported net sales in the railways division of Rs. 26.77 million and Rs. 278.56 million respectively, contributing to 2.39% and 25.76% of our total net sales for these periods respectively. Our Promoters also do not have significant background or experience in the railways industry. Since we and our Promoters have limited experience in the railways industry, there can be no assurance that we will be successful in leveraging our experience and expertise of manufacturing in our commercial vehicles division to our railways division. If we are unable to successfully expand our railways division, our results of operations and financial condition could be materially and adversely affected.

13. **Fluctuations in the prices of raw materials and other key inputs could have a material adverse effect on our business, financial condition and results of operations.**

Our business is affected by the availability, cost and quality of raw materials and other inputs used by us for manufacturing our products. Our principal raw material is steel, which we typically purchase one to one-and-a-half-months in advance to meet our anticipated production. In addition, hydraulic jacks are a necessary component for certain vehicle bodies manufactured by us. The price of steel is highly volatile and cyclical in nature. Fluctuations in the prices of steel or hydraulic jacks may adversely affect our business and financial conditions, and have done so in the past. While there have been instances in the past where we have been able to pass some portion of increases in the price of steel to our customers, we have not always been successful in doing so. If, for any reason, our primary suppliers of raw materials or components should curtail or discontinue their delivery of such materials to us in the quantities we need and at prices that are competitive, our ability to meet our orders may be impaired, our delivery schedules could be disrupted, and we may not be able to complete our orders as per schedule or at all. Any of these factors may materially and adversely affect our business, financial condition and results of operations.

14. **We face competition in the commercial vehicles division from the un-organized sector.**

A majority of the business of some of our major customers is the sale of chassis rather than fully built vehicles to dealers. End-users of these chassis, obtain vehicle bodies for their chassis from garage owners in the unorganized sector, rather than from manufacturers in the organized sector such as us. Although we have been able to withstand competition from the un-organised sector in the past, there can be no assurance that we will be able to continue doing so, as a result of which our business, financial condition and results of operations may be adversely affected.

15. **We may in future face foreign competition in the commercial vehicles division and in such areas of the railways industry as have been opened to the private sector.**

We may in future face competition from foreign entities entering the Indian market for vehicle body building in the commercial vehicles industry as well as the Indian market for locomotive bodies and components in the railways industry, to the extent private entities are permitted by the Government of India to participate in this area. There can be no assurance that we will be able to compete successfully in such event or that such increased competition will not have a material adverse effect on our business, financial condition and results of operations.

16. **Our expansion plans for our railways division may be restricted or have to be abandoned in the event of any adverse changes in the railways and allied policies of the Government of India.**

The railways sector in India is heavily regulated and operates under the absolute discretion of the executive branch of the Government of India. New, or changes in, policies and schemes of the Government of India, including any decision to reverse its liberalization schemes for wagon manufacturing and leasing or to restrict its procurement plans for Rolling Stock, could have a material adverse impact on our business in our railways division.

17. The commercial vehicles industry is heavily dependent on the availability of credit and any rise in interest rates or difficulties in credit availability may have a consequential negative impact on the market for vehicle bodies.

Our business may be materially adversely affected if there is any rise in interest rates or difficulties in credit availability for the purchase of commercial vehicles. We have experienced such adverse effects in the Financial Year 2009, when the ultimate buyers of commercial vehicles were faced with credit difficulties leading to a fall in demand for our products.

18. Non-renewal or termination of our technical know-how agreements with Le Capitaine and Cho Thavee may have a material adverse effect on our business and plans to grow our customer base and diversify our product lines. Further, these agreements place various restrictive terms and conditions on us.

Under the technical know-how agreement with Le Capitaine, we were required to enter into a trademark agreement with them by June 2009 for the trademark under which the refrigerator-fitted vehicle bodies manufactured under this agreement are to be sold. However, we are yet to execute this trademark agreement, and therefore cannot commence production of refrigerator-fitted vehicle bodies using their technology. The agreement is subject to a further condition that we enter into an agreement with them by May 2011 for the formation of a joint venture. If we fail to agree terms for such a joint venture by this date, our technical know-how agreement with Le Capitaine will terminate. Moreover, even if the joint venture agreement is executed as stipulated, the license granted to us under the technical know-how agreement with Le Capitaine expires in 5 years, i.e., by May 2014. On failure to renew this agreement, we will lose the right to manufacture the refrigerator-fitted vehicle bodies under this agreement, which could have a material adverse effect on our growth and diversification strategy.

Our agreement with Cho Thavee is subject to the restriction that the technology licensed from them can be used only for the manufacture of vehicle bodies under the trademark "CTVCEBBCO". Further, our agreement with Cho Thavee is liable to termination without cause by Cho Thavee with merely three months' notice prior to the end of the then current year of the agreement. Abrupt termination of this agreement or our failure to protect the trademark of the vehicles to be sold under this agreement could have a material adverse effect on our business, financial condition and results of operations.

We are also subject to a number of restrictions on competition under these agreements. Under the agreement with Le Capitaine, we are prohibited from manufacturing or importing products that compete with or are similar to the refrigerator-fitted vehicle bodies of Le Capitaine. Under the agreement with Cho Thavee, we are prohibited from developing any competing products or products similar to those of Cho Thavee, unless we can prove that the drawings for such products were provided by our customers.

19. We are operating the Jamshedpur Factory as an unincorporated joint venture with another company, Mithila Motors, on account of which we have to share control and profits with them, and non-renewal of the joint project agreement after its current term, will render the factory un operational.

We do not have either freehold or leasehold title to the Jamshedpur Factory. We are operating the Jamshedpur Factory as an unincorporated joint venture with Mithila Motors. The joint project is valid for a period of three years, expiring in September 2012. If we are unable to renew the joint project agreement after its current term, we will no longer be able to operate the Jamshedpur Factory. This may have an adverse effect on our business, financial condition and results of operations. Further, under the agreement with Mithila Motors, all major business decisions relating to the Jamshedpur Factory have to be decided in consensus with them. Hence, we do not have sole control over material policy and business decisions relating to the Jamshedpur Factory. There can be no assurance that Mithila Motors will not, in the course of our joint project, take positions in regard to the project with which we will not agree, in which case the joint project may be immobilized by deadlock. We are also obliged to share profits from the joint project in the ratio of 40% to Mithila Motors and 60% to us. In addition, subject to certain limited exceptions, so long as the joint project agreement is in force, we are restricted from setting up a separate manufacturing unit within the local limits of Jamshedpur that would directly affect the purpose of joint project. For further details of the agreement with Mithila Motors, refer to the sections "History and Certain Corporate Matters" and "Our Business" beginning on pages 95 and 68 of this Draft Red Herring Prospectus, respectively.

20. **Inability to manage our growth could disrupt our business, reduce our profitability and have a material adverse effect on our business, financial condition and results of operations.**

We have experienced high growth since 2005. If this growth continues, it will place significant demands on us and require us to continuously evolve and improve our operational, financial and internal controls across the organization. In particular, continued expansion increases the challenges involved in:

a) Maintaining high levels of customer satisfaction;
b) Recruiting, training and retaining sufficient skilled management, technical and marketing personnel;
c) Adhering to health, safety and environment & quality and process execution standards that meet client expectations;
d) Preserving a uniform culture, values and work environment in our operations; and
e) Developing and improving our internal administrative infrastructure, particularly our financial, operational, communications and other internal systems.

Any inability to manage our growth may have a material adverse effect on our business, financial condition and results of operations.

21. **Our business strategy may change in the future and may be different from that which is stated herein.**

We have stated our objectives for raising funds through the Fresh Issue and have set forth our strategies for our future business. For details, see the section "Objects of the Issue" beginning on page 35 of this Draft Red Herring Prospectus and section "Our Business" beginning on page 68 of this Draft Red Herring Prospectus. However, depending on prevailing market conditions and other commercial considerations, our business model may change from what is described herein.

22. **We are dependant on our Promoter Directors, Dr. Kailash Gupta and Mr. Ajay Gupta, and senior management for their expertise and experience. Further, there can be no assurance that we will be able to attract and retain a skilled workforce, failing which our business, financial condition and results of operations may be adversely affected.**

Our success is substantially dependent on the expertise and services of our Promoter Directors, Dr. Kailash Gupta and Mr. Ajay Gupta, and our senior management. We cannot assure you that we will be able to retain any or all of the key members of our management. In the event we lose the services of any of the key members of our management, our business may be materially and adversely affected. For further details of our directors and management, please see the section "Our Management" beginning on page 107 of this Draft Red Herring Prospectus.

Our ability to grow our business depends on our ability to attract and recruit talented and skilled personnel. A significant number of our employees are skilled engineers and technicians. There can be no assurance that we will be able to attract and continue to retain a skilled workforce. The loss of any key personnel or an inability on our part to manage the attrition levels in different employee categories may materially and adversely impact our business, financial condition and results of operations.

23. **Our results of operations could be adversely affected by any disputes with our employees and with labour contractors or contract labourers engaged at our works by the labour contractors.**

Though we have not had any labour disputes in the past there can be no assurance that we will not experience disruptions in the future to our operations due to disputes, strikes or other problems with our work force, which may adversely affect our client goodwill, business and results of operations. The number of contract labourers engaged by contractors at our premises varies from time to time based on the nature and extent of work contracted to independent contractors. All contract labourers engaged at our facilities are assured minimum wages that are fixed by local government authorities which are paid to them in a timely manner and they are entitled to other facilities such as canteens, rest-rooms and first-aid treatment that are essential under the applicable law. Any upward revision of wages to be paid to such contract labourers, or offer of permanent employment to any temporary worker, or the unavailability of contract labourers may adversely affect our business, financial condition and results of operations.

24. Breakdowns at any one or more of our factories could disrupt operations and result in delays in our production.

If we experience breakdowns at any of our factories, our operations will be disrupted and we may suffer consequent delays in our production leading to adverse claims by our customers or cancellation of their orders.

25. We have certain contingent liabilities which may adversely affect our financial condition.

As of December 31, 2009, contingent liabilities not provided for aggregated to Rs. 207.45 million. These included liabilities relating to the following:

S. No.	**Particulars**	**As at December 31, 2009** *Rs. in millions*	**As at March 31, 2009** *Rs. in millions*
a)	Disputed demands of following authorities		
	Income tax	3.63	3.63
	Excise duty (Rs. 1,373,000 (previous year Rs. 1,373,000) paid under protest)	154.44	94.88
	Sales tax (Rs 61,000 (previous year Rs. 282,000) paid under protest)	0.62	1.95
	Entry Tax (Rs. Nil (previous year Rs. 47,000) paid under protest)	Nil	0.47
b)	Bank Guarantee (Performance Guarantee)	25.74	5.34
c)	Letter of Credit	23.02	2.65
	Total	**207.45**	**108.92**

In the event that any of these contingent liabilities materialize, or register any increase, our financial condition may be adversely affected. For further information, please see Annexure XXII of our financial statements as of December 31, 2009, beginning on page F-1 of this Draft Red Herring Prospectus.

26. We have high working capital requirements. If we have insufficient cash flows to meet working capital requirements, there may be an adverse effect on our business, financial condition and results of operations.

Our business requires a significant amount of working capital. We have high working capital requirement both to finance the purchase of the raw materials and the furnishing of performance security to our customers, pending payments from them. Our working capital requirements will also increase on account of our proposed new Railway Project. Inability to meet these high working capital requirements could have a material adverse effect on our business, financial condition and results of operations.

27. Some of our Group Companies have incurred losses in the last three Fiscal Years, while certain other Group Companies have been defunct for the last several years.

Some of our Group Companies have incurred losses in the last three Fiscal Years as set forth in the table below:

Name of entity	**Fiscal Year (In Rs. millions)**		
	2009	**2008**	**2007**
J.N. Auto Private Limited	1.11	(0.08)	2.83

Name of entity	Fiscal Year (In Rs. millions)		
Commercial Automobiles Private Limited	8.32	2.67	(2.55)
Kailash Moser Industries Private Limited	(0.14)	(0.09)	(0.10)
Kailash Auto Finance Limited	(6.66)	3.24	18.96
Eurofibre India	(0.02)	(0.02)	(0.53)
Commercial Body Builders	8.15	(0.38)	1.37
Commercial Instalment	(2.92)	(0.65)	(1.72)
Kailash Traders	1.85	2.27	(0.55)

Our following Group Companies are defunct:

Name of entity	Period for which defunct
Kailash Moser Industries Private Limited	Since 1994
Commercial Instalment	Since 1999
Kailash Traders	Since 1999
Eurofibre India	Since 2002

For further details regarding our Group Companies, refer to the section "Our Promoters, Group Companies and Promoter Group" beginning at page 120 of this Draft Red Herring Prospectus.

28. Our Company has reported negative cash flows in some of the last five Financial Years.

Our Company has reported negative cash flows from operating activities of Rs. 249.71 million, Rs. 150.81 million and Rs. 20.78 million for the nine months ended December 31, 2009, fiscal 2007 and fiscal 2006 respectively. Further, we incurred negative cash flows from investing activities in each of the last five fiscal years and the nine months period ended December 31, 2009. We also incurred negative cash flows from our financing activities of Rs. 286.02 million for the fiscal 2009. For details, refer to the section "Financial Statements" beginning on page F-1 of this Draft Red Herring Prospectus.

29. Our Promoters, their relatives and Group Companies will continue to retain majority control in the Company after the Issue, which will enable them to influence the outcome of matters submitted to shareholders for approval and our other shareholders may not be able to affect the outcome of shareholder voting.

Upon completion of the Issue, our Promoters, their relatives and Group Companies will beneficially own the majority of our post-Issue equity share capital. As a result, they will have the ability to control our business, including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election or termination of appointment of our officers and directors. This control could delay, defer or prevent a change in control of the Company, impede a merger, consolidation, takeover or other business combination involving the Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of the Company even if it is in the Company's best interest. In addition, for as long as our Promoters, their relatives and Group Companies continue to exercise significant control over the Company, they may influence the material policies of the Company in a manner that could conflict with the interests of our other shareholders. Our Promoters, their relatives and Group Companies may have interests that are adverse to the interests of our other shareholders and may take positions with which we or our other shareholders do not agree.

30. We have entered into certain related party transactions with our Promoters, Group Companies, shareholders, Directors and employees which may create conflicts of interest.

We have entered into certain related party transactions with our Promoters, Group Companies, shareholders, Directors and employees and may continue to do so in the future. For more information see “Related Party Transactions” and “Our Management” beginning on pages 140 and 107 of this Draft Red Herring Prospectus respectively. There can be no assurance that our transactions with such related parties have been, or will be, entered into on an arm's-length basis. Such agreements give rise to current or potential conflicts of interest with respect to dealings between us and such related parties. Additionally, there can be no assurance that any dispute that may arise between us and the related parties will be resolved in our favor. Our Promoter Director, Dr. Kailash Gupta was appointed to the board of directors of Kailash ShinMaywa Industries Limited, a company belonging to the Promoter Group, in the same line of business as the Company. He has submitted his resignation to the board of Kailash ShinMaywa Industries Limited, which shall be considered at its forthcoming board meeting.

31. **In the last twelve months, our Promoter Directors have engaged in cash and non-cash transactions in our Equity Shares that are (in case of the gift transactions) and may be (in case of the cash transactions) at prices lower than the Issue Price.**

Our Promoter Directors have engaged in transactions in our Equity Shares during the last twelve months at price that may be lower than the Issue Price. Dr. Kailash Gupta, has purchased our Equity Shares at a price which could be lower than the Issue Price. He has also been gifted our Equity Shares from various relatives that have divested their shareholding in us in favour of Dr. Kailash Gupta as part of an internal re-distribution and division of family assets. During this period, Dr. Kailash Gupta has also gifted certain of our Equity Shares to the Jashn Beneficiary Trust, a private family trust settled by him.

In the last twelve months, our other Promoter Director, Mr. Ajay Gupta, has also purchased our Equity Shares at a price which may be lower than the Issue Price.

For details regarding these transactions in our Equity Shares, refer to the section “Capital Structure” at page 20 of this Draft Red Herring Prospectus.

Further, on March 18, 2010, we made a bonus issue of our Equity Shares by capitalisation of our reserves and surplus.

For details regarding our bonus issue, refer to the section “Capital Structure” at page 20 of this Draft Red Herring Prospectus.

32. **Our existing shareholders, NYLIM and certain Promoter Group entities, viz., the Jashn Beneficiary Trust and Commercial Automobiles Private Limited may sell part of their Equity Shares held in the Company prior to the Issue at a price lower than the Issue Price.**

Our existing shareholders, NYLIM, the Jashn Beneficiary Trust and Commercial Automobiles Private Limited (both Jashn Beneficiary Trust and Commercial Automobiles Private Limited being Promoter Group entities) may sell part of their Equity Shares held in the Company prior to the Issue at a price lower than the Issue Price.

33. **We have not entered into any definitive agreements to use the majority of the Net Proceeds of the Fresh Issue. Further, we have not yet purchased the land or placed any order for plant or machinery for the Railway Project for which a substantial portion of the Net Proceeds of the Fresh Issue are intended to be used**.

We intend to use the Net Proceeds of the Fresh Issue for incurring capital expenditure for setting up of our new Railway Project, prepayment of the Identified Loan Facilities and general corporate purposes. For further details, see the section “Objects of the Issue” beginning on page 35 of this Draft Red Herring Prospectus. We have not entered into any definitive agreements to utilize the Net Proceeds of the Fresh Issue. For the Railway Project, for which we intend to utilize a substantial portion of the Net Proceeds of the Fresh Issue, we are yet to purchase the land for the Railway Project and place orders for any of the plant and machinery required for it. We estimate that the value of the plant and machinery to be purchased by us will be approximately Rs. 1,303.06 million. There can be no assurance that we will be able to conclude definitive agreements for investments in capital equipment. Pending utilization of the Net Proceeds of the Fresh Issue for the purposes described in this Draft Red Herring Prospectus, we intend to temporarily invest the funds in high quality interest bearing liquid instruments, including deposits with banks. There can be no assurance that such investments will not carry risk or generate expected returns.

34. Our plans for the utilisation of the Net Proceeds of the Fresh Issue are subject to cost overruns, delays and changes in the management's view of the desirability of current plans.

Our capital expenditure plans are subject to a number of variables, including possible cost overruns and changes in the management's view of the desirability of current plans. Any unanticipated increase in the cost of this expansion, including owing to delays caused by labour unrest, could adversely affect our estimates of the project cost and our ability to implement the projects as proposed.

35. Our funding requirements and deployment of the Net Proceeds of the Fresh Issue are based on management estimates and have not been independently appraised, and are not subject to monitoring by any independent agency or monitoring agency under the ICDR Regulations.

Our funding requirements and the deployment of Net Proceeds of the Fresh Issue are based on management estimates, current quotations from suppliers and our current business plan. Further, we are not required to appoint any monitoring agency for the Issue pursuant to the ICDR Regulations. The fund requirements and intended use of proceeds have not been appraised by any bank or financial institution or any independent entity. In view of the competitive and dynamic nature of our industry, we may have to revise our expenditure and fund requirements as a result of variations including in the cost structure, changes in estimates, changes in quotations, exchange rate fluctuations and external factors, which may not be within the control of our management. This may entail rescheduling, revising or canceling 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 Board. In addition, the estimated dates of completion of different phases of the Railway Project 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 addition, the current quotations from suppliers are only valid for limited periods and there can be no assurance that we will be able to obtain new quotations from these or other suppliers on the same terms.

36. Our Lenders have imposed certain standard restrictive covenants on us under our financing arrangements, including on the Railway Project Loan. We have not complied with requirements to obtain consents from certain of our lenders for borrowings from other lenders. Further, we may be subject to certain pre-payment charges for pre-payment of the SBI Term Loan for which a portion of the Net Proceeds of the Fresh Issue are intended.

As of December 31, 2009, our long term and short term debt with banks and financial institutions was an aggregate of Rs. 476.17 million. Some of these debt agreements, including the Railway Project Loan, contain certain restrictive covenants, which have been summarized in the section "Financial Indebtedness" beginning on page 158 of this Draft Red Herring Prospectus. Most of our financing arrangements are secured by specific immovable assets and movable assets, both present and future. Any default by us under the Railway Project Loan, may lead to acceleration of repayment and cross-default under other loan agreements which may adversely affect our financial condition and in particular, our ability to execute the Railway Project. Our stocks, book debts and other current assets are subject to charges created in favour of specified secured Lenders. Some of the Lenders have a first charge on the profits of the Company. Some of the loan agreements entitle the Lenders to cancel the un-utilized portion of the loan granted at any time during the currency of the financing agreement without any prior intimation of such cancellation to the Company. Further, certain of our loan agreements require us to take consents of the relevant Lenders before entering into fresh borrowing arrangements; we have not complied with this requirement under the loan from SBI including in relation to the Railway Project Loan from Axis Bank and loans from Yes Bank and HSBC. Failure to meet these conditions or obtain these consents from the Lenders could lead to defaults or cross-defaults, and as such, repayments of outstanding indebtedness and termination of such financing agreements, including for the Railway Project. Even though our relationship with our Lenders is good, we cannot give any assurance that we will be able to obtain the consents necessary to take the actions we believe are necessary to operate and grow our business or which are in the interest of our shareholders. We may also be liable to payment of pre-payment charges for prepayment of the SBI Term Loan, for which a substantial portion of the Net Proceeds of the Fresh Issue are intended.

37. **Unsecured loans taken by us, our Promoters, Group Companies and associates may be recalled at any time.**

We, our Promoters, Group Companies and associates may have taken unsecured loans that may be recalled by the lenders at any time. In the event that any of these conditions materialize, our business and financial condition may be adversely affected.

38. **The premises for three of our factories, Richhai Factory I, Richhai Factory II and the Indore Factory, have been leased from governmental authorities that have imposed certain standard restrictive covenants, provision for upward revision of lease rentals and other terms and conditions under the relevant lease agreements.**

Our lease agreements for Richhai Factory I, Richhai Factory II and the Indore Factory have been executed on the standard form of the relevant governmental authorities from whom they have been leased. The standard forms include a number of restrictive covenants such as, restrictions on the activities that may be carried out at the premises and on changes in the ownership of these factories, each of which requires consent of the relevant governmental authority. The lease agreements for the Richhai Factory I provide for an increase in the lease rent every 30 years whereas that for the Richhai Factory II and the Indore Factory provide for an increase in the lease rent every 10 years. Some of these lease agreements are subject to the condition that the Company complete erection of the relevant plant for which the lease has been granted within a stipulated time frame, failing which the land is to be surrendered to the lessor. Some other conditions of the leases include planting of a certain number of trees on the premises and maintaining effluent treatment systems. In the event of any default of these restrictive covenants and terms and conditions, the lease agreements may be terminated by the relevant governmental authorities and we will no longer be able to operate these factories. For details as to the terms and conditions of each of these lease agreements, see the section "History and Certain Corporate Matters" beginning at page 95 of this Draft Red Herring Prospectus.

39. **We have occupied our Registered Office premises under a lease agreement from a Promoter Group firm, Kailash Motors, in which our Promoter Director, Dr. Kailash Gupta, is a partner having 20% share.**

Our Registered Office premises have been leased from a related party, a Promoter Group firm, Kailash Motors, in which our Promoter Director, Dr. Kailash Gupta, is a partner having 20% share. For further details as to interests of our Promoters, Group Companies, Promoter Group and associates refer to the section "Related Party- Financial Information" beginning on page F-1 of this Draft Red Herring Prospectus.

40. **We may be subject to regulatory sanctions by relevant statutory authorities and re-call of our loans from Yes Bank resulting from failure to make certain statutory filings with the Registrar of Companies notifying modification of charges created in favour of certain of our Lenders. We are also yet to create the security for the Railway Project Loan. Pending creation of the security, disbursement against the sanctioned amount of the loan shall be limited to 50%.**

We have failed to file before the Registrar of Companies, the forms prescribed under the Companies Act for modification of charge on enhancement of credit limits from our Lender Yes Bank failing which the relevant loan may be re-called at any time by them and we are liable under the Companies Act to fines of up to Rs. 5,000 per day.

We are also yet to create the security for the Railway Project Loan. Pending creation of the security, disbursement against the sanctioned amount of the loan shall be limited to 50%. Further, if we fail to create the requisite security within the time prescribed by Axis Bank, the loan may be cancelled or the loan amount reduced which may in turn have an adverse effect on our ability to execute the Railway Project. For further details, refer to the sections "Objects of the Issue" and "Financial Indebtedness" beginning on pages 35 and 158 of this Draft Red Herring Prospectus, respectively.

41. **We have not registered our trademarks and logo. Any unauthorized usage by a third party of our logo may create confusion in the market as to our identity and/or may have a material adverse effect on our reputation, goodwill, business prospects and results of operation.**

Our business logo is not registered either as a trademark or as a service mark. We have also not registered either the trademark "CEBBCO" or the trademark "CTVCEBBCO" under which we manufacture heavy vehicle bodies under the technical know-how agreement with Cho Thavee. Such non-registration exposes us to the risk of the logo (or similar designs), as well as the trademarks being used by another entity, although we may have a claim on account of prior usage in such event. Any unauthorized usage by a third party of our logo may create confusion in the market as to our identity and/or may have a material adverse effect on our reputation, goodwill, business prospects and results of operation.

42. Our insurance cover may not adequately protect us against all material hazards.

Our significant insurance policies consist of standard fire and special perils policies for our factories. We also obtain transit insurance for vehicle and locomotive bodies and components on their leaving our premises for those of our customers. There can be no assurance that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, nor that we have taken sufficient insurance to cover all material losses. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, that is not covered by insurance or exceeds our insurance coverage, the loss may have to be borne by us and our results of operations and financial performance may be adversely affected.

43. There is no guarantee that our Equity Shares issued pursuant to the Issue will be listed on NSE and BSE in a timely manner or at all.

In accordance with Indian law and practice, permission for listing and trading of our Equity Shares issued pursuant to the Issue will not be granted until after those Equity Shares have been issued and Allotted. Approval will require all relevant documents authorising the issuing of Equity Shares to be submitted. There could be a failure or delay in listing our Equity Shares on the NSE and BSE. Any failure or delay in obtaining the approval would restrict your ability to dispose of your Equity Shares.

44. Some of our material contracts such as technical know how agreements with Le Capitaine and Cho Thavee and the Joint Project Agreement with Mithila Motors and some of our leases for flats used as company guest houses are inadequately stamped or unstamped, as a result of which they are not admissible as evidence in a court of law and may not be enforceable if challenged in court. Further, the Company may be liable to pay penalties upto 10 times the amount of the stamp duty unpaid on these documents.

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45. We have not prepared, and currently do not intend to prepare, our financial statements in accordance with the International Financial Reporting Standards of the International Accounting Standards Board ("IFRS").

We have prepared our financial statements and the financial information contained in the Draft Red Herring Prospectus in accordance with the professional standards applicable in India and SEBI Regulations. Indian Accounting Practices differ in certain respects from those of IFRS. We have not presented a reconciliation of our financial statements to IFRS in this Draft Red Herring Prospectus, and we do not intend to reconcile future financial statements to IFRS. Furthermore, we have not quantified or identified the impact of the differences between Indian Accounting Practices and IFRS as applied to our financial statements. As there are differences between Indian Accounting Practices and IFRS, there might be substantial differences in our results of operations, cash flows and financial position if we were to prepare our financial statements in accordance with IFRS. Prospective investors should consult their own professional advisers for an understanding of the differences between the professional standards applicable in India and IFRS and how they might affect the financial information contained in this Draft Red Herring Prospectus.

46. Our audit reports for the Financial Years 2005, 2006 and 2007 have certain qualifications.

For the years ended March 31, 2005, March 31, 2006 and March 31, 2007, the Auditors had qualified the Accounts in relation to depreciation on fixed assets which was being provided at the rates prescribed under the Income-tax Act, 1961 instead of the rates provided in the Companies Act 1956. For the years ended March 31, 2005, March 31, 2006 and March 31, 2007, the Auditors had qualified the Accounts with respect to Gratuity which was being provided on the basis that all employees are retiring at the end of year instead of providing the same on actuarial basis. For the year ended March 31, 2007, the Auditors had qualified the Accounts with respect to non-merger of financials of Kailash Auto Builders Private Limited - Jabalpur Unit in Company's financial statements. All the above qualification were resolved by the Management during the year ended March 31, 2008.

For further details refer to the section "Financial Statements" beginning on page F-1 of this Draft Red Herring Prospectus.

External Risk Factors

47. We operate in a regulated environment, and the government policies, laws and regulations affecting the sectors in which we operate and the related industries or withdrawal of fiscal benefits and incentives, could adversely affect our operations and profitability.

We operate in a regulated environment and must comply with a number of requirements mandated by Indian laws and regulations, including policies and procedures established by local authorities and designed to implement such laws and regulations. See the section "Regulations and Policies" beginning on page 87 of this Draft Red Herring Prospectus for a description of laws and regulations applicable to us in India. Non-compliance with any regulation may lead to penalties and fines, revocation of our approvals, sanctions, licenses, registrations and permissions or litigation. For more information regarding various approvals obtained by us in connection with our business, see the section "Government and Other Approvals" beginning on page 202 of this Draft Red Herring Prospectus. If we fail to obtain any of these approvals or licenses, or renewals thereof, in a timely manner, or at all, our business and results of operations could be adversely affected.

We also derive benefits from certain excise rules of the Government of India and industrial promotion schemes of the state government of Madhya Pradesh. For more details regarding these benefits, see the section "Our Business" beginning on page 68 of this Draft Red Herring Prospectus. Withdrawal or reduction of these benefits could adversely affect our business, results of operations and profitability.

The regulatory framework in India is evolving. Future government policies and changes in laws and regulations in India may adversely affect our business and operations, and restrict our ability to do business in our existing and target markets. The timing and content of any new law or regulation is not in our control and such new law or regulation could have an adverse effect on our business, results of operations and financial condition.

48. Our revenues are subject to a significant number of tax regimes and changes in the legislation governing the rules implementing them or the regulator enforcing them in any one of these states could negatively and adversely affect our results of operations.

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

49. A slowdown in economic growth in India or in the States in India in which we operate, could cause our business to suffer.

Our performance and the quality and growth of our assets are dependent on the health of the overall Indian economy and the economy of the States in India in which we operate. India's economy could be adversely affected by a general rise in interest rates, weather conditions adversely affecting agriculture, commodity and energy prices or various other factors. Any slowdown in the Indian economy or in the States in India in which we operate or future volatility in global commodity prices could adversely affect the policy of the various governments, which may in turn adversely affect our financial performance.

50. Our performance is linked to the stability of policies and the political situation in India.

Since 1991, the Government of India has pursued policies of economic liberalization, including significantly relaxing restrictions on the private sector. Any political instability could delay the reform of the Indian economy and could have a material adverse effect on the market for our Equity Shares. We cannot assure you that these liberalization policies will continue under the newly elected government. Protests against privatization could slowdown the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting companies in the infrastructure sector, foreign investment, currency exchange rates and other matters affecting investment in our securities could change as well. A significant change in India's economic liberalization and deregulation policies could disrupt business and economic conditions in India and our business in particular.

51. Our businesses are subject to a variety of safety, health and environmental laws and regulations including those covering hazardous materials. Any failure on our part to comply with these applicable laws and regulations could have an adverse effect on our financial condition.

Our operations are subject to numerous safety, health and environmental protection laws and regulations, which are complex and stringent. Significant fines and penalties may be imposed for non-compliance with the safety, health and environmental laws and regulations, and some of these laws provide for joint and several strict liability for remediation of releases of hazardous substances, rendering a person liable for environmental damage without regard to negligence or fault on the part of such person. In addition to potential liabilities that may be incurred in satisfying these requirements, we may be subject to claims alleging personal injury or property damage as a result of alleged exposure to hazardous substances. Furthermore, we may incur expenses relating to operating methodologies and standards in order to comply with applicable safety, health and environmental laws and regulations.

Such laws and regulations may expose us to liability arising out of the conduct of operations or conditions caused by others, or for our own acts including those which were in compliance with all applicable laws at the time such acts were performed. Sanctions for failure to comply with these laws, rules and regulations, many of which may be applied retroactively, may include:

- administrative, civil and criminal penalties;
- revocation of permits; and
- corrective action orders.

52. It may not be possible for you to enforce any judgment obtained outside India against us or any of our affiliates in India, except by way of a suit in India on such judgment.

We are incorporated under the laws of India and all of our executive directors and executive officers reside in India. In addition, all of our assets are located in India. As a result, you may be unable to effect service of process outside India upon us and these other persons or entities; or to enforce in the foreign courts judgments obtained in the foreign courts against us and these other persons or entities.

India has reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions such as the United Kingdom, Singapore, Federation of Malaya, Hong Kong and the United Arab Emirates. However, countries such as the United States do not currently have a treaty providing for reciprocal recognition and enforcement of judgments (other than arbitration awards) in civil and commercial matters. Therefore, a final judgment for the payment of money rendered by a court in such countries would not be enforceable in India, except by the party in whose favor such final judgment is rendered bringing a new suit in a competent court in India based on a final judgment that has been obtained in the foreign court within three years of obtaining such final judgment. If and to the extent that Indian courts were of the opinion that fairness and good faith so required, they would, under current practice, give binding effect to the final judgment which had been rendered in the foreign jurisdiction, unless such a judgment contravened principles of public policy of

India. An Indian court may not award damages on the same basis as a foreign court if an action is brought in India. Moreover, an Indian court may not award damages to the extent awarded in a final judgment rendered in the foreign judgment if it believed that the amount of damages awarded were excessive or inconsistent with Indian practice. In addition, any person seeking to enforce a foreign judgment in India is required to obtain prior approval of the Reserve Bank of India to execute such a judgment or to repatriate any amount recovered.

53. **Terrorist attacks and other acts of violence or war involving India, the United States or other countries could adversely affect the financial markets, result in loss of client confidence, and adversely affect our business, financial condition and results of operations.**

Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India's economy and our business. Incidents such as the November 2008 Mumbai terrorist attacks, other incidents such as those in Indonesia, Madrid, London, New York and Washington, D.C. and other acts of violence may adversely affect the Indian stock markets where our Equity Shares will trade as well the global equity markets generally. Such acts could negatively impact business sentiment as well as trade between countries, which could adversely affect our Company's business and profitability.

Also, India, the United States or other countries may enter into armed conflict or war with other countries or extend pre-existing hostilities. South Asia has, from time to time, experienced instances of civil unrest and hostilities among neighboring countries. Military activity or terrorist attacks could adversely affect the Indian economy by, for example, disrupting communications and making travel more difficult. Such events could also create a perception that investments in Indian companies involve a higher degree of risk. This, in turn, could adversely affect client confidence in India, which could have an adverse impact on the economies of India and other countries, on the markets for our products and services and on our business. Additionally, such events could have a material adverse effect on the market for securities of Indian companies, including our Equity Shares.

54. **Outbreak of contagious diseases in India may have a material adverse impact on our business and results of operations.**

Recently, there have been threats of epidemics, including the H1N1 virus that causes "swine flu" and which the World Health Organization has declared a pandemic, in the Asia Pacific region, including India, and in other parts of the world. If any of our personnel are suspected of having contracted any of these infectious diseases, we may be required to quarantine such persons or the affected areas of our facilities and temporarily suspend a part or all of our operations. Further, the fear of contracting such contagious diseases could prevent our clients from traveling to India or within or from India and could restrict our personnel from traveling within or outside India, which would have a material adverse effect on our business, prospects, financial condition and results of operations and could cause the price of our Equity Shares to decline.

55. **Natural calamities and force majeure events may have an adverse impact on the Indian economy.**

Natural calamities could have a negative impact on the Indian economy and cause our business to suffer. India has experienced natural calamities such as earthquakes, a tsunami, floods and drought in the past few years. The extent and severity of these natural disasters determines their impact on the Indian economy. The erratic progress of the monsoon in 2004 affected sowing operations for certain crops. Further prolonged spells of below normal rainfall or other natural calamities could have a negative impact on the Indian economy, adversely affecting our business and the price of our Equity Shares.

Risks to investment in equity

56. **Any further issuance of Equity Shares by the Company or sales of the Equity Shares by any of its significant shareholders may adversely affect the trading price of the Equity Shares.**

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

57. The price of our Equity Shares may be highly volatile.

The prices of our Equity Shares on the Indian Stock Exchanges may fluctuate after this Issue as a result of several factors including the following:

(a) volatility in Indian and global securities markets;
(b) our results of operations and performance;
(c) performance of our competitors and perception in the Indian market about investment in the commercial vehicles industry or the railways sector;
(d) adverse media reports on our Company or the Indian commercial vehicles industry or the railways sector;
(e) changes in the estimates of our performance or recommendations by financial analysts;
(f) significant development in India's economic liberalization and de-regulation policies; and
(g) significant development in India's fiscal and environmental regulations.

There can be no assurance that the price at which our Equity Shares are initially traded will correspond to the prices at which our Equity Shares will trade in the market subsequent to this Issue.

58. The Issue Price of our Equity Shares may not be indicative of the market price of our Equity Shares after the Issue.

The Issue Price of our Equity Shares will be determined by the Book Building Process. This price will be based on numerous factors and may not be indicative of the market price for our Equity Shares after the Issue. The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. We cannot assure you that you will be able to resell your Shares at or above the Issue Price. Among the factors that could affect our Share price are: quarterly variations in the rate of growth of our financial indicators, such as earnings per share, net profit and income; changes in income or earnings estimates or publication of research reports by analysts; speculation in the press or investment community; general market conditions; and domestic and international economic, legal and regulatory factors unrelated to our performance.

59. We may not receive final listing and trading approvals from the NSE and the BSE in a timely manner or at all. An active market for the Equity Shares may not develop, which may cause the price of the Equity Shares to fall and may limit your ability to sell the Equity Shares.

The Equity Shares being offered are a fresh issue of securities for which there is currently no trading market. Our Company will apply to the NSE and BSE for final listing and trading approvals after the Allotment of the Equity Shares in the Issue. There can be no assurance that we will receive such approvals on time or at all. Also, no assurance can be given that an active trading market for the Equity Shares will develop or as to the liquidity or sustainability of any such market, the ability of holders of the Equity Shares to sell their Equity Shares or the price at which shareholders will be able to sell their Equity Shares. If an active market for the Equity Shares fails to develop or be sustained, the trading price of the Equity Shares could fall. If an active trading market were to develop, the Equity Shares could trade at prices that may be lower than their Issue Price.

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

Under the ICDR Regulations, we are permitted to Allot equity shares within 15 days of the Bid/Issue Closing Date. Consequently, the Equity Shares you purchase in the Issue may not be credited to your demat account with Depository Participants until approximately 15 days after the Bid/Issue Closing Date. You can start trading in the Equity Shares only after they have been credited to your demat account and final listing and trading approvals are received from the Stock Exchanges. There can be no assurance that final listing and trading approvals will be obtained from the Stock Exchanges on time or at all. Further, there can be no assurance that the Equity Shares allocated to you will be credited to your demat account, or that trading in the Equity Shares will commence within the specified time periods.

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

We are subject to a daily circuit breaker imposed by all stock exchanges in India which does not allow transactions beyond certain volatility in the price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breaker is set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares. The stock exchanges do not inform us of the percentage limit of the circuit breaker from time to time, and may change it without our knowledge. This circuit breaker effectively limits the upward and downward movements in the price of the Equity Shares. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell the Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

62. **Any downgrade of our debt ratings or of India's sovereign debt rating could adversely affect our business.**

Any downgrade in our credit ratings may increase interest rates on our outstanding debt, increase interest rates for refinancing our outstanding debt, which would increase our financing costs, and adversely affect our ability to raise new capital on a competitive basis, which may adversely affect our profitability and future growth.

In addition, 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 financing is available. This could have an adverse effect on our business and future financial performance and our ability to fund our growth.

Prominent Notes:

1. Public Issue of [•] Equity Shares at a price of Rs. [•] for cash, consisting of a Fresh Issue aggregating to Rs. 1,700 million and Offer for Sale. The Issue will constitute [•]% of the fully diluted post-Issue Equity Share capital of the Company, being more than 10% and less than 25% post-Issue Equity Share capital of the Company.

2. The net worth of the Company was Rs. 625.63 million as of December 31, 2009, as per the restated financial statements of the Company prepared in accordance with the professional standards applicable in India and the Companies Act and restated in accordance with ICDR Regulations. For more information, see the section "Financial Statements" beginning on page F-1 of this Draft Red Herring Prospectus.

3. The book value per Equity Share of Rs. 100 each was Rs. 847.12 as of 31st December 2009, as per the restated financial statements of the Company prepared in accordance with and the Companies Act and restated in accordance with ICDR Regulations, see the section "Financial Statements" beginning on page F-1 of this Draft Red Herring Prospectus.

4. The average cost of acquisition of the Equity Shares held by our Promoters, Dr. Kailash Gupta and Mr. Ajay Gupta, is Rs. 1.81 and Rs. 1.57 per Equity Share respectively (on a post-Share Split and post-Bonus Issue basis).

5. For related party transactions, including details of transactions between the Company with its subsidiaries and group companies and the cumulative value of such transactions, see the section "Related Party Transactions" beginning on page F-1 of this Draft Red Herring Prospectus.

6. Other than as stated in the section "Capital Structure - Notes to Capital Structure", the Company has not issued any Equity Shares for consideration other than cash.

7. For details of transactions in the securities of the Company by the Promoters, the Group Companies, the Promoter Group and Directors in the last six months, see the section "Capital Structure – Notes to the Capital Structure" beginning on page 20 of this Draft Red Herring Prospectus.

8. For information on changes in the Company's name and objects clause of the Memorandum of Association, see the section "History and Certain Corporate Matters" beginning on page 95 of this Draft Red Herring Prospectus.

9. Except as disclosed in the sections "Our Promoters, Group Companies and Promoter Group" and "Our Management" beginning on pages 120 and 107 of this Draft Red Herring Prospectus, respectively, none of the Promoters, Directors or key management personnel have any interest in the Company except to the extent of remuneration and reimbursement of expenses and to the extent of the Equity Shares held by them or their relatives and associates or held by the companies, firms and trusts in which they are interested as directors, member, partner or trustee and to the extent of the benefits arising out of such shareholding.

10. This being an Issue for less than 25% of the post-Issue capital, the Issue is being made through a 100% Book Building Process, wherein at least 60% of the Issue shall be Allotted on a proportionate basis to Qualified Institutional Buyers ("QIBs"), of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only and the remaining shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. In addition, in accordance with Rule 19(2)(b) of the SCRR (as defined herein), a minimum of two million securities will be offered to the public and the size of the Issue shall aggregate at least Rs. 1,000 million. If at least 60% of the Issue cannot be Allotted to QIBs, then the entire application money will be refunded/released forthwith. Further, not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 30% 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. The QIB Portion includes the Anchor Investor Portion of up to 30% of the QIB Portion. For further details, see the section "Issue Structure" beginning on page 225 of this Draft Red Herring Prospectus.

11. The investors may contact any of the merchant bankers who have submitted the due diligence certificate to the Securities and Exchange Board of India, for any complaint pertaining to the Issue. The merchant bankers will be obliged to provide such clarification or information to the investors at large. No selective or additional information would be available for a section of investors in any manner whatsoever.

12. Investors are advised to also refer to the section "Basis of Issue Price" beginning on page 44 of this Draft Red Herring Prospectus.

13. Investors may note that in case of over-subscription in the Issue, Allotment to Qualified Institutional Buyers, Non Institutional Bidders and Retail Individual Bidders shall be on a proportionate basis. For more information, see the section "Issue Procedure – Allotment" beginning on page 230 of this Draft Red Herring Prospectus.

14. Trading in Equity Shares for all investors shall be in dematerialized form only.

15. Neither a member of the Promoter Group nor a Director nor any relative of any Director has financed the purchase by any other person of any securities of the Company during the six months immediately preceding the date of this Draft Red Herring Prospectus.

SECTION III: INTRODUCTION

SUMMARY OF INDUSTRY

Infrastructure Expansion:

The Eleventh Five Year Plan (2007-12) has outlined vast infrastructure expansion projects, across all sectors including the rail and road sectors. The Commercial Vehicle ("CV") industry and the railway transportation network will benefit from the pan-sector investment in infrastructure as CVs and trains are an integral part of the construction process – from sourcing of raw materials, their transportation to installation and fabrication.

The performance of our Company is primarily dependent on the developments in the following sectors:

- Commercial Vehicles
- Railway Components

Commercial Vehicles

India is one of the largest markets for CVs in the world. Currently, upwards of 60% of all freight traffic is transported by CVs across India's vast road network (*Source: Indian Railways Vision 2020*). Domestic players make up the lion's share of CV production in India with the top two producers in each segment responsible for an average 87% of the total output during the 3 quarters of FY 2010 up until December 31, 2009. This consistently comprises Tata Motors Ltd and one of either Ashok Leyland Ltd or Mahindra and Mahindra Ltd *(Source: The Society of Indian Automotive Manufacturers "SIAM")*

According to SIAM, annual sales in CVs have declined from 549,488 units in FY 2008 to 426,795 units in FY 2009. From FY 2003-FY 2009, domestic sales and exports have grown at a CAGR of 10.52% and 19.51% respectively. CV sales in FY 2009 were severely impacted by the global economic crisis, in particularly by the slowdown in economic growth and the withdrawal of conventional credit options to fund new vehicle purchases.

Historically, CV original equipment manufacturers "OEMs" would produce the vehicle chassis only and sell it to the final buyer, who would then take the chassis to independent garages to complete the body building process. On account of the defective body building by the independent garages, vehicle chassis were known to become spoilt, with the blame for this being incorrectly directed back towards the CV OEMs. In response to this, OEMs began to produce Fully Built Vehicles "FBV", using a combination of their own technological expertise as well as select body builders. The results have been positive for the CV industry since the CV is built to a higher standard which adds to the top and bottom line of the OEMs.

Factors affecting CV Demand

a) Economic Growth
b) Availability of Finance
c) Taxes and Duties
d) Regulation of Safety and Emission Standards
e) Government Support and Initiatives
f) Restriction on Overloading
g) Recent Developments in CV Industry

The CV industry has picked up significantly since the beginning of CY 2009 as a result of the economic recovery in India. The factors contributing to the recovery in the CV segment are as follows:

- An increase in professional third party transportation and supply chain services
- Fleet owners are increasingly focused on lowering of total cost of ownership
- The economy has bounced back and industrial production on a y-on-y basis has recovered
- The Government had lowered excise duty on CVs, helping to drive industry volumes.
- The Government has affected a comprehensive stimulus package for the economy

Indian Railways

Indian Railways "IR" has played a critical and historical role in providing connectivity to the far corners of India's vast land mass. In the year 2008-09, IR carried over 7,046.9 million passengers and lifted 833.3 million tonnes of freight traffic, making it the third largest railway network in the world in terms of size, the world's topmost passenger carrier (in terms of passenger kilometers) and fourth largest rail freight carrier. (*Source: Indian Railways Vision 2020).*

As compared to road transport, railway transportation has a number of implicit advantages including cost benefits, energy efficiency, efficiencies in land use, minimal environment impact and safety benefits. For these reasons the railway network has long been earmarked by the Government for substantial investment and development and has seen some impressive results.

The main issue faced by Indian Railways is not on the demand side. In fact as economic growth accelerates going forward demand for railway freight transportation is poised to increase. Bottlenecks on the supply side will cause the biggest problems for freight transporters as there is a capacity constraint to deal with the demand. By the terminal year of the Eleventh Five Year Plan (2007-2012), IR is targeting a freight loading of 1,100 million tonnes and 1,850 million tonnes (1,203 billion NTKMs) by 2020 according to *Indian Railways Vision 2020*. In order to attempt to achieve these targets, the IR have drawn up plans to increase investments in the freight segment, The wagon industry will become a direct beneficiary of this investment in capacity expansion as already there are supply shortages and order backlogs gathering at the manufacturers end. There is a need to increase output at existing production facilities whilst at the same time investing in new manufacturing plants better equipped to produce more technologically advanced locomotives, coaches and wagons.

Rolling Stock Demand – Poised to Increase

Wagons: The Railway Budget 2010-2011 laid out impressive plans for IR to acquire 18,000 wagons throughout FY 2011. *Indian Railways Vision 2020* has laid out more ambitious plans to supplement the rolling stock of wagons by a total of 289,136 by 2020. There are BOXN wagon refurbishment orders to the tune of 28,290 for FY 2011, according to the *Ministry of Railways Pink Book 2010-2011.*

Locomotives: The Railway Budget 2009-2010 is targeting the addition of 250 diesel and electric locomotives for FY However *Indian Railways Vision 2020* has added increased target for locomotive production to 5,334 diesel and 4,281 electrical locomotives by 2020.

Coaches: At the end of FY 2009, total coach production stood at 3,830 (including EMUs, DMUs and MEMUs) according to the white paper. The Railway Budget 2009-2010 is targeting production at the same levels for this FY. However Vision 2020 is targeting the addition of on average over 5,000 per annum.

The Eleventh Five Year Plan (2007-2012) has targeted 24% of all fund disbursement to be invested in rolling stock. The financial implications of the proposals described in *Indian Railways Vision 2020* are estimated to be in the region of Rs 390,000 crs on wagons, coaches and locomotives, which will invigorate the railways manufacturing sector. By 2020 it is estimated that Rs 86,740 crs will have been invested into freight-wagons, Rs 56,007 crs into diesel locomotives, Rs 64,873 crs into electric locomotives, Rs 82,523 crs into passenger coaches (EMUs, DMUs and MEMUs) and another Rs 101,595 crs into the upgrading / expansion and setting up of workshops .

Rolling Stock Demand is dependant on the following factors:

(a) *Growth in Commodity Specific Industries*
(b) *Dedicated Freight Corridor DFC*
(c) *Liberalised Wagon Investment Scheme*
(d) Wagon Leasing Scheme
(e) Upgrading of Technology

SUMMARY OF BUSINESS

We produce vehicle and locomotive bodies for diverse applications for road and railways transportation. We are one of the leading designers and manufacturers in India of vehicle bodies for the commercial vehicles industry with an extensive portfolio of product offerings. We also conduct refurbishment of wagons as well as manufacturing of components for wagons, coaches and locomotives for the Indian Railways.

Our Promoter, Dr. Kailash Gupta, has been with our Company since 1979 and has over 30 years of experience in vehicle body building for the commercial vehicles industry. He was the President of the Federation of Automobile Dealers Association (FADA) from September 2000 to September 2002 and is currently an active member of its Governing Council. Our other Promoter, Mr. Ajay Gupta, has been instrumental in conceiving and extending our business to the railways industry.

Primarily, our business comprises of manufacturing vehicle bodies for commercial vehicles, refurbishment of wagons and manufacture of components for wagons, coaches and locomotives for the Indian Railways.

Commercial Vehicles Division

We are engaged in the business of manufacturing vehicle bodies for the commercial vehicles industry for Original Equipment Manufacturers ("OEMs") engaged in the production of Fully Built Vehicles ("FBVs").

We believe that we have forged long-standing relationships with OEMs such as Tata Motors Limited and the Ministry of Defense as well as with corporate groups deploying significant private fleets of vehicles such as Reliance Petroleum Limited, Reliance Industries Limited and Som Datt Builders Private Limited. Our supplies to Tata Motors Limited are both for their Indian and export markets. We have also received orders for manufacturing different vehicle bodies for the commercial vehicles industry from OEMs such as VE Commercial Vehicles Limited (a joint venture between the Volvo group of companies and Eicher Motors Limited), Ashok Leyland Limited, Asia MotorWorks Limited, Man Force Trucks Private Limited and Hino Motors Sales India Private Limited (belonging to the Toyota group of companies), all of which also manufacture FBVs.

For the nine-months ended December 31, 2009, the cumulative production of goods carriers in the medium and heavy commercial vehicles category produced by our key customers, Ashok Leyland Limited, Asia MotorWorks Limited, Tata Motors Limited and the Eicher group of companies was approximately 97.3% of the total production among the manufacturers of goods carriers in this category. (*Source:* SIAM).

We have a wide range of product offerings in our commercial vehicles division. Vehicle bodies designed and manufactured by us cater to a variety of requirements in different industries and sectors. Given below is an illustration of some of our product offerings in the commercial vehicles division:

Sector/Industry	**Products**
Mining & Road Construction	
	Tipper Bodies
	Tanker Bodies
Goods Transportation	
	Load Cargo Bodies
	Refrigerator-fitted Vehicle Bodies and Containers
	Trailer Bodies (including for Box Trailers, Tip Trailers, Skeletal Trailers and Flat Bed Trailers)
Solid Waste Management	
	Skip-Loaders
	Garbage-Bin Collectors
Municipal Applications	
	Water Tanker Bodies

Sector/Industry	Products
	Light Recovery Vehicle Bodies
	Garbage Tippers
Defense Sector	
	Troop Carrier Vehicle Bodies
	Prison Van Bodies
	Water Bowser Bodies
Miscellaneous Applications	
	Vehicle Bodies for Transportation of Animals
	Fire Engine Bodies
	Ambulance Bodies

For the nine months ended December 31, 2009 and Fiscal Year 2009, our net sales from the commercial vehicles division were Rs. 802.70 million and Rs. 1,093.69 million, respectively.

Railways Division

In late 2008, we expanded our business into the railways division and have received various orders from the Indian Railways through a number of its production units, zonal authorities and workshops, including Diesel Locomotive Works ("DLW"), Western Railway, Eastern Railway, Wagon Repair Shop, Kota (a workshop of the West Central Railway) and the Northern Railway Carriage & Wagon Workshop at Jagadhari, Haryana. Work under the orders placed on us includes the refurbishment of wagons, manufacture of side and End-Walls for wagons and the manufacture of long hood structures for locomotives.

We have received approval from the RDSO (a unit of the Ministry of Railways in charge of maintaining standards for Rolling Stock and approving vendors to the Indian Railways) for our Quality Assurance Plan ("QAP") for the fabrication of side walls, end walls and flap doors of BOXNR Wagons. This approval is a pre-requisite in order for companies to be eligible to supply side walls and end walls for BOXNR Wagons under the BOXNR Guidelines. Our welders have been certified under IS 7310 Part-I of the Welder Qualification & Welding Procedure Qualification.

Further, our manufacturing facilities have been certified by the Integral Coach Factory ("ICF"), a production unit of the Indian Railways, to be adequate for the supply of side walls, roof assemblies and car line pillars for LHB Coaches. We have also been included in the approved vendor list of ICF for the supply of LHB Design side walls, roof & stainless steel shell construction. We recently bid for a tender from the ICF for the supply and installation of cattle guards for EMU Coaches, which has been accepted on development basis.

We also intend to set up a new factory near Jabalpur in Madhya Pradesh with facilities for the manufacture of wagons and EMU Coaches ("Railway Project"). The total cost of the Railway Project is approximately Rs. 1,303.06 million, out of which Rs. 500.00 million will be funded through a loan from Axis Bank and the remainder will be financed from the Net Proceeds of the Fresh Issue and internal accruals. The Railway Project will have a manufacturing capacity of 1,200 wagons and 150 EMU Coaches per annum and the first phase is expected to go on-stream in October 2010. For further details, refer to the section "Objects of the Issue" beginning at page 35 of this Draft Red Herring Prospectus.

We have recently bid in the railway tender for the manufacture, fabrication and supply of 10,739 new wagons.

For the nine months ended December 31, 2009 and Fiscal Year 2009, our net sales from the railways division were Rs. 278.56 million and Rs. 26.77 million, respectively.

Factories

Currently, we operate five factories. Four of our factories are located in the state of Madhya Pradesh and the fifth is located in the state of Jharkhand.

Financial Performance and Order Book

Our Total Income has increased from Rs. 257.33 million in fiscal year 2005 to Rs. 1,168.22 million in fiscal year 2009, representing a CAGR of 45.97%. Our net profit after tax, as restated has increased from Rs. 6.35 million in fiscal year 2005 to Rs. 17.42 million in fiscal year 2009, representing a CAGR of 28.70%. For the nine months ended December 31, 2009, we reported Total Income of Rs. 1,112.12 million and net profit after tax, as restated of Rs. 106.52 million. Our Order Book as of December 31, 2009 was Rs. 3,770.43 millions in the commercial vehicles division and Rs. 270.34 millions in the railways division.

Key Strengths

- Strong track record with reputed customers in the commercial vehicles industry
- Wide range of product applications and offerings
- Ability to continuously expand product offerings
- State-of-the-art technology and certifications for design, production standards and quality assurance
- Strategic geographic location
- Competitive cost structure
- Ability to compete effectively with the unorganized body builders
- Experience of our Promoters and management team coupled with good labour relations

Our Strategy

- Capturing the opportunity for growth in the railways industry
- Mitigating the risk of cyclicality in the commercial vehicles industry
- Establishment of Railway Project
- Expanding our business in the railways division to cater to all categories of Rolling Stock of the Indian Railways
- Deriving significant synergies from our abilities in our commercial vehicles and railways divisions to develop applications for Inter-Modal Rail-Road Transport and Cold Chain Supply in India
- Consolidating our position in the commercial vehicles industry

For details regarding risks faced by our Company in its business, refer to the section “Risk Factors” beginning on page xiv of this Draft Red Herring Prospectus.

THE ISSUE

Equity Shares offered:	[●] Equity Shares
Of which:	
Fresh Issue[*]	[●] Equity Shares
Offer for Sale	1,698,430 Equity Shares
Out of which:	
a) Offer for Sale by NYLIM	1,427,890 Equity Shares
b) Offer for Sale by Commercial Automobiles	270,540 Equity Shares
QIB Portion[(1)(2)] (allocation on a proportionate basis)	At least [●] Equity Shares to be Allotted
Out of which: a) Reservation for Mutual Funds	[●] Equity Shares
b) Balance for all QIBs including Mutual Funds	[●] Equity Shares
Non Institutional Portion[(2)] (allocation on a proportionate Basis)	Not less than [●] Equity Shares available for allocation
Retail Portion [(2)] (allocation on a proportionate basis)	Not less than [●] Equity Shares available for allocation
Equity Shares outstanding Prior to the Issue	42,895,720 Equity Shares
Equity Shares outstanding After the Issue	[●] Equity shares
Use of Issue Proceeds	See the section "Objects of the Issue" beginning on page 35 of this Draft Red Herring Prospectus.

(1) The Company may consider participation by Anchor Investors, who are all QIBs, for up to 30% of the QIB Portion Equity Shares in accordance with applicable ICDR Regulations. Bidding in the Anchor Investor Portion shall open and close on the Anchor Investor Bid/Issue Date, i.e., one day prior to the Bid/Issue Opening Date. Allocation to QIBs (other than Anchor Investors for which allocation would be on discretionary basis) is proportionate as per the terms of the Red Herring Prospectus. 5% of the QIB Portion shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. Further, attention of all QIBs is specifically drawn to the following: (a) QIBs will not be allowed to withdraw their Bid-cum-Application Forms after the Bid/Issue Closing Date. For further details, see the section "Issue Procedure – Anchor Investor Portion" beginning on page 230 of this Draft Red Herring Prospectus.

(2) Under-subscription, if any, in the Retail or Non-Institutional Portion would be allowed to be met with spill over from any other category or combination of categories at the discretion of the Company and the Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange. If at least 60% of the Issue is not allotted to QIBs, then the entire subscription monies shall be refunded.

(*) Aggregating to Rs. 1,700 million.

SUMMARY FINANCIAL DATA

The following tables set forth the summary financial information derived from the restated financial statements of the Company, for FY 2005, FY 2006, FY 2007, FY 2008 and FY 2009 and as of and for the nine months ended December 31, 2009, prepared in accordance with the professional standards applicable in India and the Companies Act and restated in accordance with SEBI Regulations, as described in the Auditors' Report included in the section titled "Financial Statements" beginning on page F-1 of this Draft Red Herring Prospectus.

The summary financial information of the Company presented below should be read in conjunction with the respective financial statements and the notes (including accounting polices) thereto included in "Financial Statements" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" beginning on pages F-1 and 142, respectively, of this Draft Red Herring Prospectus.

ANNEXURE I
SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in Millions)

	PARTICULARS		AS AT	AS AT MARCH 31				
			December 31, 2009	2009	2008	2007	2006	2005
A	**FIXED ASSETS**							
	Gross Block		353.71	332.26	134.61	84.49	61.47	52.76
	Less: Depreciation		106.78	80.67	64.16	44.72	37.88	35.11
	Net Block		246.93	251.59	70.45	39.77	23.59	17.65
	Capital Work- In- Progress		164.62	73.51	77.16	10.81	8.26	-
	Total	**(A)**	**411.55**	**325.10**	**147.61**	**50.58**	**31.85**	**17.65**
B	**INVESTMENTS**	**(B)**	**6.72**	**6.72**	**6.72**	**2.03**	**4.78**	**4.78**
C	**Deferred Tax Assets**	**(C)**	**-**	**-**	**1.31**	**0.58**	**0.58**	**-**
D	**CURRENT ASSETS, LOANS AND ADVANCES**							
	Inventories		512.62	289.39	257.90	266.80	106.44	50.34
	Sundry Debtors		350.75	149.57	245.65	353.93	130.72	48.72
	Cash and Bank Balances		41.81	37.45	211.40	34.85	5.51	1.49
	Loans and Advances		321.74	273.69	168.18	168.74	37.70	8.09
	Total	**(D)**	**1,226.92**	**750.10**	**883.13**	**824.32**	**280.37**	**108.64**
E	**LIABILITIES AND PROVISIONS**							
	Current Liabilities		478.45	486.10	221.21	341.14	139.52	57.99
	Provisions		58.83	4.72	11.86	20.47	11.46	6.91
	Secured Loans		476.17	71.80	297.54	339.87	90.28	26.35
	Unsecured Loans		2.18	-	6.47	2.59	6.21	13.69
	Total	**(E)**	**1,015.63**	**562.62**	**537.08**	**704.07**	**247.47**	**104.94**
F	**Deferred Tax Liability**	**(F)**	**3.93**	**0.19**	**-**	**-**	**-**	**0.02**
G	**Net Worth**	**(A+B+C+D-E-F)**	**625.63**	**519.11**	**501.69**	**173.44**	**70.11**	**26.11**
H	**Represented by:**							
	1) Share Capital		61.28	61.28	61.28	45.70	19.15	9.15

	2) Share Application Money		-	-	-	-	8.40	-
	3) Reserves and Surplus:							
	(a) Securities Premium Account		288.89	288.89	288.89	-	-	-
	(b) General Reserve		0.98	0.98	0.98	0.10	0.10	0.10
	(c) Capital Reserve		0.87	0.87	0.87	-	-	-
	(d) Profit and Loss Account		273.61	167.09	149.67	127.64	42.46	16.86
I	**Net Worth**		**625.63**	**519.11**	**501.69**	**173.44**	**70.11**	**26.11**

The accompanying significant accounting policies and notes (Annexure IV) form an integral part of this statement.

ANNEXURE II
SUMMARY STATEMENT OF PROFIT AND LOSS, AS RESTATED

(**Rs. in Millions)**

PARTICULARS	FOR THE PERIOD from APRIL 01, 2009 to DECEMBER 31, 2009	FOR THE YEAR ENDED MARCH 31,				
		2009	2008	2007	2006	2005
INCOME						
Sales and Income from Operations	1,403.80	1,708.27	1,987.22	1,663.99	799.82	268.76
Less : Excise duty	322.54	587.81	795.14	707.65	298.31	19.46
Net Sales	**1,081.26**	**1,120.46**	**1,192.08**	**956.34**	**501.51**	**249.30**
Other Income	30.86	47.76	57.67	26.49	16.56	8.03
Total Income	**1,112.12**	**1,168.22**	**1,249.75**	**982.83**	**518.07**	**257.33**
EXPENDITURE						
Manufacturing expenses	859.94	1,049.60	997.08	821.09	425.24	212.00
Trading Purchases	-	-	-	-	-	2.34
Employee Remuneration and Benefits	47.89	55.35	44.66	31.36	28.78	10.73
(Increase) / decrease in Inventory	(85.79)	(93.30)	(14.74)	(51.14)	(4.89)	(1.87)
Other Expenses	57.99	62.60	62.29	37.96	24.33	13.52
Interest	40.85	53.79	45.12	25.06	9.69	4.49
Depreciation / Amortization	26.43	16.74	9.16	7.49	2.88	3.82
Total Expenditure	**947.31**	**1,144.78**	**1,143.57**	**871.82**	**486.03**	**245.03**
PROFIT BEFORE TAX	**164.81**	**23.44**	**106.18**	**111.01**	**32.04**	**12.30**
LESS: PROVISION FOR TAX						
Current Tax	44.16	7.34	41.22	39.09	10.60	4.07
Deferred Tax	3.74	1.50	(0.73)	* 0.00	(0.60)	0.25
Wealth Tax	-	0.02	-	0.06	0.05	-
Fringe Benefits Tax	-	0.49	0.48	0.28	0.25	-
NET PROFIT AFTER TAX AS PER AUDITED FINANCIAL STATEMENTS	**116.91**	**14.09**	**65.21**	**71.58**	**21.74**	**7.98**

Adjustments made on account of restatement (Refer Note B(1)(I) of Annexure IV)	(10.39)	3.33	(3.82)	13.60	3.86	(1.63)
NET PROFIT AFTER TAX, AS RESTATED	**106.52**	**17.42**	**61.39**	**85.18**	**25.60**	**6.35**
Balance brought forward from previous year, as restated	167.09	149.67	127.64	42.46	16.86	10.51
Less: Debit balance in Profit and Loss account taken pursuant to Scheme of Arrangement (Refer Note (B)(1)(III)(c) of Annexure IV)	-	-	(39.36)	-	-	-
BALANCE CARRIED FORWARD, AS RESTATED	**273.61**	**167.09**	**149.67**	**127.64**	**42.46**	**16.86**

The accompanying significant accounting policies and notes (Annexure IV) form an integral part of this statement.
* Rs. 2,000.00

ANNEXURE III
STATEMENT OF CASH FLOW, AS RESTATED

(Rs. in Millions)

		For the period from April 1, 2009 to December 31, 2009	For the year ended March 31,				
			2009	**2008**	**2007**	**2006**	**2005**
A	**Cash Flow from operating activities**						
	Net Profit before Tax as restated	168.00	26.47	99.61	111.07	36.19	10.80
	Depreciation	26.43	16.74	9.16	7.49	2.88	3.82
	(Profit)/Loss on Sale of Assets	(0.01)	0.40	(0.19)	(1.69)	*(0.00)	(0.45)
	Interest Received	(4.21)	(19.18)	(17.24)	(2.26)	(2.36)	(0.43)
	Investment written off	-	-	0.10	-	-	-
	Provision for Exchange rate Difference	-	2.86	-	-	-	-
	Fixed Assets/ Capital Work In Progress written off	-	5.75	0.27	(0.02)	(0.89)	-
	Excess Provision for earlier year written back	(0.60)	(0.02)	(0.24)	-	-	-
	Provision for Doubtful Debts Written Back	(0.19)	(0.93)	-	-	-	-
	Provision for Doubtful Debts / Advances	-	0.38	2.60	-	-	-
	Interest Paid	40.85	53.79	45.12	25.06	9.69	4.49
	Operating Profit before working capital change	**230.27**	**86.26**	**139.19**	**139.65**	**45.51**	**18.23**
	Adjustment for Inventories	(223.23)	(31.46)	5.39	(160.41)	(56.07)	(23.03)
	Trade and Other Receivable	(245.45)	(6.31)	76.94	(353.99)	(110.72)	(10.02)
	Trade Payable and Other Liabilities	(11.30)	264.53	(136.24)	223.94	100.50	17.23
	Cash Generated from Operation	**(249.71)**	**313.02**	**85.28**	**(150.81)**	**(20.78)**	**2.41**
	Income Tax (Net)	(3.64)	(20.59)	(44.58)	(39.43)	(7.34)	(1.96)
	Net cash (used in) / from operating activities	**(253.35)**	**292.43**	**40.70**	**(190.24)**	**(28.12)**	**0.45**
B	**Cash Flow from Investing Activities**						
	Interest Received	1.75	19.19	17.24	2.26	2.36	0.43
	Sale of Investment	-	-	-	2.75	-	-
	Sale of Fixed Assets	0.06	3.00	0.91	7.95	0.19	0.74

	Purchase of Fixed Assets	(112.95)	(202.55)	(91.62)	(32.48)	(17.17)	(2.37)
	Net Cash used in Investing activities	**(111.14)**	**(180.36)**	**(73.47)**	**(19.52)**	**(14.62)**	**(1.20)**
C	**Cash Flow from Financial Activities**						
	Increase in Share Capital	-	-	14.40	-	-	-
	Share Premium	-	-	285.72	-	-	-
	Increase in Share Capital	-	-	-	18.15	-	-
	Receipt / (Repayment) of Borrowings	406.56	(232.23)	(45.88)	246.01	56.45	4.97
	Interest Paid	(37.71)	(53.79)	(45.12)	(25.06)	(9.69)	(4.49)
	Net Cash from / (used in) Financing Activities	**368.85**	**(286.02)**	**209.12**	**239.10**	**46.76**	**0.48**
	Net increase / (decrease) in cash and cash equivalents	**4.36**	**(173.95)**	**176.35**	**29.34**	**4.02**	**(0.27)**
	Cash and cash equivalent as at start of the period/year	**37.45**	**211.40**	**34.85**	**5.51**	**1.49**	**1.76**
	Cash balance acquired on acquisition of Jabalpur Unit of Kailash Auto Builders Private Limited	**-**	**-**	**0.20**	-	-	**-**
	Cash and cash equivalent as at end of the period/year	**41.81**	**37.45**	**211.40**	**34.85**	**5.51**	**1.49**
Deposits as liens with banks for credit facilities included in the above amount		23.05	11.41	80.00	11.05	1.18	1.13

* Rs. 2,000.00

Notes:

1 Components of cash and cash equivalents include cash and bank balances as stated in Annexure XII of the Summary Statements.

2 Purchase of Fixed Assets is considered as part of the investing activities.

3 The Cash Flow Statement has been prepared in accordance with the requirements of Accounting Standard 3 on "Cash Flow Statement" (AS 3) as notified under the Companies (Accounting Standards) Rules, 2006.

GENERAL INFORMATION

The Company was incorporated under the Companies Act, 1956 as “Commercial Engineers & Body Builders Co Private Limited ”, a private company limited by shares, on September 28, 1979. The Company became a public limited company and accordingly, its name was changed to “Commercial Engineers & Body Builders Co Limited” on March 25, 2010. For further information, see section “History and Certain Corporate Matters” beginning on page 95 of this Draft Red Herring Prospectus.

Name, Registered Office and Corporate Office of our Company

Commercial Engineers & Body Builders Co Limited

Registered office
84/105A, G. T. Road, Kanpur Mahanagar, Kanpur– 208 003, Uttar Pradesh, India
Telephone: +91 512 - 2521571
Facsimile: +91 512 - 2522743
Website: www.cebbco.com

Corporate Office
124, Napier Town, Jabalpur – 482 001, Madhya Pradesh, India
Telephone: +91 761 4085924
Facsimile: +91 761 4085924

Corporate Identification Number
U24231UP1979PLC004837

Company RoC
The Company is registered with the Registrar of Companies, Kanpur, situated at 37/17, Westcott Building, The Mall, Kanpur -208001 Uttar Pradesh, India.

Board of Directors

The following persons constitute the Board of Directors:

Name, Designation, Father’s Name and Occupation	Age	Address
Dr. Kailash Gupta (Promoter) Father’s Name: Late Mr. Jai Narayan Gupta Designation: Executive Director Date of Appointment: First appointed as director on September 29, 1979. Occupation: Business	63	486, South Civil Lines, Pachpedi, Jabalpur, Madhya Pradesh 482101
Mr. Ajay Gupta (Promoter) Father’s Name: Late Mr. Gopal Murlidhar Gupta Designation: Whole Time Executive Director Date of Appointment: Appointed Additional Director by the Board on October 1, 2005 and confirmed by the shareholders in general meeting on September 29, 2006. Occupation: Business	38	486, South Civil Lines, Pachpedi, Jabalpur, Madhya Pradesh 482101
Mr. Bharat Bakhshi Father’s Name: Late Mr. Mahendra Kumar Bakhshi Designation: Non-Executive, Nominee Director of NYLIM Date of Appointment: Appointed Additional Director by the Board on August 1, 2007 and confirmed by the shareholders in general meeting on September 29, 2007. Occupation: Private Equity Fund Manager	41	C-6, Meghdoot, 536 Linking Road, Khar, Mumbai, Maharashtra 400052
Mr. Sevanti Lal Popatlal Shah Father’s Name: Late Mr. Popatlal Ravchand Shah Designation: Non-Executive Independent Director Date of Appointment: Appointed Additional Director by the Board on July 23, 2009 and confirmed by the shareholders in general meeting on September 30, 2009 Occupation: Chairman and Managing Director of Neptune Equipment Pvt. Ltd. and former Head of Sales and Marketing at	74	7, Dani Sadan, 113 Walkeshwar Road, Mumbai, Maharashtra 400006

Name, Designation, Father's Name and Occupation	Age	Address
Tata Motors Limited		
Mr. Arun Kumar Rao Father's Name: Late Mr. Hardayal Singh Rao Designation: Non-Executive Independent Director Date of Appointment: Appointed Additional Director by the Board on October 15, 2009 and confirmed by the shareholders in general meeting on March 18, 2010. Occupation: Currently retired. Formerly, Director General, Research Design and Standards Organisation, Ministry of Railways, GoI.	62	Flat No. 303B, Shalimar Royal, 7/16 A Mall Avenue, Near Congress Office, Lucknow, Uttar Pradesh 226001
Mr. Sudhir Kumar Vadehra Father's Name: Late Mr. Sohanlal Vadehra Designation: Non-Executive Independent Director Date of Appointment: Appointed Additional Director by the Board on December 14, 2009 and confirmed by the shareholders in general meeting on March 18, 2010 Occupation: Executive Officer, Kewaunee Scientific Corporation	63	35 MT Sinai Rise, 16-03 Village Tower Singapore 276955

For further details of the Board of Directors, see the section "Our Management" beginning on page 107 of this Draft Red Herring Prospectus.

Company Secretary & Compliance Officer

Mr. Anurag Misra
Company Secretary & Compliance Officer
124, Napier Town, Jabalpur – 482 001, Madhya Pradesh, India
Telephone: +91 761 4085924
Facsimile: +91 761 4085924
Email: cs@cebbco.com

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

Book Running Lead Managers

ICICI Securities Limited
ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai - 400 020
Telephone: +91 22 2288 2460
Facsimile: +91 22 2282 6580
E-mail: cebbcoipo@icicisecurities.com
Investor Grievance E-mail: customercare@ icicisecurities.com
Contact Person: Mr. Vishal Kanjani / Mr. Johnny Barnett
Website: www.icicisecurities.com
SEBI registration number: INM000011179

Edelweiss Capital Limited
14th Floor, Express Towers, Nariman Point, Mumbai – 400 021
Telephone: +91 22 4086 3535
Facsimile: +91 22 4086 3610
E-mail: cebbco.ipo@edelcap.com
Investor Grievance E-mail: customerservice.mb@edelcap.com
Contact Person: Mr. Chitrang Gandhi/Mr. Jai Baid
Website: www.edelcap.com
SEBI registration number: INM0000010650

Escrow Collection Banks
[●]

Syndicate Members

[●]

Auditors

Deloitte Haskins & Sells
12, Dr. Annie Besant Road
Opp. Shiv Sagar Estate
Worli, Mumbai – 400 018, India
Telephone: +91 (22) 6667 9000
Facsimile: +91 (22) 6667 9100
E-mail: ajani@deloitte.com
Membership No.: 46488 (Mr. A.B. Jani, Partner)

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSBs for the ASBA process and details relating to the Designated Branches of SCSBs collecting the ASBA Bid-cum-Application Forms are available at http://www.sebi.gov.in.

Legal Advisors

Domestic Legal Counsel for the Issue

J. Sagar Associates
Advocates & Solicitors
Sandstone Crest, Opposite Park Plaza Hotel
Sushant Lok- Phase 1, Gurgaon, Haryana, India
Telephone: +91 (124) 4390 600
Facsimile: +91 (124) 4390 617

International Legal Counsel for the Issue

Pepper Hamilton LLP
New York Times Building
37th Floor, 620 Eighth Avenue
New York, NY 10018
Telephone: +1 212 808 2700
Facsimile: + 1 (212) 286-9806
E-mail: demontv@pepperlaw.com

Bankers to the Issuer

State Bank of India
RASMECC, 1st Floor, Civil Lines, Jabalpur
Telephone: +91 0761 2628647
Facsimile: +91 0761 2628396
E-mail: vikas.sinha@sbi.co.in

Yes Bank Limited
Nehru Centre, 9th Floor, Discovery of India, Dr. Ambedkar Road, Worli, Mumbai- 400 018
Telephone: +91 22 6669 9000
Facsimile: +91 22 6669 9010
E-mail: ritika.gupta@yesbank.in

Hongkong and Shanghai Banking Corporation Limited
52/60, Mahatma Gandhi Road, Mumbai- 400 001
Telephone: +91 22 2267 4921
Facsimile: +91 22 2265 8309
E-mail: lalitlahoti@hsbc.co.in, animeshvjain@hsbc.co.in, info@hsbc.co.in

Axis Bank
Panchratan Building, Ground & First Floor, Plot No. 902,
Model Road, Wright Town, Jabalpur-482001 (M.P.)

Telephone: +91761 4027700/01/02/03, 4027777 (D)
Facsimile: +91 761 4027788
E-mail: Alok.Gupta@axisbank.com

HDFC Bank Limited
HDFC Bank House, Senapati Bapat Marg, Lower Parel, Mumbai- 400 013
Telephone: +91 2496 1616, 2498 8484
Facsimile: +91 2496 3994
E-mail: sheetal.parulekar@hdfcbank.com

IPO Grading Agency

[●]

Registrar to the Issue

Karvy Computershare Private Limited
Plot nos.17-24, Vittal Rao Nagar,
Madhapur, Hyderabad – 500 081.
Telephone: +91-040-2342 0815-28
Facsimile: +91-040-2343 1551
E-mail: cebbco.ipo@karvy.com
Investor Grievance E-mail: cebbco.ipo@karvy.com
Contact Person: Mr. Murali Krishna
Website: http://karisma.karvy.com
SEBI registration number: INR000000221

Statement of inter-se allocation of responsibilities of the Book Running Lead Managers

The responsibilities of the Book-Running Lead Managers and co-ordination in respect of various activities in this Issue are as under:

S. No.	Responsibility	Responsibility	Coordinating
1.	Capital structuring with relative components and formalities etc.	I-Sec, Edel	I-Sec
2.	Due diligence of Company's operations/ management/ business plans/ legal etc. Drafting and design of Draft Red Herring Prospectus and of statutory advertisement including memorandum containing salient features of the Prospectus. The BRLMs shall ensure compliance with stipulated requirements and completion of prescribed formalities with the Stock Exchanges, RoC and SEBI including finalisation of Prospectus and RoC filings.	I-Sec, Edel	I-Sec
3.	Drafting and approval of all publicity material other than statutory advertisement including corporate advertisement, brochure etc.	I-Sec, Edel	Edel
4.	Appointment of other intermediaries viz., Registrar(s), Printers, Escrow Collection Banks, Advertising Agency, etc.	I-Sec, Edel	Edel
5.	Preparation of roadshow presentation and FAQs	I-Sec, Edel	Edel
6.	Institutional marketing strategy: • International institutional which will cover, *inter alia*, finalizing the list and division of investors for one to one meetings, institutional allocation	I-Sec, Edel	Edel
7.	Institutional marketing strategy: • Domestic institutional which will cover, *inter alia*, finalizing the list and division of investors for one to one meetings, institutional allocation	I-Sec, Edel	I- Sec

S. No.	Responsibility	Responsibility	Coordinating
8.	Retail / HNI marketing strategy • Finalise centers for holding conference for brokers etc. • Finalise media, marketing & public relations strategy • Follow up on distribution of publicity and issue materials including form, prospectus and deciding on the quantum of the Issue material • Finalise bidding centers/collection centres	I-Sec, Edel	I- Sec
9.	Pricing, managing the book and coordination with Stock-Exchanges and allocation to QIB Bidders	I-Sec, Edel	Edel
10.	The post bidding activities including management of escrow accounts, co-ordinate non-institutional and institutional allocation, intimation of allocation and dispatch of refunds to Bidders etc.	I-Sec, Edel	Edel
11.	The Post Issue activities for the Issue will involve essential follow up steps, which include the finalisation of basis of Allotment, dispatch of refunds, demat and delivery of shares, finalisation of listing and trading of instruments with the various agencies connected with the work such as the Registrar(s) to the Issue, Escrow Collection Banks and Self Certified Syndicate Banks .	I-Sec, Edel	Edel

Even if many of these activities will be handled by other intermediaries, the BRLMs shall be responsible for ensuring that these agencies fulfill their functions and enable them to discharge this responsibility through suitable agreements with the Company.

Credit Rating

As this is an issue of equity shares, a credit rating is not required.

Project Appraisal

We have not conducted any project appraisal.

IPO Grading

This Issue has been graded by [●], a SEBI registered credit rating agency, as [●], indicating [●] fundamentals. The IPO grading is assigned on a five point scale from 1 to 5 with an "IPO Grade 5" indicating strong fundamentals and an "IPO Grade 1" indicating poor fundamentals. Pursuant to SEBI Regulations, the rationale/description furnished by the Credit rating agency will be updated at the time of filing the Red Herring Prospectus with the RoC.

A summary of the grading rationale is as follows:

[●]

For the disclaimer of [●], see section "Other Regulatory and Statutory Disclosures" beginning on page 209 of this Draft Red Herring Prospectus.

Experts

[●], the agency engaged by us for the purpose of obtaining IPO grading in respect of this Issue, will give its written consent to the inclusion of its report in the form and context in which it will appear in the Red Herring Prospectus and such consent and report will not be withdrawn upto the time of delivery of the Red Herring Prospectus and the Prospectus with the RoC and the Designated Stock Exchange.

Trustees

As this is an issue of equity shares, the appointment of trustees is not required.

Monitoring Agency

As the Issue Size is less than Rs. 5,000 million, no Monitoring Agency is required to be appointed by the Company for the Issue pursuant to Regulation 16 of the ICDR Regulations.

Book Building Process

Book Building refers to the process of collection of bids from investors on the basis of the Red Herring Prospectus within the Price Band. This Issue Price is determined by the Company and the Selling Shareholders, in consultation with the BRLMs, after the Bid/Issue Closing Date. The principal parties involved in the Book Building Process are:

1. The Company;
2. The Selling Shareholders;
3. The Book Running Lead Managers
4. The Syndicate Members;
5. The Registrar to the Issue;
6. The Escrow Collection Banks; and
7. The SCSBs.

This being an Issue for less than 25% of the post-Issue capital, the Issue is being made through a 100% Book Building Process, wherein at least 60% of the Issue shall be Allotted on a proportionate basis to Qualified Institutional Buyers ("QIBs"), of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only and the remaining shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. In additional, in accordance with Rule 19(2)(b) of the SCRR (as defined herein), a minimum of two million securities are being offered to the public and the size of the Issue shall aggregate at least Rs. 1,000 million. If at least 60% of the Issue cannot be Allotted to QIBs, then the entire application money will be refunded/released forthwith. Further, not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 30% 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. The QIB Portion includes the Anchor Investor Portion of up to 30% of the QIB Portion.

QIBs are not allowed to withdraw their Bid after the Bid/Issue Closing Date. For details see the section "Issue Structure" beginning on page 225 of this Draft Red Herring Prospectus.

The process of Book Building under ICDR Regulations is subject to change from time to time and investors are advised to make their own judgment about investment through this process prior to making a Bid or application in the Issue.

The Company and the Selling Shareholders (in respect of the Equity Shares included by them respectively in the Offer for Sale) will comply with the ICDR Regulations and any other ancillary directions issued by SEBI in connection with the issue of securities by an Indian company to the public in India. In this regard, the Company has appointed ICICI Securities Limited and Edelweiss Capital Limited as the BRLMs to manage the Issue and to procure subscriptions for the Issue.

Steps to be taken by the Bidders for bidding:

1 Check eligibility for making a Bid, see the section "Issue Procedure" of the Red Herring Prospectus;
2 Ensure that you have a demat account and the demat account details are correctly mentioned in the Bid-cum-Application Form;
3 Ensure that the Bid-cum-Application Form is duly completed as per instructions given in the Red Herring Prospectus and in the Bid-cum-Application Form; and
4 Ensure that the Bid-cum-Application Form is accompanied by the Permanent Account Number together with necessary documents providing proof of address. For details, see the section "Issue Procedure" beginning on page 230 of this Draft Red Herring Prospectus.
5 Bids by QIBs (including Anchor Investors) will have to be submitted to the BRLMs.

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 the Issue. Further, this excludes any Bidding for the Anchor Investor Portion)

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

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

The price discovery is a function of demand at various prices. The highest price at which the issuer is able to issue the desired number of shares is the price at which the book cuts off, i.e., Rs. 22 in the above example. The Company and the Selling Shareholders, in consultation with the BRLMs, will finalize the issue price at or below such cut off, 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 the respective categories.

Withdrawal of the Issue

Our Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right not to proceed with the Issue any time after the Bid/Issue Opening Date but before the Allotment. If the Company and the Selling Shareholders withdraw from the Issue, the Company shall issue a public notice within two days of the closure of the Issue. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and the Company shall also promptly inform the Stock Exchanges. If the 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 SEBI. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

Bid/Issue Programme

Bidding Period

BID/ISSUE OPENS ON	**[●]**
BID/ISSUE CLOSES ON	**[●]**

The Company and the Selling Shareholder may consider participation by Anchor Investors for up to 30% of the QIB Portion in accordance with the ICDR Regulations on the Anchor Investor Bid/Issue Date. For details, see the section "Issue Procedure – Anchor Investor Portion" beginning on page 230 of this Draft Red Herring Prospectus.

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, Bids (excluding the ASBA Bidders) shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time)** and uploaded until (i) 4.00 p.m. IST in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs.100,000 and (ii) 5.00 p.m. IST or such extended time as permitted by the BSE and NSE in case of Bids by Retail Individual Bidders. Due to limitation of the 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 advised that due to clustering of last day applications, as is typically experienced in public offerings, some Bids may not get uploaded on the last date. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Company, the Selling Shareholders, BRLMs and Syndicate members will not be responsible. Further, it is clarified that bids not uploaded would be rejected. Bids will be accepted only on Business Days. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE. ASBA Bidders cannot revise their Bids.

On the Bid/Issue Closing Date, extension of time may be granted by the Stock Exchanges only for uploading the Bids received by Retail Individual Bidders after taking into account the total number of Bids received up to the closure of timings for acceptance of Bid cum Application Forms and ASBA Form as stated herein and reported by the BRLM to the Stock Exchange within half an hour of such closure.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid-cum-Application form for a particular Bidder, the details as per the physical application form of that Bidder will be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid-cum-Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall request rectified data from the SCSB.

The Company and the Selling Shareholders, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bidding Period in accordance with the ICDR Regulations, provided that the Cap Price is less than or equal to 120% of the Floor Price. The Floor Price can be revised up or down up to a maximum of 20% of the Floor Price advertised at least one day before the Bid/Issue Opening Date.

In case of revision of the Price Band, the Bidding Period will be extended for three additional days after revision of the Price Band, subject to the Bidding Period not exceeding 10 working days. Any revision in the Price Band and the revised Bidding 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 BRLMs and at the terminals of the Syndicate.

Underwriting Agreement

After the determination of the Issue Price and allocation of Equity Shares, but prior to filing of the Prospectus with the RoC, the Company, the Selling Shareholders and the Underwriters intend to enter into an Underwriting Agreement for the underwriting of the Equity Shares proposed to be offered through the Issue. Pursuant to the terms of the Underwriting Agreement, the BRLMs shall be responsible for bringing in the amount devolved in the event that the Syndicate Member does not fulfill its underwriting obligations. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters are several and are subject to certain conditions to closing, as specified therein.

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

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

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. Million)
BRLMs		
Name: ICICI Securities Limited Address: ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai - 400 02 Telephone: +91 22 2288 2460 Facsimile: +91 22 2282 6580 E-mail: cebbcoipo@icicisecurities.com Investor Grievance E-mail: customercare@icicisecurities.com Contact Person: Mr. Vishal Kanjani / Mr. Johnny Barnett	[●]	[●]

Name and Address of the Underwriters	Indicated Number of Equity Shares to be Underwritten	Amount Underwritten (Rs. Million)
Website: www.icicisecurities.com SEBI registration number: INM000011179		
Name: Edelweiss Capital Limited Address: 14th Floor, Express Towers, Nariman Point, Mumbai – 400 021 Telephone: +91 22 4086 3535 Facsimile: +91 22 4086 3610 E-mail: cebbco.ipo@edelcap.com Investor Grievance E-mail: customerservice.mb@edelcap.com Contact Person: Mr. Chitrang Gandhi / Mr. Jai Baid Website: www.edelcap.com SEBI registration number: INM0000010650	[●]	[●]
Syndicate Members		
[●]	[●]	[●]
Total	**[●]**	**[●]**

The above-mentioned amount is an indicative underwriting and would be finalized after determination of the Issue Price and actual allocation of the Equity Shares. The Underwriting Agreement has been entered into on [●] and has been approved by the Company's Board of Directors.

Allocation among the Underwriters may not necessarily be in the proportion of their underwriting commitments. Notwithstanding the above table, the BRLMs and the Syndicate Members shall be severally responsible for ensuring payment with respect to Equity Shares allocated to investors procured by them in accordance with the terms of the Underwriting Agreement. 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 Equity Shares to the extent of the defaulted amount, in accordance with the Underwriting Agreement.

In the opinion of the Board of Directors (based on a certificate given by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. Each Underwriter is registered with SEBI under Section 12(1) of the Securities and Exchange Board of India Act, 1992 or registered as brokers with the Stock Exchanges.

CAPITAL STRUCTURE

The share capital of the Company as at the date of filing this Draft Red Herring Prospectus with SEBI (before and after the proposed Issue) is set forth in the table below.

(*Rs. in millions*)

		Aggregate Nominal Value	Aggregate Value at Issue Price
A)	**AUTHORIZED SHARE CAPITAL**[1]		
	60,000,000 Equity Shares of Rs. 10 each and 5,000 Preference Shares of Rs. 100 each	600.50	
B)	**ISSUED, SUBSCRIBED AND PAID UP SHARE CAPITAL**		
	42,895,720 Equity Shares of Rs. 10 each fully paid up	428.95	
C)	**PRESENT ISSUE UNDER THIS DRAFT RED HERRING PROSPECTUS**		
	Issue of [●] Equity Shares of Rs. 10 each fully paid up	[●]	[●]
	Comprising of:		
	(i) Fresh Issue[x] of [●] Equity Shares of Rs. 10 each fully paid up	[●]	1,700
	And		
	(ii) Offer for Sale[xx] of 1,698,430 Equity Shares of Rs. 10 each fully paid up	16.98	[●]
	Of which: [2]		
	QIB Portion of at least [●] Equity Shares		
	Non-Institutional Portion of not less than [●] Equity Shares		
	Retail Portion of not less than [●] Equity Shares		
D)	**PAID UP EQUITY CAPITAL AFTER THE ISSUE**		
	[●] Equity Shares of Rs. 10 each fully paid up	[●]	[●]
E)	**SHARE PREMIUM ACCOUNT**		
	Before the Issue	Nil	
F)	**SHARE PREMIUM ACCOUNT**		
	After the Issue	[●]	

(1) For details pertaining to the changes in the authorized share capital of the Company, see section "History and Certain Corporate Matters" beginning on page 95 of this Draft Red Herring Prospectus.

(2) Under-subscription, if any, in any category would be allowed to be met with spill over from any other category or combination of categories at the discretion of the Company and the Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange. If at least 60% of the Issue is not allotted to QIBs, then the entire subscription monies shall be refunded.

(x) The Fresh Issue has been authorized pursuant to the resolution of the Board of Directors of the Company dated January 10, 2010 and a special resolution of the shareholders of the Company under Section 81(1A) of the Companies Act at the EGM dated March 18, 2010. The Fresh Issue will aggregate to Rs.1,700 million.

(xx) The Offer for Sale has been authorized:
(a) in respect of 1,427,890 Equity Shares included in the Offer for Sale, by NYLIM pursuant to a resolution of its Board of Directors dated March 2, 2010;
(b) in respect of 270,540 Equity Shares included in the Offer for Sale, by Commercial Automobiles pursuant to a resolution of its Board of Directors dated March 19, 2010.

Notes to the Capital Structure

1. Share Capital History

1.1 The following is the history of the equity share capital of the Company as at the date of this Draft Red Herring Prospectus:

Date of Allotment	Number of Equity Shares	Face Value per Equity Share (Rs.)	Issue Price per Equity Share (Rs.)	Nature of consideration (cash, bonus, other than cash)	Reasons for allotment	Cumulative Equity Share Capital (Rs.)	Cumulative Equity Share Premium (Rs.)
September 28, 1979	200	100	100	Cash	Subscription to Memorandum of Association	20,000	Nil
May 11, 1980	8,600	100	100	Cash	To augment the financial resources of the Company	880,000	Nil
September 17, 1981	1,200	100	100	Cash	To augment the financial	1,000,000	Nil

Date of Allotment	Number of Equity Shares	Face Value per Equity Share (Rs.)	Issue Price per Equity Share (Rs.)	Nature of consideration (cash, bonus, other than cash)	Reasons for allotment	Cumulative Equity Share Capital (Rs.)	Cumulative Equity Share Premium (Rs.)
					resources of the Company		
February 15, 1982	5,000	100	100	Cash	To augment the financial resources of the Company	1,500,000	Nil
September 17, 1982	2,500	100	100	Cash	To augment the financial resources of the Company	1,750,000	Nil
April 4, 1983	2,500	100	100	Cash	To augment the financial resources of the Company	2,000,000	Nil
July 2, 1987	1,500	100	100	Cash	To augment the financial resources of the Company	2,150,000	Nil
March 30, 1996	20,000	100	100	Cash	To augment the financial resources of the Company	4,150,000	Nil
November 21, 2002	50,000	100	100	Cash	To augment the financial resources of the Company	9,150,000	Nil
October 3, 2005	100,000	100	100	Cash	To augment the financial resources of the Company	19,150,000	Nil
December 23, 2006	265,500	100	100	Cash	To augment the financial resources of the Company	45,700,000	Nil
November 26, 2007	1,172	100	100	Cash	Allotment to Mosaic Capital to augment the financial resources of the Company	45,817,200	Nil
December 25, 2007	142,789	100	2,101	Cash	Allotment to NYLIM to augment the financial resources of the Company *	60,096,100	285,720,789
November 24, 2008	11,835	100	367.41	Pursuant to Scheme of De-Merger as consideration for transfer of Mandla Factory to the Company#	Allotment to parties listed in Table 1.2 below	61,279,600	288,885,586.35
Total pre-Share Split	**612,796**						
March 18, 2010	6,127,960	10	--	--	Share Split^^	61,279,600	288,885,586.35
Total post Share Split	**6,127,960 (A)**						
March 18, 2010	36,767,760 **(B)**	10	--	Bonus	Bonus on account of capitalization of our reserves and surplus in the ratio of 6 equity shares for every 1 equity share held §§	428,957,200	Nil
Total (A + B)	**42,895,720**						

* Pursuant to the NYLIM SHA which terminates upon Listing. For a description of the NYLIM SHA, please refer to section “History and Certain Corporate Matters” beginning on page 95 of this Draft Red Herring Prospectus.

\# For a description of the Scheme of De-Merger, please refer to section “History and Certain Corporate Matters” beginning on page 95 of this Draft Red Herring Prospectus.

^^ Authorised pursuant to a resolution of the Board of Directors dated January 10, 2010 and a resolution of shareholders in EGM dated March 18, 2010.

§§ Authorised pursuant to a resolution of the Board of Directors dated January 10, 2010 and of the IPO Committee dated January 28, 2010 and a resolution of shareholders in EGM dated March 18, 2010.

1.2 The following is the history of the equity share capital of the Company issued for consideration other than cash.

There have been two issuances by the Company of Equity Shares for consideration other than cash. The details of these issuances are as follows:

(i) **Pursuant to Scheme of De-Merger**

Date of Allotment: November 24, 2008
Face Value: Rs. 100 per Equity Share
Issue Price: Rs. 367.41 per Equity Share
Nature of Consideration: Pursuant to a Scheme of De-Merger as consideration for transfer of Mandla Factory to the Company.
Benefit to the Issuer: Acquisition of the Mandla Factory by the Company pursuant to the Scheme of De-Merger.

Details of the parties to whom Equity Shares were allotted and the number of Equity Shares allotted pursuant to the Scheme of De-Merger are given below:

Name of Allottee	Number of Equity Shares Allotted
Dr. Kailash Gupta	12
Dr. Kailash Gupta to be held on behalf of the Promoter Group pursuant to the Scheme of De-Merger	14
Kailash Motors	1,299
Commercial Automobiles Private Limited	4
Ms. Shalini Gupta	129
Kailash Motors Finance Private Limited	4
Kailash Auto Finance Ltd.	4
Commercial Treads Private Limited	4
Kailash Motors Private Limited	1,273
Commercial Motor Sales Private Limited	12
Tirupati Services Ltd.	40
Kailash Automobiles	5,270
Commercial Auto Centre	4
Commercial Body Builders	553
Kailash Traders	324
Kailash Motor Co.	1,221
Commercial Motors Bareilly	324
Mr. Raghav Gupta	202
Ms. Nidhi Chandra	7
Mr. Prem Chand Gupta	64
Mr. Vineet Chandra	205
Ms. Usha Chandra	218
Mr. Atul Goel	9
Mrs. Ruchi Chandra	13
Mr. Mukul Arren	1
Ms. Angoori Devi	202
Ms. Nidhi (Manik Chandra) Gupta	91
Ms. Sarita Gupta	83
Mr. Manik Chandra	83
Mr. Ishwar Chandra	82
Ms. Amita Arren	20
Ms. Meera Gupta	20
Mr. Arun Gupta	16
Mr. Vaikunth	14
Mr. Kapoor Chand Gupta	10
Ms. Pratima Goel	4
Total	**11,835**

(ii) Bonus Issue

Date of Allotment: March 18, 2010
Face Value: Rs. 10 per Equity Share
Issue Price: Not applicable
Nature of Consideration: Bonus Issue
Benefit to the Issuer: Not applicable

Details of the parties to whom Equity Shares were allotted and the number of Equity Shares allotted pursuant to the Bonus Issue are given below:

Name of Allottee	Number of Equity Shares Allotted
Dr. Kailash Gupta	10,838,400
Dr. Kailash Gupta on behalf of the Promoter Group	840
Mr. Ajay Gupta	9,669,660
NYLIM	8,567,340
Jashn Beneficiary Trust	3,000,000
Ms. Rekha Gupta	2,948,220
Commercial Automobiles Private Limited	1,623,240
Mosaic Capital Services Private Limited	70,320
Ms. Shalini Gupta	49,740
Total	**36,767,760**

The bonus issue of our Equity Shares was made by capitalisation of our reserves and surplus in the aggregate amount of Rs. 367,677,600 in the ratio of six bonus Equity Shares for every Equity Share held by our shareholders.

1.3 The following is the history of the preference share capital of the Company:

Transaction	Date	Number of Preference Shares	Face Value per Preference Share (Rs.)	Issue Price per Preference Share (Rs.)	Nature of consideration (cash, bonus, other than cash)	Reasons	Cumulative Preference Share Premium (Rs.)	Cumulative Preference Share Capital (Rs.)	Cumulative Number of Preference Shares
Allotment*	August 1, 2007	3,000	100	100,000	Cash	Allotment	299,700,000	300,000	3,000
Conversion*	December 25, 2007	(3,000)	--	--	--	Conversion*	--	--	0

* By cancellation of mandatorily convertible Preference Shares and issuance of Equity Shares in accordance with the conversion ratio agreed in the NYLIM SHA. For a description of the NYLIM SHA, please refer to section "History and Certain Corporate Matters" beginning on page 95 of this Draft Red Herring Prospectus.

2. Promoter's Contribution and Lock-in

Our Promoters, Dr. Kailash Gupta and Mr. Ajay Gupta have by written undertakings submitted by each of them dated March 23, 2010 granted their consent to include such number of their Equity Shares as may constitute 20% of the post-Issue equity capital of the Company to be considered as Promoter's contribution to be locked-in for a period of three years from the date of Allotment. All Equity Shares that are locked in for three years as Promoter's contribution shall be eligible for computation of the Promoter's contribution and lock-in under Regulation 33 of the ICDR Regulations. Further, pursuant to Regulation 37 of the ICDR Regulations, the entire pre-Issue capital, other than that locked in as minimum Promoters' contribution, shall be locked in for a period of one year from the date of Allotment of Equity Shares in the Issue.

(a) History of Share Capital held by the Promoters

Dr. Kailash Gupta

Date of Allotment/ Transfer	Number of Equity Shares	Date Fully Paid-up	Nature of Consideration (cash, bonus, other than cash)	Face Value (Rs.)	Issue/ Purchase Price per Equity Share (Rs.)	Nature of Transaction
May 11, 1980	100 *	Allotment	Cash	100	100	Allotment**
May 11, 1980	400*	Allotment	Cash	100	100	Allotment [1]
May 11, 1980	200*	Allotment	Cash	100	100	Allotment [3]
September 17, 1981	150*	Allotment	Cash	100	100	Allotment [3]
February 15, 1982	500*	Allotment	Cash	100	100	Allotment **
February 15, 1982	300*	Allotment	Cash	100	100	Allotment [1]
February 15, 1982	100*	Allotment	Cash	100	100	Allotment [2]
September 17, 1982	150*	Allotment	Cash	100	100	Allotment [1]
September 17, 1982	300*	Allotment	Cash	100	100	Allotment [3]
August 21, 1989	1,000*	Allotment	Non-Cash	100	Nil	Transmission**
March 30, 1996	20,000*	Allotment	Cash	100	100	Allotment º
March 8, 1999	1,100*	Allotment	Cash	100	137	Purchase ^^
March 8, 1999	500*	Allotment	Cash	100	137	Purchase^^
July 8, 1999	650*	Allotment	Cash	100	100	Purchase ˜
July 8, 1999	450*	Allotment	Cash	100	100	Purchase º
July 8, 1999	600*	Allotment	Cash	100	100	Purchase º
July 8, 1999	1,000*	Allotment	Cash	100	100	Purchase └
July 8, 1999	650 *	Allotment	Cash	100	100	Transfer ºº
November 16, 2000	100*	Allotment	Cash	100	100	Purchase ‡
October 1, 2002	150*	Allotment	Cash	100	100	Purchase ª

Date of Allotment/ Transfer	Number of Equity Shares	Date Fully Paid-up	Nature of Consideration (cash, bonus, other than cash)	Face Value (Rs.)	Issue/ Purchase Price per Equity Share (Rs.)	Nature of Transaction
November 21, 2002	15,000*	Allotment	Cash	100	100	Allotment ª
October 3, 2005	15,000*	Allotment	Cash	100	100	Allotment ‡
October 3, 2005	15,000*	Allotment	Cash	100	100	Allotment ª
October 3, 2005	15,000*	Allotment	Cash	100	100	Allotment º
October 3, 2005	5,000	Allotment	Cash	100	100	Allotment
October 3, 2005	15,000*	Allotment	Cash	100	100	Allotment ˜
November 16, 2005	15,000*	Allotment	Cash	100	400	Purchase ˜
December 19, 2006	750	Allotment	Non-cash	100	Nil	Gift from relative.
December 23, 2006	118,000	Allotment	Cash	100	100	Allotment
May 28, 2007	95,000	Allotment	Cash	100	100	Purchase.
November 24, 2008	12	Allotment	--	100	367.41	Allotment pursuant to Scheme of De-Merger
November 24, 2008	14*	Allotment	--	100	367.41	Allotment pursuant to the Scheme of De-Merger. ‡‡
November 24, 2008	1,299*	Allotment	--	100	367.41	Allotment pursuant to Scheme of De-Merger^^
November 24, 2008	553*	Allotment	--	100	367.41	Allotment pursuant to Scheme of De-Merger º
September 4, 2009	1,221	Allotment	Cash	100	367.41	Purchase
September 4, 2009	1,299	Allotment	Cash	100	367.41	Purchase
September 4, 2009	324	Allotment	Cash	100	367.41	Purchase
September 4, 2009	1	Allotment	Cash	100	367.41	Purchase
September 4, 2009	20	Allotment	Cash	100	367.41	Purchase
September 4, 2009	3,102	Allotment	Non-cash	100	Nil	Gift from relative^
September 4, 2009	607	Allotment	Non-cash	100	Nil	Gift from relative^
September 4, 2009	1,514	Allotment	Non-cash	100	Nil	Gift from relative^
September 4, 2009	795	Allotment	Non-cash	100	Nil	Gift from relative^
September 4, 2009	1,350	Allotment	Non-cash	100	Nil	Gift from relative^
September 4, 2009	1,018	Allotment	Non-cash	100	Nil	Gift from relative^
September 4, 2009	9	Allotment	Non-cash	100	Nil	Gift from relative^
September 4, 2009	13	Allotment	Non-cash	100	Nil	Gift from relative^
September 4, 2009	202	Allotment	Non-cash	100	Nil	Gift from relative^
September 4, 2009	91	Allotment	Non-cash	100	Nil	Gift from relative^
September 4, 2009	83	Allotment	Non-cash	100	Nil	Gift from relative^
September 4, 2009	83	Allotment	Non-cash	100	Nil	Gift from relative^
September 4, 2009	82	Allotment	Non-cash	100	Nil	Gift from relative^
September 4, 2009	20	Allotment	Non-cash	100	Nil	Gift from relative^
September 4, 2009	16	Allotment	Non-cash	100	Nil	Gift from relative^
September 4, 2009	14	Allotment	Non-cash	100	Nil	Gift from relative^
September 4, 2009	10	Allotment	Non-cash	100	Nil	Gift from relative^
September 4, 2009	4	Allotment	Non-cash	100	Nil	Gift from relative^
September 4, 2009	(50,000)	Allotment	Non-Cash	100	Nil	Gifted by Dr.

Date of Allotment/ Transfer	Number of Equity Shares	Date Fully Paid-up	Nature of Consideration (cash, bonus, other than cash)	Face Value (Rs.)	Issue/ Purchase Price per Equity Share (Rs.)	Nature of Transaction
						Kailash Gupta to Jashn Beneficiary Trust, a member of our Promoter Group ***
Total pre Share Split	**180,640**					
March 18, 2010	1,806,400	Allotment	--	10	--	Share Split
Total post Share Split	**1,806,400 (A)**					
March 18, 2010	10,838,400 **(B)**	Allotment	Bonus	10	--	Bonus Issue
Total (A + B)	**12,644,800**					

* Equity Shares are not added in the total personal shareholding of Dr. Kailash Gupta as they are or were held for the benefit of another party or for one of his partnership firms or HUFs or the Promoter Group as a whole as indicated in the column headed "Nature of Transaction". These beneficial interests no longer exist in the Equity Shares save for the 14 Equity Shares allotted in the name of Dr. Kailash Gupta on November 24, 2008 to be held for the benefit of the Promoter Group pursuant to the Scheme of De-Merger.

( ) Equity Shares noted in brackets are subtracted from the total personal shareholding of Dr. Kailash Gupta as they have since been transferred to third parties as indicated in the column headed "Nature of Transaction".

[1] Allotted in the name of Dr. Kailash Gupta as father and natural guardian of Ms. Shalini Gupta.

[2] Allotted in the name of Dr. Kailash Gupta as father and natural guardian of Ms. Nandini Gupta.

[3] Allotted in the name of Dr. Kailash Gupta as Karta of HUF (Kailash Gupta).

** Relevant transmission or allotment in the name of Dr. Kailash Gupta as partner of the firm Commercial Automobiles to which the Equity Shares have since been transmitted following conversion of Commercial Automobiles to a private limited company, Commercial Automobiles Private Limited.

º Relevant allotment or purchase in the name of Dr. Kailash Gupta as Karta of Kailash Chand Gupta HUF (Dr. Kailash Gupta) in turn as partner of Commercial Body Builders.

ºº Transfer by Dr. Kailash Gupta as Karta of HUF (Kailash Gupta), in turn as partner of Commercial Auto Centre, to all partners of Commercial Auto Centre upon reconstitution of this partnership firm.

^^ Relevant allotment or purchase in the name of Dr. Kailash Gupta as partner of Kailash Motors Company Kanpur.

~ Relevant allotment or purchase in the name of Dr. Kailash Gupta as Karta of HUF (Kailash Gupta) in turn as partner of Commercial Auto Centre.

‡ Relevant allotment or purchase in the name of Dr. Kailash Gupta as Karta of HUF (Kailash Gupta) in turn as partner in Kailash Automobiles.

└ Relevant allotment or purchase in the name of Dr. Kailash Gupta as Karta of HUF (Kailash Gupta) in turn as partner in Kailash Finance Company Kanpur.

ª Relevant allotment or purchase in the name of Dr. Kailash Gupta as partner of Commercial Instalment Jabalpur

^ As part of re-distribution and division of family assets.

*** The Jashn Beneficiary Trust is a family trust settled on September 1, 2009 by Dr. Kailash Gupta. The trustees are Ms. Asha Devi Gupta and Ms. Rekha Gupta, both members of the Promoter Group.

‡‡ Allotment in the name of Dr. Kailash Gupta to be held on behalf of the Promoter Group pursuant to the Scheme of De-Merger.

Mr. Ajay Gupta

Date of Allotment/ Transfer	Number of Equity Shares	Date Fully Paid-up	Nature of Consideration (cash, bonus, other than cash)	Face Value (Rs.)	Issue /Purchase Price per Equity Share (Rs.)	Nature of Transaction
December 23, 2006	120,000	Allotment	Cash	100	100	Allotment
May 28, 2007	35,010	Allotment	Cash	100	100	Purchase
March 30, 2009	5,270	Allotment	Cash	100	367.41	Purchase
March 30, 2009	4	Allotment	Cash	100	367.41	Purchase
March 30, 2009	324	Allotment	Cash	100	367.41	Purchase
March 30, 2009	553	Allotment	Cash	100	367.41	Purchase
Total pre Share Split	**161,161**					
March 18, 2010	1,611,610	Allotment	--	10	--	Share Split
Total post Share Split	**1,611,610 (A)**					
March 18, 2010	9,669,660 **(B)**	Allotment	Bonus	10	--	Bonus Issue
Total (A + B)	**11,281,270**					

The details regarding the shareholding of the Promoters in our Company can be summarized as follows:

Name of Promoter	Total no. of shares as on date	Percentage of Pre-Issue Paid-up Capital	Percentage of Post-Issue Paid-up Capital
Dr. Kailash Gupta	12,644,800	29.48%	[●]
Mr. Ajay Gupta	11,281,270	26.30%	[●]

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

Our Promoters, Dr. Kailash Gupta and Mr. Ajay Gupta have by written undertakings submitted by each of them dated March 23, 2010 granted their consent to include such number of their Equity Shares as may constitute 20% of the post-Issue equity capital of the Company to be considered as Promoter's contribution to be locked-in for a period of three years from the date of Allotment. All Equity Shares that are locked in for three years as Promoter's contribution shall be eligible for computation of the Promoter's contribution and lock-in under Regulation 33 of the ICDR Regulations. The lock-in of Equity Shares towards Promoter's contribution will 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, Dr. Kailash Gupta and Ajay Gupta have by their written undertakings each dated March 23, 2010 agreed to lock in of all their Equity Shares from the date of filing of this Draft Red Herring Prospectus until the commencement of the lock-in period for the Promoter's contribution as specified above.

The Equity Shares which are being locked in for three years from the date of Allotment are as follows:

Name	Date of Allotment/ Transfer	Reason for allotment	Nature of Consideration (cash, bonus, other than cash)	Number of Equity Shares Locked-in	Face Value (Rs.)	Issue /Purchase Price per Equity Shares (Rs.)	Percentage of Post-Issue Paid-up Capital	Lock in period
Dr. Kailash Gupta	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Mr. Ajay Gupta	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total	[●]						**20%**	[●]

The Promoters' contribution shall be brought in to the extent of not less than the specified minimum lot as specified in accordance with the ICDR Regulations and from the persons defined as the Promoters. The Promoters' contribution shall be in compliance with Regulation 32 of the ICDR Regulations.

The Equity Shares that are being locked-in shall be eligible for computation of minimum Promoters' contribution under Regulation 33 of the ICDR Regulations. In this respect, the Company confirms that the Equity Shares being locked in shall not consist of:

i. Equity Shares acquired during the preceding three years (a) for consideration other than cash, and revaluation of assets or capitalization of intangible assets is involved in the relevant transaction; or (b) arising from bonus issue by utilization of revaluation reserves or unrealized profits of the Company or from a bonus issue against Equity Shares which are otherwise ineligible for computation of Promoters' contribution (other than Equity Shares issued pursuant to a scheme that has been approved under Section 391-394 of the Companies Act);
ii. Equity Shares acquired by the Promoters during the one year preceding the date of this Draft Red Herring Prospectus, at a price lower than the price at which Equity Shares are being offered to the public in the Issue (other than Equity Shares acquired under a scheme that has been approved under Section 391-394 of the Companies Act by a High Court in

lieu of business and invested capital that has been in existence for a period of more than one year prior to such approval);

iii. Equity Shares issued to the Promoters during the preceding one year at a price lower than the price at which shares are being offered to the public in the Issue against funds brought in by them in that period and upon conversion of a partnership firm where the Promoters were partners of such firm and there is no change in management upon such conversion (other than Equity Shares allotted to the Promoters against capital existing in such firm for a period of more than 1 year on a continuous basis); or

iv. Equity Shares pledged with any creditor.

(c) Details of share capital locked-in for one year

In addition to the lock-in of the Promoters' contribution specified above, the entire pre-Issue issued equity share capital of the Company, other than the Equity Shares included in the Offer for Sale and Equity Shares held by NYLIM for a period of at least one year prior to the filing of this Draft Red Herring Prospectus with SEBI (pursuant to the exemption from the lock-in applying to foreign venture capital investors under Regulation 37(b) of the ICDR Regulations ("Lock-In Exemption")) will be locked-in for a period of one year from the date of Allotment. The total number of Equity Shares, which are locked-in for such one year period shall be 42,895,720 Equity Shares, less Equity Shares held by NYLIM after transfer of Equity Shares, if any, prior to the IPO, that are eligible for the Lock-In Exemption.

(d) Other requirements in respect of lock-in

Pursuant to Regulation 39 of the ICDR Regulations, locked-in Equity Shares held by the Promoters can be pledged with any scheduled commercial bank or public financial institutions as collateral security for loans granted by such scheduled commercial bank or public financial institutions, provided that (i) the pledge of shares is one of the terms of sanction of the loan, and (ii) if the shares are locked in as Promoter's contribution for three years pursuant to Regulation 36(a) of the ICDR Regulations, such shares may be pledged, only if, in addition to fulfilling the requirements of paragraph (i), the loan has been granted by the banks or financial institutions for the purpose of financing one or more of the objects of the Issue.

Further, pursuant to Regulation 40 of the ICDR Regulations, Equity Shares held by shareholders other than the Promoters may be transferred to any other person holding Equity Shares which are locked-in in accordance with Regulation 37 of the ICDR Regulations, subject to continuation of the lock-in in the hands of the transferees for the remaining period and compliance with the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as amended, (the "Takeover Code"), as applicable.

Pursuant to Regulation 40 of the ICDR Regulations, Equity Shares held by the Promoters, which are locked-in in accordance with Regulation 36 of the ICDR Regulations, may be transferred to and among the Promoter Group or to a new promoter or persons in control of the 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.

Further, Equity Shares Allotted to Anchor Investors, in the Anchor Investor Portion shall be locked in for a period of 30 days from the date of Allotment of Equity Shares in the Issue.

3. Our shareholding pattern

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

Category code (I)	Category of shareholder (II)	Number of shareholders (III)	Total number of shares (IV)	Number of shares held in dematerialized form (V)	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered		Total shareholding as a percentage of total post Issue number of shares
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX)	

Category code (I)	Category of shareholder (II)	Number of shareholders (III)	Total number of shares (IV)	Number of shares held in dematerialized form (V)	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered		Total shareholding as a percentage of total post Issue number of shares
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX)	
(A)	Shareholding of Promoter and Promoter Group								
(1)	Indian								
(a)	Individuals/ Hindu Undivided Family	4	2,74,23,690	-	63.94	63.94	NA	NA	[●]
(b)	Central Government/ State Government(s)	-	-	-	-	-	NA	NA	[●]
(c)	Bodies Corporate	1	18,93,780	-	4.41	4.41	NA	NA	[●]
(d)	Financial Institutions/ Banks	-	-	-	-	-	NA	NA	[●]
(e)	Any Other (Trust & Others) - #	1	35,00,980	-	8.16	8.16	NA	NA	[●]
	Sub-Total (A)(1)	**6**	**3,28,18,450**		**76.51**	**76.51**	**NA**	**NA**	**[●]**
(2)	Foreign						NA	NA	[●]
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	-	-	-	-	-	NA	NA	[●]
(b)	Bodies Corporate	-	-	-	-	-	NA	NA	[●]
(c)	Institutions	-	-	-	-	-	NA	NA	[●]
(d)	Any Other (specify)	-	-	-	-	-	NA	NA	[●]
	Sub-Total (A)(2)	-	-	-	-	-	NA	NA	[●]
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**6**	**3,28,18,450**		**76.51**	**76.51**	**NA**	**NA**	**[●]**
(B)	Public shareholding						NA	NA	[●]
(1)	Institutions	-	-	-	-	-	NA	NA	[●]
(a)	Mutual Funds/ UTI	-	-	-	-	-	NA	NA	[●]
(b)	Financial Institutions/ Banks	-	-	-	-	-	NA	NA	[●]
(c)	Central Government/ State Government(s)	-	-	-	-	-	NA	NA	[●]
(d)	Venture Capital Funds	-	-	-	-	-	NA	NA	[●]
(e)	Insurance Companies	-	-	-	-	-	NA	NA	[●]
(f)	Foreign Institutional Investors	-	-	-	-	-	NA	NA	[●]
(g)	Foreign Venture Capital Investors	1	99,95,230	-	23.30	23.30	NA	NA	[●]

Category code (I)	Category of shareholder (II)	Number of shareholders (III)	Total number of shares (IV)	Number of shares held in dematerialized form (V)	Total shareholding as a percentage of total number of shares		Shares Pledged or otherwise encumbered		Total shareholding as a percentage of total post Issue number of shares
					As a percentage of (A+B) (VI)	As a percentage of (A+B+C) (VII)	Number of shares (VIII)	As a percentage (IX)	
(h)	Any Other (specify)	-	-	-	-	-	NA	NA	[●]
	Sub-Total (B)(1)	**1**	**99,95,230**	**-**	**23.30**	**23.30**		**NA**	**[●]**
(2)	Non-institutions						NA	NA	[●]
(a)	Bodies Corporate	1	82,040	-	0.19	0.19	NA	NA	[●]
(b)	Individuals - i. Individual shareholders holding nominal share capital up to Rs. 1 lakh. ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	-	-	-	-	-	NA	NA	[●]
(c)	Independent Directors	-	-	-	-	-	NA	NA	[●]
	Sub-Total (B)(2)	**1**	**82,040**	**-**	**0.19**	**0.19**	**NA**	**NA**	**[●]**
	Total Public Shareholding (B)= (B)(1)+(B)(2)	**2**	**10,077,270**	**-**	**23.49**	**23.49**	**NA**	**NA**	**[●]**
	TOTAL (A)+(B)	**8**	**42,895,720**	**-**	**100.0**	**100.0**	NA	NA	[●]
(C)	Shares held by Custodians and against which Depository Receipts have been issued	-	-	-	-	-	NA	NA	[●]
	GRAND TOTAL (A)+(B)+(C)	**8**	**42,895,720**	**-**	**100.0**	**100.0**	NA	NA	[●]

 # - 980 Equity Shares of Promoter Group represented by Dr. Kailash Gupta pursuant to the Scheme of Demerger.

Our existing shareholders, NYLIM, the Jashn Beneficiary Trust and Commercial Automobiles Private Limited (both Jashn Beneficiary Trust and Commercial Automobiles Private Limited being Promoter Group entities) may sell part of their Equity Shares held in the Company prior to the Issue at a price lower than the Issue Price.

The details regarding the shareholding of the Promoter Directors in our Company are as follows:

S.No.	Name of the Shareholder	Number of Equity Shares	Pre-Issue Percentage Shareholding (%)	Post-Issue Percentage Shareholding (%)
1.	Dr. Kailash Gupta	12,644,800	29.48	[·]
2.	Mr. Ajay Gupta	11,281,270	26.30	[·]

4. Neither the Company, its Directors, Selling Shareholders, nor the BRLMs have entered into any buy-back and/or safety-net/standby arrangements for the purchase of Equity Shares from any person.

5. None of our Directors or key management personnel hold Equity Shares or any preference shares in the Company, other than as follows:

S.No.	Name of the Shareholder	Number of Equity Shares*	Pre-Issue Percentage Shareholding (%)	Post-Issue Percentage Shareholding (%)
1.	Dr. Kailash Gupta	12,644,800	29.48	[·]
2.	Mr. Ajay Gupta	11,281,270	26.30	[·]

Since the Company has only eight shareholders, they all fall within the top ten shareholders of the Company. The list of our top ten shareholders and the number of Equity Shares held by them is set forth below:

(i) The shareholding of the Company as of the date of the filing of this Draft Red Herring Prospectus with SEBI is as follows:

S. No.	Shareholder	Number of Equity Shares Held	Percentage (%)
1.	a. Dr. Kailash Gupta b. Dr. Kailash Gupta on behalf of the Promoter Group	12,644,800 980	29.48 Nil
2.	Mr. Ajay Gupta	11,281,270	26.30
3.	NYLIM	9,995,230	23.30
4.	Jashn Beneficiary Trust	3,500,000	8.16
5.	Ms. Rekha Gupta	3,439,590	8.02
6.	Commercial Automobiles Private Limited.	1,893,780	4.41
7.	Mosaic Capital Services Private Limited	82,040	0.19
8.	Ms. Shalini Gupta	58,030	0.14
	Total	**42,895,720**	**100**

(ii) The shareholding of the Company as of 10 days prior to the date of the filing of this Draft Red Herring Prospectus with SEBI is as follows:-

S. No.	Shareholder	Number of Equity Shares Held	Percentage (%)
1.	a. Dr. Kailash Gupta b. Dr. Kailash Gupta on behalf of the Promoter Group	12,644,800 980	29.48 Nil
2.	Mr. Ajay Gupta	11,281,270	26.30
3.	NYLIM	9,995,230	23.30
4.	Jashn Beneficiary Trust	3,500,000	8.16
5.	Ms. Rekha Gupta	3,439,590	8.02
6.	Commercial Automobiles Private Limited.	1,893,780	4.41
7.	Mosaic Capital Services Private Limited	82,040	0.19
8.	Ms. Shalini Gupta	58,030	0.14
	Total	**42,895,720**	**100**

(iii) The top ten shareholders of the Company as of two years prior to the filing of the Draft Red Herring Prospectus with SEBI are as follows: -

S. No.	Shareholder	Number of Equity Shares Held	Percentage (%)
1.	Dr. Kailash Gupta	218,750	36.40
2.	Mr. Ajay Gupta	155,010	25.79
3.	NYLIM	142,789	23.76
4.	Ms. Rekha Gupta	47,650	7.92
5.	Commercial Automobiles Private Limited	27,050	4.50
6.	Mr. Raghav Chandra	2,900	0.48
7.	Mr. Prem Chand Gupta	1,450	0.24
8.	Mr. Shakun Chandra	1,350	0.22
9.	Mosaic Capital Services Private Limited	1,172	0.19
10.	Ms. Usha Chandra	800	0.13
	Total	**598,921**	**99.63**

6. Except as stated below, none of our Promoters, Group Companies, Promoter Group, our Directors or the immediate relatives of our Directors or Promoters has acquired, purchased or sold any Equity Share, in the six months preceding the date on which this Draft Red Herring Prospectus was filed with SEBI.

Date of Allotment/ Transfer	Number of Equity Shares	Name of the Party	Nature of Consideration (cash, bonus, other than cash)	Face Value (Rs.)	Issue/ Purchase Price per Equity Share (Rs.)	Nature of Transaction
March 18, 2010	1,806,400	Dr. Kailash Gupta	--	10	--	Share Split
March 18, 2010	140	Dr. Kailash Gupta on behalf of the Promoter Group	--	10	--	Share Split
March 18, 2010	1,611,610	Mr. Ajay Gupta	--	10	--	Share Split
March 18, 2010	500,000	Jashn Beneficiary Trust	--	10	--	Share Split
March 18, 2010	491,370	Ms. Rekha Gupta	--	10	--	Share Split
March 18, 2010	270,540	Commercial Automobiles Private Limited	--	10	--	Share Split
March 18, 2010	8,290	Ms. Shalini Gupta	--	10	--	Share Split
March 18, 2010	10,838,400	Dr. Kailash Gupta	Bonus on account of capitalization of reserves and surplus in the ratio of 6 equity shares for every 1 equity share held	10	--	Bonus Issue
March 18, 2010	840	Dr. Kailash Gupta on behalf of the Promoter Group	Bonus on account of capitalization of reserves and surplus in the ratio of 6 equity shares for every 1 equity share held	10	--	Bonus Issue
March 18, 2010	9,669,660	Mr. Ajay Gupta	Bonus on account of capitalization of reserves and surplus in the ratio of 6 equity shares for every 1 equity share held	10	--	Bonus Issue
March 18, 2010	3,000,000	Jashn Beneficiary Trust	Bonus on account of capitalization of reserves and surplus in the ratio of 6 equity shares for every 1 equity share held	10	--	Bonus Issue
March 18, 2010	2,948,220	Ms. Rekha Gupta	Bonus on account of capitalization of reserves and surplus in the ratio of 6 equity shares for every 1 equity share held	10	--	Bonus Issue
March 18, 2010	1,623,240	Commercial Automobiles Private Limited	Bonus on account of capitalization of reserves and surplus in the ratio of 6 equity shares for every 1 equity share held	10	--	Bonus Issue
March 18, 2010	49,740	Ms. Shalini Gupta	Bonus on account of capitalization of reserves and surplus in the ratio of 6 equity shares for every 1 equity share held	10	--	Bonus Issue

7. There are no outstanding warrants, options or rights to convert debentures, loans or other instruments into Equity Shares.

8. The Company has issued Equity Shares to the persons set forth below in the year preceding this Draft Red Herring Prospectus:

Date of issue	Name of the Shareholder	Whether Belongs to Promoter or Promoter Group	Number of Equity Shares	Issue Price per Equity Share (Rs.)	Reasons for Issue
March 18, 2010	Dr. Kailash Gupta	Yes	1,806,400	--	Share Split
March 18, 2010	Dr. Kailash Gupta on behalf of the Promoter Group	Yes	140	--	Share Split
March 18, 2010	Mr. Ajay Gupta	Yes	1,611,610	--	Share Split
March 18, 2010	NYLIM	No	1,427,890		Share Split
March 18, 2010	Jashn Beneficiary Trust	Yes	500,000	--	Share Split
March 18, 2010	Ms. Rekha Gupta	Yes	491,370	--	Share Split
March 18, 2010	Commercial Automobiles Private Limited	Yes	270,540	--	Share Split
March 18, 2010	Mosaic Capital Services Private Limited	No	11,720	--	Share Split
March 18, 2010	Ms. Shalini Gupta	Yes	8,290	--	Share Split
March 18, 2010	Dr. Kailash Gupta	Yes	10,838,400	--	Bonus Issue
March 18, 2010	Dr. Kailash Gupta on behalf of the Promoter Group	Yes	840	--	Bonus Issue
March 18, 2010	Mr. Ajay Gupta	Yes	9,669,660	--	Bonus Issue
March 18, 2010	NYLIM	No	8,567,340	--	Bonus Issue
March 18, 2010	Jashn Beneficiary Trust	Yes	3,000,000	--	Bonus Issue
March 18, 2010	Ms. Rekha Gupta	Yes	2,948,220	--	Bonus Issue
March 18, 2010	Commercial Automobiles Private Limited	Yes	1,623,240	--	Bonus Issue
March 18, 2010	Mosaic Capital Services Private Limited	No	70,320	--	Bonus Issue
March 18, 2010	Ms. Shalini Gupta	Yes	49,740	--	Bonus Issue

The above share issuances and allotments may have taken place at a price lower than the Issue Price.

9. At least 60% of the Issue shall be Allotted on a proportionate basis to Qualified Institutional Buyers, not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 30% 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. 5% of the QIB portion shall be available for allocation to Mutual Funds only. Mutual Funds participating in the 5% share in the QIB Portion will also be eligible for allocation in the remaining QIB Portion.

10. Under-subscription, if any, in the Retail or Non Institutional Portion would be met with spill over from other categories or combination of categories at the discretion of the Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange.

11. The Selling Shareholders have held their respective Equity Shares included in the Offer for Sale for a period of more than one year on the date of this Draft Red Herring Prospectus.

12. A Bidder cannot make a Bid for more than the number of Equity Shares offered through the Issue, and the bid shall be subject to the maximum limit of investment prescribed under relevant laws applicable to such category of Bidder.

13. Our Promoters, the Selling Shareholders, Group Companies and Promoter Group will not participate in this Issue.

14. The Equity Shares held by our Promoters, Group Companies or Promoter Group are not subject to any pledge, lock-in or encumbrance.

15. Except as disclosed in this Draft Red Herring Prospectus, there will 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 on the date of submission of this Draft Red Herring Prospectus with SEBI and ending on the date on which our Equity Shares to be issued pursuant to the Issue are listed. We shall ensure that transactions in Equity Shares by the Promoter and members of the Promoter Group between the date of registering the Red Herring Prospectus with the RoC and the Bid Closing Date shall be reported to the Stock Exchanges within 24 hours of such transaction.

16. There shall be only one denomination of our Equity Shares, unless otherwise permitted by law. We shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time.

17. As at the date of this Draft Red Herring Prospectus, the total number of holders of Equity Shares is 8.

18. We have not raised any bridge loans against the proceeds of the Issue. However, we intend to repay the Railway Project Loan from the Net Proceeds of the Fresh Issue. For further details, refer to section "Objects of the Issue" beginning at page 35 of this Draft Red Herring Prospectus.

19. Except as disclosed in this Draft Red Herring Prospectus, we have not issued any Equity Shares out of revaluation reserves or for consideration other than cash.

20. We presently do not intend or propose to, and nor are we considering or negotiating any proposal to, alter our capital structure for a period of six months from the Bid/Issue Opening Date by way of split or consolidation of the denomination of Equity Shares or further issue of equity (including issue of securities convertible into or exchangeable for, directly or indirectly, for Equity Shares) whether preferential issue or bonus issue or rights issue or further public issue of securities or qualified institutions placement. However, during such period or at a later date, we may issue Equity Shares or securities linked to Equity Shares to finance an acquisition, merger or joint venture by us or as consideration for such acquisition, merger or joint venture or for regulatory compliance or such other scheme of arrangement if an opportunity of such nature is determined by our Board to be in our best interests.

21. For related party transactions, refer to our financial statements relating to related party transactions in the section "Related Party Transactions" beginning on page F-1 of this Draft Red Herring Prospectus.

22. We have not made any public issue since our incorporation.

23. As on the date of filing of this DRHP with SEBI, the entire issued share capital of our Company is fully paid up. The Equity Shares issued pursuant to this Issue shall be fully paid up at the time of Allotment.

24. An oversubscription to the extent of 10% of the Issue may be retained for purposes of rounding off to the nearest integer while finalizing the basis of Allotment.

25. Investors may note that in case of oversubscription in the Issue, Allotment to all categories of Bidders would be on proportionate basis. For further information, see section "Issue Procedure" beginning on page 230 of this Draft Red Herring Prospectus.

26. Except as disclosed in the sections "Capital Structure" and "Our Management" beginning on pages 20 and 107 respectively of this Draft Red Herring Prospectus, none of our Directors or key management personnel holds any of our Equity Shares.

27. There are no options granted or shares issued pursuant to any scheme or employee stock option plan or employee stock purchase plan of the Company.

28. The Company, Directors, Promoters, Group Companies, Promoter Group or Selling Shareholders shall not make any payments, direct or indirect, discounts, commissions,

allowances or otherwise under this Issue except as disclosed in this Draft Red Herring Prospectus.

29. As of the date of this Draft Red Herring Prospectus, none of the BRLMs and their associates held any Equity Shares in the Company.

30. Neither any Promoter, Group Company, member of the Promoter Group nor a Director nor any immediate relative of any Director or Promoter or the Selling Shareholders have financed the purchase by any other person of any securities of the Company during the six months immediately preceding the date of this Draft Red Herring Prospectus.

OBJECTS OF THE ISSUE

The Issue consists of a Fresh Issue of [●] Equity Shares by the Company and an Offer for Sale of 1,698,430 Equity Shares by the Selling Shareholders. We will not receive any proceeds from the sale of Equity Shares comprised in the Offer for Sale ("Offer for Sale Proceeds"). Further underwriting and management fees and selling commissions will be borne from the proceeds of the Issue and these fees and expenses will be borne by the Company and the Selling Shareholders in proportion to the number of shares sold by them in the Issue. Other expenses will be borne by the Company alone from the Net Proceeds of the Fresh Issue as defined below. We intend to use the amount raised from the Fresh Issue after deducting the Offer for Sale Proceeds, underwriting and management fees, selling commissions and other expenses of the Company and the Selling Shareholders associated with the Issue (the "Net Proceeds of the Fresh Issue") from the Gross Proceeds of the Issue for the following purposes:

(a) Capital expenditure for the Railway Project
(b) Prepayment of Identified Loan Facilities
(c) General corporate purposes

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

The fund requirements and the intended use of the proceeds as described herein are based on management estimates, current quotations from suppliers and our current business plan. The fund requirements and intended use of proceeds have not been appraised by any bank or financial institution. In view of the competitive and dynamic nature of the industry we operate in, we may have to revise our expenditure and fund requirements as a result of variations including in the cost structure, changes in estimates, changes in quotations, exchange rate fluctuations and external factors, which may not be within the control of our management. This may entail rescheduling, revising or canceling 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 Board. In addition, the estimated dates of completion of the two phases of the Railway Project 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 addition, current quotations from suppliers are only valid for limited periods and there can be no assurance that we will be able to obtain new quotations from these or other suppliers on the same terms.

In case of variations in the actual utilization of funds earmarked for the purposes set forth above, increased fund requirements for a particular purpose may be financed by surplus funds, if any, available in respect of the other purposes for which funds are being raised in the Fresh Issue. If surplus funds are unavailable, the required financing will be met through our internal accruals and debt.

Issue Proceeds, Issue Related Expenses and Net Proceeds of the Fresh Issue:

The details of proceeds of the Issue are summarized in the following table:

(Rs. in million)

S. No.	Description	Amount
1.	Gross Proceeds of the Issue	[●]
2.	Offer for Sale Proceeds*	[●]
3.	Gross Proceeds of the Fresh Issue	1,700
4.	Issue Related Expenses*	[●]
5.	Net Proceeds of the Fresh Issue	[●]

**To be finalized upon determination of Issue Price.*

Utilization of Net Proceeds of the Fresh Issue:

The details of utilization of Net Proceeds of the Fresh Issue are as follows:

(Rs. in million)

Particulars	Estimated Total Cost
Capital expenditure for the Railway Project	803.06
Prepayment of Identified Loan Facilities	607.00

Particulars	Estimated Total Cost
General Corporate Purposes	[●]
Total	**[●]**

Schedule of Implementation/Utilization of Net Proceeds of the Fresh Issue:

The breakdown of the proposed utilization and deployment of the Net Proceeds of the Fresh Issue, as currently estimated by the Company, during fiscal years 2011, 2012 and 2013 (FY2011, FY2012 and FY2013) is set forth below:

(Rs. in million)

Particulars	Estimated Schedule of Deployment of Funds		
	FY2011	**FY2012**	**FY2013**
Capital Expenditure for the Railway Project	749.79	53.27	-
Prepayment of Identified Loan Facilities	607.00	-	-
Total Deployment in the fiscal year	**1,356.79**	**53.27**	**-**

Any expenditure incurred towards the objects of the Issue, as described herein, will be recouped from the Net Proceeds of the Fresh Issue. In the event, the estimated utilization out of the Net Proceeds of the Fresh Issue in any given fiscal is not completely met, the same shall be utilized in the next fiscal.

Funds Deployed

No funds have been deployed by us towards the objects of the Issue, as described herein as of February 28, 2010.

Details of the Objects of the Issue

1. Capital Expenditure for the Railway Project

We propose to utilize Rs. 803.06 million out of the Net Proceeds of the Fresh Issue, for establishment of the Railway Project. The proposed Railway Project shall involve setting up of a combined wagon and EMU Coach manufacturing facility with a production capacity of approximately 1,200 wagons and 150 EMU Coaches per annum. The total cost of the Railway Project is Rs. 1,303.06 million which shall be implemented in 2 phases. Phase-I of the Railway Project involves setting up the wagon manufacturing facility, while Phase-II of the project is for the EMU Coach manufacturing facility. The phase-wise cost of the Railway Project and its proposed means of finance are is follows:

(Rs. in million)

Means of Finance	Phase – I Cost	Phase – II Cost	Total Project Cost
Net Proceeds of the Fresh Issue	[●]	532.66	[●]
Internal Accruals	[●]	-	[●]
Debt	500.00	-	500.00
Total Railway Project Cost	**770.40**	**532.66**	**1,303.06**

As shown above, we plan to finance Phase-I of the Railway Project through a mix of Net Proceeds of the Fresh Issue, internal accruals and debt. In this connection, Axis Bank pursuant to a sanction letter dated March 9, 2010 has sanctioned a term loan of Rs. 500 million for financing Phase-I of the Railway Project ("Railway Project Loan").

The expenditure on the Railway Project shall be presently funded through internal accruals and the sanctioned Railway Project Loan. Sameer Jain & Associates, Chartered Accountants have certified vide their letter dated March 20, 2010 that the Company generates sufficient internal accruals in order to incur expenditure towards Phase-I of the Railway Project. We intend to utilize the Net proceeds of the Fresh Issue for replenishing the internal accruals to the extent of expenditure already incurred towards Phase-I of the Railway Project. The Phase-II of the Railway Project is expected to be funded entirely through the Net Proceeds of the Fresh Issue. We have thus made arrangements for 75% of the total fund requirements for the Railway Project excluding the Net Proceeds of the Fresh Issue and Internal Accruals. We will also be utilizing the Net Proceeds of the Fresh Issue to prepay the Railway

Project Loan. For further details regarding the terms and conditions of the Railway Project Loan, refer "Financial Indebtedness" beginning on page 158 of this Draft Red Herring Prospectus.

The breakdown of proposed investment for the setting up of the Railway Project is as follows:

(Rs. in million)

Railway Project Cost Breakup	Phase – I	Phase – II	Total Railway Project Cost
Land	100.22	-	100.22
Factory Building	98.00	32.76	130.76
Vehicles	2.00	-	2.00
Computers and Software	6.00	4.00	10.00
Electric HD/ST Connection	2.00	-	2.00
Plant & Machineries	462.68	467.10	929.78
Railway Siding	50.00	-	50.00
Pre-Operative Expenses & Contingencies	49.50	28.80	78.30
Total	**770.40**	**532.66**	**1,303.06**

The Company plans to set up the proposed Railway Project at Gram Imlai in the Jabalpur District, which is strategically located adjacent to the Railway line between Jabalpur and Katni. The Company has estimated the total land requirement for the project at 75 acres and Gurukripa Engineers has vide their letter dated February 25, 2010 estimated that Rs. 100.22 million would be required for the land acquisition and the related land development activities.

The details of major plant and machineries required for the Railway Project and their cost breakup are as follows:

(Rs. in million)

S. No	Equipment Type	Capacity	Brief Description of Equipment	Name of Supplier	Quotation Date	Phase -I	Phase-II	Total
1	Painting Plant	3 Wagons Per Day	Complete painting system consisting of paint booths, with its associated tanks, ovens, reciprocator, and other accessories	Taikisha Engineering India Ltd, Delhi	January 15, 2010	304.61	-	304.61
2	ERW Tube Mill	300 X 300 X 10mm X 10 mtr Length	Tube Mill Line used to manufacture 300 X 300 Square Tube of 10 mm thk and 10 mtrs length	M/s ITL Industries Ltd. Indore	March 3, 2010	-	357.12	357.12
3	Cold Roll Forming Mill	100 X 100 X 6 mm and 10 mm Thk Angle	Rolling Mill suitable to make Roll Formed Profiles to make 100 X 100 x 6mm thick Stainless Steel tubes and 100 X 100 X10mm thick	Divine Machines Pvt Ltd, Rajkot	December 15, 2009	15.64	-	15.64

S. No	Equipment Type	Capacity	Brief Description of Equipment	Name of Supplier	Quotation Date	Phase -I	Phase-II	Total
			Angles					
4A	Electric Operated Trolley Cranes	30 Ton	Remote Controlled Electric Operated Trolley Cranes to lift the tackle and for Material handling in side the Production shop	Safex Equipments (P) Ltd, Ahmedabad	March 3, 2010	14.13	-	14.13
4A	Electric Operated Trolley Cranes	15 Ton	Remote Controlled Electric Operated Trolley Cranes to lift the tackle and for material handling in side the production shop	Safex Equipments (P) Ltd, Ahmedabad	March 3, 2010	4.35	4.35	8.71
4B	Electric Operated Trolley Cranes	20 Ton	Remote controlled Electric Operated Trolley Cranes to lift the tackles and for material handling in side the production shop	Safex Equipments (P) Ltd, Ahmedabad	March 3, 2010	15.12	-	15.12
4B	Electric Operated Trolley Cranes	10 Ton	Electric Operated Trolley Cranes to lift the tackles and for material handling in side the production shop	Safex Equipments (P) Ltd, Ahmedabad	March 3, 2010	6.10	-	6.10
4B	Electric Operated Trolley Cranes	5 Ton	Electric Operated Trolley Cranes to lift the tackles and for material handling in side the production shop	Safex Equipments (P) Ltd, Ahmedabad	March 3, 2010	5.18	-	5.18

S. No	Equipment Type	Capacity	Brief Description of Equipment	Name of Supplier	Quotation Date	Phase -I	Phase-II	Total
5	Air Compressor	708 CFM at 7.5Kg/sq. cm	For air supply to the machines	M/s Resource Combine Solutions (P) Ltd, Indore	March 5, 2010	2.11	-	2.11
6	CNC Laser Cutting Machine	3000X15000X110 X18	For sheet metal components cutting	M/s Devendra Exports Pvt. Ltd. Chennai	March 5, 2010	-	42.54	42.54
7	LVD Laser Cutting Machine	2000 X 4000 X 16mm	For sheet metal components cutting	M/s Magal LVD India (P) Ltd. Bangalore	March 3, 2010	-	50.29	50.29
8	CNC Plasma Cutting machine	1000 X 1500 X 50mm	For cutting up to 50 mm thick steel plate	M/s Lansun Cutter, China	December 31, 2009	-	2.04	2.04
9	Plate Sheering Machine-	3000 X 16mm Stainless Steel	For Stainless Steel sheet shearing up to 25mm	M/s Hindustan Hydraulics, Punjab	March 4, 2010	14.85	-	14.85
10	Plate Bending / Rolling Machine	3000 X 12mm	For plate bending having top and bottom roll	M/s Chirag Machinery Corporation,Rajkot	March 10, 2010	0.91	-	0.91
11	Plano milling Machine	3000 X 1000mm	For planing/milling of sheets	M/s Kamla Foundry & Workshop, Batala	March 4, 2010	1.78	-	1.78
12	CNC Hydraulic press brake	300 Ton	For sheet bending	M/s Nebashi CNC Automation (P) Ltd, Hyderabad	March 4, 2010	20.32	-	20.32
13	Hydraulic press	1000 Ton	For sheet bending	M/s Power Hydraulics, Chennai	January 13, 2010	-	3.49	3.49
14	Bandsaw machine	210 X 210 mm	For metal cutting	M/s Ultra-cut Industries, Indore	March 7, 2010	0.27	-	0.27
15	Mig Welding Machine	400 Amps	For welding and fabrication of wagons	M/s Fairdeal Agencies, Jalandhar	March 4, 2010	5	1.93	6.93

S. No	Equipment Type	Capacity	Brief Description of Equipment	Name of Supplier	Quotation Date	Phase -I	Phase-II	Total
16	Arc welding machine	400 Amps	For welding and fabrication of wagons	M/s Tejinder Electric Works, Delhi	March 4, 2010	2.28	0.95	3.23
17	Submerged arc welding machine	1250 Amps	For welding of wagon parts	M/s Fairdeal Agencies, Jalandhar	March 4, 2010	0.92	-	0.92
18	Milling machine	40 X 27 X 500mm	For milling of components	M/s Samarpan Engineering & Marketing Pvt. Ltd. Indore	February 10, 2010	2.01	-	2.01
19	Hoists	0.5 Ton	For material handling purpose	M/s Reliable Terrestrials, Indore	March 6, 2010	5.00	2.45	7.45
20	Forklift	3 ton	For material handling purpose	M/s Godrej and boyce Mfg Co., Indore	March 6, 2010	1.94	1.93	3.87
21 A	Diesel generator	500 KVA	Electricity power back up	M/s Jacksons Ltd, Indore	March 8, 2010	7.09	-	7.09
21 B	Diesel generator	1010 KVA	Electricity power back up	M/s Jacksons Ltd, Indore	March 8, 2010	8.21	-	8.21
22	Spectrometer	400mm X 2400	For direct reading of optical emission	Sohm Hi-tech System Pvt. Ltd., Mumbai	March 11, 2010	2.10	-	2.10
23	Hydraulic mobile crane	15 Ton	Material handling	Arun Engineers, Indore	February 18, 2010	1.63	-	1.63
24	Strain gauging for BCNHL type wagon		Strain guages reqd for stress analysis of wagons	AG Measurematics Pvt. Ltd. Roorkee	February 9, 2010	0.25	-	0.25
25	Lathe machine	4800 X 3700	Component machining	M/s Samarpan Engineering & Marketing Pvt. Ltd. Indore	February 12, 2010	1.21	-	1.21
26	Surface traverser	40 Ton	4 track surface traverser suitable for handling wagon	Metal Engineering & Treatment Co. Pvt.	February 17, 2010	9.77	-	9.77

S. No	Equipment Type	Capacity	Brief Description of Equipment	Name of Supplier	Quotation Date	Phase -I	Phase-II	Total
				Ltd. Kolkata				
27	Impact testing machine	21.3 Kgs	Impact testing of wagon material	Just Machine Tools, New Delhi	February 16, 2010	0.11	-	0.11
28	Plate wtraighteni ng machine	17mm (Thick)	Steel plate straightening purpose	Himalaya Machiner y Pvt. Ltd. Vadodara	February 22, 2010	6.85	-	6.85
29	Surface grinding machine	600 X 300	For tool room purpose	HMT Machine Tools Ltd. Hyderaba d	February 23, 2010	1.22	-	1.22
30	Camber Guage	28"	For camber testing	Advantag e Wheel Alignmen tUSA	February 24, 2010	0.17	-	0.17
31	Electronic weigh-bridge	120 Tons	For weighment of wagon & EMU Coach	Avery India Limited, Haryana	March 9, 2010	1.53	-	1.53
Total Plant & Machineries Cost						**462.68**	**467.10**	**929.78**

Schedule of Implementation:

Phase – I of the Railway Project

S.No.	Activity	Commencement Date	Completion Date
1.	Land Acquisition	April 2010	April 2010
2.	Order Finalisation for Machines	April 2010	April 2010
3.	Advance Payments for machines	April 2010	April 2010
4.	Order Finalisation for Civil Construction	April 2010	April 2010
5.	Civil Construction	April 2010	September 2010
6.	Fixtures designing	July 2010	August 2010
7.	Erection of Machines	August 2010	September 2010
8.	Fixtures Manufacturing	August 2010	October 2010
9.	Protype Production	October 2010	November 2010
10.	Production	December 2010	-

Phase – II of the Railway Project

S.No.	Activity	Commencement Date	Completion Date
1.	Receiving Quotations for Machines	June 2010	July 2010
2.	Order Finalisation for Machines	July 2010	July 2010
3.	Advance Payments for machines	July 2010	August 2010
4.	Order Finalisation for civil Construction	July 2010	August 2010
5.	Civil Construction	August 2010	December 2010
6.	Erection of Machines	November 2010	December 2010
7.	Fixtures designing	October 2010	October 2010
8.	Fixtures Manufacturing	October 2010	December 2010
9.	Protype Production	January 2011	March 2011
10.	Production	April 2011	-

2. Prepayment of Identified Loan Facilities

We propose to utilize Rs. 607.00 million of the Net Proceeds of the Fresh Issue to pre-pay the Identified Loan Facilities.

Brief details of the Identified Loan Facilities proposed to be prepaid out of the Net Proceeds of the Fresh Issue are provided below:

Lender of the Identified Loan Facilities	Loan Documentation	Total Amount/ Lines of Credit Sanctioned	Rate of Interest	Amount Outstanding as at February 28, 2010	Prepayment Penalty (%)
SBI(*)	(a) Sanction Letter dated August 28, 2009 bearing reference no. RASMECC /90—10- 383 (b) Letter for grant of individual limits within overall limit dated August 29, 2009 (c) Agreement of Loan dated February 29, 2008	Term Loan of up to Rs. 120 million	13.25% p.a.(^^)	Rs. 107 million	SBI is entitled to levy pre-payment charges at its prevailing rates.
Axis Bank	(a) Sanction letter dated March 9, 2010	A term loan of upto Rs.500 million	12% p.a.	Nil	0.00(**)

(*) The Company in addition to the SBI Term Loan has availed certain other credit facilities as well.
(^^)The interest rates provided above are subject to enhancement and penal interest in case of breach by the Company of terms and conditions contained in the sanction letter dated August 28, 2009.
(**)The Company has the right to prepay the Railway Project Loan without incurring any prepayment penalty/charges provided that the prepayment is made at the end of 18th, 24th, 30th and 36th month from the date of first disbursement of the Railway Project Loan by Axis Bank and submission of two months prior notice to the Axis Bank.

For further details of these loans refer to the section "Financial Indebtedness" and "Risk Factors" beginning on pages 158 and xiv of this Draft Red Herring Prospectus, respectively.

3. General Corporate Purposes

We, in accordance with the policies set up by our Board, will have flexibility in applying the remaining Net Proceeds of the Fresh Issue, for general corporate purposes including towards strategic initiatives and acquisitions, brand building exercises and the strengthening of our marketing capabilities.

Our management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time and consequently our funding requirement and deployment of funds may also change. This may also include rescheduling the proposed utilization of Net Proceeds of the Fresh Issue and increasing or decreasing expenditure for a particular object vis-à-vis the utilization of Net Proceeds of the Fresh Issue. In case of a shortfall in the Net Proceeds of the Fresh Issue, our management may explore a range of options including utilizing our internal accruals or seeking debt from future lenders. Our management expects that such alternate arrangements would be available to fund any such shortfall. Our management, in accordance with the policies of our Board, will have flexibility in utilizing the proceeds earmarked for general corporate purposes.

Issue Related Expenses

The Issue related expenses include, among others, underwriting and selling commissions, printing and distribution expenses, legal fees, advertisement expenses and registrar and depository fees. The estimated Issue expenses are as follows:

Activity	Expense (Rupees in	As a % of Total	As a % of Issue Size

	million)	Issue Expenses	
Fees payable to Book Running Lead Managers, underwriting and selling commission (including commission to SCSBs for ASBA commission)*	[●]	[●]	[●]
Fees payable to the Registrar to the Issue*	[●]	[●]	[●]
Fees payable to the legal advisor*			
Fees payable to Bankers to the Issue*	[●]	[●]	[●]
Other Expenses (Printing and stationary, distribution and postage, advertisement and marketing expense etc.)*	[●]	[●]	[●]
IPO Grading expenses*	[●]	[●]	[●]
Others – SEBI filing fees, bidding software, listing fees etc*	[●]	[●]	[●]
Total estimated Issue expenses*	[●]	[●]	[●]

** will be incorporated at the time of filing the prospectus*

Further underwriting and management fees and selling commissions will be borne from the proceeds of the Issue and these fees and expenses will be borne by the Company and the Selling Shareholders in proportion to the number of shares sold by them in the Issue. Other expenses will be borne by the Company alone from the Net Proceeds of the Fresh Issue.

Appraisal Report

The Railway Project for which Net Proceeds of the Fresh Issue will be utilized has not been financially appraised and the estimates of the Railway Project cost mentioned above are based on internal estimates of the Company.

Interim Use of Proceeds

The Company's management, in accordance with the policies established by the Board, will have flexibility in deploying the Net Proceeds of the Fresh Issue. Pending utilization of the Net Proceeds of the Fresh Issue for the purposes described above, the Company intends to temporarily invest the funds in high quality interest bearing liquid instruments, including deposits with banks, in accordance with its investment policies as approved by the Board from time to time.

Monitoring of Utilization of Funds

The Board will monitor the utilization of the Net Proceeds of the Fresh Issue. The Company will disclose the utilization of the Net Proceeds of the Fresh Issue under a separate head in its balance sheet for such fiscal periods as required under the ICDR Regulations and the listing agreements with the Stock Exchanges, clearly specifying the purposes for which such Net Proceeds of the Fresh Issue have been utilized. The Company will also, in the Company's balance sheet for such applicable fiscal periods, provide details, if any, in relation to all such Net Proceeds of the Fresh Issue that have not been utilized thereby also indicating investments, if any, of such unutilized Net Proceeds of the Fresh Issue. No part of the Net Proceeds of the Fresh Issue will be paid by the Company as consideration to the Promoters, the Directors, the Company's key management personnel or companies promoted by the Promoters.

BASIS OF ISSUE PRICE

The Price Band for the Issue Price will be decided by the Company and the Selling Shareholders in consultation with the BRLMs on the basis of assessment of market demand for the Equity Shares through the Book Building Process. The Issue Price will be determined by our Company and the Selling Shareholders in consultation with the BRLMs on the basis of assessment of market demand for the offered Equity Shares by the Book Building Process. The face value of the Equity Shares is Rs. 10 each, and 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. The financial data presented in this section are based on the Company's restated financial statements. Investors should also refer to the sections "Risk Factors" and "Financial Information" on pages xiv and F-1, respectively, to get a more informed view before making the investment decision.

QUALITATIVE FACTORS

The key competitive strengths of the Company include the following:

- Strong track record with reputed customers in the commercial vehicles industry
- Wide range of product applications and offerings
- Ability to continuously expand product offerings
- State-of-the-art technology and certifications for design, production standards and quality assurance
- Strategic geographic location
- Competitive cost structure
- Ability to compete effectively with the unorganized body builders
- Experience of our Promoters and management team coupled with good labour relations

For a detailed discussion of the above factors, see the section "Our Business" beginning on page 68 of this Draft Red Herring Prospectus.

QUANTITATIVE FACTORS

Information presented in this section is derived from the Company's restated financial statements included in this Draft Red Herring Prospectus.

1. **Basic and Diluted Earnings Per Share (EPS) (Pre-Bonus and Pre-Stock Split)**

Period	Basic Earnings Per Share (Rs.)	Weights	Diluted Earnings Per Share (Rs.)	Weights
Fiscal 2009	28.40	3	28.40	3
Fiscal 2008	116.52	2	108.69	2
Fiscal 2007	330.46	1	330.46	1
Weighted Average	**108.12**		**105.51**	

The basic and diluted EPS (Unannualized) for the nine-month period ended December 31, 2009 was Rs. 173.85.

2. **Basic and Diluted Earnings Per Share (EPS) (Post-Bonus and Post-Stock Split)**

Period	Basic Earnings Per Share (Rs.)	Weights	Diluted Earnings Per Share (Rs.)	Weights
Fiscal 2009	0.41	3	0.41	3
Fiscal 2008	1.66	2	1.55	2
Fiscal 2007	4.72	1	4.72	1
Weighted Average	**1.54**		**1.51**	

The basic and diluted EPS (Unannualized) for the nine-month period ended December 31, 2009 adjusted for the Stock Split and the Bonus stands at Rs. 2.48.

Note:
The earnings per share has been computed by dividing the adjusted profit / (loss) after tax but before Extraordinary Items by weighted average number of equity shares outstanding during the year. The

Earnings per share has been calculated in accordance with Accounting Standard 20 - Earnings Per Share. In calculating the diluted earnings per share for the year ended March 31, 2008, the effect of mandatorily convertible preference shares till the date of actual conversion has been considered.

The face value of each Equity Share, post the stock split and bonus is Rs. 10.

3. **Price/Earning (P/E) ratio in relation to the Issue Price of Rs.[●]**

- Based on the fiscal 2009 Diluted EPS, the P/E Multiple is [●] times at an issue price of Rs. [●]. (Pre-Stock Split and Pre-Bonus)
- Based on the fiscal 2009 Diluted EPS, the P/E Multiple is [●] times at an issue price of Rs. [●]. (Post-Stock Split and Post-Bonus)

There are no comparable listed companies with the same business as our Company.

4. **Return on Net Worth as per our restated financial statements**

Period	RoNW (%)	Weight
Fiscal 2009	3.35%	3
Fiscal 2008	12.23%	2
Fiscal 2007	49.12%	1
Weighted Average	**13.94%**	

The return on net worth for the nine months ended December 31, 2009 was 17.03%.

Note: The return on net worth has been computed by dividing the adjusted profit / (loss) after tax but before Extraordinary Items, by net worth excluding Revaluation Reserve as at the end of the year.

5. **Minimum Return on Increased Net Worth required to maintain Pre-Issue EPS**

The minimum return on increased net worth required to maintain pre-Issue Post Bonus and Post Stock Split EPS is [●] to [●].

6. **Net Asset Value per Equity Share**

- Net Asset Value per Equity Share of Rs. 100 each as on March 31, 2009: Rs. 847.12
- Net Asset Value per Equity Share of Rs. 100 each as on December 31, 2009: Rs. 1,020.97
- Net Asset Value per Equity Share of Rs. 10 each after the Issue is [●]:[●]
- Issue Price per Equity Share of Rs. 10 each: [●]

Net Asset Value per Equity Share represents net worth excluding Revaluation Reserve divided by the weighted average number of Equity Shares outstanding during the year.

The Issue Price per Equity Share will be determined on conclusion of the book building process.

7. There are no comparable listed companies with the same business as our Company.

8. The face value of Equity Shares of our Company is Rs. 10 per Equity Share and the Issue Price is [●] times the face value at the Floor Price and [●] times the face value at the Cap Price.

This Issue Price of [●] per Equity Share has been determined by the Company and the Selling Shareholders, in consultation with the BRLMs, on the basis of the demand from investors for the Equity Shares through the Book Building Process. The BRLMs believe that the Issue Price of Rs. [●] is justified in view of the above qualitative and quantitative parameters. Prospective investors should also review the entire Draft Red Herring Prospectus, including, in particular, the sections titled "Risk Factors", "Industry Overview", "Our Business" and "Financial Information" at pages xiv, 55, 68, anf F-1 of this Draft Red Herring Prospectus to obtain a more informed view about the investment proposition.

STATEMENT OF POSSIBLE TAX BENEFITS AVAILABLE TO THE COMPANY AND ITS SHAREHOLDERS

Ref: I/62/12499 15 March 2010

Commercial Engineers & Body Builders Co Limited.
124, Napier Town,
Jabalpur,
Madhya Pradesh.
482 001.

Kind attention: Mr. Abhijit Kanvinde
Chief Financial Officer

Dear Sir,

Re : Statement of Possible Direct Tax Benefits

We hereby submit that the enclosed annexure states the possible tax benefits available to Commercial Engineers & Body Builders Company Ltd. ("Company") and its shareholders under the current tax laws in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on business imperatives the Company faces in the future, 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.

The Finance Bill 2010 was presented in the Parliament on 26 February 2010. Consequently, amendments proposed in the Finance Bill 2010 may have an impact on the tax benefits discussed in attached annexure, once the Finance Bill receives assent of the President of India and becomes law. At present in the attached statement we have not considered amendments proposed by the Finance Bill, 2010.

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

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

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

Our views expressed herein are based on the facts and assumptions indicated by you. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. The views are exclusively for the use of Commercial Engineers & Body Builders Company Ltd. Deloitte Haskins & Sells, India shall not be liable to Commercial Engineers & Body Builders Company Ltd. for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. Deloitte Haskins & Sells will not be liable to any other person in respect of this statement.

Thanking you,
Yours faithfully,

Encl.: As above

ANNEXURE

STATEMENT OF POSSIBLE DIRECT TAX BENEFITS AVAILABLE TO COMMERCIAL ENGINEERS & BODY BUILDERS COMPANY LTD. ("COMPANY") AND TO ITS SHAREHOLDERS

A. Under the Income Tax Act, 1961 ("the Act")

I. Special tax benefits available to the company

There are no special tax benefits available under the Act to the Company.

II. General tax benefits available to the company

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(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 recognised 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 @ 15% (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 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 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 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.

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. However the brought forward long term capital loss can be set off only against future long term capital gains.

9. 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 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. 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 recognised 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. 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. However the brought forward long term capital loss can be set off only against future long term capital gains.

6. 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.

7. 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.

8. 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.

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 2(42A) of the Act, shares held in a company or any other security listed in a recognized stock exchange in India 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. 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 long term capital asset being an equity share of the Company, where such transaction has been entered into on a recognised 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. 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, 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. However the brought forward long term capital loss can be set off only against future long term capital gains.

7. 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.

8. 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.

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.

10. 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 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.

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 2(42A) of the Act, shares held in a company or any other security listed in a recognized stock exchange in India 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. 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.

6. 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.

7. 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.

8. 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.

9. 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 authorised 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.

(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.

Our views expressed herein are based on the facts and assumptions indicated by you. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. The views are exclusively for the use of Commercial Engineers & Body Builders Company Ltd. Deloitte Haskins & Sells, India shall not be liable to Commercial Engineers & Body Builders Company Ltd. for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. Deloitte Haskins & Sells will not be liable to any other person in respect of this statement.

SECTION IV: ABOUT THE COMPANY

INDUSTRY OVERVIEW

Infrastructure Expansion:

The Eleventh Five Year Plan (2007-2012) has outlined a multitude of infrastructure expansion projects, including those in the rail and road sectors. The Commercial Vehicle ("CV") industry and the railway transportation network will benefit from the pan-sector investment in infrastructure as CVs and trains are an integral part of the construction process – from sourcing of raw materials, their transportation to installation and fabrication. Total investment in infrastructure during the Eleventh Five Year Plan (2007–2012) is projected at Rs 205,615 crs (or US$ 514.04 billion at Rs 40/$). The sector deficits and targets are listed below:

Infrastructure - Deficit and Eleventh Plan Physical Targets		
	Deficit	**Targets**
Roads/Highways	65,590 km of NH comprise only 2% of network; carry 40% of traffic; 12% 4-laned; 50% 2-laned; and 38% single-laned	6-lane 6,500 km in GQ; 4-lane 6,736 km NS-EW;4-lane 20,000 km; 2-lane 20,000 km; 1,000 km Expressway
Ports	Inadequate berths and rail/road connectivity	New capacity: 485 m MT in major ports; 345 m MT in minor ports
Airports	Inadequate runways, aircraft handling capacity, parking space and terminal buildings	Modernize 4 metro and 35 non-metro airports; 3 greenfield in NER; 7 other greenfield airports
Railways	Old technology; saturated routes; slow speeds (freight: 22 kmph; passengers: 50 kmph); low payload to tare ratio (2.5)	8,132 km new rail; 7,148 km gauge conversion; modernize 22 stations; dedicated freight corridors
Power	13.8% peaking deficit; 9.6% energy shortage; 40% transmission and distribution losses; absence of competition	Add 78,577 MW; access to all rural households
Irrigation	1123 BCM utilizable water resources; yet near crisis in per capita availability and storage; only 43% of net sown area irrigated	Develop 16 mha major and minor works; 10.25 mha CAD; 2.18 mha flood control
Telecom / IT	Only 18% of market accessed; obsolete hardware; acute human resources' shortages	Reach 600 m subscribers—200 m in rural areas; 20 m broadband; 40 m Internet

Source: The Planning Commission

In the Budget Speech 2010-2011 delivered on February 26, 2010, Pranab Mukherjee, Minister of Finance, highlighted that the accelerated development of high quality physical infrastructure, such as roads, ports, airports and railways is essential to sustain economic growth. He proposes to maintain the thrust for upgrading infrastructure in both rural and urban areas providing Rs1,73,552 crs, which accounts for over 46 % of the total plan allocations, for infrastructure development in the country. The Ministry of Finance is allocating Rs19,894 crs to road transportation and Rs16,752 crs to the railways. *(Budget 2010-2011, Ministry of Finance, 2010)*

All the sectors referred to above will provide a growing requirement for CVs and Railway rolling stock; however the road and railway sectors will provide the biggest drivers for growth. Indeed the Ministry for Roads has undertaken the National Highways Development Project which is being implemented in phases and envisages the improvement of more than 54,639 kms of arterial routes of National Highways network to international standards. The prime focus on developing roads in line with international specifications is to create uninterrupted traffic flow with enhanced safety features including better riding surface, road geometry, traffic management and more visible signage, divided carriageways and service roads, grade separators, over bridges and underpasses, by passes and wayside amenities. *(Source: Ministry of Road Transport and Highways Outcome budget 2009-10)*

Similarly, the Ministry of Railways has outlined *Vision 2020* to modernise and increase railway capacity which will fuel the demand for railway components; this is discussed later on in this chapter.

The performance of our Company is primarily dependent on the developments in the following sectors:

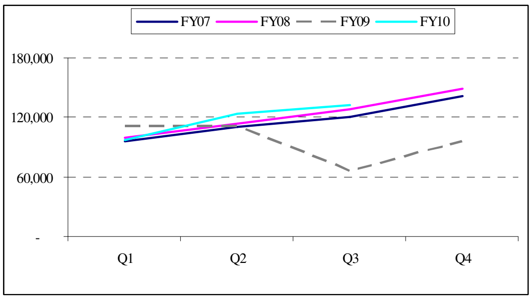
- Commercial Vehicles
- Railway Components

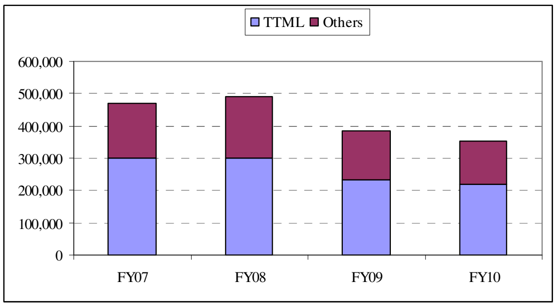
Commercial Vehicles

India is one of the largest markets for CVs in the world. Currently, upwards of 60% of all freight traffic is transported by CVs across India's vast road network (*Source: Indian Railways Vision 2020*). Domestic players make up the lion's share of CV production in India with the top two producers in each segment responsible for an average 87% of the total output during the 3 quarters of FY 2010 up until December 31, 2009. This consistently comprises Tata Motors Ltd and one of either Ashok Leyland Ltd or Mahindra and Mahindra Ltd *(Source: The Society of Indian Automotive Manufacturers "SIAM")*

According to SIAM, annual sales in CVs have declined from 549,488 units in FY 2008 to 426,795 units in FY 2009. SIAM reported domestic sales of 384,122 units and exports of 42,673 units. However for the period FY 2003 - FY 2009, domestic sales and exports have grown at a CAGR of 10.52% and 19.51% respectively. CV sales in FY 2009 were severely impacted by the global economic crisis, in particularly by the slowdown in economic growth and the withdrawal of conventional credit options to fund new vehicle purchases. Domestic sales for CVs in Q3 FY 2009 were 66,581 units – down from 127,763 units in Q3 FY 2008. However, Q3 FY 2010 saw the sales trend return to normal as 132,046 units were sold.

It is quite evident that Q3 and Q4 FY 2009 were an aberration for the CV manufacturing industry compared to FY 2007, FY 2008, and the first three quarters of FY 2010. It is clear to see that volumes have returned to normal and have even increased this financial year as compared to FY 2007 and FY 2008. Tata Motors is responsible for over 60% of the CV manufacturing in India as is shown in the bar chart below:





Source: CV Industry Trends – Domestic Sales for last 4 years, quarter by quarter - SIAM

The CV industry is broadly categorized into Light Commercial Vehicles "LCV" which have a gross vehicle weight of less than 7.5 tonnes and Medium & Heavy Commercial Vehicles "M&HCV" with a gross vehicle weight above 7.5 tonnes. Typically M&HCVs are used for long distance haulage and then goods are delivered via LCVs for the final leg of the journey. The growth in the CV industry has been driven by increased output in industrial production coupled with the growth in investment made in developing infrastructure across the country. The passenger CV segment caters to coaches and buses that transport people both within metros and cities, as well as across states within India.

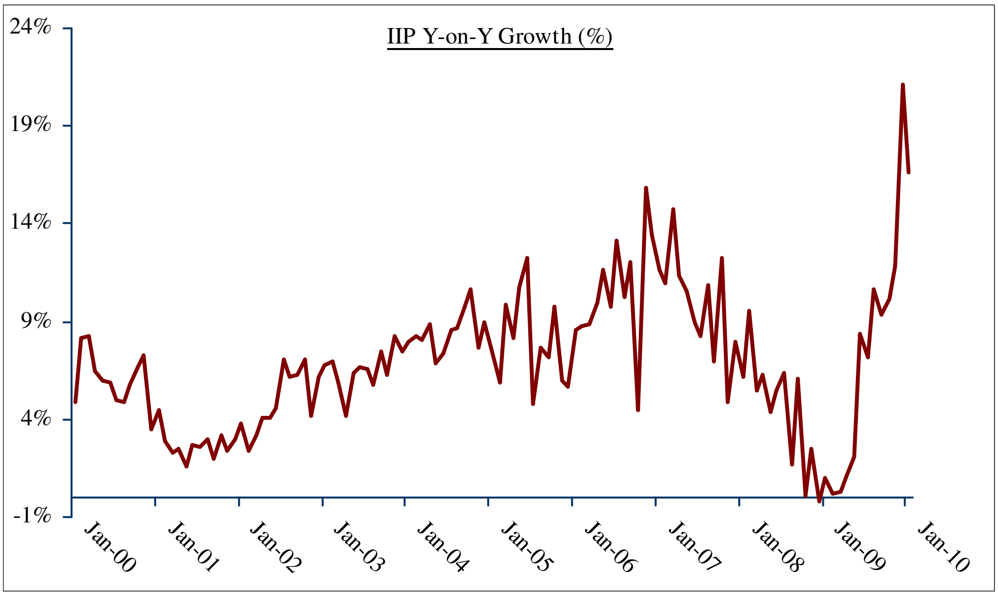
Historically, CV original equipment manufacturers "OEMs" would produce the vehicle chassis only and sell it to the final buyer, who would then take the chassis to independent garages to complete the body building process. On account of the defective body building by the independent garages, vehicle chassis were known to become spoilt, with the blame for this being incorrectly directed back towards the CV OEMs. In response to this, OEMs began to produce Fully Built Vehicles "FBV", using a combination of their own technological expertise as well as select body builders. The results have been positive for the CV industry since the CV is built to a higher, pre agreed standard which adds to the top and bottom line of the OEMs

This shift to production of FBVs is a factor contributing to a wider phenomenon in the CV manufacturing process, with fabrication of vehicle bodies moving away from the unorganized sector and towards the organized sector. Further the government has become aware that a large chunk of the body building on chassis was being done by the unorganized sector and that they have consequently been losing out on revenues in the shape of Excise Duties due, which the unorganized sector has been accustomed to not paying. In the Union Budget 2003-2004, the Government were swift to balance the unequal duty structure between buses and trucks, manufactured by an organised unit, vis-à-vis independent body builders, who were exempt from excise duty. In order to reduce the duty differential and to promote body building by organized bus and truck manufacturers, there was an increase in the duty on chassis from 16 %, to 16 % plus Rs10,000 per chassis. Further, the excise rules of the Government permitted organized body builders to offset their excise liability on vehicle bodies to the extent of the excise already paid by OEMs on the chassis forwarded to the body builders by them for building of the vehicle body around the chassis. This has reduced the cost disadvantage on organized players vis-a-vis unorganized players (that are not registered for excise) in the body building industry. Further there is an additional cost advantage vis-à-vis the unorganized sector as vehicle finance is only available for vehicle bodies produced by manufacturers in the organized sector and is generally not available in the unorganized sector.

Factors affecting CV Demand

Economic Growth: Overall freight traffic in India is a function of industrial and agricultural production. High growth in GDP reflects higher economic activity, which typically results in increased volumes of freight transportation and higher demand for CVs. FY 2009 saw a sharp reduction in both industrial and agricultural production, however these trends are showing signs of reversal as economic activity revives.

Year on Year Growth in Industrial Production from January 2000 – November 2009:



Source: Ministry of Statistics and Programme Implementation

Availability of Finance: CV sales are strongly correlated with the availability of retail finance. Higher interest rates and stringent credit norms can adversely affect demand. On the other hand, lower interest rates and higher propensity from lenders to disburse loans will stimulate demand by lowering overall acquisition costs and making credit facilities available to a wider customer base.

Taxes and Duties: Reduction in excise duties and the introduction of VAT regime can act as a catalyst for higher demand of CVs. A cut in excise duty reduces prices, which, if passed on, enhances the affordability for buyers.

Regulation of Safety and Emission Standards: As of April 1, 2010, India will be moving from BS-2 emission norms to BS-3 emission norms. This has increased current demand in the CV sector towards the end of CY 2009 due to the advancement of purchases in anticipation of the new emission norms in April 2010. This may continue into CY 2010 if the deadline of April 1st, 2010 is postponed.

Government Support and Initiatives: Improvement in road infrastructure is expected to enable more effective distribution of goods and increase passenger movement across the country and hence increase demand for CVs. The re-election of the Congress party in May 2009 has facilitated a continuation of Government policy in undertaking various projects, like Golden Quadrilateral, to improve the road infrastructure. Shri Kamal Nath has outlined an ambitious project of road building across India, targeting the construction of 20 kms of road per day. In relation to passenger CVs, the government introduced the *Jawaharlal Nehru National Urban Renewal Mission* ("JNNURM") to improve urban living conditions and modernize India's cities. The passenger CV industry is set to be buoyed by orders from state transport bodies under this scheme.

Scheme for Promotion of Cold Chain Infrastructure: The Integrated Cold Chain infrastructure scheme of Eleventh Five Year Plan (2007-2012) ("ICC") consolidates the Scheme for Integrated Cold Chain, Value added Centres, Packaging Centres and Irradiation Facilities of the Tenth Five Year Plan (2002-2207). Under the consolidated scheme, it is proposed to revise the scale and quantum of financial assistance, in terms of grants-in-aid, as well as increasing the scope of the scheme to include components like pre-cooling, mobile cooling, and reefer vans to cover the complete range of perishables from food items to horticultural crops. The objective of the scheme is to provide a fully integrated and complete cold chain solution to and preservation infrastructure facilities from the farm gate to the consumer. Pre-cooling facilities at production sites, reefer vans, and mobile cooling units also need to be assisted under ICC projects. At the farm level, it is planned to have processing centres with facilities for weighing, sorting, grading waxing, packing, pre-cooling, cold storage, and normal storage. The scheme envisages mobile pre-cooling vans and reefer trucks to transport the produce to distribution hubs with cold storage chambers, variable humidity chambers, blast freezing and irradiation facilities. Pre-cooling facilities at production sites, reefer vans, and mobile cooling units have been covered under the Integrated Cold Chain facilities projects. This is going to fuel a demand for specialised refrigerated trucks to connect the ICC from the farm to the consumer

Restriction on Overloading: While legislation on overloading of goods exists, strict compliance and enforcement of such legislation is generally lacking in India. Stricter enforcement of such legislation can stimulate demand as transporters may need to buy more vehicles.

Recent Developments in CV Industry

The CV industry has picked up significantly since the beginning of CY 2009 as a result of the economic recovery in India. The factors contributing to the recovery in the CV segment are as follows:

- There has been an increase in professional third party transportation and supply chain services which is conducive for the growth of the CV industry
- Fleet owners are increasingly focused on lowering of total cost of ownership, that is, Rs/Tonne Km for the entire life of asset, instead of initial purchase price of asset
- The economy has bounced back and industrial production on a y-on-y basis has recovered to the double digit growth that it was used to. This has increased the demand for CVs.
- The Government lowered excise duty on CVs, helping to drive industry volumes. Excise Duty was cut from 10% down to 8% in February 2009, following on from 4% reduction in Central Value Added Tax in December 2008. These reductions have helped to lower prices of CVs and stimulate demand through CY 2009. In the Finance Budget 2010-2011, it has been proposed to raise the Excise Duty back to 10%.
- The Government has affected a comprehensive stimulus package for the economy – including the reduction of interest rates to stimulate demand. This has had a positive effect on the CV industry by providing easier liquidity and availability of finance for CV buyers.
- Passenger CV sales have also benefited from the assistance given to state governments under JNNURM. Under this scheme, state governments have been helped in the purchase of buses for public use in urban areas.

Indian Railways

Overview

Indian Railways "IR" has played a critical and historical role in providing connectivity to the far corners of India's vast land mass. Its network of over 64,000 route-kms has integrated markets and connected communities over widely spread out geographies across the length and breadth of the country. In the year 2008-09, IR carried over 7,046.9 million passengers and lifted 833.3 million tonnes of freight traffic, making it the third largest railway network in the world in terms of size, the world's topmost passenger carrier (in terms of passenger kilometers) and fourth largest rail freight carrier. *Source: Indian Railways Vision 2020*

IR is the backbone of India's transport infrastructure, along with the national highways and ports. It is estimated that more than 35% of the total freight traffic (million tonne-kilometers "MTKM") of the country moves by rail (Total Transport System Study by RITES, 2009 carried out for Planning Commission). Moreover, for certain core infrastructure sectors such as coal, power, steel and cement and other critical sectors like fertilizer, the share is much higher, in some cases as high as 70%. IR employs 1.4 million employees directly and several times larger the number indirectly through forward and backward linkages. The quality, capacity and the performance of IR's infrastructure, therefore, is of crucial importance for the nation.

Growth in Traffic on Indian Railways 2004-2009						
	2004-05	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**CAGR**
Freight Loading (mn tonnes)	602.1	666.5	727.8	793.9	833.3	
YOY Growth	8.0%	10.7%	9.2%	9.1%	5.0%	8.4%
MTKM (mn)	407,398	439,596	480,993	521,372	538,226	
YOY Growth	6.9%	7.9%	9.4%	8.4%	3.2%	7.1%
Originating Passengers (mn)	5,475.5	5,832.4	6,333.7	6,645.0	7,046.9	
YOY Growth	5.2%	6.5%	8.6%	4.9%	6.1%	6.3%
Passenger Kms	576,608	616,632	695,821	771,070	839,296	
YOY Growth	6.4%	6.9%	12.8%	10.8%	8.9%	9.1%

Source: White Paper on Indian Railways, Government of India, Ministry of Railways (Railways Board) December 2009

The table above shows the growth in railway transportation over the last five years. Both the passenger and freight segments have grown consistently over this time period, however it is noticeable that the growth rates were lower in FY 2009 than the CAGR of the five year period on account of the economic slowdown. The increase in passenger and freight traffic has been instrumental in stabilising IR financial situation. In fact in FY 2001, IR's finances were under pressure as the wage and pension liability had nearly doubled to Rs.19,000 crs since 1996-97, outstanding dues from State electricity boards had grown to Rs.1,865 crs and simultaneously lease payments to Indian Railway Finance Corp Ltd had more than doubled to Rs.3,041 crs since 1995-96. As a result IR had to defer a dividend payment partially during the years 2000-01 & 2001-02. They have engineered a dramatic turnaround with IR generating a cash surplus before dividend of Rs 17,400 crs during FY 2009. (*Source: Status Paper on Indian Railways, Issues and Options, Government of India, Ministry of Railways, May 2002 and Railway Budget 2009*).

Earnings on Indian Railways 2004-2009 (in Rs Crs)						
	2004-05	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**CAGR**
Freight Earnings	30,778	36,287	41,716	47,435	53,434	
YOY Growth	11.4%	17.9%	15.0%	13.7%	12.7%	14.11%
Passenger Earnings	14,113	15,126	17,225	19,844	21,931	
YOY Growth	6.1%	7.2%	13.9%	15.2%	10.5%	10.52%

Source: White Paper on Indian Railways, Government of India, Ministry of Railways (Railways Board) December 2009

As compared to road transport, railway transportation has a number of implicit advantages including cost benefits, energy efficiency, efficiencies in land use, minimal environment impact and safety benefits. For these reasons the railway network has long been earmarked by the Government for substantial investment and development and has seen some impressive results.

Government Targets – More than Delivered

The Report of the Working Group on Railway Programmes for the Eleventh Five Year Plan (2007–2012) states that the Tenth Five Year Plan (2002-2007) had targeted that freight traffic of the Indian Railways would reach a level of 624 million tonnes of originating traffic and 396 billion tonne kms ("BTKM") of transportation output for the year FY 2007. According to the Indian Railways Year Book 2007-2008, freight traffic transported during that year was 727.75 million tonnes and 480.9 BTKMs. The net increment in traffic during the Tenth Five Year Plan (2002-2007) was to the tune of more than 230 million tonnes over the terminal year of Ninth Five Year Plan (1997-2002) – this is an impressive result considering the perilous situation of Indian Railways by the end of FY 2001 and that the targets set for the terminal year of the Ninth Five Year Plan (1997-2002) had not been achieved:

Plan	Terminal Year	Originating Freight (Million Tonnes)		Growth		Freight Tonne KM (Billion)		Growth	
		Targeted	Achieved	Targeted	Achieved	Target	Achieved	Targeted	Achieved
9th 5 Year Plan	2001 - 2002	525	493		-6.2%	353	333		-5.6%
10th 5 Year Plan	2006 - 2007	624	728	18.9%	47.8%	396	480	12.2%	44.1%
11th 5 Year Plan	2011 - 2012	1100		51.1%		702		46.3%	

Source: The Report of the Working Group on Railway Programmes for the Eleventh Five Year Plan (2007 – 2012)

The Government have been more than clinical in their wagon procurement over the Tenth Five Year Plan (2002-2007), as they were on track to purchase 86,619 wagons, smashing the target of 65,000. The projected requirement of wagons for Eleventh Five Year Plan (2007-2012) is 0..13 lakh Four Wheeler Units ("FWUs") to meet the normal traffic growth on Railways alone, which is about 45% higher than the wagon acquisition for the first four years of Tenth Five Year Plan (2002-2007) period. Wagon manufacture on IR has mostly been through private sector, which will be continued and strengthened in future. (*Source: The Report of the Working Group on Railway Programmes for the Eleventh Five Year Plan (2007 – 2012))*

White Paper on Indian Railways, Government of India, Ministry of Railways (Railways Board) December 2009, reported that freight loading and earnings registered an annual growth of 4.97%and 12.65%respectively in FY 2009. The growth in freight loading was adversely impacted by the recession in the international markets during the months of October and November of 2008. There was a steep reduction in iron ore for export and container traffic. The growth rate of steel traffic also reflected a decrease. On account of this there was a sharp decrease in freight loading and freight earnings in the months of October and November of 2008. The situation had improved slightly during of the last quarter of FY 2008-09 because of which Indian Railways earned traffic revenue of Rs 7,98,730 crs.

The main issue faced by Indian Railways is not on the demand side. In fact as economic growth accelerates going forward demand for railway freight transportation is poised to increase. Bottlenecks on the supply side will cause the biggest problems for freight transporters as there is a capacity constraint to deal with the demand. By the terminal year of the Eleventh Five Year Plan (2007-2012), IR is targeting a freight loading of 1,100 million tonnes and 1,850 million tonnes (1,203 billion NTKMs) by 2020 according to *Indian Railways Vision 2020*. In order to attempt to achieve these targets, the IR have drawn up plans to increase investments in the freight segment, with initiatives such as construction of Dedicated Freight Corridors "DFCs" along highly saturated eastern and western routes, introduction of higher capacity wagon designs with better payload to tare ratio, running double stack container trains etc. The wagon industry will become a direct beneficiary of this investment in capacity expansion as already there are supply shortages and order backlogs gathering at the manufacturers end. *Indian Railways Vision 2020* outlines the overall plans to increase all aspects of capacity, the plans in the table below:

Summary of Broad Goals - Vision 2020			
Broad Category	**Short Term Target (2010-11-2011-12)**	**Long-term Target (2012-2013-2019-20)**	**Total Target**
Doubling (including DFC) (kms)	1,000	11,000	12,000
Gauge Conversion (kms)	2,500	9,500	12,000
New line (kms)	1,000	24,000	25,000
Electrification (kms)	2,000	12,000	14,000
Procurement of Wagons	33,909	255,227	289,136
Procurement of diesel locomotives	690	4,644	5,334
Procurement of electric locomotives	555	3,726	4,281
Procurement of passenger coaches	6,912	43,968	50,880
World-class stations (Bid-out/concession)	12	38	50

High-speed corridors (kms)	--	2,000	2,000

Source: Indian Railways Vision 2020, Government of India, Ministry of Railways (Railways Board) December 2009

With the sharp increase in both passenger and freight traffic during the last three years of the Tenth Five Year Plan (2002-2007) and the projected increase in the Eleventh Five Year Plan (2007-2012), physical rolling stock that is available for immediate use will be the defining factor of attaining these targets. There is a need to increase output at existing production facilities whilst at the same time investing in new manufacturing plants better equipped to produce more technologically advanced locomotives, coaches and wagons.

Rolling Stock Demand – Poised to Increase

Indian Railways possesses a large number of wagons, locomotives, and coaches, referred to as rolling stock; the addition to total inventory over the last five years is listed in the table below:

Rolling Stock*							
Year	**2004-05**	**2005-06**	**2006-07**	**2007-08**	**2008-09**	**Total (2004-2009)**	**Vision 2020 Target**
Wagons (four wheeled)	19,992	18,681	21,933	22,753	24,115	107,474	289,136
Diesel Multiple Units (DMUs)	36	27	57	33	38	191	
Electric Multiple Units (EMUs)	145	176	251	193	535	1,300	
Mainline Electric Multiple Unit (MEMUs)	88	88	64	33	64	337	
Coaches	2,623	2,684	2,881	3,101	3,193	14,482	50,880
Electric Locos (CLW)	90	129	150	200	220	789	4,281
Diesel Locos (DLW)	121	148	186	222	257	934	5,334

*Includes figures of replacement of rolling stock

Source: *White Paper on Indian Railways & Indian Railways Vision 2020, Government of India, Ministry of Railways (Railways Board) December 2009*

New Wagons

The Railway Budget 2010-2011 laid out impressive plans for IR to acquire 18,000 wagons throughout FY 2011. This is in tandem to the target in The Eleventh Five Year Plan (2007-2012), which mentions that the additions in wagons would substantially increase to the region of 60,000, a 79% increase on the additions during the Tenth Five Year Plan (2002-2007) period. *Indian Railways Vision 2020* has laid out more ambitious plans to supplement the rolling stock by a total of 289,136 wagons by 2020. This is a huge increase over the current levels and will require an enormous increase in production, fueling demand for wagon manufacturing.

Wagon Refurbishment

At the more microscopic level, the Railways Budget 2010-2011 Pink Book outlines refurbishment plans across the entire rolling stock of IR, describing current orders, work required and budgeted outlay. This document has details of upgradation and refurbishment orders for BOXN wagons, amongst others, to the tune of 16,580 wagons. BOXN wagons are open top transporter wagons and make up one of the largest components of the rolling stock, In fact, the outlay proposed in rupee terms for the refurbishment of BOXN wagons has grown at a CAGR of 94.35% in the last three financial years from FY 2009-FY2011, according to the *Indian Railways Pink Book* for each respective year. In addition to these upgradation and refurbishment orders, there are orders prescribing the complete renewal of end walls, side walls and flooring for an additional 11,710 BOXN wagons. This highlights the importance of wagon rehabilitation and refurbishment to IR as it attempts to expand the quantity of rolling stock inventory in circulation. The cost advantages of refurbishment over new wagons are a key factor in this, as refurbishment costs per wagon are lower than the costs incurred for a new wagon.

Locomotives

The Railway Budget 2009-2010 is targeting the addition of 250 diesel and electric locomotives for FY 2010 as well as upgrading the existing fleet of diesel locomotives from existing 2600 HP to 3100 HP and 3300 HP diesel locomotives. Requirements for electric and diesel locomotives as projected by the sub group on Eleventh Five Year Plan (2007-2012) are to be 1,800 each (360 locomotives per year). However *Indian Railways Vision 2020* has an increased target for locomotive production that stands at 5,334 diesel and 4,281 electrical locomotives by 2020. The gap between the current and envisaged capacity will be bridged by setting up locomotive manufacturing units as joint ventures, with the objective of bringing in world class technology, lower maintenance and operating costs and harnessing international expertise and efficiency to operate such a plant. (*Source: Report of the Working Group on Railway Programmes for the Eleventh Five Year Plan (2007 – 2012)*)

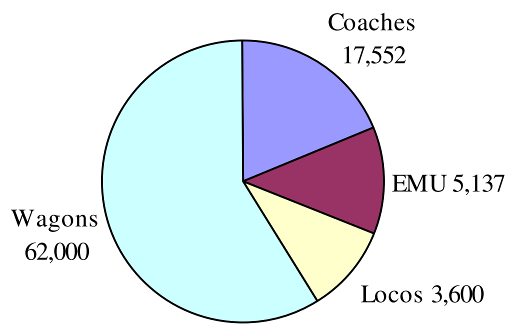
Coaches

At the end of FY 2009, total coach production stood at 3,830 (including EMUs, DMUs and MEMUs) according to the white paper. The Railway Budget 2009-2010 is targeting production at the same levels for this FY. However Vision 2020 is targeting the addition of on average over 5,000 per annum. This is a marked increase over current production and will require increased manufacturing capacity.

The financial implications of the proposals described in *Indian Railways Vision 2020* are estimated to be in the region of Rs 390,000 crs on wagons, coaches and locomotives, which will invigorate the railways manufacturing sector. By 2020 it is estimated that Rs 86,740 crs will have been invested into freight-wagons, Rs 56,007 crs into diesel locomotives, Rs 64,873 crs into electric locomotives, Rs 82,523 crs into passenger coaches (EMUs, DMUs and MEMUs) and another Rs 101,595 crs into the upgrading / expansion and setting up of workshops These requirements are laid out to meeting the accelerating demand for high quality services imposed by a vibrant economy
in order to augment capacity and deploy it optimally through new investment and tariff policies. The construction of DFCs, increasing containerisation, implementation of engine on load concept, right powering of trains to improve average speed and the need to avoid detentions arising out of frequent change of locomotives even within the same traction will further increase this demand.

Plan Head-Wise Summary of 11th Plan Outlay and fund disbursement for Rolling Stock as laid out in the Eleventh Five Year Plan (2007-2012) and projected numbers of wagons, coaches, EMUs and Locos:

Plan Head	Outlay (INR BN)	%
Rolling Stock	594	24%
Investment in PSUs	410	16%
Track Renewals	231.65	9%
Doubling	190	8%
Gauge Conversion	187	7%
New Lines	160	6%
Signalling & Telecom	120	5%
Road Safety	120	5%
Other Specified Areas	496.6	20%



Source: The Report of the Working Group on Railway Programmes for the Eleventh Five Year Plan (2007 – 2012)

Rolling Stock Demand – A Closer Analysis

(f) *Growth in Commodity Specific Industries*

Presently, coal accounts for ~45% of the total loading of Indian Railways. In the year 2008-09, IR carried 369.4 million tonnes of coal, of which 71% was for thermal power stations, 11% for steel plants and the rest for other industries and public use. It has been projected in Ministry of Coal's Vision 2025 that the country's coal production is set to increase to almost 1,060 million tones by 2025 from the present level of 470 million tonnes. Most of the growth is estimated to come from Eastern Coalfield Limited (ECL), Northern Coalfield Limited (NCL), Central Coalfield Limited (North Karanpura), Southeastern Coalfield Limited (Korba) and Mahanadi Coalfield (Ib Valley and Talcher). Central Electricity Authority (CEA)'s projections show that by the end of the Eleventh Five Year Plan demand for coal used in coal-based power plants would be around 770 MT, of which around 60 MT would be imported. Extrapolation of the anticipated trend to 2020 shows that demand would rise to around 880 MT. Some of the newer plants located near pitheads or ports would use non-rail alternatives such as conveyer belts or merry-go-round systems. However, for the majority of the balance, coal will travel over longer distances as the sources of coal would become increasingly limited to South-eastern Coalfield and Mahanadi Coalfields (ECL and NCL being primarily dedicated to pithead plants) and imports at various ports. Steel and cement industries and other bulk users of coal are also set to expand on a large scale. It is estimated that coal traffic would increase to 700 MT by the year 2019-2020.

During the year 2008-09, IR carried 27 MT of finished steel and pig iron. Sustained growth in GDP and the investment in infrastructure would increase the steel intensity of the economy, ensuring rising demand for steel. Major capacity additions will take place in the states of Orissa, Jharkhand, Chhattisgarh and West Bengal. Ministry of Steel has projected that capacity of steel production in the country would reach the level of 124 MT by the year 2011-12, up from the present level of around 55 MT. Judging by the MOUs worth 276 MT signed with various states, it is expected that the country would have a production capacity of around 180 MT of steel by the year 2020. Presently, around 50% of the domestically produced steel moves by rail. The share can be improved to 60% with appropriate marketing and technological interventions. It would, therefore, be possible to attract 108 MT of steel to rail by the year 2020. Given that each million tonne of steel gives rise to the movement of 1.8 MT of iron ore, iron ore loading would also rise pro rata. A part of the steel industry will be serviced by maritime transport or slurry pipe lines. Even on a conservative assessment, 150 MT of iron ore traffic can be expected.

Iron ore for export had stagnated at between 10 and 15 MT from 1975 to 2001, but has witnessed an explosive phase of growth in recent years following a spurt in demand from China, reaching 52 MT in 2007- 08. The traffic is vulnerable to demand fluctuations in export markets and changes in export policy. However, for the foreseeable future, the country will have considerable exportable surplus of iron-ore fines. It is, therefore, expected that the iron ore export market may grow, albeit slowly and unevenly. It is expected to stabilize at around 75 MT by the year 2020.

Food-grain movement is typically difficult to predict. As the locus of agricultural growth shifts gradually away from the Punjab and Haryana region towards the eastern and the southern parts of the country, transportation requirements of food-grain may grow slowly. On the other hand, international trade in food-grains is likely to gain in importance. The pattern of movement would be uncertain. The implications for railways are, therefore, difficult to assess. On balance, given the growth in population, the imperatives to iron out inter-regional imbalances from year to year and anticipated expansion of exim trade in agri- produce, it can be assumed that approximately 50 MT of food-grains would be loaded by the year 2020 against the present level of about 40 MT.

Fertilizer constitutes approximately 5% of the Railway's total traffic, but share of rail transport in fertilizer movement is about 76%. Over the last decade, while indigenous production of fertilizers has stagnated, imports have increased to bridge the gap. Demand for fertilizer is expected to grow in the coming years because of the concerns of food scarcity, stress on spreading the Green Revolution to the eastern and southern parts of the country, increased acreage under cultivation and improvement in irrigation facilities. A CAGR of 5% in fertilizer demand would be a reasonable assumption and the total fertilizer movement by rail by 2020, assuming that the rail-co-efficient remains unchanged, will be 70 MT. Infrastructure at ports will be crucial for this traffic.

Growth of the cement industry is closely aligned with GDP growth. Cement production has been growing steadily at the rate of 8% per annum and it is expected that by the year 2020 the cement manufacturing capacity in the country may reach 500 MT, up from the present level of around 230 MT. Presently, Railways carry around 43% of the cement and clinker. Future trends in cement transportation would be marked by a shift to bulk movement of clinker to grinding units, short-radius distribution of cement, decline in the movement of bagged cement in favour of bulk cement and ready mix concretes. Fly-ash from power plants will also be increasingly used as a raw material for cement production. It is expected that the rail share in cement/ clinker movement may rise to 50% (i.e. 250 million tonnes) provided Indian Railways seriously approach the task and prepare themselves to carry bulk cement.

The projected demand of petroleum products by 2025 will be 370 million tonnes as per the Hydrocarbon Vision 2025. It is anticipated that about 45% of the Petroleum, Oil and Lubricants products ("POL") will move by pipelines, 26% by rail, 16% by road and 16% by coastal shipping. Petroleum movement by rail in the last 8 years has been growing at a slow average rate of 1.6%. Projected rail movement for POL traffic is estimated to be around 48 MT in the year 2020 (This assumes that the traffic will grow at an average rate of 2% from 38.9 MT in 2008-09).

With increasing integration with the global economy, India's share in world trade will continue to rise steadily from the present level of 1.5%. The present trend of increasing containerization of cargo will also continue. Maritime container traffic in India is growing at an annual rate of nearly 14% compared to the global growth rate of 7-8%. Till 2006, container services by rail were operated only by Container Corporation of India (CONCOR), a PSU under the Ministry of Railways. In 2006, private operators were permitted and licensed to enter the container rail business. Many of the operators started operations in 2007-08. While CONCOR's business grew by 15.2% in 2007-08 over 2006-07, the total container business grew by 23.4% during the same period. The difference is explained by the additional traffic brought in by the private players. These growth rates, however, mask the true potential of the market which is limited at present by constraints at ports, inland container depots and to some extent, carrying capacity of the Railways. These constraints are now being addressed by the respective agencies. Container Train Operators (CTOs) are bringing in their own rolling stock and also adding to terminal capacity. Increased competition among the container operators will not only expand the market served by the Railways, but also improve service levels. In addition to maritime container traffic, containerized movement of domestic traffic is also emerging as a traffic stream of considerable promise. It is expected that the level of containerization would rise from 45% to about 70% in 2020. Containerization of various products presently moving piecemeal and mostly by road could facilitate aggregation and thus make it amenable to rail movement. CTOs are already engaged in tapping this market. It is expected that the market will grow as adequate terminal capacities are built, bottlenecks on congested routes are removed and transit times improved. An annual growth of 20% in container tonnage appears to be a reasonable assumption. Container traffic, therefore, is expected to touch 210 million tonnes by 2020.

The types of wagons generally used by the Indian Railways to carry different commodities are as under:

Wagon Type	Commodities for which suited
Open top wagon	coal, ores, minerals
Covered wagons	fertilizer, cement foodgrains
Flat wagons	steel, container, timber
Tank wagons	oil, milk, acid, caustic soda
Tank wagon (pressurized)	Liquefied petroleum gas
Tank wagon (with air fluidising system)	alumina, cement
Hopper wagon	coal, ballast
Special purpose wagon (multi axle/well type)	over sized/extra heavy consignments, defence equipments

Source: Standing Committee on Railways (2005-06), Ministry of Railways (Railway Board), Procurement of Wagons, Thirteenth Report

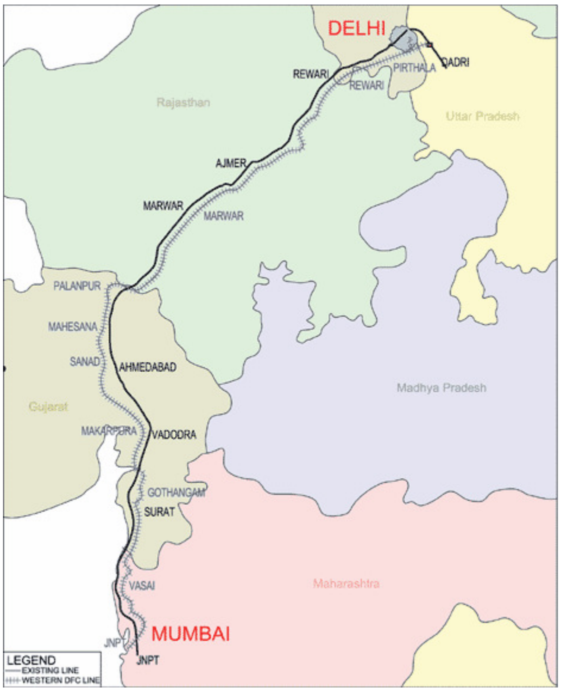
(g) Dedicated Freight Corridor DFC

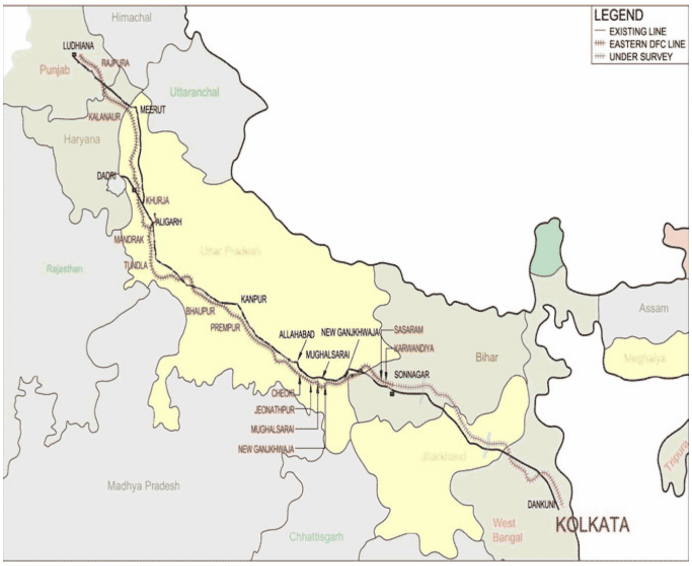
The four metro cities of Delhi, Kolkata, Chennai and Mumbai are connected by an extremely saturated rail network referred to as the 'golden quadrilateral'. The network between these cities makes up around 16% of the entire network in India but is responsible for over 50% of freight and passenger transport annually. This network is stretched by current freight traffic and is in need of fresh capacity.

Dedicated Freight Corridor Corporation of India Limited was set up to implement the dedicated freight corridor for Indian Railways on western and eastern routes which were sanctioned in the rail budget of 2006-07. The Western corridor of 1,469 km will connect Jawaharlal Nehru Port to Dadri and Tughlakabad in the North consisting of double line track. The Eastern corridor of 1,232 km will connect Ludhiana to Sonnagar via Dadri and Khurja, thus facilitating transfer from one corridor to another. The Eastern corridor will further get extended to Kolkata region to connect the proposed deep-sea port. The estimated cost of construction of both these corridors is expected to be around Rs 28,000 crs, Rs 16,592 crs for the western corridor and Rs 11,589 crs for the eastern corridor and it is likely to take about five years for completion of these corridors and have a spill-over beyond the Eleventh Plan. The project has been coined the 'Diamond Rail Corridors' in Railway Budget 2009-10. (*Source: Report of the Working Group on Railway Programmes for the Eleventh Five Year Plan (2007 – 2012)*)

Apart from the above-named two corridors, as announced in Railway Budget 2009-10, prefeasibility studies for other routes such as North-South, East-West, East-South and Southern (Chennai-Goa) corridors have been conducted. These corridors will create demand for new design, high capacity wagons.

Positive Impact of Dedicated Freight Corridor		
Traffic on Route	**FISCAL 06**	**FISCAL 22E**
Eastern (mn tonne)	52	144
Western (mn tonne, excluding container)	23	40
Western, container traffic (mn TEUs)	0.7	6.2





Proposed Eastern Corridor

Proposed Western Corridor

(*Source: Dedicated Freight Corridor Website, http://dfccil.org/wps/portal/DFCCPortal*)

(h) *Liberalised Wagon Investment Scheme*

The demand of wagons was bolstered by the Wagon Investment Scheme, which was implemented by the Ministry of Railways, Government of India with effect from April 1, 2005 and laid down the basis framework for enabling private investment in rolling stock. In April 2008 the Liberalised Wagon Investment Scheme ("**LWIS**") was introduced dictating that investments can be made for procurement or leasing of special purpose and high capacity wagons. The scheme has the added incentive that freight discounts at prescribed rates are granted for investment in special purpose and high capacity wagons. The Ministry of Railways controls the purchasing process through requisite approvals; however there are restrictions on the cargo type for wagons under this scheme with commodities such as coal, coke, ores and minerals not permitted to be transported in privately owned wagons.

Rakes will be procured by customers directly from wagon manufacturers or through import subject to compliance with the designs and specifications permitted by RDSO.

The Railways Budget 2010-2011 announced the introduction of a modified wagon investment scheme for high capacity general purpose and special purpose wagons. It will also cover iron ore, coal and cement. A detailed scheme will be notified shortly.

(i) Wagon Leasing Scheme

The Ministry of Railways, Government of India also formulated a new wagon leasing scheme which came into effect on April 15, 2008. Under this scheme, high capacity or special purpose wagons for specific commodities can be owned and leased out by private companies.

These companies will have a required net worth of at least Rs 250 crs and must have operating experience of over five years to be eligible for the scheme. Indian Railways charges a onetime registration fee of Rs 50.00 million and in return the company is granted a licence to operate for 20 years with an additional 10 year extension available conditional on the performance of the company. Under the scheme wagon leasing firms are entitled to freight discounts between 12 % and 15 %. High capacity wagons with a payload of two tonnes or more will get a freight discount of 12 % and 0.5 % for every additional tonne for 20 years based on the current freight rate.

(j) Upgrading of Technology

The *Indian Railways Modernisation Plan, 2005-2010*, envisaged modernization of passenger and freight business segments. Technological improvements are planned in fixed infrastructure and rolling assets. Reduction in unit cost of operation by introducing heavier trains of 25 t/30 t axle load, high capacity wagons with better payload to tare ratio fully exploiting the standard moving dimensions on existing routes and introducing longer freight trains on specified sections will be explored by Indian Railways. Indian Railways plans to run double stack container trains and longer passenger trains.

Further technological improvements are underway to modernise the railway tracks themselves by welding the rails to minimise the fish plated joints. All primary track renewals are being done with welded rails to ensure longer rails resulting in savings in maintenance efforts, efficiency in fuel consumption, reduced wear and tear of both the rails and the rolling stock and comfortable and safer travel. To assist the process Steel Authority of India is now rolling 65/78 metre long rails opposed to 13/26 metre long rails being rolled previously. It is also planned that these rails will then be welded into 260 metre long panels at the steel plant and be supplied to work sites. There shall be associated investment in transportation of long rails, as special dedicated rakes would need to be manufactured. (*Source: Report of the Working Group on Railway Programmes for the Eleventh Five Year Plan (2007 – 2012)*)

Before the Railway Budget in 2007-08 there had been a pre-prescribed format for the design of wagons. These standards were laid out by the Research, Design and Standards Organisation for all wagon manufacturers to adhere to. In the Railway Budget 2007-2008 this approach was scrapped in favour of allowing wagon manufacturers the freedom to produce their own wagon designs. The results have been positive with technological inputs from abroad resulting in cutting edge wagons, making the rolling stock more cost effective and helping to increase capacity. There is further simplification in the process of certifying and accepting new wagon designs and protecting intellectual property rights of the companies.

Technology is an integral part of *Indian Railways Vision 2020* to move IR towards the targets laid out. Some of the areas for which technology will be used to improve rolling stock include design of modern coaches including Double Decker coaches. Similarly *Indian Railways Vision 2020* plans the re-design of second class coaches to make them more comfortable and the design of high-capacity wagons. There is a need to reduce the costs of operations by enhancing productivity and asset life and increasing technological inputs in the manufacture of track, signalling and rolling stock including predictive and diagnostic tools, anti-collision devices and protection of level crossings for improvement in safety and reliability of operations. The overall speed of trains also needs to be improved.

Competitive landscape in wagon manufacturing sector

At present, there are about 13 companies operating in the wagon manufacturing business in India, manufacturing wagons as per designs laid down by Indian Railways. Six companies are in the public sector with five under the domain of Bharat Bhari Udyog Nigam Limited (BBUNL) - Department of Heavy Industries and seven companies are in the private and joint sector. Besides five railway workshops are also manufacturing wagons (*Source: Standing Committee on Railways (2005-06), Ministry of Railways (Railway Board), Procurement of Wagons, Thirteenth Report*). Public sector companies in this industry include Burn Standard Company Limited, Bharat Wagon Engineering Company Limited, Braithwaite & Company Limited and Bridge & Roof Company Limited which come under the Ministry of Heavy Industry and Public Enterprises (Department of Heavy Industries). Companies such as Texmaco Limited, Hindustan Engineering Industries Limited, Modern Industries Limited, Besco Limited, Titagarh Wagons Limited, Jessop & Company Limited and Jupiter Engineering Company are in the private sector and joint sector. Indian Railways is one of the biggest customers of these wagon-manufacturing companies. The public sector companies occupy 30-40 % market share of wagon industry in the country. PSUs have not been able to execute the orders and are continuously under performing for the last three years. Every year each PSU had orders of much more than what they could produce. As on July 1, 2005, the total outstanding orders on PSUs are 7,100 FWUs which is around their one and half years' production capacity. The Standing Committee on Railways in its thirteenth report on 'Procurement of Wagons' described the state of affairs of the five wagon manufacturing units in the public sector, as "beleaguered with low level of morale and efficiency, inadequate, working capital and inadequate, untimely and unviable wagon orders from the Railways."

OUR BUSINESS

Overview

We produce vehicle and locomotive bodies for diverse applications for road and railways transportation. We are one of the leading designers and manufacturers in India of vehicle bodies for the commercial vehicles industry with an extensive portfolio of product offerings. We also conduct refurbishment of wagons as well as manufacturing of components for wagons, coaches and locomotives for the Indian Railways.

Our Promoter, Dr. Kailash Gupta, has been with our Company since 1979 and has over 30 years of experience in vehicle body building for the commercial vehicles industry. He was the President of the Federation of Automobile Dealers Association (FADA) from September 2000 to September 2002 and is currently an active member of its Governing Council. Our other Promoter, Mr. Ajay Gupta, has been instrumental in conceiving and extending our business to the railways industry.

Primarily, our business comprises of manufacturing vehicle bodies for commercial vehicles, refurbishment of wagons and manufacture of components for wagons, coaches and locomotives for the Indian Railways.

Commercial Vehicles Division

We are engaged in the business of manufacturing vehicle bodies for the commercial vehicles industry for Original Equipment Manufacturers ("OEMs") engaged in the production of Fully Built Vehicles ("FBVs").

We believe that we have forged long-standing relationships with OEMs such as Tata Motors Limited and the Ministry of Defense as well as with corporate groups deploying significant private fleets of vehicles such as Reliance Petroleum Limited, Reliance Industries Limited and Som Datt Builders Private Limited. Our supplies to Tata Motors Limited are both for their Indian and export markets. We have also received orders for manufacturing different vehicle bodies for the commercial vehicles industry from OEMs such as VE Commercial Vehicles Limited (a joint venture between the Volvo group of companies and Eicher Motors Limited), Ashok Leyland Limited, Asia Motor Works Limited, Man Force Trucks Private Limited and Hino Motors Sales India Private Limited (belonging to the Toyota group of companies), all of which also manufacture FBVs.

For the nine-months ended December 31, 2009, the cumulative production of goods carriers in the medium and heavy commercial vehicles category produced by our key customers, Ashok Leyland Limited, Asia MotorWorks Limited, Tata Motors Limited and the Eicher group of companies was approximately 97.3% of the total production among the manufacturers of goods carriers in this category (*Source:* SIAM).

We have a wide range of product offerings in our commercial vehicles division. Vehicle bodies designed and manufactured by us cater to a variety of requirements in different industries and sectors. Given below is an illustration of some of our product offerings in the commercial vehicles division:

Sector/Industry	**Products**
Mining & Road Construction	
	Tipper Bodies
	Tanker Bodies
Goods Transportation	
	Load Cargo Bodies
	Refrigerator-fitted Vehicle Bodies and Containers
	Trailer Bodies (including for Box Trailers, Tip Trailers, Skeletal Trailers and Flat Bed Trailers)
Solid Waste Management	
	Skip-Loaders
	Garbage-Bin Collectors
Municipal Applications	
	Water Tanker Bodies
	Light Recovery Vehicle Bodies

Sector/Industry	Products
	Garbage Tippers
Defense Sector	
	Troop Carrier Vehicle Bodies
	Prison Van Bodies
	Water Bowser Bodies
Miscellaneous Applications	
	Vehicle Bodies for Transportation of Animals
	Fire Engine Bodies
	Ambulance Bodies

For the nine months ended December 31, 2009 and Fiscal Year 2009, our net sales from the commercial vehicles division were Rs. 802.70 million and Rs. 1,093.69 million, respectively.

Railways Division

In late 2008, we expanded our business into the railways division and have received various orders from the Indian Railways through a number of its production units, zonal authorities and workshops, including Diesel Locomotive Works ("DLW"), Western Railway, Eastern Railway, Wagon Repair Shop, Kota (a workshop of the West Central Railway) and the Northern Railway Carriage & Wagon Workshop at Jagadhari, Haryana. Work under the orders placed on us includes the refurbishment of wagons, manufacture of side walls and end walls for wagons and the manufacture of long hood structures for locomotives.

We have received approval from the RDSO (a unit of the Ministry of Railways in charge of maintaining standards for Rolling Stock and approving vendors to the Indian Railways) for our Quality Assurance Plan ("QAP") for the fabrication of side walls, end walls and flap doors of BOXNR Wagons. This approval is a pre-requisite in order for companies to be eligible to supply side walls and end walls for BOXNR Wagons under the BOXNR Guidelines. Our welders have been certified under IS 7310 Part-I of the Welder Qualification & Welding Procedure Qualification.

Further, our manufacturing facilities have been certified by the Integral Coach Factory ("ICF"), a production unit of the Indian Railways, to be adequate for the supply of side walls, roof assemblies and car line pillars for LHB Coaches. We have also been included in the approved vendor list of ICF for the supply of LHB Design side walls, roof & stainless steel shell construction. We recently bid for a tender from the ICF for the supply and installation of cattle guards for EMU Coaches, which has been accepted on development basis.

We also intend to set up a new factory near Jabalpur in Madhya Pradesh with facilities for the manufacture of wagons and EMU Coaches ("Railway Project"). The total cost of the Railway Project is approximately Rs. 1,303.06 million, out of which Rs. 500.00 million will be funded through a loan from Axis Bank and the remainder will be financed from the Net Proceeds of the Fresh Issue and internal accruals. The Railway Project will have a manufacturing capacity of 1,200 wagons and 150 EMU Coaches per annum and the first phase is expected to go on-stream in October 2010. For further details, refer to the section "Objects of the Issue" beginning at page 35 of this Draft Red Herring Prospectus.

We have recently bid in the railway tender for the manufacture, fabrication and supply of 10,739 new wagons.

For the nine months ended December 31, 2009 and Fiscal Year 2009, our net sales from the railways division were Rs. 278.56 million and Rs. 26.77 million, respectively.

Factories, Technology & Awards

Currently, we operate five factories. Four of our factories are located in the state of Madhya Pradesh and the fifth is located in the state of Jharkhand.

We have utilized net cash of Rs. 326.79 million from FY08 till December 31, 2009 in our investing activities. This money has been utilized towards the purchase of fixed assets for modernizing our factories with new equipment and state-of-the-art technology and towards setting up new projects. In FY09, we modernized our Richhai Factory I to include a robotic welding line with four robot arms and associated fixtures. The robotic welding line has enabled us to increase our production speed by almost four times. The robotic welding line also affords neater and better penetration and depth in the weld for vehicle bodies and railway components. We have also set up a Glass Reinforced Plastic ("GRP") panel-making facility for the manufacture of insulated body parts for refrigerator-fitted vans at our Richhai Factory II.

We have sought to upgrade our technical capabilities to international standards by entering into technical collaborations with leading international manufacturers of FBVs. One of our technical collaborations is with Le Capitaine (based in France) for the manufacture of refrigerator-fitted vehicle bodies under their trademark. The technology licensed under this agreement is of ATP European Standards.

We have also entered into a technical know-how agreement with Cho Thavee (based in Thailand) for the manufacture of bodies for heavy vehicles (such as trailers) as per the ISO 9001 V. 2000 standard under the trademark "CTVCEBBCO". For further details of our agreements refer to the section "History and Certain Corporate Matters" beginning at page 95 of this Draft Red Herring Prospectus.

Our production facilities have received ISO/TS 16949:2002 accreditation from TUV SUD Management Service GmbH. We have also received ISO 9001:2008 certification from Moody International Certification Limited for the manufacturing of railway freight wagons, passenger coaches and metal fabricated components, assembly and testing of bogies and air brake systems for wagons, coaches and locomotives.

In the year 2008, we were awarded the "Best Medium Enterprise of the Year, 2008" by Dun & Bradstreet in association with Fullerton India. In the same year, we were also awarded the "Excellence Award, 2008" in the Small and Medium Enterprises Category by Corporation Bank under the Corp Excel Awards instituted by Corporation Bank for small and medium enterprises. We were also nominated for "Truck Application Builder" for the year 2010 in the Apollo-CV Awards organized by CV Magazine with the Apollo group of companies.

Financial Performance and Order Book

Our Total Income has increased from Rs. 257.33 million in fiscal year 2005 to Rs. 1,168.22 million in fiscal year 2009, representing a CAGR of 45.97%. Our net profit after tax, as restated has increased from Rs. 6.35 million in fiscal year 2005 to Rs. 17.42 million in fiscal year 2009, representing a CAGR of 28.70%. For the nine months ended December 31, 2009, we reported Total Income of Rs. 1,112.12 million and net profit after tax, as restated of Rs. 106.52 million. Our Order Book as of December 31, 2009 was Rs. 3,770.43 million in the commercial vehicles division and Rs. 270.34 million in the railways division.

Our Strengths

We believe that we have the following strengths:

Strong track record and long standing relationships with reputed customers in the commercial vehicles industry.

We have been engaged in the business of designing and manufacturing vehicle bodies for different applications in our commercial vehicles division for over 30 years. Over these years, we have gained significant experience and have an established track record and standing in this industry with reputed OEMs in both the private and public sectors, such as Tata Motors Limited, and the Ministry of Defense and with corporate groups deploying significant private fleets of vehicles such as Reliance Petroleum Limited, Reliance Industries Limited and Som Datt Builders Private Limited. We have also received orders from OEMs such as VE Commercial Vehicles Limited (a joint venture between the Volvo group of companies and Eicher Motors Limited), Ashok Leyland Limited, Asia Motor Works Limited, Man Force Trucks Private Limited and Hino Motors Sales India Private Limited (belonging to the Toyota group of companies). We believe we have been able to bolster our relationship with these reputed customers and obtain a continuous flow of repeat orders from them owing to our ability to produce supplies in accordance with their specifications, standards and time-lines. Further, we seek to adapt to the varying requirements of our customers by continuously expanding our product offerings.

Wide range of product offerings and applications across railways and commercial vehicles divisions

Our products in the commercial vehicles division cater to the needs of a broad spectrum of industries and sectors, including mining, road construction, goods transportation, solid waste management, municipal applications and the Indian Defense. Our current range of product and service offerings in the railways division comprises of refurbishment of BOXN Wagons and the manufacture of components for wagons, coaches and locomotives. We believe that our broad range of products allows our customers to source their varied product requirements from us and enables us to expand our business from existing customers, as well as address a larger base of potential customers. We also believe that our diverse product offerings and applications reduce our exposure to increased competition and downswings in the market for particular product lines.

Ability to continuously expand product offerings.

Our expertise in motion technology, braking and speed, gained in over three decades in the production of commercial vehicle bodies, has enabled us to continuously diversify our product offerings and enter new sectors. A recent example is our entry into the production of side walls and end walls for wagons and refurbishment of wagons for the Indian Railways, where we have been able to leverage our knowledge of motion technology gained in our commercial vehicles division.

We have a well qualified and experienced design team of mechanical engineers engaged in developing new solutions for our customers to suit their business needs. Our current design projects include the development of a design for Bulk Pressure Tankers ("BPTs") for the cement industry as well as for the transportation of dry food grain. The BPTs will have the capacity to transport both fly ash and clinkers, enabling the same BPT to transport fly ash to cement factories one way and leave the cement factories with clinkers on the return load, which we believe would halve transportation costs. The BPTs will also be capable of carrying all types of dry food grain, flour and dry cereals.

We have also designed a Stainless Steel Tipper ("SST") for use primarily in the mining sector. SSTs are manufactured from stainless steel rather than mild steel and are much lighter than mild steel tippers produced by other vehicle body builders and can carry a greater payload. Further, the SSTs have better resistance to abrasion than mild steel tippers.

We have also augmented our in-house design capabilities for further diversification of our product offerings by entering into technical know-how agreements with leading international manufacturers in the commercial vehicles industry. For further details of our agreements refer to the section "History and Certain Corporate Matters" beginning at page 95 of this Draft Red Herring Prospectus.

State-of-the-art technology and certifications for design, production standards and quality assurance.

We have utilized net cash of Rs. 326.79 million from FY08 till December 31, 2009 in our investing activities. This money has been utilized towards the purchase of fixed assets for modernizing our factories with new equipment and state-of-the-art technology and towards setting up new factories. In FY09, we modernized our Richhai Factory I to include a robotic welding line with four robot arms and associated fixtures. The robotic welding line has enabled us to increase our production speed by almost four times. The robotic welding line also affords neater and better penetration and depth in the weld for vehicle bodies and railway components. We have also set up a GRP panel-making facility for the manufacture of insulated body parts for refrigerator-fitted vans at our Richhai Factory II.

Our production facilities have received ISO/TS 16949:2002 accreditation from TUV SUD Management Service GmbH. We have also received ISO 9001:2008 certification from Moody International Certification Limited for the manufacturing of railway freight wagons, passenger coaches and metal fabricated components, assembly and testing of bogies and air brake systems for wagons, coaches and locomotives.

Our Quality Assurance Plan for fabrication of side walls, end walls and flap doors of BOXNR Wagons has been approved by the RDSO, which is one of the qualifying criteria for the manufacture and supply of side walls and end walls for BOXNR wagons under the WD-15-BOXNR-2009 Guidelines.

Further, our manufacturing facilities have been certified by ICF to be adequate for the supply of Side-Wall, roof assemblies and car line pillars for LHB Coaches. We recently bid for a tender from ICF for the supply and installation of cattle guards for EMU Coaches, which has been accepted on development basis.

Our welders have been certified under IS 7310 Part-I of the Welder Qualification & Welding Procedure Qualification by SGS India Private Limited. We are also registered with the Controllerate of Quality Assurance (Vehicles), Directorate General of Quality Assurance, Ministry of Defense for the supply of vehicle bodies to them. Further, our trailer-designs have been approved under the Motor Vehicles Act, 1988.

We have upgraded our technical capabilities to international standards through our technical know-how agreements with leading international manufacturers in the commercial vehicles industry. For further details of our agreements, refer to the section "History and Certain Corporate Matters" beginning at page 95 of this Draft Red Herring Prospectus.

Strategic geographic location.

We operate our factories from locations near some of our key customers for commercial vehicle bodies, which we believe gives us a competitive advantage over other manufacturers of commercial vehicle bodies. Most of our operations are concentrated in the city of Jabalpur in Madhya Pradesh, which being in the geographic centre of India enables us to cater to customer-locations in all parts of the country with ease. Our Indore Factory, which is located in Pithampur (near Indore) caters to orders from VE Commercial Vehicles Limited (a joint venture between the Volvo group and Eicher Motors Limited) which is based out of Indore. We believe that our factory's strategic location near Indore was also advantageous in our having been successful in recently obtaining orders from Man Force Trucks Private Limited, located in Indore. We have entered into a joint project agreement with Mithila Motors for the operation of the Jamshedpur Factory with a view to catering to the requirements of our long standing customer Tata Motors Limited whose major centre of operations is in Jamshedpur.

Our location in Madhya Pradesh also enables us to take advantage of fiscal benefits under the Madhya Pradesh Industrial Investment Promotion Assistance Scheme, 2004 ("MP Scheme 2004"). Our Indore Factory is registered under the MP Scheme 2004 and we have applied for registration of our Richhai Factory I and Mandla Factory under the MP Scheme 2004. For details of the MP Scheme 2004, see "Governmental Schemes, Policies and Incentives" at page 202 of this section of the Draft Red Herring Prospectus. The fiscal benefits on account of this Scheme shall accrue to the Company in the coming years.

Competitive cost structure.

Our location in smaller cities such as Jabalpur, Pithampur (near Indore) and Jamshedpur enables us to take advantage of cost arbitrage as our labour, land and overhead costs are generally lower than many of our key competitors with operations in and around cities like Mumbai, Pune and Bengaluru (formerly, "Bangalore"). The major operations of the Company are based out of Jabalpur, where the employee salaries and the allied costs are much lower, which enables the Company to maintain a competitive cost structure.

Ability to compete effectively with the unorganized body builders.

We believe we have been successful in competing with unorganized body builders owing to our ability to maintain cost-competitiveness arising from economies of scale, together with our ability to maintain superior and faster production and our ability to extend warranties on our vehicle bodies. We have also been assisted by the excise rules of the Government of India under which body builders are permitted to offset their excise liability on vehicle bodies to the extent of the excise already paid by OEMs on the chassis forwarded by them for body building. In order to encourage body building in the organized sector, the Government of India, in the budget of 2003-04, increased the duty on a chassis provided by the OEMs to the body builders by Rs. 10,000 per chassis, in addition to the prevailing standard excise duty. The body builders in the organized sector could offset their excise liability for this additional Rs. 10,000 thereby making them cost competitive and bringing about a level playing field with the body builders in the unorganized sector, who were exempt from the payment of excise duty. We believe we also enjoy an advantage vis-à-vis the unorganized sector as vehicle finance is only available for vehicle bodies produced by manufacturers in the organized sector and is generally not available for those produced in the unorganized sector.

Experience of our Promoters and management team, coupled with good labour relations.

The experience and leadership of our Promoters has contributed to our growth and development. Our Promoter, Dr. Kailash Gupta, also Executive Director on our Board, has been with the Company since 1979 and has over 30 years' experience in vehicle body building for the commercial vehicles industry. Our other Promoter, Mr. Ajay Gupta, also Whole-Time Executive Director on our Board, is a first generation entrepreneur and has been instrumental in conceiving and extending our business to the railways industry. Both our Promoters have a considerable network of relationships in the commercial vehicles industry. Dr. Kailash Gupta was the President of the Federation of Automobile Dealers Associations from September 2000 to September 2002 and is currently an active member of its Governing Council. Our Promoters are assisted by an experienced and professional team of senior management personnel. We believe we enjoy good labour relations and we have not faced any labour unrest since the founding of our Company in 1979.

Our Strategy

Capturing the opportunity for growth in the railways industry.

We believe that the growing demand of the Indian Railways for Rolling Stock presents significant opportunities for us in the railways industry, since it constitutes approximately 23.70% of the capital expenditure plans of the Indian Railways in FY 2010 (*Source:* Eleventh Five Year Plan of the Ministry of Railways (2007-2012)). *The Report of the Working Group on Railway Programmes for the Eleventh Five Year Plan (2007 – 2012)* stipulates that this funding will be allocated across the entire rolling stock, targeting wagons, coaches, EMUs and locomotives totalling 88,289 units over the five year period. The longer term target for the rolling stock has been envisaged in Indian Railways Vision 2020, with addition to the rolling stock of 289,136 wagons, 50,880 coaches and EMUs, and 9,615 locomotives. For further details, please refer to the section "Industry Overview" beginning on page 55 of this Draft Red Herring Prospectus.

We believe that the demand for Rolling Stock will further increase with the proposed expansion and modernization plans of the Indian Railways and the expected increase in passenger and freight traffic by rail. The target market size over the next ten years appears to be substantial and a key element of our growth strategy is to harness the opportunities across the rolling stock of the Indian Railways.

We also intend to exploit the additional growth opportunities that are emerging for supply of wagons with rail-borne containers to the container rail business that has been growing since private operators were permitted to enter this sector in India in 2006. In addition, we intend to capitalize on the market for private wagons emerging under GoI's Liberalized Wagon Investment Scheme, 2008 under which private parties have been permitted to procure rakes directly from wagon manufacturers and the Wagon Leasing Scheme, 2008 of GoI under which private companies have been permitted to own and lease-out high capacity or special purpose railway wagons.

We intend to apply our experience and expertise in designing and manufacturing vehicle bodies for commercial vehicles, to expand into the manufacture of various components for railway wagons, coaches and locomotives. We have demonstrated our ability in this direction by successfully obtaining approval for our Quality Assurance Plan from the RDSO, for the fabrication of Side-Walls, End-Walls and flap doors of BOXNR Wagons. We have also succeeded in obtaining orders from the Indian Railways for refurbishment of wagons, production of Side-Walls and End-Walls and manufacture of long hood structures for locomotives. As on December 31, 2009 we have completed supplies of 485 Side-Walls and End-Walls for BOXNR Wagon sets and the refurbishment of 100 wagons. We have received a certificate dated September 23, 2009 from the Wagon Repair Shop, Kota stating that our deliveries of Side Walls, End-Walls and doors were within the specified timeline and in accordance with the specifications stipulated and that the quality of our supplies has been good.

We are also considering a strategic and technical collaboration with ZAO Vagonmash, a Russian company and Bouvier Resources Limited, a company based in the United Kingdom. ZAO Vagonmash is one of the market leaders in technology for the manufacture of railway wagons and coaches in Russia. We propose to obtain technical assistance from ZAO Vagonmash in the execution of our railway orders and to source customers for export through

Bouvier Resources Limited which has proposed to ZAO Vagonmash that we will be their partners in India for collaboration in the manufacture of railway wagons and coaches for customers in India.

Mitigating the risk of cyclicality in the commercial vehicles industry.

We aim to increase the share of the railways division in our overall business with the objective of de-risking our business model and reducing our dependence on the commercial vehicles industry which is inherently cyclical in nature. We believe that our expansion in the railways division shall mitigate this risk of cyclicality associated with the commercial vehicles division and add to the overall predictability and stability of our future business performance.

Establishment of new plant in Madhya Pradesh for the manufacture of wagons and EMU Coaches.

We intend to add to our manufacturing capabilities in the railways division by using a portion of the Net Proceeds of the Fresh Issue to set up a new factory with facilities for the manufacture of wagons and EMU Coaches ("Railway Project"). The Railway Budget 2009-2010 laid out plans for Indian Railways to acquire 18,000 wagons through out FY10 which amounts to a 64% increase on FY09. We believe this represents significant growth opportunities for the supply of new wagons. Further, the Indian Railways is using EMU Coaches for inter-city transportation of passengers in metro-cities. We believe there are growing opportunities in the supply of EMU Coaches in view of the plans to open new routes for inter-city rail transportation in such cities. We believe that we can apply our technical know-how in the manufacture of stainless steel side and end walls for refurbishing wagons for the manufacture of new wagons and EMU Coaches.

The Railway Project will be located near Jabalpur in Madhya Pradesh in order to enable us to take advantage of fiscal benefits under the MP Scheme 2004, if possible. For details of the MP Scheme 2004, see "Government Schemes, Policies and Incentives" at page 202 in this section of the Draft Red Herring Prospectus. We believe that this addition to our manufacturing capabilities will enable us to capitalize on the growing demand for wagons and coaches in the railways sector.

Expanding our business in the railways division to cater to all categories of Rolling Stock of the Indian Railways.

We intend to expand our business with the Indian Railways to extend to all categories of its Rolling Stock requirements. We believe that the ability to supply and service the full range of Rolling Stock to the Indian Railways would place us in a unique position and give us a competitive advantage over other suppliers of railway wagons and components in the railways sector, in our quest to become one of the larger suppliers of the entire Rolling Stock of the Indian Railways.

Deriving significant synergies from our abilities in the commercial vehicles and railways divisions to develop applications for Inter-Modal Rail-Road Transport and Cold Chain Supply in India.

We believe that Inter-Modal Rail-Road Transport, with its benefits in reducing transportation time and cost and increasing the safety of cargo, has significant growth potential in India. In the Railway Budget for 2010-2011, the Ministry of Railways has announced that it will be introducing a road-cum-railer vehicle on trial basis with a view to providing multimodal door-to-door services for freight customers. We believe that the manufacture of Inter-Modal Rail-Road Containers holds significant potential for us. Our strategy is to capture the growth opportunity represented by recent policies and schemes of the Government of India for improving India's road and rail infrastructure and spreading the road and rail network to all parts of the country. We believe that improvement in road and rail infrastructure will release the constraints on the growth of Inter-Modal Rail-Road Transport in India and that with our synergistic abilities in body building in both the commercial vehicles division for road vehicles and the railways division for railway wagons, coaches and locomotives, we are uniquely placed to expand into the manufacture of Inter-Modal Rail-Road Containers.

In its budget announcement for 2010-2011, the Government of India has outlined a number of proposals for strengthening India's cold storage infrastructure for agricultural produce. For further details, please refer to the section "Industry Overview" beginning on page 55 of this Draft Red Herring Prospectus. As part of our strategy of exploiting the opportunities in this area, we have entered into a technical know-how agreement with a French company, Le Capitaine, for the production of refrigerator-fitted vehicle bodies. Recently, we have also set up a GRP panel-making facility for the manufacture of insulated body parts for refrigerator-fitted vans at our Richhai Factory II.

Consolidating our position in the commercial vehicles industry.

We intend to consolidate our position as designers and manufacturers of vehicle bodies in the commercial vehicles industry by continuing to increase our customer base among OEMs. We also intend to harness what we believe is a growing trend among OEMs to prefer selling FBVs with vehicle bodies fitted by organized players, rather than chassis where end-users may have to end up with poor quality vehicle bodies fabricated by garage owners in the unorganized sector. Defects in vehicle bodies can lead to malfunctioning of the vehicle and consequent claims against OEMs, even though the chassis manufactured by them may have had no defects. However, with FBVs, the OEMs have quality assurance for the vehicle bodies as they are manufactured at their order and with their specifications in the organized sector. We believe this trend is particularly evident among OEMs that have recently entered the Indian commercial vehicles market such as Man Force Trucks Private Limited, VE Commercial Vehicles Private Limited and Asia MotorWorks Limited. We believe that our diverse product portfolio and ability to continuously expand our product offerings based on our expertise in motion technology, braking and speed gives us a unique opportunity to add to our customer base across diverse sectors.

Our Factories

1. Richhai Factory I

Our Richhai Factory I commenced commercial production in 1979. The Company expanded and modernized this factory in 2007 – 2008 and commissioned robotic welding lines here in 2008 – 2009. Products manufactured in Richhai Factory I include tippers, load cargo bodies, light recovery vehicle bodies, tankers and water bowsers.

2. Mandla Factory

Our Mandla Factory commenced commercial production in June 2005. We acquired ownership of this factory in 2008 from Kailash Auto Builders Private Limited, a company belonging to our Promoter Group under the Scheme of De-Merger. For details as to the Scheme of De-Merger refer to the section "History and Certain Corporate Matters" beginning on page 95 of this Draft Red Herring Prospectus. Prior to this, we were running the Mandla Factory under a lease from Kailash Auto Builders Private Limited. We expanded and modernized this factory in FY08. The key products manufactured in this factory include tippers, load cargo bodies and trailers.

3. Richhai Factory II

Richhai Factory II commenced production in March 2009. In December 2009, the Company set up a GRP panel-making facility for the manufacture of insulated body parts for refrigerator-fitted vans at our Richhai Factory II. Products manufactured here include tippers, load cargo bodies and refrigerated vans and locomotive components and long hood structures for trains.

4. Indore Factory

Our Indore Factory (located in Pithampur near Indore in Madhya Pradesh) commenced commercial production in November 2008. Products manufactured in the Indore Factory include tippers, load cargo bodies and trailers.

5. Jamshedpur Factory

Our Jamshedpur Factory commenced commercial production in December 2009. This Jamshedpur Factory is operated under a Joint Project Agreement with another company, Mithila Motors. For details of the Joint Project Agreement, refer to the section "History and Certain Corporate Matters" beginning on page 95 of this Draft Red Herring Prospectus. The key Products manufactured in the Jamshedpur Factory include tippers and load cargo bodies.

Our Equipment

Some of the significant equipments used at our factories include:

- Robotic system for fabrication of Tipper Semi Knock-Downs
- Computerized Numerical Control Press Machine for bending of Tipper Parts
- Numerical Control Shearing Machine for cutting of Tipper Parts
- Centralized Gas Bank for welding
- Shot Blasting Booth for fabricated parts of Tippers
- Five-ton Electric Operated Trolley Overhead Cranes for material movement
- Paint booth for painting of fabricated parts
- 200 & 300 cubic feet per minute compressors for air supply

Strategic Partners

We have entered into an agreement ("Joint Project Agreement") for jointly running the Jamshedpur Factory with Mithila Motors. For details of the Joint Project Agreement refer to the section "History and Certain Corporate Matters" starting at page 95 of this Draft Red Herring Prospectus. Mithila Motors was incorporated on May 12, 1958 in Jamshedpur, Jharkhand, India. Its turnover in FY 2009 was Rs. 2,096.27 million.

We have also entered into technical know-how agreements with Cho Thavee and Le Capitaine for details of which refer to the section "History and Certain Corporate Matters" starting at page 95 of this Draft Red Herring Prospectus. Cho Thavee is a company incorporated in Thailand in 1994. Le Capitaine is a company incorporated in France on January 1, 2000. Its turnover in the fiscal year ended December 31, 2008, for which audited accounts are last available, was Euro 49,277,000.

Technology

Process for the Manufacture of Vehicle Bodies for Commercial Vehicles Division & Locomotive Components (including Side-Walls and End-Walls) for Railways Division

Our process for the manufacture of vehicle bodies in the commercial vehicles division and of locomotive components in our railways division consists of the following stages:

1. *Design and Drawing*: Upon receipt of order from the customer, Advance Product Quality Planning ("APQP") and Product Part Approval Process ("PPAP") is carried out with a timing schedule and detailed drawing and Failure Mode and Effect Analysis ("FMEA") is conducted.

2. *Tooling*: Required tools are identified and, where required, new tools are developed.

3. *Procurement and Inspection of Raw Materials*: A bill of materials for the relevant product is drawn up; the materials are procured accordingly which are then inspected by our Quality Assurance personnel.

4. *Machine Shop Operations*: Consists of cutting of the sheet metal to different sizes as per customer specifications. The sheet metal also undergoes bending, notching, drilling and punching in accordance with the drawings for the product. These parts are moved to the sub-assembly area after inspection at the Press Shop. Parts are located on fixtures and assembled in accordance with the drawings for the product.

5. *Sub-Assembly*: Joining of sheet-metal parts to form sub-assemblies or "Semi Knock-Downs" by welding or bolting. The sub-assembled products are then inspected for workmanship and on other parameters.

6. *Cleaning and Rust-Proofing*: Cleaning the surface of the steel and making it rust-proof through the processes of Shot Blasting or through the 7-Tank Dip Phosphating System. This is immediately followed by application of a primer coat of paint.

7. *Final Fitment or "Cubbing"*: Assembly of the vehicle body or locomotive component as per customer specifications.

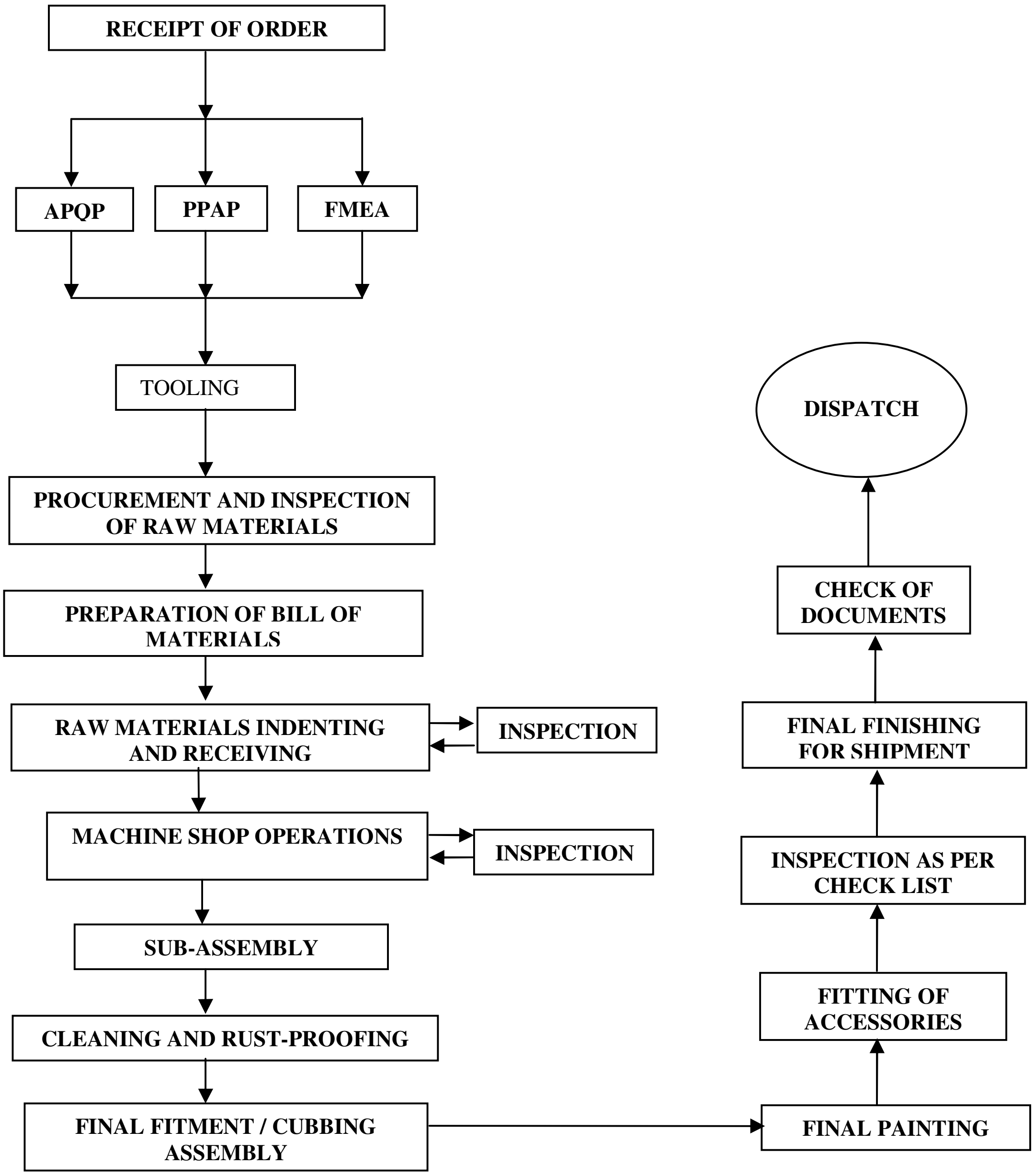
8. *Painting*: Application of top coat of paint as per customer specifications.

9. Fitting of accessories.

10. *Quality Check*: Final inspection of the vehicle body is conducted for functionality, aesthetics, fit and performance.

11. *Dispatch*: Preparation of dispatch documents and dispatch of vehicle body.

Overleaf is a flow-chart of our production processes.


RECEIPT OF ORDER
APQP
PPAP
FMEA
TOOLING
PROCUREMENT AND INSPECTION OF RAW MATERIALS
PREPARATION OF BILL OF MATERIALS
RAW MATERIALS INDENTING AND RECEIVING
INSPECTION
MACHINE SHOP OPERATIONS
INSPECTION
SUB-ASSEMBLY
CLEANING AND RUST-PROOFING
FINAL FITMENT / CUBBING ASSEMBLY
FINAL PAINTING
FITTING OF ACCESSORIES
INSPECTION AS PER CHECK LIST
FINAL FINISHING FOR SHIPMENT
CHECK OF DOCUMENTS
DISPATCH

Processes for the Refurbishment of Wagons

Our process for the refurbishment of wagons is described below:

1. *Design*: Upon receipt of order from the customer, APQP and PPAP is carried out with a timing schedule and FMEA is conducted.

2. *Tooling:* Required tools, jigs and fixtures are identified and, where required, new tools, jigs and fixtures are developed.

3. *Drawing:* Drawings are made for the product.

4. *Procurement and Inspection of Raw Materials:* A bill of materials for the relevant product is drawn up; the materials are procured accordingly which are then inspected by our Quality Assurance personnel.

5. *Machine Shop Operations:* The raw material is cut to the desired sizes and bending, notching, drilling and punching are performed as per the product-drawing,

6. *Sub-Assembly:* Parts are located on fixtures and assembled in accordance with the drawings for the product by welding and/or bolting such as Side-Walls, End-Walls and flap doors. These parts are moved for sub-assembly at various locations after inspection at the Press Shop.

7. *Inspection:* The prefabricated panels are inspected internally and offered for inspection to the relevant authorities of the Indian Railways.

8. *Forwarding to site of refurbishment:* After clearance, the panels are sent to the site designated by the customer for refurbishment ("Refurbishment Site").

9. *Gas Cutting of BOXN Wagon:* The old BOXN Wagon is received at the Refurbishment Site and after inspection the Side-Walls, End-Walls, flap doors and floor sheets are removed by the process of Gas Cutting.

10. *Preparation of Sole Bar:* The Sole Bar is checked for straightness and necessary correction is done. Additional steel members are fitted to make the under-frame fit for refurbishment and existing holes are plugged.

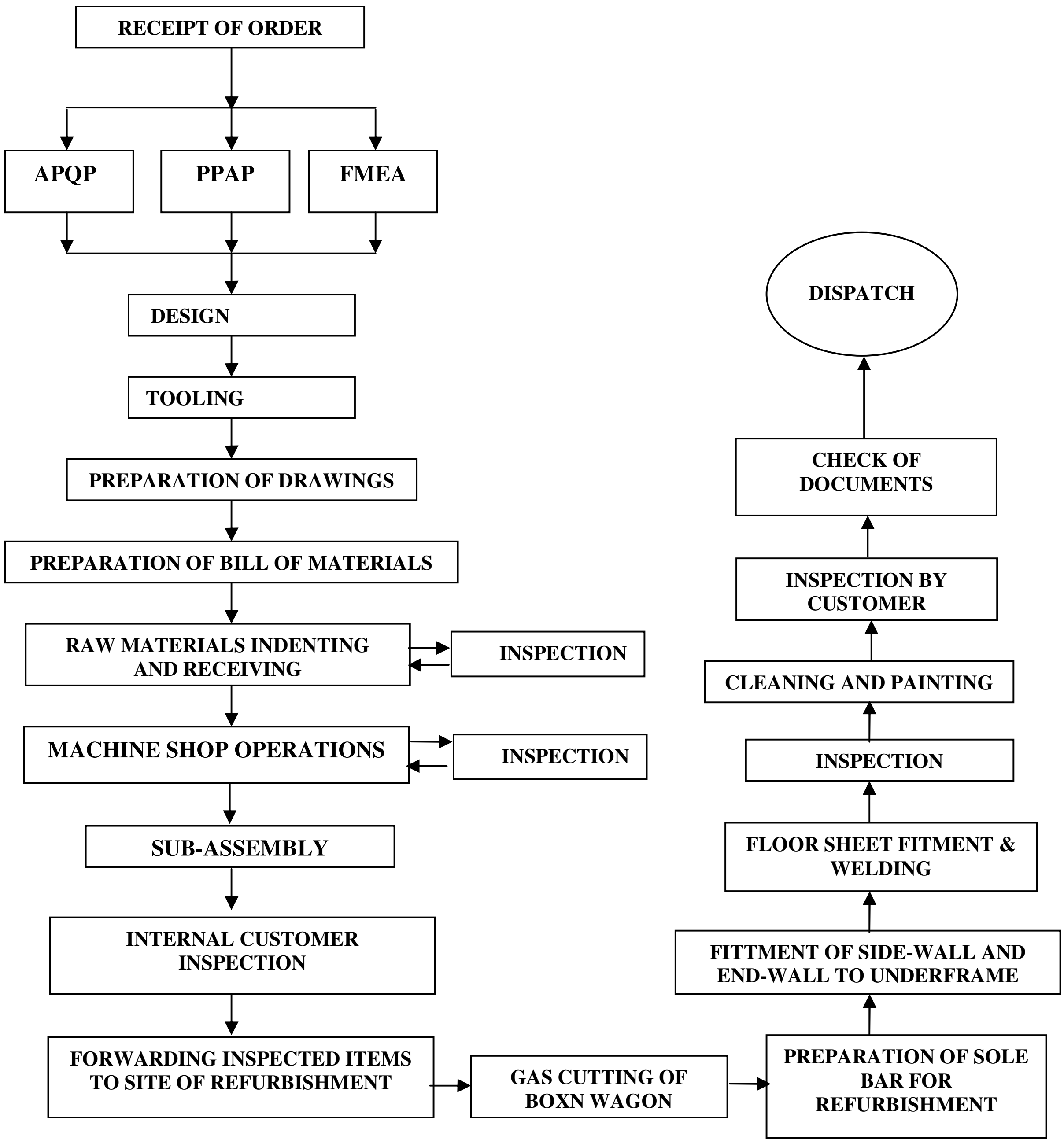
11. *Fitting of Side-Walls and End-Walls:* Side-Walls and End-Walls are fitted to the under-frame and to the ends with bolts. The alignment is checked and corrected if required. New holes are drilled and all the Side-Walls and End-Walls are fitted with lock bolts followed by door-fitment.

12. *Fitting of Floor Sheet:* The Floor Sheet is laid and welded to the Side-Walls and under-frame.

13. *Inspection:* The new BOXNR Wagon is then inspected and offered for inspection to the customer.

14. *Painting, Final Inspection and Dispatch:* After clearance by the inspecting authority, the BOXNR Wagon is cleaned and the primer coat of paint is applied. Final coat of painting is applied and lettering is completed as per the requirements of the customer. This is followed by final inspection by the customer and dispatch of BOXNR Wagon.

Overleaf is an illustration of our production processes.


RECEIPT OF ORDER
APQP
PPAP
FMEA
DESIGN
TOOLING
PREPARATION OF DRAWINGS
PREPARATION OF BILL OF MATERIALS
RAW MATERIALS INDENTING AND RECEIVING
INSPECTION
MACHINE SHOP OPERATIONS
INSPECTION
SUB-ASSEMBLY
INTERNAL CUSTOMER INSPECTION
FORWARDING INSPECTED ITEMS TO SITE OF REFURBISHMENT
GAS CUTTING OF BOXN WAGON
PREPARATION OF SOLE BAR FOR REFURBISHMENT
FITTMENT OF SIDE-WALL AND END-WALL TO UNDERFRAME
FLOOR SHEET FITMENT & WELDING
INSPECTION
CLEANING AND PAINTING
INSPECTION BY CUSTOMER
CHECK OF DOCUMENTS
DISPATCH

Testing for Manufacturing Processes

At the time of product planning, applicable controlled conditions are identified and these are implemented through process control sheets or work instructions issued at various stages of the manufacturing process. We have put in place control plans for our products at the system, sub-system, component and materials-level, including for processes for the production of bulk materials and for specific parts. In addition, we have control plans for pre-launch and production that take into account the FMEA process. Process control sheets or work instructions may include:

- Description of characteristics of products or processes at different stages.
- Job set-up work instructions at the site of use.
- Provision of suitable equipment appropriate for the relevant manufacturing process.
- Use of monitoring and measuring equipment for identified characteristics.
- Monitoring and measurement.
- Implementation of product release, delivery and post-delivery activities.
- Controls to be used for control of the manufacturing process.
- Methods for monitoring of control over special characteristics as defined by the customer as well as by us.
- Relevant customer-required information, if any.
- Reaction plan if a process becomes unstable or not statistically capable. These plans include containment of product and 100% inspection, as appropriate. They also include action plans for corrective action, including timelines, for ensuring that processes become stable and capable.

Control plans containing the above information and procedures are reviewed and updated as necessary and at least once a year. Customer-approval is obtained for these plans, wherever required.

Monitoring processes are monitored by the heads or supervisors of relevant departments within the Company.

Process studies are conducted on all new manufacturing processes to verify process-capability and provide additional input for process control. These studies are carried out applying established methods.

Significant process events such as tool change, repair or replacement are recorded at appropriate stages in the control plans.

Records of effective dates for process changes are maintained through a system of engineering change information.

Testing for Products

We have established an internal documented process for quality checking of all our supplies. We have defined characteristics for meeting customer requirements at appropriate stages of product-realisation. These characteristics are monitored and measured by designated personnel in the relevant departments of the Company in order to ensure that our products meet internal, external (i.e., customer) and legal requirements.

Data Analysis

We also carry out data analysis in order to determine whether our internal quality management systems are suitable and effective. Data is collected at periodic intervals and submitted by designated personnel to management representatives. Thereafter, the data is compiled by the relevant management representatives and analyzed in the course of management review meetings. The data analysed includes data generated as a result of internal product and process monitoring and measurement as well as data collected from other sources such as bench marking data for similar products, if available.

Corrective & Preventive Action

The Company has also established documented systems for taking action to eliminate the cause of non-conformities in product specifications. The system in this regard is based on quality problems and counter measures focusing on root-cause analysis, why-why analysis and action to be taken to avoid recurrence of non-conformance. The objective of these procedures is to ensure that control is exercised for the following:

- Reviewing non-conformities, including warranty-claims and customer complaints
- Determining the cause of non-conformities through problem-solving techniques
- Evaluating the need for action, based on root-cause analysis and implementing the appropriate action plan
- Maintaining records of the results of action taken on internal or customer-provided formats where provided
- Reviewing corrective action taken, including its effectiveness

Capacity and Capacity Utilization

Installed and utilized capacities are not capable of determination in our commercial vehicles division or our railways division.

Raw Materials

Our principal raw material is steel, which we typically purchase one to one-and- a-half-months in advance to meet our anticipated production. In addition, for vehicle bodies manufactured for Tata Motors Limited, we require hydraulic jacks. We purchase steel and hydraulic jacks on spot order basis and do not have any long term contracts with any of our suppliers. Some of the suppliers from whom we have purchased steel in the past are Lloyds Steel Industries Limited and Essar Steel Limited and some of the suppliers from whom we have obtained hydraulic jacks in the past are Hyva (India) Private Limited and Wipro Limited.

Testing of Raw Materials

Some of the other raw materials used in our products are putty, pins, U-bolts, hydraulics oils, welding electrodes and spools, steel shots and steel and brass bush. We have established quality checking procedures for each of these materials. As for our supplies, we have established an internal documented process for quality inspections of all raw materials purchased by us. One or more of the following procedures are carried out on raw materials purchased by us:

- Receipt and evaluation of statistical data
- Inspection or sampling, based on performance
- Third-party assessment or audits of supplier-sites where there is a record of acceptable delivered product quality
- Part-evaluation by a laboratory
- Any other method as agreed with the customer.

Our Customers

Commercial Vehicles Division

Our customers in the commercial vehicles division include OEMs such as Tata Motors Limited, the Ministry of Defense, VE Commercial Vehicles Limited, Ashok Leyland Limited, Man Force Trucks Private Limited, Hino Motors Sales India Private Limited and Asia MotorWorks Limited. We have also received orders from various corporate groups deploying significant private fleets of vehicles such as Reliance Petroleum Limited, Reliance Industries Limited and Som Datt Builders Private Limited.

Our business with our customers in the commercial vehicles division is on purchase order or tender basis. Some of our long standing customers, such as Tata Motors Limited, issue yearly purchase orders for the total number of vehicle bodies required in a year; supplies are distributed over the year in quantities, within the overall yearly quantity ordered, as stated in monthly orders issued by Tata Motors Limited over the course of the year. Our other private sector customers place orders on us from time to time depending on their requirement for vehicle bodies. The Ministry of Defense issues tender inquiries from time to time for supplies of different vehicle bodies. Where our tender is successful, an order for the relevant items is placed on us.

Railways Division

In the railways division, our customer is the Indian Railways (acting for the Government of India) which conducts procurement at various levels within its organization. The overall allocation of funds and decisions on which items are to be procured for the Indian Railways as a whole is conducted by the Ministry of Railways and announced annually in the Railway Budget, while the administration of tenders and selection of vendors is conducted by the various production units, zonal authorities and workshops of the Indian Railways. Some items, such as new wagons are procured through the Railway Board (a body constituted by the Ministry of Railways under the overall supervision of which all aspects of the administration of the Indian Railways is conducted). Other items such as coaches and locomotives are procured through the production units of the Indian Railways such as DLW and ICF. These production units issue tenders for components and other items for use in their own production on behalf of the Indian Railways. For administrative purposes, the Indian Railways is divided into sixteen geographical zones, each coming under the charge of a zonal railway authority. Each zonal railway authority has its own stores of spares and components as well as workshops for conducting repairs and other works for trains falling under their charge. Procurement at the zonal level is conducted both through their stores departments and workshops.

We do business with the railways industry at various levels within the organization of the Indian Railways. We conduct refurbishment of wagons and supplies of Side-Walls and End-Walls for both stores and workshops at the level of the zonal railways authorities. Our customers among the zonal railway authorities are Western Railway, Eastern Railway and the Northern Railway Carriage & Wagon Workshop at Jagadhari, Haryana. We have also completed an order received in December 2008 for 290 Side-Walls and End-Walls for wagons for wagons-refurbishment received from the Wagon Repair Shop, Kota. The Wagon Repair Shop has issued us a certificate stating that our deliveries of Side-Walls and End-Walls was within the specified timeline and in accordance with the specifications stipulated and that the quality of our supplies has been good.

At the production unit level, we have received orders for the supply of long hood structures for locomotives from DLW. Our manufacturing facilities have been certified by ICF, a production unit of the Indian Railways, to be adequate for the supply of Side-Walls, roof assemblies and car line pillars for LHB Coaches. Once our designs have been approved by ICF, we will be eligible to supply components for LHB Coaches to them.

Once we expand into the manufacture of new wagons and EMU Coaches through the Railways Project, our business will extend to the Railway Board and thus cover all three levels of procurement in the Indian Railways – the Railway Board, the production units and the zonal railway authorities (including their stores departments and workshops).

As on December 31, 2009 we have completed supplies of 485 Side-Walls and End-Walls for BOXNR Wagon sets and refurbishment of 100 wagons.

Governmental Schemes, Policies & Incentives

MP Scheme 2004

Under the MP Scheme 2004, 50% to 75%, depending upon the fixed capital investment in the relevant industrial unit, of the commercial tax and central sales tax deposited in respect of a factory (excluding commercial tax paid on purchase of raw material) is released in the commercial tax account of the relevant factory for each forthcoming year. This assistance is given for a period of 3 to 10 years. The total assistance under the Scheme is limited to the investment made in fixed capital assets in relevant factory.

The Company has registered its Indore Factory and has applied for registration of its Richhai Factory I and Mandla Factory under the MP Scheme 2004 scheme. We intend to set up our the Railway Project, proposed to be part-financed from the Net Proceeds of the Fresh Issue, in Madhya Pradesh to be able to take advantage of the MP Scheme 2004, if possible. For further details of the Railway Project, refer to the section "Objects of the Issue" beginning on page 35 of this Draft Red Herring Prospectus.

Excise Credit

Under excise rules of the Government of India, body builders are able to offset their excise liability on FBVs leaving their premises, once they have built the vehicle body around the chassis, to the extent of the excise duty already paid on the chassis by the OEM that forwards the chassis to them for body-building. In order to encourage body building in the organized sector, the Government of India, in the budget of 2003-04, increased the duty on a chassis provided by the OEMs to the body builders by Rs. 10,000 per chassis, in addition to the prevailing standard excise duty. The body builders in the organized sector could offset their excise liability for this additional Rs. 10,000 thereby making them cost competitive and bringing about a level playing field with the body builders in the unorganized sector, who were exempt from the payment of excise duty. This move also prompted many OEMs in the commercial vehicles industry to increase the proportion of their vehicles produced as FBVs as compared to selling chassis subject to body building by garages in the unorganized sector.

Competition

Commercial Vehicles Division

Our key competitors in the commercial vehicles division are Duch Lanka Trailer Manufacturers Limited (DLT), Utkal Automobiles Limited and Black Diamond Track Parts Private Limited for trailers, Hyva (India) Private Limited for tippers and Anthony Waste Handling Cell Private Limited for waste management applications.

Railways Division

Our key competitors in the railways division are Texmaco Limited, Titagarh Wagons Limited, Rites Limited, Modern Industries and BESCO Limited.

Seasonality and Weather Conditions

Our business is seasonal in nature and a substantial part of our sales are realized during the second half of the financial year. In the last three years, approximately two-third of sales in our commercial vehicles division were realized in the second half of the financial year (except for FY09 which was affected by the global recession). This trend is largely due to increased sales in the second half of the financial year on account of activity being slow and hence demand being low during the monsoon from the mining and road-construction sectors for which a major part of our vehicle bodies in our commercial vehicles division are intended. Further, demand in the railways industry tends to be low in the first quarter of the financial year and picks up only in the second quarter in response to the Railway Budget announcement in the last quarter of the previous financial year. As a result, six-monthly or quarterly comparisons of our sales and operating results should not be relied upon as indicators of our future performance.

Our Employees

As of December 31, 2009, we employed 286 full-time employees and trainees, of which 223 were factory workers and 63 were office employees. As of such date, 448 contract workers were engaged at our factories through third party labour contractors.

We are dedicated to the development of expertise and know-how of our employees. We have a well qualified and experienced design team of mechanical engineers engaged in developing new solutions for our customers. We have also set up an in-house training centre for training in practices and procedures for welding. This training centre was established by us in consultation with international experts under a programme of the Government of The Netherlands.

Power and Water

Our Richhai Factory I, Mandla Factory and Indore Factory are equipped with diesel generators for the supply of electricity. Our Richhai Factory II receives electricity from the Madhya Pradesh State Electricity Board. Our Jamshedpur Factory receives electricity from the Jamshedpur Utilities & Services Company Limited.

Our water requirements for each of our factories are met by tube wells in the factory premises.

Insurance

We maintain standard fire and special perils insurance for stock, furniture, fixtures and fittings, plant and machinery and building for our factories. We obtain transit insurance for all vehicle and locomotive bodies for the duration of their transportation from our premises to those of our customers.

We also maintain an Employee Group Gratuity cum Life Assurance Scheme with the Life Insurance Corporation of India and Directors' and Officers' Liability Insurance.

Health, Safety and Environment

We are committed to complying with applicable health, safety and environmental regulations and other requirements in our operations and also maintaining adequate workmen's compensation, group medical insurance and personal accident insurance policies.

Our Properties

The table below sets out brief details of properties occupied by us, including our registered office, corporate office and factories. For details as to the agreements relating to these properties, refer to the section "History and Certain Corporate Matters" beginning at page 95 of this Draft Red Herring Prospectus.

Sr. No.	Property	Description
1.	**Registered Office** Located at 84/105A, G. T. Road, Kanpur Mahanagar, Kanpur – 208 003, Uttar Pradesh	Leased from Kailash Motors, a Promoter Group firm in which our Promoter Director, Dr. Kailash Gupta, is a partner having 20% share. The lease is for 5 years from July 1, 2007.
2.	**Corporate Office** Located at 124 Napier Town, Jabalpur, Madhya Pradesh	Premises located on 500 square feet of land leased by Company for a period of 3 years, from April 1, 2007. These office premises have been leased from Commercial Automobiles Private Limited, one of our Group Companies.
3.	**Richhai Factory I** Located at Plots No. 21, 22, 33 and 34 at Industrial Area, Richhai, Jabalpur, Madhya Pradesh	Located on 2,16,000 square feet of land leased under two separate 99-year leases, one for Plots No. 21 and 22 and the other for Plots No. 33 and 34, both located at Industrial Area, Richhai, Jabalpur, Madhya Pradesh. Plots No. 21 and 22 have been leased from the Assistant Director of Industries, Jabalpur, State Government of Madhya Pradesh and Plots No. 33 and 34 have been leased from General Manager, District Industries Centre, Jabalpur, State Government of Madhya Pradesh. The lease for Plots No. 21 and 22 is for 99 years from 1979 and that for Plots No. 33 and 34 is for a period of 99 years from 1981.
4.	**Richhai Factory II** Located at Industrial Area, Richhai, Jabalpur, Madhya Pradesh	Located on 1,05,000 square feet of land leased from the State Government of Madhya Pradesh through the General Manager, District Trade & Industries Centre, Jabalpur, Madhya Pradesh for a period of 30 years from 2006.
5.	**Mandla Factory** Located at Old Khasra No.133/2, New Khasra No. 168, Village Udaipura Settlement Zone, 47(1) PC Udaipura, Mandla, Jabalpur, Madhya Pradesh	Located on 105,000 square feet of land. The Company acquired this property in 2008 from Kailash Auto Builders Private Limited, a Promoter Group company, under the Scheme of De-Merger sanctioned in 2008 by the BIFR. For details as to the Scheme of De-Merger, refer to the section "History and Certain Corporate Matters" beginning on page 95 of this Draft Red Herring Prospectus. The land has been

		registered in the name of the Company in the relevant land registry records under a mutation order dated May 11, 2008 passed by the Additional Tehsildar, Sub-Tehsil Bija Dandi, Tehsil Niwas, District Mandla, Madhya Pradesh. Prior to the Scheme of De-Merger, the Company was running the Mandla Factory under a lease from Kailash Auto Builders Private Limited.
6.	**Indore Factory** Located at Plot Nos. 690 to 693 and 751 to 756, Industrial Area, Pithampur – III, Dhar, Indore, Madhya Pradesh	Located on 34,408 square metres of land leased from the State Government of Madhya Pradesh through the Managing Director, Madhya Pradesh Audyogik Kendra Vikas Nigam (Indore) Limited for a period of 30 years from April 1, 2008.
7.	**Jamshedpur Factory** Located at New Khata No. 79, Plots No. 730, 731 and 742, Mouza Asangi, Adityapur Industrial Area Jamshedpur, Seraikella Kharshwan, Jharkhand.	Located on 1.89 acres of land occupied by the Company jointly with Mithila Motors under an agreement dated September 28, 2009 for jointly running a manufacturing project. The term of this agreement is 3 years from October 2009. For further details in relation to this agreement and joint project, refer to the section "History and Certain Corporate Matters" beginning on page 95 of this Draft Red Herring Prospectus. Mithila Motors owns the premises of Jamshedpur Factory under a conveyance deed dated May 29, 2006.
8.	Flat No. A-311, third floor, Kachnar Sambhar, Napier Town, Jabalpur (M.P.)	Leased by the Company for a period of 11 months from November 5, 2009. This flat is used as a company guest house.
9.	Premises at Flat No. 4B, First Floor, Modern House, Dr. V.B. Gandhi Marg, Fort Mumbai-400 001.	Licensed to the Company for a period of 33 months from March 1, 2008. This flat is used by the Company as office premises.
10.	Flats No. 2, 3, 5, 6, 7, 9, 10, 14, 15 and 17 at Dheeraj Appartments. 48, Narmada Road, Jabalpur, Madhya Pradesh	Owned. These flats are used as guest houses for the Company's employees.
11.	Property located at Khasra No. 352/1 & 352/3, Village Temar, District Jabalpur, Madhya Pradesh.	Owned. This is vacant land.

REGULATIONS AND POLICIES

The Company is engaged in the business of the manufacture and supply of body parts for commercial vehicles and railway wagons. Set forth below are certain statutes, regulations and policies in India that are generally applicable to the manufacture and supply activities of the Company as well as to investment in the Company.

The Company may be required to obtain certain licenses and approvals. For details of such approvals, see the section "Government and Other Approvals" beginning on page 202 of this Draft Red Herring Prospectus.

Foreign Investment

Under the Industrial Policy and FEMA, there are no limits on the percentage of direct shareholding permitted to Non-Resident investors in Indian companies engaged in the business of the manufacture and supply of body parts for commercial vehicles and railway wagons.

Under to A.P. (DIR Series) Circular No. 16 dated October 4, 2004, the RBI has granted general permission for the transfer of shares of an Indian company by Non-Residents to residents, subject to the terms and conditions, including pricing guidelines, specified in this circular.

Investment by Foreign Institutional Investors

Foreign Institutional Investors, including institutions such as pension funds, mutual funds, investment trusts, insurance and reinsurance companies, international or multilateral organizations or their agencies, foreign governmental agencies, foreign central banks, asset management companies, investment managers or advisors, nominee companies and institutional portfolio managers can invest in all the securities traded on the primary and secondary markets in India. FIIs are required to obtain an initial registration from the SEBI and a general permission from the RBI to engage in transactions regulated under FEMA. FIIs must also comply with the provisions of the SEBI (Foreign Institutional Investors) Regulations, 1995, as amended. The initial registration and the RBI's general permission together enable the registered FII to buy (subject to the ownership restrictions discussed below) and sell freely securities issued by Indian companies, to realize capital gains or investments made through the initial amount invested in India, to subscribe or renounce rights issues for shares, to appoint a domestic custodian for custody of investments held and to repatriate the capital, capital gains, dividends, income received by way of interest and any compensation received towards sale or renunciation of rights issues of shares.

Ownership restrictions on FIIs

Under the portfolio investment scheme, the total holding of all FIIs together with their sub-accounts in an Indian company is subject to a cap of 24% of the paid-up capital of a company, which may be increased up to the percentage of sectoral cap on FDI in respect of the said company pursuant to a resolution of the board of directors of the company and the approval of the shareholders of the company by a special resolution in a general meeting. The total holding by each FII, or in case an FII is investing on behalf of its sub-account, each sub-account, should not exceed 10% of the total paid-up capital of a company.

Procurement by the Indian Railways

The railways in India are under the control of the Government of India, which manages the railways through the Ministry of Railways. The Ministry of Railways has constituted a board called the "Railway Board" through which all aspects of the administration of the Indian railways ("Indian Railways"), including procurement of wagons, coaches, Side-Walls and End-Walls, roofs and other body parts, is conducted.

Procurement, including of wagons, is carried out by the "Stores Directorate" of the Railway Board. Procurement plans are typically drawn up on a five-year basis taking into account traffic projections as intimated by the Planning/Traffic Transportation Directorate of the Railway Board.

Typically, procurement is through open tender.

Research Designs and Standards Organization, Ministry of Railways

Parties wishing to offer tenders for the supply of locomotives, wagons, coaches and other parts to the Indian Railways are required to obtain a certificate of approval from the Research, Designs and Standards Organization ("RDSO"), a division of the Railway Board. The RDSO manages and conducts the preparation of designs, standards and specifications with a view to standardizing and co-ordinating these matters throughout the Indian Railways. Wagons and other parts have to be of the designs approved by the RDSO in order to be procured for the Indian Railways.

Procurement by the Ministry of Defence

Procurement for the Indian Defence Services, including of automobile bodies such as those fabricated by the Company, is conducted by the Government of India through the Department of Defence Production, a department of the Ministry of Defence. The Department of Defence Production has constituted the Directorate General of Quality Assurance which is responsible for providing quality assurance cover for all arms, ammunition, equipment and stores supplied to the Indian Defence Services. Registration with the Directorate General of Quality Assurance is required in order to make supplies to the Department of Defence Production.

Labour Legislation

Factories Act, 1948

The Factories Act, 1948 ("Factories Act") defines a 'factory' to cover any premises which employs ten or more workers and in which the manufacturing process is carried on with the aid of power. In addition, the Factories Act is also applicable to premises employing twenty or more workers engaged in a manufacturing process carried on without the aid of power. Each state government has rules issued under the Factories Act requiring the prior submission of plans and their approval for the establishment, registration and licensing of factories.

The Factories Act provides that the 'occupier' of a factory (defined as the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors) shall ensure the health, safety and welfare of all workers while they are at work in the factory, especially in respect of safety and proper maintenance or monitoring of the factory such that it does not pose health risks, the safe use, handling, storage and transport of factory articles and substances, provision of adequate instruction, training and supervision to ensure workers' health and safety and cleanliness and safe working conditions. Under the Factories Act the occupier is required to prepare and maintain a general policy with respect to the above compliances and to bring such policy to the notice of all the workers employed in the factory. For factories involving hazardous processes additional provisions relating to maintenance of health and safety standards and disclosure of timely information to the concerned authority (the Chief Inspector of Factories) is required under the Factories Act. In addition, maximum permissible limits for exposure to chemical and toxic substances used in manufacturing processes in any factory have also been prescribed. There is a prohibition on employment of children below the age of 14 years in a factory.

If there is a contravention of any of the provisions of the Factories Act or the rules framed thereunder, the occupier and manager of the factory are liable to punishment with imprisonment for a term of up to two years or with a fine of up to Rs.1,00,000 or with both, and in case of contravention continuing after conviction, with a fine of up to Rs.1,000 per day of contravention. Further, in case of a contravention which results in an accident causing death or serious bodily injury, then, without prejudice to the punishment of imprisonment, a fine, of not be less than Rs.25,000 in the case of an accident causing death and Rs.5,000 in the case of an accident causing serious bodily injury, may be imposed.

Contract Labour (Regulation and Abolition) Act, 1970

The Contract Labour (Regulation and Abolition) Act, 1970 (the "Contract Labour Act"), requires establishments that employ or have employed on any day in the previous 12 months, 20 or more workmen as contract labour to be registered and prescribes certain obligations with respect to the welfare and health of such contract labour.

The Contract Labour Act places an obligation on the principal employer of an establishment to which the Contract Labour Act applies to register its establishment as a condition to engaging contract labour. Further, every principal employer is required to maintain registers and records providing the particulars of contract labour employed, nature of work performed by the contract labour, rates of wages paid to the contract labour and such other particulars as may be prescribed. Likewise, every contractor to whom the Contract Labour Act applies is required to obtain a license and not to undertake or execute any work through contract labour except under and in accordance with the license issued.

To ensure the welfare and health of the contract labour, the Contract Labour Act imposes certain obligations on the contractor including the establishment of canteens, rest rooms, drinking water, washing facilities, first aid facilities, other facilities and payment of wages. However, in the event the contractor fails to provide these amenities, the principal employer is under an obligation to provide these facilities within a prescribed time period, which is recoverable from the contractor either by deduction from any amount payable to the contractor under any contract or as a debt payable by the contractor.

If there is a contravention of any of the provisions of the Contract Labour Act or the rules framed thereunder, the company and the person in charge of and responsible to the company, may be punished with imprisonment for a term up to three months or with a fine up to Rs.1,000 or with both, and in case of contravention continuing after conviction, with a fine of up to Rs.100 per day of contravention.

Minimum Wages Act, 1948

The Minimum Wages Act, 1948 ("Minimum Wages Act") provides a statutory framework for the appropriate government (Central or State government, depending on the location and nature of the business) to stipulate the minimum wages applicable to a particular industry. The minimum wages may consist of a basic rate of wages and a special allowance; or a basic rate of wages with or without the cost of living allowance and the cash value of the concessions in respect of supplies of essential commodities at concessions authorities; or an all-inclusive rate allowing for the basic rate, the cost of living allowance and the cash value of the concessions, if any. Under the Minimum Wages Act, every employer is to maintain registers and records providing the particulars of the employees employed by him, nature of work performed by the employees, rates of wages paid to the employees, the receipts given by them and such other particulars as may be prescribed.

Workmen are to be paid for overtime at overtime rates stipulated by the appropriate government. If there is a contravention of any of the provisions of the Minimum Wages Act, the company and the person in charge of and responsible to the company may be punished with imprisonment for up to six months or a fine of up to Rs.500 or both.

The Employees State Insurance Act, 1948

The Employees State Insurance Act, 1948 (the "ESI Act"), provides for certain benefits to employees in case of sickness, maternity and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto which comprise of contributions payable by the employer ("Employer's Contribution") and contribution payable by the employer on behalf of the employee ("Employee's Contribution"). If the contribution by the employer is not made in a timely manner, the employer is liable to pay simple interest at the rate of 12% p.a. or at such higher as may be specified in the applicable regulations on the amount due. If contract labour is employed, the principal employer is liable to make both the employer's contribution as well as the employee's contribution, which it is entitled to recover from the contractor.

In addition, the employer is also required to be registered under the ESI Act and maintain prescribed records and registers. If there is a contravention of any of the provisions of the ESI Act, the company and the person in charge of and responsible to the company may be punished with imprisonment for up to three years or a fine of up to Rs.10,000 or both.

The Employees Provident Fund and Miscellaneous Provisions Act, 1952

The Employees Provident Fund and Miscellaneous Provisions Act, 1952("EPF Act"), provides for the institution of a compulsory provident fund, a pension fund and a deposit-linked insurance fund for the benefit of employees and contract labour engaged in factories and other establishments. The contribution to be made by the employer is 12 percent of the basic wages, dearness allowance and retaining allowance, if any, payable to each of the employees whether employed by him, directly or through a contractor, and the employees' contribution should be equal to the contribution payable by the employer in respect of him and may, if the employee so desires, be an amount exceeding 10 percent of his basic wages, dearness allowance and retaining allowance, subject to the condition that the employer shall not be under an obligation to pay any contribution over and above the contribution payable by him. An employer who makes default in making such contribution is liable to imprisonment for a term which may extend to three years, but which shall not be less than one year and fine of Rs. 10,000 in case of default in payment of the employees' contribution which has been deducted by the employer from the employees' wages.

Payment of Bonus Act, 1965

Under the Payment of Bonus Act, 1965 ("Bonus Act"), an employee in a factory or in any establishment where twenty or more persons are employed on any day during an accounting year, and who has worked for at least 30 working days in a year is eligible to be paid a bonus.

The minimum bonus to be paid is the higher of 8.33% of the salary or wage or Rs.100 and must be paid irrespective of the existence of any allocable surplus. If the allocable surplus exceeds minimum bonus payable, then the employer must pay bonus proportionate to the salary or wage earned during that period, subject to a maximum of 20% of such salary or wage.

In the event the provisions of the Bonus Act are not complied with, persons in charge of, and responsible to the company for, the conduct of the business of the company at the time of contravention punishable with imprisonment for up to six months or a fine up to Rs. 1000, or both.

Payment of Gratuity Act, 1972

Under the Payment of Gratuity Act, 1972, as amended (the "Gratuity Act"), an employee engaged in factories, mines, oilfields, plantations, ports, railway companies, shops or other establishments shall be entitled to payment of gratuity. An employee who has been in continuous service for a period of five years will be eligible for gratuity upon his retirement or resignation, superannuation or death or disablement due to accident or disease. However, the entitlement to gratuity in the event of death or disablement will not be contingent on an employee having completed five years of continuous service.

An employee in a factory is said to be in 'continuous service' for a certain period notwithstanding that his service has been interrupted during that period by sickness, accident, leave, absence without leave, lay-off, strike, lock-out or cessation of work not due to the fault of the employee. The employee is also deemed to be in continuous service if the employee has worked (in an establishment that works for at least six days in a week) for at least 240 days in a period of 12 months or 120 days in a period of six months immediately preceding the date of reckoning. The maximum amount of gratuity payable must not exceed Rs.3,50,000.

Any employer who contravenes the provisions of the Gratuity Act may be punished with imprisonment for a term which may extend to six months or a fine up to a Rs. 10,000, or with both.

Shops and Establishments Acts

The M.P. Shops and Establishments Act, 1958 read with M.P. Shops and Establishments Rules, 1959 (collectively called MP Establishments Act); the Bombay Shops and Establishments Act, 1948 read with Maharashtra Shops and Establishments Rules, 1961 (collectively called Bombay Establishments Act) and the Bihar Shops and Establishments Act, 1953 read with Jharkhand Shops and Establishments Rules, 2001 (collectively called Bihar Establishments Act) essentially regulate the working conditions and employment in shops and commercial establishments within the respective states. The MP Establishments Act, the Bombay Establishments Act and the

Bihar Establishments Act mandate registration of the concerned shops and establishments which are specifically notified by the respective state governments.

Under the MP Establishments Act, Bombay Establishments Act and Bihar Establishments Act, persons employed in any establishment in Madhya Pradesh, Maharashtra and Jharkhand are entitled to a certain minimum number of days of leave. The MP Establishments Act, the Bombay Establishments Act and Bihar Establishments Act specifically provide that on termination of employment, employees are also entitled to be paid a certain amount of their average daily wages for leave accrued but not taken while in employment (subject to prescribed upper limit on the number of days of leave not taken). This is termed "leave encashment".

The MP Establishments Act and Bombay Establishments Act obligate the employer to give sufficient notice or wages in lieu of such notice period to an employee before terminating the employment of such an employee provided that such an employee has been employed with the employer for a period not less than three months and in the case of Bihar Establishments Act for a period of not less than six months.

In addition to the above, the Bihar Establishments Act provides that on termination of employment, employees are also entitled to be paid a certain amount of their average daily wages for every completed year of service or any part thereof in excess of six months before termination of such employee's employment in addition to the notice or pay in lieu of notice.

In case of contravention of any of the provisions of the MP Establishments Act, the employer may be punished with a fine of up to Rs. 100. Further, if the employer or manager makes any false entries in the registers, records and notices which are required to be maintained under the act such act will be punishable with an imprisonment which may extend up to one year or fine up to Rs. 1000 or both, and in case an employer is found guilty of contravention of the same provisions subsequent to the previous conviction, the employer may be punished with fine of up to Rs. 1500.

The MP Establishments Act specifically provides that where owner of the establishment which has contravened the provisions of the act is a company, all the directors of such company, or in the case of a private company all the shareholders of the company may be prosecuted and punished for an offence for which the employer of the establishment is punishable.

In case of contravention by the employer either the first time or the second time of any of the provisions of the Bombay Establishments Act, the employer may be punished with a fine of up to Rs. 5000, in case an employer is found guilty of contravention of the same provisions subsequent to the previous convictions, the employer may be punished with fine of up to Rs. 10, 000.

The Bombay Establishments Act specifically provides that where owner of the establishment which has contravened the provisions of the act is a company, any one of the directors of such company, or in the case of a private company, any one of the shareholders of the company may be prosecuted and punished for an offence for which the employer of the establishment is punishable.

In case of contravention by the employer for the first time of any of the provisions of the Bihar Establishments Act, the employer may be punished with a fine of up to Rs. 250, in case an employer is found guilty of contravention of the same provisions subsequent to the previous convictions, the employer may be punished with fine of up to Rs. 500.

The Bihar Establishments Act further provides that where owner of the establishment which has contravened the provisions of the act is a company, every directors, manager or secretary may be prosecuted and punished for an offence for which the employer of the establishment is punishable.

Environment Legislations

Water (Prevention and Control of Pollution) Act 1974

The Water (Prevention and Control of Pollution) Act, 1981 ("Water Act") prohibits the use of any stream or well for disposal of polluting matter, in violation of standards set down by the State Pollution Control Board ("SPCB"). Under the Water Act, the previous consent of the SPCB is required before establishing any industry, operation or process, or any treatment and disposal system or any extension or addition thereto, which is likely to discharge sewage or trade effluent into a stream or well or sewer or on land; or bring into use any new or altered outlet for the discharge of sewage; or begin to make any new discharge of sewage. In Madhya Pradesh, where the Company's operations are based, the consent for establishment is required under the Water (Prevention and Control of Pollution) (Consent) M.P. Rules, 1975. In addition, a cess is payable under the Water (Prevention and Control of Pollution) Cess Act, 1977 by a person carrying on any specified industry. Every person carrying on any specified industry and every local authority is required to affix meters of prescribed standards to measure and record the quantity of water consumed. Furthermore, a monthly return showing the amount of water consumed in the previous month must also be submitted.

If the provisions of the Water Act are contravened by a company, persons in charge of, and responsible to the company for, the conduct of the business of the company at the time of contravention are punishable with imprisonment of up to 6 years and fines. The Water Act stipulates an enhanced penalty in the event of a previous conviction, which is punishable with imprisonment up to 7 years and fines.

Air (Prevention and Control of Pollution) Act, 1981

The Air (Prevention and Control of Pollution) Act, 1981 ("Air Act") was enacted for the prevention, control and abatement of air pollution. The state government may declare any area as an air pollution control area and the previous consent of the SPCB is required for establishing or operating any industrial plant in such an area. The consent may be subject to the installation of pollution control equipment by the venture concerned. Further, no person operating any industrial plant, in any air pollution control area is permitted to discharge any air pollutant in excess of the standards in this regard laid down by the SPCB. For Madhya Pradesh and Jharkhand, where the operations of the Company are based, consents under the Air Act are regulated in addition by the Air (Prevention and Control of Pollution) M.P. Rules, 1983 and Air (Prevention and Control of Pollution) Rules, 1983, respectively.

If the provisions of the Air Act are contravened by a company, persons in charge of, and responsible to the company for, the conduct of the business of the company at the time of contravention are punishable with imprisonment of up to 6 years and fines.

The Environment (Protection) Act, 1986

The Environment (Protection) Act, 1986 ("EP Act") provides for the protection and improvement of the environment and for matters connected therewith, including the maintenance of the standards of quality of air, water or soil for various areas and purposes by prescribing the maximum allowable units of concentration of various environmental pollutants, procedure for handling of hazardous substances, the prohibition and restrictions on the location of industries and the carrying on of processes and operations in different areas.

Contravention of the aforementioned provisions of the EP Act is punishable with imprisonment of up to 5 years and/or a fine of up to Rs. 100,000.

The Explosives Act, 1884 and the Explosive Rules, 1983

The Explosives Act, 1884 regulates the manufacture, possession, use, sale, transport, import and export of explosives. It provides that no person shall posses, sell or use any explosive except under the license granted under the Explosives Rules, 1983.

Contravention of the rules or the conditions of license granted is punishable with imprisonment of up to 2 years and/or a fine of up to Rs. 3,000.

Hazardous Wastes (Management and Handling) Rules, 1989

The Hazardous Wastes (Management and Handling) Rules, 1989 apply to the handling of hazardous wastes. It allocates the responsibility of the occupier and the operator of the facility that treats hazardous wastes to collect, treat, store or dispose the hazardous wastes without adverse effects on the environment. Moreover, the occupier and the operator must take steps to ensure that persons working on the site are given adequate training and equipment for performing their work.

When an accident occurs in a hazardous site or during transportation of hazardous wastes, then the SPCB has to be immediately alerted in the prescribed form. Hazardous wastes can be collected, treated, stored and disposed of only in such facilities as may be authorized for this purpose. If, due to improper handling of hazardous waste, any damage is caused to the environment, the occupier or the operator of the facility will have to pay for the necessary remedial and restoration expenses.

The occupier and operator of a facility shall be liable to pay a fine as levied by the SPCB with the approval of the Central Pollution Control Board ("CPCB") for any violation of the provisions under these rules.

Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989.

The Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989 are applicable to an industrial activity in which hazardous chemicals are involved or an industrial unit which has isolated storage of hazardous chemical within the prescribed threshold quantity.

Under these rules, a hazardous industry is required to identify major accident hazards, take adequate preventive measures and submit a safety report to the designated authority. Where a major accident occurs on a site or in a pipe line, the occupier is required to forthwith notify the concerned authority.

Madhya Pradesh Industrial Investment Promotion Assistance Scheme, 2004

Under the Madhya Pradesh Industrial Investment Promotion Assistance Scheme, 2004, ("**MP Scheme 2004**") fiscal benefits have been provided for factories. Under the MP Scheme 2004, 50 - 75%, depending upon the fixed capital investment in the relevant factory, of the commercial tax and central sales tax deposited by it in respect of the relevant factory (excluding commercial tax paid on purchase of raw material) is released in its commercial tax account for each forthcoming year. This assistance is given for a period of 3-10 years. The total assistance under the MP Scheme 2004 is limited to the investment made in fixed capital assets in relevant factory.

Micro, Small and Medium Enterprises Development Act, 2006

The Micro, Small and Medium Enterprises Development Act, 2006 ("**MSM Act**") provides a legal framework which gives recognition to enterprises which are engaged in manufacturing processes or providing services thereby integrating the three tiers of these enterprises, that is, micro, small and medium.

Medium Enterprises are enterprises which are engaged in manufacture and production of goods where the investment in the plant and machinery is at least Rs. 50 million but does not exceed Rs. 100 million.

The MSM Act seeks to facilitate promotion and development and enhancing competitiveness of the medium scale enterprises. It provides for a statutory consultative mechanism at the national level with wide representation of all sections of stakeholders including representatives from medium scale enterprise, with a wide range of advisory functions.

The MSM Act provides for –

- The establishment of a National Board for Micro, Small and Medium Enterprises. A high-level forum consisting of stakeholders for participative review of and making recommendations on the policies and programmes for the development of medium enterprises;

- Empowerment of the Central Government to provision for promotion and development and enhancing the competitiveness of medium enterprises, by way of development of skills of the employees, management and entrepreneurs, provisioning for technological upgradation, providing marketing assistance or infrastructure facilities and cluster development of such medium enterprises with a view to strengthening backward and forward linkages, by way of notifications, programmes, guidelines or instructions, as it may deem fit;

- Make provisions for timely and smooth flow of credit to the medium enterprises to minimize the incidence of sickness in accordance with the guidelines or instructions of the Reserve Bank of India.

HISTORY AND CERTAIN CORPORATE MATTERS

The Company was incorporated as a private limited company with the name "Commercial Engineers & Body Builders Co Private Limited" on September 28, 1979. It commenced business in 1979. Its name was changed to "Commercial Engineers & Body Builders Co Limited" on March 25, 2010, reflecting the change in the constitution of the Company from a private limited company to a public limited company under the Companies Act, 1956, pursuant to a special resolution of the shareholders of the Company at an extraordinary general meeting held on March 18, 2010. The fresh certificate of incorporation consequent upon the change of name was granted on March 25, 2010 by the RoC.

Changes in Registered Office of the Company

There have been no changes in the registered office of the Company since its registered office was first established in 1979 at 84/105A, G. T. Road, Kanpur Mahanagar, Kanpur – 208 003, Uttar Pradesh, India.

Amendments to the Memorandum of Association of the Company

Since the incorporation of the Company, the following changes have been made to its Memorandum of Association:

Date of Shareholders' Approval	Nature of Amendment
October 5, 1982	The authorized share capital of the Company was increased from Rs. 2,000,000 divided into 20,000 Equity Shares of Rs. 100 each to Rs. 3,000,000 divided into 30,000 Equity Shares of Rs. 100 each.
January 23, 1990	The Company added the following objects to its MoA: "To carry the business of manufactures, traders, importers and exporters of Solar cookers, solar heaters and other solar appliances of all kinds and specifications, their components, accessories and implements and to transport or carry or convey the same from one part of the country to another and to export the same abroad. To carry on the business of planting, cultivate, raising vegetables, fruits, seeds nuts, oil seeds food grains, sugarcane, pulse and any other agriculture or horticultural items and to prepare, preserve, manufacture, crush and render marketable any such produce and to deal in the same and for attainment of the aforesaid object to purchase, take on lease or other wise acquire lands, farms, vineyards, gardens, orchards etc."
March 27, 1996	The authorized share capital of the Company was increased from Rs. 3,000,000 divided into 30,000 Equity Shares of Rs. 100 each to Rs. 10,000,000 divided into 100,000 Equity Shares of Rs. 100 each.
September 26, 2005	The authorized share capital of the Company was increased from Rs. 10,000,000 divided into 100,000 Equity Shares of Rs. 100 each to Rs. 20,000,000 divided into 200,000 Equity Shares of Rs. 100 each.
January 30, 2006	The authorized share capital of the Company was increased from Rs. 20,000,000 divided into 200,000 Equity Shares of Rs. 100 each to Rs. 40,000,000 divided into 400,000 Equity Shares of Rs. 100 each.
November 28, 2006	The authorized share capital of the Company was increased from Rs. 40,000,000 divided into 400,000 Equity Shares of Rs. 100 each to Rs. 50,000,000 divided into 500,000 Equity Shares of Rs. 100 each.
January 8, 2007	The authorized share capital of the Company was increased from Rs. 50,000,000 divided into 500,000 Equity Shares of Rs. 100 each to Rs. 60,000,000 divided into 600,000 Equity Shares of Rs. 100 each.
June 5, 2007	The authorized share capital of the Company was increased from Rs. 60,000,000 divided into 600,000 Equity Shares of Rs. 100 each to Rs. 75,500,000 divided into 750,000 Equity Shares of Rs. 100 each and 5,000 Preference Shares of Rs. 100 each.

March 18, 2010	(i) Deletion of word "Private" from its name to become "Commercial Engineers & Body Builders Co Limited" reflecting the change in the constitution of the Company from a private limited company to a public limited company. (ii) Sub-division of each Share of the Company of a face value of Rs. 100 each to 10 shares of the Company of a face value of Rs. 10 each. (iii) The authorized share capital of the Company was increased from Rs. 75,500,000 divided into 750,000 Equity Shares of Rs. 100 each and 5,000 Preference Shares of Rs. 100 each into Rs. 600,500,000 divided into 60,000,000 Equity Shares of Rs. 10 each and 5,000 Preference Shares of Rs. 100 each.

Major Events:

Date	Event
January 29, 1996	The Company executes an agreement with Madhya Pradesh Windfarm Limited for the setting up of a single wind electricity generating unit.
October 2005	Mr. Ajay Gupta joins the Company as an Additional Director.
2005-2006	(i) The Company commenced commercial production at the Mandla Factory, then leased from Kailash Auto Builders. (ii) The Company entered into a Technical Know-How Agreement with a Thai company called Cho Thavee Dollasien Co. Ltd. for the production of heavy vehicles such as tippers, dumpers and trailers under the combined trademark "CTVCEBBCO". For further details as to this agreement, refer to "Strategic Alliances" in this Section of the Draft Red Herring Prospectus.
August 1, 2007	NYLIM, a private equity fund, invested in the Company pursuant to the NYLIM SHA under which the Company allotted 3,000 mandatorily convertible Preference Shares of face value of Rs. 100 each at a premium of Rs. 99,900 to NYLIM. The funds were used for expansion of the Company's Richhai Factory I and Mandla Factory and the establishment of new factories. These Preference Shares were subsequently converted to Equity Shares (see below in the entry against December 25, 2007).
September 1, 2007	The shareholders of the Company in EGM passed a resolution approving the Scheme of De-Merger in draft form proposed to be presented before the BIFR (see below in the entry against August 18, 2008).
December 25, 2007	Pursuant to the NYLIM SHA the Company allotted 142,789 Equity Shares at a premium of Rs. 2001 each to NYLIM upon conversion of the 3,000 Preference Shares allotted to NYLIM on August 1, 2007.
August 18, 2008	BIFR sanctioned the Scheme of De-Merger pursuant to which the Mandla Factory was de-merged from Kailash Auto Builders Private Limited and transferred to the Company in exchange for 11,835 Equity Shares to be allotted to shareholders of Kailash Auto Builders Private Limited, further details of the Scheme of De-Merger are provided further below in this section of the Draft Red Herring Prospectus.
2007-2008	The Company began expansion and modernization of the Richhai Factory I and the Mandla Factory.
2008	The Company won the "Best Medium Enterprise of the Year, 2008" awarded by Dun & Bradstreet in association with Fullerton India. The Company was awarded the "Excellence Award, 2008" in the Small and Medium Enterprises Category by Corporation Bank under the Corp Exel Awards instituted by Corporation Bank for small and medium enterprises.
November 2008	(i) The Company commenced commercial production at the Indore Factory. (ii) The Company received its first order for supply of trailers from Asia MotorWorks Limited.

Date	Event
2008-2009	(i) The Company commenced activities in the railways division. (ii) The Company commissioned robotic welding lines at Richhai Factory I. (iii) The Company was accorded ISO/TS 16949:2002 accreditation by TUV SUD Management Service GmbH.
December 12, 2008	The Company obtained its first purchase order from the Indian Railways for supply of 290 Side- Walls and End- Walls.
December 16, 2008	The Scheme of De-Merger was filed with the RoC and came into effect retrospectively from March 31, 2007.
February 6, 2009	The Company received its first order for supply of refrigerated containers from Hino Motors Sales India Private Limited, a group company of the Toyota Group.
March 2009	The Company commenced commercial production at Richhai Factory II.
April 20, 2009	The Company received a purchase order for supply of 'long hood structures' from Diesel Locomotive Works.
May 27, 2009	The Company entered into a Technical Know-How Agreement with a French company by the name of Le Capitaine for the manufacture of vehicles fitted with refrigerated bodies and refrigerated containers. For further details as to the Le Capitaine Agreement, refer to "Strategic Alliances" in this section of the Draft Red Herring Prospectus.
August 10, 2009	The Company obtained an order from the Indian Railways for the upgradation of 250 BOXN wagons.
September 2, 2009	The Company obtained an order from the Indian Railways for supply of 200 Side- Walls and End- Walls.
September 23, 2009	The Company obtained performance certificate from Wagon Repair Shop, Kota for successfully supplying Side- Walls, End- Walls within the due date of delivery and in accordance with specifications..
September 28, 2009	The Company entered into the Joint Project Agreement with Mithila Motors for operation of the Jamshedpur Factory. For further details as to the Joint Project Agreement, refer to "Strategic Alliances" in this Section of the Draft Red Herring Prospectus.
November 6, 2009	(i) The Company obtained an order from the Indian Railways for the upgradation of 200 BOXN wagons. (ii) The Company has entered into a power purchase and wheeling agreement with M. P. Power Trading Co. Ltd. and M. P. Wind Farms Limited for captive use of the energy generated from its wind electricity generating unit of 225 KW located at No. 35, Village Jamgodrani, District Dewas.
December 2009	• The Company commenced commercial production at the Jamshedpur Factory. • The Company set up a refrigerated van manufacturing facility at the Richhai Factory II, which is currently under trial run. • The Company received approval for its Quality Assurance Plan from the RDSO for fabrication of End -Walls, Side-Walls and flap doors of BOXNR Wagons.
December 4, 2009	Integral Coach Factory assesses the Company and finds that it possesses adequate facilities in terms of machinery and man power to manufacture and supply the following items: (i) LHB Side-Wall and roof assemblies to ICF MD Spec-200 Rev. – 02; (ii) car line pillars.
January 14, 2010	The Company appoints Mr. Pradeep Gupta, who has over 30 years of experience in project management, manufacturing, marketing, product engineering, quality assurance, vendor development and export execution in the Railway industry, to head its business in the railways division.
January 18, 2010	Company received its first order for supply of tippers from Man Force Trucks Private Limited.
February 15, 2010	Company's Quality Management System's compliance with ISO 9001:2008 standards certified by Moody International Certification Limited.
March 2010	Company nominated for the award of 'Truck Application Builder' of the year by CV Magazine.

Scheme of De-Merger

Under a Scheme of De-Merger sanctioned in the year 2008, with effect from March 31, 2007, by the BIFR in relation to Kailash Auto Builders Private Limited (**"KABL"**), a Promoter Group entity (though not a Group Company), the Mandla Factory was transferred or "de-merged" from Kailash Auto Builders to the Company as a "going-concern", together with all its employees, assets and liabilities. Under the Scheme of De-Merger, each shareholder of Kailash Auto Builders received 4.05 Equity Shares of the Company at a premium of Rs. 267.41 per share for every 1,000 equity shares held in Kailash Auto Builders. Prior to acquiring the Mandla Factory pursuant to the Scheme of De-Merger, the Company had taken the Mandla Factory on lease from Kailash Auto Builders under a lease agreement dated November 1, 2006. For details regarding Equity Shares allotted pursuant to the Scheme of De-Merger, refer to "Capital Structure" beginning on page 20 of this Draft Red Herring Prospectus. Under the Scheme of De-Merger, Company derived benefit of brought forward income tax losses and unabsorbed depreciation in relation to the Mandla Factory.

Main Objects

The main objects of the Company as stated in its Memorandum of Association are:

1. To carry on the business of makers, manufacturers, producers, builders, fabricators, constructors, developers, assembles, fitters, mounters, sellers, importers, exporters, repairers, dealers, agents, improvers, maintainers, hirers, cleaners, distributors, sole selling agents, area agents, retailers, wholesalers, stores, operators, mechanical and electrical and civil engineers etc. of cars, vehicles, trucks, buses, lorries, cycles, and cycle-cars, mopeds, jeeps, jhongas, motor-vans, motor-boats, launches, ships, helicopters, rollers, aeroplanes, airships, sea-planes, velocipedex, submarines, balloons, parachutes, carriages, amphibian vehicles, or other vehicles or conveyances of all description, whether fitted with or propelled or assisted by means of oil, gas, petrol, diesel compressed air, Steam, electricity, magnetic, mechanical, atomic, manual, animal or other power, whether existence presently or discovered or invented hereafter for operation on or below land, river sea, air and space; and of the parts, accessories, spares, stores, components, ancillaries, etc. of such goods and things; and of mounting bodies, equipment, platforms, structures, tanks, tents or other machinery, plant or outfits of all and every description on or around or upon or attached to or linked with or independent of the said goods and things. AND the Company will also do the following interconnected businesses:-

(a) To manufacture, buy, sell, exchange, alter or improve, give on hire or hire-purchase agreement and deal in vehicles of any kind, construct, repair, alter, purchase, acquire, import of receive by the Company and to manipulate, improve, repair for market and otherwise deal in all kinds of plants, machinery, parts, tools, utensils, substances, material and things necessary or convenient for carrying on any of the above specified business or usually dealt in by persons engaged in the like trade or business.

(b) To operate, establish and maintain garages, service stations, workshops, terminal freight points and to store, repair on rent and lease motors, automobiles, motor-trucks, station wagons, motor buses, aero planes and other vehicles of all sorts.

(c) To carry on the work and business of mechanical and electrical engineers and contractors and to run a workshop to undertake and execute all type of mechanical and structural jobs of manufacture, fabrication and erection of things and articles and to do various types of sheet metal work including manufacture and construction of storage tanks, buckets, drums, various types of containers and other similar items that may be easily marketable.

(d) To carry on the business of transport of goods or passengers from place to place either by air or by land or sea or partly through sea and partly by land or air whether in aeroplanes, motor-vehicles, animal drawn to canyon all or any of the following business; i.e. general carriers, transporters, railway and forwarding agents, warehousemen, store-keepers, bonded Carmen, and common Carmen, and any other business, manufacture or trade which can conveniently be carried on in connection therewith.

(e) To run taxicabs, lorries, cars, trucks, station wagons, aeroplanes, air-ships, cycle rickshaws, motorcycle tongas, hackney carriages, railways, rail motors, ships, vessels, boats and all other vehicles whatsoever kind propelled by electricity, gas gasoline, compressed air, steam, manual power, mechanised power, oil crude, oil atomic or other energy or by whatsoever other means from one place to another (whatsoever) for the purpose of carrying conveying, transporting goods, animals, passengers, merchandise or other things.

(f) To own, establish, run any kind of workshop, foundry or factory for the purpose of clause(A) (1) above and/ or of making repairing, altering or otherwise treating any vehicles, planes, ships, chassis, buses, trucks, lorries, or any other such things.

(g) To carry the business of manufactures, traders, importers and exporters of Solar cookers, solar heaters and other solar appliances of all kinds and specifications, their components, accessories and implements and to transport or carry or convey the same from one part of the country to another and to export the same abroad.

(h) To carry on the business of planting, cultivating, raising vegetables, fruits, seeds nuts, oil seeds food grains, sugarcane, pulse and any other agriculture or horticultural items and to prepare, preserve, manufacture, crush and render marketable any such produce and to deal in the same and for attainment of the aforesaid object to purchase, take on lease or other wise acquire lands, farms, vineyards, gardens, orchards etc.

2. To engage and deal in iron, steel, wood, timbers, lime, sand, cement, glass, stone, brick, concrete, plastic, masonry and earth construction.

3. To act as distributors, commission agents, brokers, insurance agents, import and export agents and manufacturers representatives, for goods of all description, and also to act as agents of Motor Insurance Companies, to introduce insurance business, with respect to car, motor vehicles, or other vehicles appertaining to fire, accident indemnity and general insurance or re-insurance and third party risk and general business of contractors.

4. To carry on the business of iron-founders, mechanical engineers, machinists, manufacturers, dealers, importers and exporters of all kinds of implements, tools, gas, generators, engines, tyres, rubber goods, tubes, bodies, chassis, carburetors, magnets, silencers, radiators, sparking plugs, paraffin, vaporisers, Speedo-motors, self-starters, gears, wheels, parts, and accessories of all kinds which may be useful for or conducive to the carrying on of the business of the Company.

5. To carry on business as financiers, bankers, capitalists, concessioners and merchants, importers and exporters and to undertake and to carryon and execute all kinds of commercial financial, trading and other operations and undertaking and also business of Hire Purchase in all its forms and modes, and to negotiate, advance, deposit or loan money or securities to buy, sell, discount and deal in promissory notes, bills of exchange, hundies, warrants, coupons of other negotiable or transferable securities or chose-in-action or other documents. To invest, guarantee or become liable for the payment of money or for the performance of any obligations or to stand as surety and generally to transact all kinds of business of indemnity and guarantee to execute all kinds of trusts and carryon all kinds of agency business.

6. To carry on the business of export and import of merchandise machinery, equipment, articles, manufactured or otherwise, produce of all kinds to or from any country or transport or carryon convey the same from the one part of the country to another part thereof.

Holding and Subsidiary Companies

The Company does not have any holding or subsidiary companies.

Business

For details as to the Company's activities, services, products, technology, markets, exports, competition, major suppliers and customers and environmental and geographical issues, refer to "Our Business" beginning on page 68 of this Draft Red Herring Prospectus.

Management

For a description of our management refer to "Our Management" beginning on page 107 of this Draft Red Herring Prospectus.

Certain Agreements

In this section, unless the context requires otherwise, defined terms used in the descriptions below have the meanings given to such terms under the respective agreements.

Shareholder Agreements

1. ***Shareholders' Agreement dated August 1, 2007 between the Company, NYLIM, Dr. Kailash Gupta, Mr. Ajay Gupta and Ms. Rekha Gupta***

   The Company has entered into a Shareholders' Agreement dated August 1, 2007 with NYLIM, a private equity fund, under which the Company received funds from NYLIM for the expansion of Richhai Factory I and Mandla Factory and the establishment of a new factory. The other parties to the NYLIM SHA are Dr. Kailash Gupta, Mr. Ajay Gupta and Ms. Rekha Gupta. The NYLIM SHA provided for NYLIM to invest Rs. 300 million in the Company via 3,000 mandatorily convertible Preference Shares of a face value of Rs. 100, each at a price of Rs. 100,000 each. The Preference Shares were converted to 142,789 Equity Shares of a face value of Rs. 100 each at a price of Rs. 2,101 each on December 25, 2007. The Preference Shares stand cancelled and extinguished with their conversion to Equity Shares.

   Under the NYLIM SHA, NYLIM has certain special rights all of which terminate on Listing. The significant pre-Listing rights of NYLIM under the NYLIM SHA include the right to nominate one Director to the Board, veto rights over key decisions relating to the Company, including the issuance of further share capital, other changes in the authorized or issued share capital of the Company, appointment of the Company's auditors, any dealing in a substantial portion of the Company's asset or properties, any change in the business of the Company, any amendments in its MoA or AoA, material issues relating to the Issue. Further, NYLIM reserves the right to have its Equity Shares included in any sale of Equity Shares by the other significant shareholders of the Company. Under a letter dated January 8, 2010, NYLIM has consented to the conduct of the Issue of the IPO by the Company subject to consent of their nominee director on all decisions regarding price, timing and material matters in relation to the Issue. This consent is subject to the listing being completed by December 31, 2010.

Strategic Alliances

1. ***Agreement for Technical Know-How dated May 27, 2009 with Le Capitaine SAS***

   The Company has executed an agreement for technical know-how with a French company by the name of "Le Capitaine SAS" (**"Le Capitaine")** dated May 27, 2009 (the **"Le Capitaine Agreement**") under which the Company has been granted an exclusive license for 5 years commencing June 1, 2009 to Le Capitaine's technical know-how for the manufacture and sale in India of vehicles fitted with refrigerated bodies ("**RBs")** and refrigerated containers (**"RCs"**) (such vehicles, **"Refrigerator-Fitted Vehicles"** or **"RFVs"**). The license is non-transferable and does not include the right to sub-license on the part of the Company.

   Save for RFVs sold to original equipment manufacturers, the RFVs produced by the Company are to be sold only under a specific trademark of Le Capitaine licensed under a separate trademark agreement to have been executed by June 30, 2009. The trademark agreement has not yet been executed by the Company. Hence production under this agreement is yet to commence.

   The license under the Le Capitaine Agreement is subject to the condition that on or before the expiry of 2 years from the date of this agreement, the parties are to enter into a joint venture agreement (**"Proposed Le Capitaine JVA"**) for the establishment of a joint venture in India (**"Proposed JVCo"**) for the manufacture of RBs, RCs and RFVs using Le Capitaine's technical know-how. Le Capitaine and the Company will invest 49% and 51%, respectively in the Proposed JVCo. It is contemplated that the Le Capitaine Agreement will terminate with the formation of the Proposed JVCo and the Proposed JVCo will either execute a fresh technology license agreement on the same terms as the current Le Capitaine Agreement or the Le Capitaine Agreement will be assigned to the Proposed JVCo, at the sole discretion of Le Capitaine. Le Capitaine is entitled to terminate the Le Capitaine Agreement if the Proposed Le Capitaine JVA is not executed on or before the expiry of 2 years from the date of the Le Capitaine Agreement. Le Capitaine is also entitled to terminate the Le Capitaine Agreement in the event the Company is the subject of a takeover, merger, acquisition or other form of change in majority voting control, either at shareholder meetings or meeting of the board of directors. On termination by Le Capitaine for any of the foregoing reasons, in addition to its other remedies, Le Capitaine is entitled to compensation of Euro 60,000.

The RFVs are to be produced to ATP European Standard Quality, as modified for Indian conditions, in particular, Indian climate conditions, and Indian laws and regulations.

Under the Le Capitaine Agreement, the Company is obliged to pay the following consideration to Le Capitaine:

- Lump-sum fee of Euro 30,000 (excluding VAT), payable upon execution of the Le Capitaine Agreement.
- Until formation of the Proposed JVCo, royalty at the rate of 2% to be calculated annually on the net ex-factory sales price of the RFVs: (i) including, as certified by an independent auditor, for each item, turnover from sale of the body, sub-frame and charge for accessories and assembly; and (ii) excluding, as certified by an independent auditor, (a) taxes, including tax to be deducted at source, and excise duties; and (b) the cost of standard bought out components and landed cost of imported components irrespective of source of procurement (including ocean freight, insurance, customs duties, etc.) and, where the RVF is sold as a complete vehicle, the purchasing price of the chassis and/or refrigerated group and the tail-lift. The Le Capitaine Agreement further provides that where royalties are not paid on their due date, the rate of royalty for the relevant period shall be increased to the month's EURIBOR plus 5% per annum, subject to applicable Indian foreign exchange regulations. Royalties are to be paid in Euro at the exchange rate to INR for the last quarter. No royalties shall be payable once the Proposed JVCo is formed.

Under the Le Capitaine Agreement, Le Capitaine has the right to inspect the Company's records and accounts regarding sales of RFVs up to two years after such sales. Any shortfall in royalty discovered on such inspection shall be paid by the Company with interest at the rate of one month EURIBOR plus 5% per annum, subject to applicable Indian foreign exchange regulations.

The Le Capitaine Agreement stipulates that the Company will not, and will ensure that none of its affiliates or Promoters, directly or indirectly:

- Manufacture, sell or promote products identical or similar to the RBs, RCs and RFVs.
- Import competing products from any other supplier.

The Le Capitaine Agreement further stipulates that the Company shall not:

- Sell any products based on the know-how licensed under the Le Capitaine Agreement other than the RBs, RCs and RFVs.
- Sell any derivative work based on the RBs, RCs and RFVs or the technical know-how licensed by Le Capitaine
- The kit and assembled bodies without chassis, other than on finished RFVs

Under the Le Capitaine Agreement, Le Capitaine is not liable to the Company for its use of Le Capitaine's technical know how or for claims from third parties relating to RFVs assembled by the Company using Le Capitaine's technical know-how.

2. *Agreement for Technical Know-How dated November 6, 2006 with Cho Thavee Dollasien Co., Ltd.*

The Company has executed an agreement for technical know-how dated November 6, 2006 with a company incorporated in Thailand called Cho Thavee Dollasien Co. Ltd. (**"**Cho Thavee**"** and such agreement, the **"Cho Thavee Agreement"**). Under the Cho Thavee Agreement, the Company has been granted an exclusive license to Cho Thavee's know-how relating to the manufacture and sale in India of vehicle tippers, heavy-duty dumpers, trailers and semi-trailers for standard and special applications (**"Heavy Vehicles"** or **"HVs"**).

The HVs are to be sold under the combined trademark of the Company and Cho Thavee, viz, "CTVCEBBCO".

The Cho Thavee Agreement automatically renews for one year period at the beginning of every year, unless notice of termination in writing is issued by either party at least three months prior to the end of the then current term. The license does not include the right to sub-license on the part of the Company.

The HVs are to be produced to the ISO 9001 V. 2000 Standard.

Under the Cho Thavee Agreement, the Company is obliged to pay the following consideration to Cho Thavee:

- In respect of the existing products of the Company, including those requiring minor modification, a royalty of USD 50 per unit of the product sold;
- In respect of newly designed products of the Company, a royalty of USD 100 per unit of the product sold plus a royalty for the design of the new model of USD 5,000 per new model.

Further, the Company bears the cost of travelling expenses, food and accommodation in India of such of Cho Thavee's personnel as travel to India for purposes of the Cho Thavee Agreement.

Under the Cho Thavee Agreement, the Company is subject to the following non-compete obligation: it cannot develop any competing products or products similar to Cho Thavee unless it can prove that the drawings for such product were provided by its customers.

Under the Cho Thavee Agreement, the Company has granted Cho Thavee exclusive rights to promote and sell the Company's trailers in all Asian countries.

The Cho Thavee Agreement is governed by the laws of Singapore.

3. **Collaboration under agreement dated September 28, 2009 with Mithila Motors Private Limited**

Purpose:

The Company has entered into an agreement for jointly running a manufacturing project with a company called Mithila Motors Private Limited ("Mithila Motors", and such agreement, the "Joint Project Agreement"). The Joint Project Agreement was signed on September 28, 2009, and came into effect on October 15, 2009. The project is for fabrication and manufacturing of tipper bodies, load bodies and other components to be sold to original equipment manufacturers, including Tata Motors (such project, the "Joint Project"). The fabrication and manufacturing is to be carried out at a plant for body shop fabrication at Mouza Asangi, Adityapur Industrial Area, Jamshedpur, Jharkhand owned by Mithila Motors (such plant, the "Jamshedpur Factory"). Under the Joint Project Agreement, the Company and Mithila Motors have agreed to jointly operate and manage the Joint Project.

The Joint Project Agreement is for a term of three years, renewable by mutual agreement between the Company and Mithila Motors.

Investment and Revenue Distribution:

Under the Joint Project Agreement, the parties have agreed to contribute to working capital requirements and share "Distributable Cash Flow" (defined as total revenue less costs, including the license fee described below) after tax in relation to the Joint Project in the proportion of 60% by the Company and 40% by Mithila Motors. The estimated total investment for the Joint Project is Rs. 78 million from which approximately Rs. 28 million will be utilized for procuring the assets and approximately Rs. 50 million will be utilized towards the working capital requirement of the Joint Project. The Company and Mithila Motors shall invest in the Joint Project in the ratio of 3:2. The Joint Project Agreement further provides that the Company shall contribute Rs. 46.8 million to the Joint Project and Mithila Motors shall make payment of Rs. 31.2 million. In addition, Mithila Motors is entitled to a license fee from the Company for the Jamshedpur Factory in the following amounts (such fee, the "License Fee"):

- Year 1 (commencing October 15, 2009): Rs. 300,000 per month
- Year 2 (commencing October 15, 2010): Rs. 315,000 per month
- Year 3 (commencing October 15, 2011): Rs. 330,750 per month

Management Committee and Working Group:

The Joint Project is to be overseen by a "Management Committee" ("MC") comprised of 5 representatives of the Company and Mithila Motors, in the same proportion as that of their proportionate revenue share in the Joint Project as described above. Certain important matters, including important business decisions, are to be taken by the MC by unanimous agreement. Such matters ("Consensus Items") are described below. Other decisions of the MC are taken by simple majority of the members present, provided there is a quorum consisting of two representatives of the Company and one of Mithila Motors. All major decisions in respect of the Joint Project are to be taken by the MC, including strategic business decisions. The Joint Project Agreement further provides for a Working Group to be formed under the MC that is responsible for the day-to-day operation and management of the Joint Project.

Consensus Items:

The Joint Project Agreement provides that the following matters shall be agreed unanimously in the MC:

- Mortgage of assets of the Joint Project for loans
- Pledging or creating any lien over any property of the Joint Project
- Setting up a subsidiary entity in relation to the Joint Project
- Important business decisions
- Making of any investment
- Purchase of major equipment
- Approval of the budget and quarterly investment plan for the Joint Project

Intellectual Property:

Intellectual property developed in the course of running of the Joint Project shall be shared by the parties to the Joint Project Agreement in the same proportion as that of their proportionate revenue share in the Joint Project as described above.

Accounts of the Joint Project

The financial year of the Joint Project shall commence April 1st of each calendar year and end March 31st of the following calendar year. The accounting is to be in accordance with Accounting Standard 27. The Joint Project shall be accounted for together with the Company's other accounts, though the Company may maintain a separate set of accounts for management purposes. The accountants shall be Deloitte Haskins & Sells. Audited financial statements for each Financial Year and quarterly unaudited statements for each quarter of each Financial Year in relation to the Joint Project shall be provided to the Company and Mithila Motors.

Non-Compete Provisions:

- Clearance from Mithila Motors, which shall not be unreasonably withheld, is required if the Company wishes to set up a separate manufacturing unit that would directly affect the purpose of Joint Project within the local limits of Jamshedpur town during the term of the Joint Project Agreement. Provided that this restriction will not apply if the manufacturing unit is acquired as part of the acquisition by the Company of any entity, Indian or foreign, that may have its place of manufacture in Jamshedpur amongst other places. Such acquisition may be in any or all of the following ways: purchase of holding of the controlling entity, acquisition of management control by other means, slump sale, merger, amalgamation or de-merger or purchase of the whole or part of an undertaking. There is also a non-compete clause within the Agreement, which is in effect for up to three years beyond the term of this Agreement.
- Mithila Motors is restricted for the term of the Joint Project Agreement and 3 years thereafter from directly or indirectly engaging in the business of the manufacture, marketing or sale of fabricated automobile bodies and components to original equipment manufacturers.

Restrictions on Transfer:

Neither party to the Joint Project Agreement may transfer their rights or obligations in the Joint Project ("Project Interest") to a third party without the written consent of the other party, which other party is also entitled to a right to be offered the first party's Project Interest, exercisable within fifteen days, before it may be sold to any third party.

Penalty for Breach

The Joint Project Agreement stipulates a penalty of Rs. 10,000 a day upon breach by a party.

Termination:

The Joint Project Agreement is terminable by either party without cause with ninety (90) days' notice in writing. Upon termination, after the debts of the Joint Project are paid off, the remaining assets shall be distributed between the parties to the Joint Project Agreement in the same proportion as that of their proportionate revenue share in the Joint Project as described above. The Company has pre-emptive rights to the purchase of any remaining equipment after distribution as above of the liquidation proceeds of the Joint Project.

4. Power Purchase and Wheeling Agreement dated November 6, 2009 with M. P. Power Trading Co. Ltd. and M. P. Wind Farms Limited

The Company has entered into a power purchase and wheeling agreement dated November 6, 2009 with M. P. Power Trading Co. Ltd. ("**Trade Co.**") and M. P. Wind Farms Limited for captive use of the energy generated from its wind electricity generating unit of 225 KW located at No. 35, Village Jamgodrani, District Dewas ("**WEG**"). Pursuant to the agreement, the power generated through the WEG will be fed into the distribution/transmission network of the electricity distribution company/transmission company and utilized for captive use at the relevant drawl points. Further, the Trade Co. has agreed to purchase surplus power and inadvertent flow of power, if any, into the distribution/transmission network of the electricity distribution company/transmission company, as per rates and terms and conditions decided by the Madhya Pradesh Electricity Regulatory Commission.

Our Properties

Set forth below is a summary of properties occupied by us, including our registered office and factories:

Key terms of the properties occupied by the Company for its business are summarized below:

Lease for the Registered Office

The registered office of the Company is located at 84/105A, G. T. Road, Kanpur Mahanagar, Kanpur – 208 003, Uttar Pradesh, India under a lease from Kailash Motors, a Promoter Group firm in which our Promoter Director, Dr. Kailash Gupta, is a partner having 20% share. The lease is for five years from July 1, 2007 and is subject to the condition that it will not be used for any purpose other than as the Company's registered office.

Lease for the Corporate Office

The Corporate Office of the Company is located on 500 square feet of land situated at Municipal Corporation Plots No. 28, 29 & 30 Bhawartal Extension, Swami Dayanand Saraswati Ward, 124 Napier Town, Jabalpur, Madhya Pradesh under a lease from Commercial Automobiles Private Limited, one of our Group Companies. The lease is for a term of three years due to expire on March 31, 2010. The lease stipulates that the premises are to be used only for corporate office activities of the Company and prohibits sub-letting.

Lease for Richhai Factory I

The Richhai Factory I is located on 216,000 square feet of land leased under two separate leases one for Plots No. 21 and 22 and the other for Plots No. 33 and 34, both located at Industrial Area, Richhai, Jabalpur, Madhya Pradesh. Plots No. 21 and 22 have been leased from the Assistant Director of Industries, Jabalpur, State Government of Madhya Pradesh and Plots No. 33 and 34 have been leased from General Manager, District Industries Centre, Jabalpur, State Government of Madhya Pradesh. The lease for Plots No. 21 and 22 is for 99 years from 1979 and that for Plots No. 33 and 34 is for a period of 99 years from 1981. The ground rent is subject to increase after each interval of 30 years from the date of the execution provided that each such increase will not exceed one quarter of the rent fixed for the preceding 30 years. The Company is not entitled to sub-let, assign or otherwise transfer or part with possession of the land or the building constructed thereon. The factory premises cannot be used for purposes other than that of manufacture of bus bodies, steel cabins of different vehicles of private operators and government departments, trucks, tipper bodies, repairs industry and ancillary purposes, unless consent for change or additional user is obtained from the Assistant Director of Industries and the General Manager, District Industries Centre.

Ownership of Mandla Factory

The Mandla Factory is located on 105,000 square feet of land at Old Khasra No.133/2, New Khasra No. 168, Village Udaipura Settlement Zone, 47(1) PC Udaipura, Mandla, Jabalpur, Madhya Pradesh. The Company acquired this property in 2008 from Kailash Auto Builders Private Limited, a Promoter Group Company under the Scheme of De-Merger sanctioned in 2008 by the BIFR. The land has been registered in the name of the Company in the relevant land registry records under a mutation order dated May 11, 2008 passed by the Additional Tehsildar, Sub-Tehsil Bija Dandi, Tehsil Niwas, District Mandla, Madhya Pradesh. Prior to the Scheme of De-Merger, the Company was running the Mandla Factory under a lease from Kailash Auto Builders Private Limited.

Lease for Indore Factory

The Indore Factory is located on 34,408 square metres of land at Plots No. 690 to 693 and 751 to 756, Industrial Growth Centre, Pithampur III, Dhar, Indore, Madhya Pradesh. This property has been leased by the Company from the State Government of Madhya Pradesh through the Madhya Pradesh Audyogik Kendra Vikas Nigam (Indore) Limited ("MPKL") The lease is for 30 years from April 1, 2008. The ground rent is subject to increase every 10 years from the date of execution of the lease provided that each such increase will not exceed one quarter of the rent fixed for the preceding 10 years. The Company is not entitled to sub-let, assign or otherwise transfer or part with possession of the land or the building constructed thereon. Use of the factory premises is restricted to construction and manufacturing of press components, automobile parts, fabrication, painting of load bodies tipper, trailers and for ancillary purposes, unless consent for change or additional user is obtained from MPKL. Under the lease, the Company was required to set up the factory on the land leased within 3 years from possession and to utilize the entire extent of the land leased within 5 years or else surrender the area unutilized to MPKL, failing which a penalty of upto fifteen times the prevailing rent is payable.

Lease for Richhai Factory II

The Richhai Factory II is located on 105,000 square feet of land on an unnumbered plot in Industrial Area, Richhai, Jabalpur, Madhya Pradesh. The land has been leased from the State Government of Madhya Pradesh through the

General Manager, District Trade & Industries Centre, Jabalpur, Madhya Pradesh for a period of 30 years from 2006. The ground rent is subject to increase every 10 years from the date of execution of the lease provided that each such increase will not exceed one quarter of the rent fixed for the preceding 10 years. Use of the factory premises is restricted to the manufacture of load bodies, tipper bodies, tankers, fabrication and ancillary purposes, unless consent for change or additional user is obtained from the lessor. Under the lease, the Company was required to set up the factory on the land leased within 3 years from possession and to utilize the entire extent of the land leased within 5 years or else surrender the area unutilized to the lessor, failing which a penalty of upto fifty percent of the premium payable under the lease for the land is applicable.

Joint Project Agreement: Jamshedpur Factory

The Jamshedpur Factory is located on approximately 1.89 acres of land at New Khata No. 79, Plots No. 730, 731 and 742, Mouza Asangi, Adityapur Industrial Area Jamshedpur, Seraikella Kharshwan, Jharkhand. This factory is occupied by the Company jointly with Mithila Motors under an agreement dated September 28, 2009 for jointly running a manufacturing project. The term of this agreement is 3 years from October 2009. Mithila Motors owns the premises of Jamshedpur Factory under a conveyance deed dated May 29, 2006. For further details in relation to this agreement and joint project, refer to section "History and Certain Corporate Matters" beginning on page 95 of this Draft Red Herring Prospectus.

Corporate Guarantees by Selling Shareholders

Commercial Automobiles has given a corporate guarantee dated August 22, 2008 for an amount of Rs. 130,000,000 as security for loan of Rs. 130,000,000 taken by the Company from HSBC, one of the Lenders to the Company. For further details in relation to the loan taken by the Company from HSBC, refer to section "Financial Indebtedness" beginning on page 158 of this Draft Red Herring Prospectus. Some of the significant terms of the guarantee are as follows:

- The guarantee given is in the nature of an irrevocable and continuing guarantee.
- The guarantee will not be unaffected by any change in the name or constitution of the Company.
- So long as the Company owes money to the Lender, the Lender will have lien on the money standing to the credit of the guarantor's account with the Lender or any other security belonging or under the control of the guarantor.

Injunctions and Restraining Orders against the Company

There are certain litigations and arbitrations pending against the Company. However, no injunction orders have been passed against the Company. For further details as to these litigations and arbitrations and discussion of their impact on the Company, refer to "Outstanding Litigation and Material Developments" beginning on page 168 of this Draft Red Herring Prospectus and to "Risk Factors" beginning on page xiv of this Draft Red Herring Prospectus..

Total number of shareholders of the Company

The total number of shareholders of the Company as on the date of this Draft Red Herring Prospectus is 8.

Related Party Transactions

For details of Related Party Transactions, refer to the section "Financial Statements", beginning on page F-1 of this Draft Red Herring Prospectus.

Financial Partners

Apart from our various arrangements with our lenders and bankers, which we undertake in the ordinary course of our business, our company does not have any other financial partners as per Clause (VIII) (D) (7) of Part A, Schedule VIII of the ICDR Regulations.

OUR MANAGEMENT

Under the Articles of Association, the Company cannot have less than three directors and more than twelve directors. The Company currently has 6 directors.

The following table sets forth certain details of the Directors as of the date of this Draft Red Herring Prospectus.

Name, Designation, Father's Name, Occupation and Term and Date of Appointment	Age	Address	Directors Identification Number	Other Directorships
Dr. Kailash Gupta (Promoter) Father's Name: Late Mr. Jai Narayan Gupta Designation: Executive Director Occupation: Business Term: Non-Retiring Appointed: First appointed on September 29, 1979	63	486, South Civil Lines, Pachpedi, Jabalpur, Madhya Pradesh 482101	00004951	1. Commercial Automobiles Pvt. Limited 2. J. N. Auto Private Limited 3. Kailash Auto Finance Limited 4. Kailash Motors Finance Private Limited 5. Shivam Motors (P) Limited. 6. Kailash Moser Industries Pvt. Limited 7. Kailash ShinMaywa Industries Limited (resignation submitted, pending approval at the next board meeting) 8. Kailash Rolfo India Private Limited 9. Shivam Phoenix Transport Services Private Limited 10. Commercial Infrastructure Equipments Private Limited
Mr. Ajay Gupta (Promoter) Father's Name: Late Mr. Gopal Murlidhar Gupta Designation: Whole Time Executive Director, w.e.f. September 29, 2006 Occupation: Business Term: 5 years (w.e.f. September 29, 2006) Appointed: Appointed as Additional Director by the Board on October 1, 2005 and confirmed by shareholders in general meeting on September 29, 2006	38	486, South Civil Lines, Pachpedi, Jabalpur, Madhya Pradesh 482101	00210880	None
Mr. Bharat Bakhshi Father's Name: Late Mr. Mahendra Kumar Bakhshi Designation: Non-Executive, Nominee Director of NYLIM Occupation: Private Equity Fund Manager Term: Retiring Appointed: Appointed as Additional Director by the Board on August 1, 2007 and confirmed by shareholders in general meeting on September 29, 2007	41	C.6, Meghdoot, 536 Linking Road, Khar, Mumbai, Maharashtra 400052	01381524	1. Bajaj Motors Limited 2. Saravana Global Energy Limited 3. Inventia Healthcare Private Limited
Mr. Sevanti Lal Popatlal Shah Father's Name: Late Mr. Popatlal Ravchand Shah Designation: Non-Executive, Independent Director, w.e.f. July 23, 2009 Occupation: Chairman and Managing Director of Neptune Equipment Pvt Ltd. Term: Retiring	74	7, Dani Sadan, 113 Walkeshwar Road, Mumbai, Maharashtra 400006	00505378	1. Neptune Equipment Private Limited 2. Conart Engineers Limited 3. Bombay Mills Stores Private Limited

Name, Designation, Father's Name, Occupation and Term and Date of Appointment	Age	Address	Directors Identification Number	Other Directorships
Appointed: Appointed as Additional Director by the Board on July 23, 2009 and confirmed by shareholders in general meeting on September 30, 2009				
Mr. Arun Kumar Rao Father's Name: Late Mr. Hardayal Singh Rao Designation: Non-Executive, Independent Director Occupation: Currently retired; Term: Retiring Appointed: Appointed as Additional Director by the Board on October 15, 2009 and confirmed by shareholders in general meeting on March 18, 2010.	62	Flat No. 303B, Shalimar Royal, 7/16 A Mall Avenue, Near Congress Office, Lucknow, Uttar Pradesh 226001	02820443	None.
Mr. Sudhir Kumar Vadhera Father's Name: Late Mr. Sohanlal Vadhera Designation: Non-Executive, Independent Director Occupation: Executive Officer, Kewaunee Scientific Corporation Term: Retiring Appointed: Appointed Additional Director by the Board on December 14, 2009 and confirmed by shareholders in general meeting on March 18, 2010.	63	35 MT Sinai Rise, 16-03 Village Tower, Singapore – 276955	00588683	1. Kewaunee Labway Asia Pte. Ltd. 2. Kewaunee Scientific Corporation India Pvt. Ltd. 3. Kewaunee Labway India Pvt. Ltd. 4. Kewaunee Labway Malaysia Sdn Bhd.

Brief Profile of the Directors

A brief profile of each member of our Board of Directors is given below:

Dr. Kailash Gupta
Executive Director

Dr. Kailash Gupta has a post graduate degree in Physics from D.A.V. College, Meerut University, Dehradun. He is currently the executive director of the Company. He was awarded a doctorate degree by the Jabalpur University for his dissertation "A Probe into the Environmental Change with the Socio – Economic Development due to Automobiles". He has industry experience of over 30 years. He has been with our Company since 1979. Dr. Kailash Gupta was President of the Federation of Automobile Dealers Associations from September 2000 to September 2002 and is currently an active member of its Governing Council. The total compensation received by Dr. Kailash Gupta in FY 2009, including compensation received in cash or kind and all accrued and contingent compensation received or accrued in FY 2009 was Rs. 2.88 million.

Dr. Kailash Gupta is the father-in-law of Mr. Ajay Gupta, who is the Whole-Time Executive Director and one of the Promoters of the Company.

Mr. Ajay Gupta
Whole Time Executive Director

Mr. Ajay Gupta is a commerce graduate from University of Mumbai with distinction, and has completed a one- year Business Leaders Programme from Indian Institute of Management, Kolkata. He is currently the executive director of the Company. He joined the Company in May 2005. He has been instrumental in conceiving and extending our business in the railways industry. He is a first generation entrepreneur and has significant cross-sector experience. Prior to his joining the Company, he was involved in the Textiles Industry in his family business, specifically in the production and sale of bed sheets. His last assignment in that business was the promotion and marketing of the brand 'Viva' which he sold towards the end of 2003 to a leading textile manufacturer in India. The total compensation received by Mr. Ajay Gupta, including compensation received in cash or kind and all accrued and contingent compensation received or accrued in FY 2009 was Rs. 7.45 million.

Mr. Ajay Gupta is the son-in-law of Dr. Kailash Gupta, who is an Executive Director and one of the Promoters of the Company.

Mr. Sevanti Lal Popatlal Shah
Independent Director

Mr. S. P. Shah is a qualified Mechanical Engineer. He joined Tata Motors Limited in 1966 where he worked for 25 years. He retired in 1991, whilst holding the position of General Sales Manager. During his tenure at Tata Motors Limited, he was responsible for the establishment of regional offices, dealership operation, marketing strategies, dealer development and product development. He also ventured into automobile services and emission testing equipment. Presently, he is the Chairman and Managing Director of Neptune Equipment Private Limited – a manufacturer of automobile servicing equipment having collaboration with a number of international parties including from Italy, USA, China, and Germany. Neptune Equipment Private Limited supplies to a large number of automobile dealers and transport organisations. It has established dealership with automobile dealers in Nigeria. He has also founded the Neptune Institute of Automobiles in Ahmedabad for imparting training to engineers and mechanics. He is presently the President of Federation of Automobile Dealers Associations (FADA). He has represented the National Automobiles Dealers Association (NADA) at the Annual Convention in New Orleans in January 2009, where he gave a presentation regarding the Indian automobile industry. He has served as the Convenor of a Sub-Committee set up by the Association of Indian Automobile Manufacturers for assessing demand for vehicles, and has also served as the Chairman of Indian Road Development Association. The total compensation received by Mr. S.P. Shah in FY 2009, including compensation received in cash or kind and all accrued and contingent compensation received or accrued in FY 2009 was Nil.

Mr. Arun Kumar Rao
Independent Director

Mr. Arun Kumar Rao is a graduate from the Birla Institute of Technology and Science, Pilani and he is also a graduate from the Institution of Mechanical Engineers, London, the Institution of Production Engineers, London and the Institution of Engineers (India) in Electrical Engineering. He has also attended a 6-week Management Programme at Manchester Business School, Manchester, U.K. He joined the Indian Railway service of Mechanical Engineers (IRSME) in April, 1969 and retired in May, 2007. During his tenure he assumed numerous important offices in the Indian Railways and acted as the Director General, RDSO, Lucknow. As Director General, RDSO, he was involved in the creation of Design of 22.9 T Axle Load Open BOXNHL wagon and covered BCNHL Wagon. He has also been a consultant to the Sri Lankan (Government) Railways, Colombo. Mr. Arun Kumar Rao has presented various papers in the International Railway Research Board Meeting at International Union of Railways, Paris. The total compensation received by Mr. Arun Kumar Rao in FY 2009, including compensation received in cash or kind and all accrued and contingent compensation received or accrued in FY 2009 was Nil.

Mr. Bharat Bakhshi
Non-Executive, Nominee Director of NYLIM

Mr. Bakhshi holds a Bachelor's Degree of Science in Mechanical Engineering from California State University, Fullerton and a Masters Degree in Business Administration from the University of Southern California. He is currently a partner at Jacob Ballas Capital India Private Limited ("**Jacob Ballas**"), a non-banking finance company founded in 1995, focused on private equity advisory services. Jacob Ballas provides advisory services to NYLIM, amongst other funds. Mr. Bakhshi joined Jacob Ballas in 2006. He has over 19 years of work experience, of which 13 years has been in financial services. Prior to joining Jacob Ballas, Mr. Bakhshi was a Director at UBS Investment Bank ("**UBS**") in Mumbai. In his last assignment at UBS, he was responsible for origination and execution of capital markets and advisory transactions for clients across sectors. Prior to that he was an investment banker with UBS in New York for three years. Before joining UBS, Mr. Bakhshi was Assistant Vice President with Citigroup. He spent four years with Citigroup in Mumbai and New York, in Sales and Product Management. He started his career with Atlantic Richfield Corporation in Los Angeles, USA where he pursued Project Management and Financial Analysis. He has been appointed to the Board of the Company as the nominee director of NYLIM pursuant to the NYLIM SHA. The total compensation received by Mr. Bakhshi in FY 2009, including compensation received in cash or kind and all accrued and contingent compensation received or accrued in FY 2009 was Nil. For details of the NYLIM SHA please refer to section "History and Certain Corporate Matters" beginning on page 95 of this Draft Red Herring Prospectus.

Mr. Sudhir Kumar Vadehra
Independent Director

Mr. Sudhir K. Vadehra holds a post – graduate degree in Chemistry. He is currently the Managing Director of Kewaunee Labway Asia Pte Ltd. Singapore (since 1998), a joint venture company he launched in 1997 in partnership with Kewaunee Scientific Corporation USA, a NASDAQ listed company where he holds the positions of executive office (since 2004). Additionally, he is currently the President of Kewaunee Scientific Corporation India Pvt. Ltd., Bangalore (since 2002), and is the Director of Kewaunee Labway India Pvt. Ltd. Bangalore (since 2000), and Kewaunee Labway Malaysia Sdn Bhd (since 2007). He has over forty years of experience in the scientific lab industry, starting his career in New York City in 1970. He has assumed varied positions in numerous reputed international organizations including the largest science lab supply company in the world. He has substantial market development and business management experience in various aspects of sales, marketing and distribution throughout greater Asia Pacific including Japan, Australia and the Indian sub-continent. He also has expertise in the setting up of new operations, joint venture companies, and business acquisitions in the Asia Pacific region. The total compensation received by Mr. Vadehra in FY 2009, including compensation received in cash or kind and all accrued and contingent compensation received or accrued in FY 2009 was Nil.

Apart from Dr. Kailash Gupta and Mr. Ajay Gupta, none of the Directors are related to each other. Except for Mr. Bharat Bakhshi who is a nominee Director of NYLIM, our Company does not have any arrangements or understanding with any major shareholders, customers, suppliers or others pursuant to which any of our Directors were appointed except as per Articles of Association of our Company.

Details of Appointment and Compensation of the Executive Directors:

S. No.	Name of Directors	Date of the Employment Contract	Term	Compensation (per annum)
1.	Mr. Ajay Gupta	February 22, 2010	5 years	Rs. 7.26 million*
2.	Dr. Kailash Gupta	February 22, 2010	5 years	Rs. 3.00 million*

** As per the Employment Contract*

In addition, Mr. Ajay Gupta is entitled to 2.5% of the audited profit after tax (for the financial year adjusted for commission) as commission.

Details of Appointment and Compensation of the Non-executive Directors:

S. No.	Name of Directors	Date of Contract / Appointment Letter / Resolution	Term	Compensation (per annum)
1.	Mr. Sevantilal Popatlal Shah	July 23, 2009	Retiring	None
2.	Mr. Bharat Bakhshi	August 1, 2007	Retiring	None
3.	Mr. Arun Kumar Rao	October 15, 2009	Retiring	None
4.	Mr. Sudhir Kumar Vadhera	December 14, 2009	Retiring	None

The Directors of the Company may be paid sitting fees for each meeting of the Board or committee of the Board attended by them, not exceeding Rs. 250 per meeting, as determined by the Board from time to time. Subject to the provisions of Section 314 of the Companies Act, the Directors may be paid such further remuneration as may be determined by the Company in a general meeting.

There are no benefits promised to the Directors upon termination of services.

Apart from the commission payable to Mr. Ajay Gupta disclosed above, there is no contingent or deferred compensation payable to the Directors.

Borrowing Powers of the Board of Directors

The AoA of the Company gives the Board the power to raise or borrow money, from the directors or from elsewhere and secure the payment of any sum or sums of money on such terms and conditions as it may deem fit. The AoA specifically entitles the Board to issue bonds, perpetual or redeemable debentures, or create any mortgage or other security on the undertaking of the whole or any part of the Company (both present and future) including its uncalled capital for the time being.

Bonus or Profit Sharing Plan for Directors

Apart from the commissions payable to Mr. Ajay Gupta disclosed above, there is no bonus or profit sharing plan for the Directors.

Shareholding of the Directors

There are no provisions in the AoA of the Company requiring the directors to hold any qualification shares in the Company.

The table below sets forth the shareholding of the Directors in their personal capacity, as of the date of filing of this Draft Red Herring Prospectus.

	Equity Shares owned before the Issue		**Equity Shares owned after the Issue**	
Shareholder	**No. of shares**	**% of paid-up` capital**	**No. of shares**	**% of paid-up capital**
Dr. Kailash Gupta	12,644,800	29.48%	[•]	[•]
Dr. Kailash Gupta as representative of the Promoter Group	980	Nil	Nil	Nil
Mr. Ajay Gupta	11,281,270	26.30%	[•]	[•]
Total	**23,927,050**	**55.77%**	**[•]**	**[•]**

Interest of Promoters and Directors

Except as stated otherwise in this Draft Red Herring Prospectus, none of the beneficiaries of loans, and advances and sundry debtors are related to the Directors or Promoters of the Company.

The remuneration of our Promoter Director, Mr. Ajay Gupta includes commission payable at the rate of 2.5% of the audited profit after tax (for the financial year adjusted for commission) of the Company. For further details regarding the interest of Promoters and Directors in the Company refer to the section "Related Party Transactions" and "Financial Statement" beginning on pages 140 and F-1 of this Draft Red Herring Prospectus.

The Company acquired ownership of the Mandla Factory in 2008 from Kailash Auto Builders Private Limited, a company belonging to our Promoter Group under the Scheme of De-Merger sanctioned in 2008 by the BIFR. Further, the Company has leased the Registered Office from Kailash Motors, a Promoter Group firm in which our Promoter Director, Dr. Kailash Gupta, is a partner with 20% share and the Corporate Office from Commercial Automobiles Private Limited, one of our Group Companies. For further details regarding the properties acquired and leased by the Company refer to the section "History and Certain Corporate Matters" beginning on page 95 of this Draft Red Herring Prospectus. Except as disclosed in the sections "Financial Statements" and "Related Party Transactions" beginning on pages F-1 and 140 of this Draft Red Herring Prospectus, the Directors have no interest in any property acquired by the Company within two years of the date of filing of this Draft Red Herring Prospectus.

The Directors may also be regarded as interested in the Equity Shares, if any, held by them or that may be subscribed by or allotted to the companies, firms, trusts, in which they are interested as directors, members, partners, trustees and promoters, pursuant to this Issue. All of the Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Except as disclosed in the section "Financial Statements" beginning on page F-1 of this Draft Red Herring Prospectus and to the extent of their shareholding in the Company, the Directors do not have any other interest in our business.

Corporate Governance

The provisions of the listing agreements to be entered into with the Stock Exchanges with respect to corporate governance become applicable to the Company at the time of seeking in-principle approval of the Stock Exchanges. The Company has complied with such provisions, including with respect to the appointment of independent Directors to the Board and the constitution of the following committees of the Board: the Audit Committee, the Remuneration Committee, Investors Grievance Committee, the Share Transfer Committee and the IPO Committee. The Company shall comply with all the requirements of the guidelines on corporate governance as per Clause 49 of the listing agreement to be entered into with the Stock Exchanges, as would be applicable to the Company upon the listing of its Equity Shares.

The Board has six Directors and the Chairman of the Board is an Executive Director. Therefore, in compliance with the requirements of Clause 49 of the Listing Agreement, the Company has (i) 4 Non-Executive Directors and (ii) at least 3 Independent Directors on the Board.

Audit Committee

The Audit Committee was constituted by the Board at its meeting held on January 10, 2010. The purpose of the Audit Committee is to ensure compliance with the internal control systems of the Company and to review the half-yearly and annual financial statements of the Company.

The constitution of the reconstituted Audit Committee is as follows:

S.No.	Name of the Director	Executive/Non-executive/Independent
1.	Mr. Sevanti Lal Popatlal Shah	Non-Executive, Independent Director
2.	Mr. Arun Kumar Rao	Non-Executive, Independent Director
3.	Mr. Bharat Bakhshi	Non-Executive, Nominee Director of NYLIM

The terms of reference of the Audit Committee are as follows:

- Regular review of accounts, accounting policies and disclosures.
- Review the major accounting entries based on exercise of judgment by management and review of significant adjustments arising out of audit.
- Review any qualifications in the draft audit report.
- Establish and review the scope of the independent audit including the observations of the auditors and review of the quarterly, half-yearly and annual financial statements before submission to the Board.
- Upon completion of the audit, attend discussions with the independent auditors to ascertain any area of concern.
- Establish the scope and frequency of the internal audit, review the findings of the internal auditors and ensure the adequacy of internal control systems.
- Examine reasons for substantial defaults in payment to depositors, debenture holders, shareholders and creditors.

- Examine matters relating to the Director's Responsibility Statement for compliance with Accounting Standards and accounting policies.
- Oversee compliance with Stock Exchange legal requirements concerning financial statements, to the extent applicable.
- Examine any related party transactions, i.e., transactions of the Company that are of a material nature with promoters or management, their subsidiaries, relatives, etc., that may have potential conflict with the interests of the Company.
- Appointment and remuneration of statutory and internal auditors.
- Such other matters as may from time to time be required under any statutory, contractual or other regulatory requirement.

Remuneration Committee

The Remuneration Committee was constituted by the Board at its meeting held on January 10, 2010. The objective of the Remuneration Committee is to ensure that the Company's remuneration policies in respect of Managing Director, Whole-time Director, senior executives are competitive such that the Company is able to recruit and retain the best talent and to ensure appropriate disclosure of remuneration paid to such persons.

The constitution of the Remuneration Committee is as follows:

S.No.	Name of the Director	Executive/Non-executive/Independent
1.	Mr. Sudhir Kumar Vadhera	Additional Non-Executive, Independent Director
2.	Mr. Arun Kumar Rao	Non-Executive, Independent Director
3.	Mr. Bharat Bakhshi	Non-Executive, Nominee Director of NYLIM

The terms of reference of the reconstituted Remuneration Committee are as follows:

- Determine the remuneration, review performance and decide on variable pay of executive Directors.
- Establish and administer employee compensation and benefit plans.
- Determine the number of stock options to be granted under the Company's Employees Stock Option Schemes and administer any stock option plan.
- Such other matters as may from time to time be required under any statutory, contractual or other regulatory requirement.

Investor Grievance Committee

The Investor Grievance Committee was constituted by the Board at its meeting held on January 10, 2010. The Investor Grievance Committee is responsible for addressing investors' or shareholders' grievances, for example, non receipt of share certificates after transfer, loss of share certificates, dividend related issues and matters connected therewith.

The constitution of the Investor Grievance Committee is as follows:

S.No.	Name of the Director	Executive/Non-executive/Independent
1.	Dr. Kailash Gupta	Executive Director
2.	Mr. Sevanti Lal Popatlal Shah	Non-Executive, Independent Director
3.	Mr. Arun Kumar Rao	Non-Executive, Independent Director

The terms of reference of the Investor Grievance Committee are as follows:

- Supervise investor relations and redressal of investor grievance in general and relating to non-receipt of dividends, interest, and non-receipt of balance sheet in particular.
- Such other matters as may from time to time be required under any statutory, contractual or other regulatory requirement.

Share Transfer Committee

The Share Transfer Committee was constituted by the Board at its meeting held on January 10, 2010. The Share Transfer Committee is responsible for all decisions in relation to the transfer/transmission/split/consolidation of the shares of the company.

The constitution of the Share Transfer Committee is as follows:

S. No.	Name of the member	Executive/Non-executive/Independent
1.	Mr. Ajay Gupta	Whole Time Executive Director
2.	Mr. Sevanti Lal Popatlal Shah	Non-Executive, Independent Director
3.	Mr. Arun Kumar Rao	Non-Executive, Independent Director

The terms of reference of the Share Transfer Committee are as follows:

- Approve and register the transfer or transmission of the Equity Shares of the Company.
- Sub divide/split, consolidate and or replace any share certificates of the Company including issue of duplicate share certificates.
- Authorise affixation of Common Seal of the Company to share certificates.
- Provide for the safe custody of the Common Seal of the Company.
- Do all other acts and deeds as may be necessary and incidental to these terms of reference.

IPO Committee

The IPO Committee was constituted by the Board at its meeting held on January 10, 2010. The IPO Committee is responsible for all the decisions in relation to an initial public offering by the Company.

The constitution of the IPO Committee is as follows:

S. No.	Name of the member	Designation
1.	Mr. Ajay Gupta	Whole Time Executive Director
2.	Mr. Bharat Bakhshi	Non-Executive, Nominee Director of NYLIM

Mr. Anurag Misra, Company Secretary and Compliance Officer, will act as a secretary to the IPO Committee.

The terms of reference of the IPO Committee are as follows:

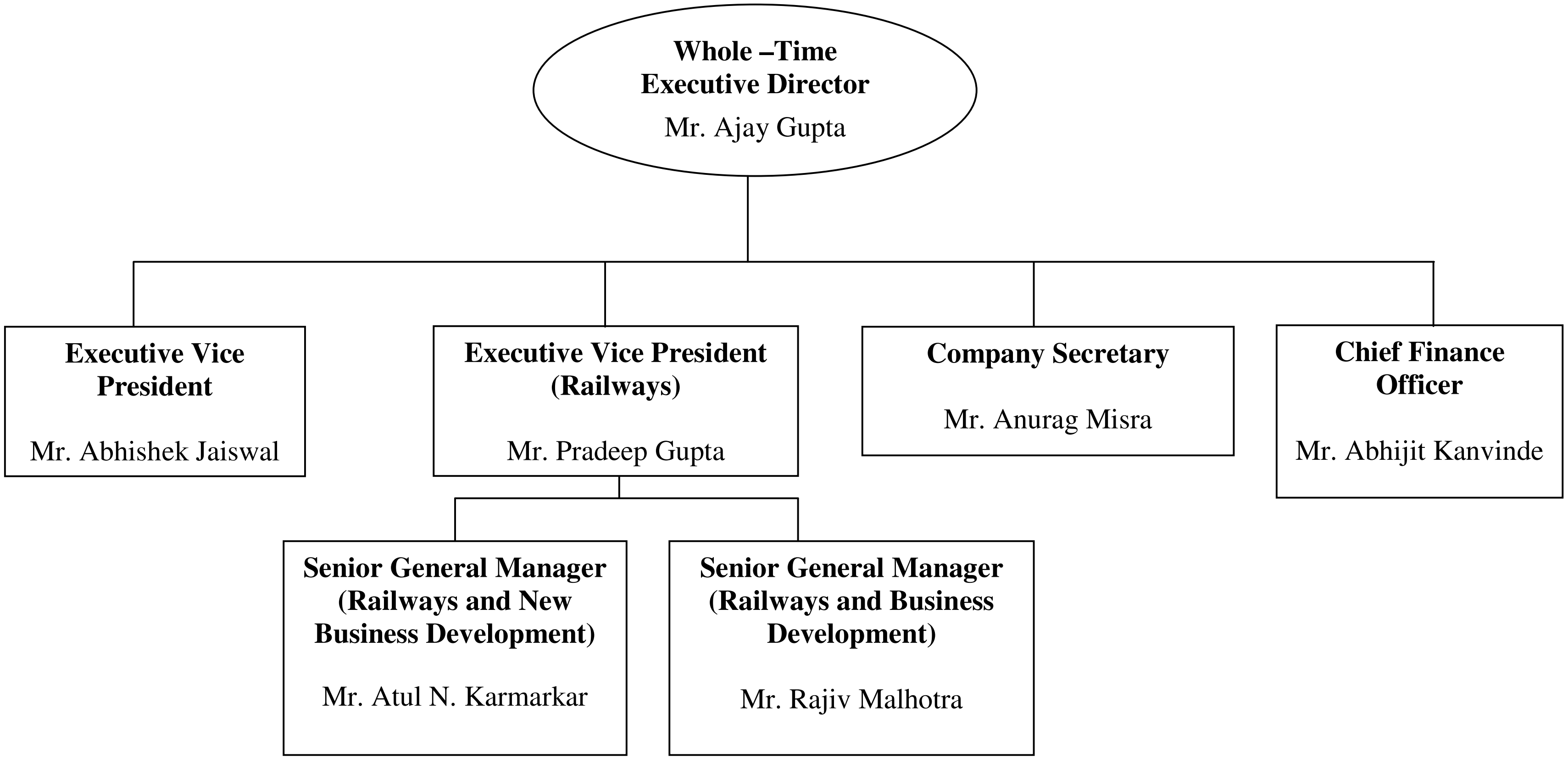
- Size of the Issue.
- Structure of Issue.
- Timing of the Issue.
- Appointment of BRLMs.
- Issue Price.
- Capitalization of reserves of the Company and issuance of bonus shares.
- Private placement of shares of the Company prior to the Issue.
- Size of the Offer for Sale.

Changes in the Board of Directors during the last three years

S. No.	Name	Date of Appointment	Date of Cessation	Reason
1.	Mr. Bharat Bakhshi	August 1, 2007	-	Appointed as Nominee Director of NYLIM pursuant to its investment in the Company *
2.	Mr. Amol Jagdishnarayan Sandil	February 29, 2008	July 10, 2008	Retired
3.	Mr. Arun Kumar Rao	October 15, 2009	-	Appointment
4.	Mrs. Rekha Gupta	November 1, 2004	November 30, 2009	Retired
5.	Mr. Vineet Chandra	April 15, 2006	December 1, 2009	Retired
6.	Mr. Sudhir Kumar Vadhera	December 14, 2009	-	Appointment
7.	Mr. Sevanti Lal Popatlal Shah	July 23, 2009	-	Appointment

* For details regarding the Shareholders' Agreement under which NYLIM invested in the Company, refer to section "History and Certain Corporate Matters" beginning on page 95 of this Draft Red Herring Prospectus.

MANAGEMENT ORGANIZATIONAL STRUCTURE



Key Management Personnel

The key management personnel of our Company are as follows:

Mr. Abhijit Kanvinde, Chief Finance Officer

Mr. Abhijit Kanvinde is 45 years old and is the Chief Finance Officer of our Company. He is a commerce graduate and a qualified Chartered Accountant. He has over 18 years of experience in the fields of finance, accounts, taxation and insurance management. He has worked with numerous companies including Shingari Cinemas Limited, Novartis Consumer Health India Pvt. Ltd., L'Oreal, and Mafatlal Dyes and Chemicals Ltd. In our Company, he is responsible for the preparation of operational budgets, supervision and finalization of corporate accounts and statutory audits, direct and indirect taxation, sector insurance and internal audit functions. He joined our Company on January 15, 2007. The gross remuneration paid to him during fiscal year 2009 was Rs. 1.8 million. Key details of his contract of employment with the Company are as follows: (a) The employment is on an exclusive basis; (b) The contract can be terminated by either party by giving two months notice in writing; (c) employee is prohibited from divulging trade secrets and other facts and information relating to the Company during the tenure of employment.

Mr. Abhishek Jaiswal, Executive Vice President

Mr. Abhishek Jaiswal is 40 years old and is the Executive Vice President of our Company. He holds a graduate degree in Production Engineering and has over 16 years of experience, and was previously employed as a Planning Engineer (Welding Shop) with Kinetic Honda from June, 1990 to March, 1993. He is responsible for overall operations of all units of the Company and he functionally oversees production, robotic welding, press shop and CNC machine operations. He joined our Company in March, 1993. The gross remuneration paid to him during fiscal year 2009 was Rs. 1.8 million. Key details of his contract of employment with the Company are as follows: (a) The employment is on an exclusive basis; (b) The contract can be terminated by either party by giving two months notice in writing; (c) employee is prohibited from divulging trade secrets and other facts and information relating to the Company during the tenure of employment.

Mr. Pradeep Gupta, Executive Vice President (Railways)

Mr. Pradeep Gupta is 59 years old and is the Executive Vice President (Railways) of our Company. He holds a graduate degree in Mechanical Engineering. He has over 30 years of experience in project management, manufacturing, marketing, product engineering, quality assurance, vendor development and export execution in the railway industry. He was previously employed with the OMBESCO Group from January, 2005 to January, 2009. He is responsible for looking after our projects in the railway division. He joined our Company on January 14, 2010. The gross remuneration paid to him during fiscal year 2009 was Rs. 1.98 million. Key details of his contract of employment with the Company are as follows: (a) The employment is on an exclusive basis; (b) The contract can be terminated by either party by giving two months notice in writing; (c) employee is prohibited from divulging trade secrets and other facts and information relating to the Company during the tenure of employment.

Mr. Atul Nagesh Karmarkar, Senior General Manager (Railways and New Business Development)

Mr. Atul Nagesh Karmarkar is 41 years old and is the Senior General Manager, Railways and New Business Development, of our Company. He holds a diploma in Mechanical Engineering, and an MBA in Marketing. He is a certified internal auditor for QS 14001 and TS 16949. He has over 17 years of experience in production planning and control. He was previously employed with Pinnacle Industries Ltd. as Senior Manager-Production from August, 2005 to June, 2008. He is responsible for all in-house production and planning activities and stream-lining processes and procedures. He also manages the Company's service teams in six warehouses across the country. He joined our Company on June 15, 2008. The gross remuneration paid to him during fiscal year 2009 was Rs. 1.0 million. Key details of his contract of employment with the Company are as follows: (a) The employment is on an exclusive basis; (b) The contract can be terminated by either party by giving two months notice in writing; (c) employee prohibited from divulging trade secrets and other facts and information relating to the Company during the tenure of employment.

Mr. Rajiv Malhotra, Senior General Manager (Railways and Business Development)

Mr. Rajiv Malhotra is 40 years old and is the Senior General Manager (Railways and Business Development) of our Company. He holds a graduate degree in Mechanical Engineering. He has over 17 years of experience in production, product development and project designs. He was previously employed with Hindalco Industries Limited from December, 1992 to June, 1996. He is in charge of marketing for railways and our business with DLW. He is also in charge of our operations for production, robotic welding, press shop, CNC bending, punching fabrication and assembly. He joined our Company on July 1, 1996. The gross remuneration paid to him during fiscal year 2009 was Rs. 1.2 million. Key details of his contract of employment with the Company are as follows: (a) The employment is on an exclusive basis; (b) The contract can be terminated by either party by giving two months notice in writing; (c) employee prohibited from divulging trade secrets and other facts and information relating to the Company during the tenure of employment.

Mr. Anurag Misra, Company Secretary

Mr. Anurag Misra is 34 years old and is the Company Secretary of our Company. He holds a post graduate degree in commerce and is an associate member of Institute of Company Secretaries of India (ICSI). He has over 7 years of experience in secretarial practices and legal compliance working with the Company. He is responsible for looking after secretarial, legal and other statutory compliances of the Company. His other responsibilities also include managing the finances of the Company, managing mergers and acquisitions, and joint ventures. He joined our Company in January, 2003. The gross remuneration paid to him during fiscal year 2009 was Rs. 0.6 million. Key details of his contract of employment with the Company are as follows: (a) The employment is on an exclusive basis; (b) The contract can be terminated by either party by giving two months notice in writing; (c) employee is prohibited from divulging trade secrets and other facts and information relating to the Company during the tenure of employment.

All the key management personnel mentioned above are permanent employees of the Company.

None of our key management personnel are related to each other.

None of our key management personnel have any interest in the Company apart from their remuneration.

None of our key management personnel was selected pursuant to any arrangement or understanding with any of our major shareholders, customers, suppliers or other parties.

Shareholding of key management personnel

None of our key management personnel hold any equity shares in the Company apart from their remuneration.

Bonus or profit sharing plan for the key management personnel

There is no bonus or profit sharing plan for key management personnel of the Company .

Employee Stock Option Plan / Employee Stock Purchase Scheme

We do not have any employee stock option scheme as of the date of filing of this Draft Red Herring Prospectus .

Changes in the Key Management Personnel

The following are the changes in the key management personnel of the Company in the last three years preceding the date of filing this Draft Red Herring Prospectus:

S. No.	Name	Date of Appointment	Designation	Date of Cessation	Reason
1.	Mr. Pradeep Gupta	January 14, 2010	Executive Vice President (Railways)	-	Appointment
2.	Mr. Atul Nagesh	June 15, 2008	Senior General Manager (Railways	-	Appointment

S. No.	Name	Date of Appointment	Designation	Date of Cessation	Reason
	Karmarkar		and New Business Development)		

Payment or Benefit to Officers of the Company

Except as disclosed in this Draft Red Herring Prospectus and any statutory payments made by the Company in the last two years, the Company has not paid any sum to its employees in connection with superannuation payments and ex-gratia or rewards and has not paid any non-salary amount or benefit to any of its officers.

Except as disclosed in this Draft Red Herring Prospectus, none of the beneficiaries of loans and advances and sundry debtors are related to the Directors or the Promoters of the Company.

OUR PROMOTERS, GROUP COMPANIES AND PROMOTER GROUP

Promoters

The following are the Promoters of the Company:

1. Dr. Kailash Gupta
2. Mr. Ajay Gupta

Promoters' Details

The details of the Promoters are as follows:

Dr. Kailash Gupta

Identification	Details
Age	63
Residential Address	486, South Civil Lines, Pachpedi, Jabalpur, Madhya Pradesh 482101, India.
Voter ID Number	MP/25/194/027374
Driving License Number	Not applied for
Designation	Executive Director w.e.f September 29, 1979
Educational qualifications and professional experience	See the section "Our Management" beginning on page 107 of this Draft Red Herring Prospectus
Other Directorships	See the section "Our Management" beginning on page 107 of this Draft Red Herring Prospectus

Dr. Kailash Gupta owns 12,644,800 Equity Shares, representing 29.48% of the pre-Issue share capital and [•]% of the post-Issue share capital of the Company. He also holds as representative of the Promoter Group pursuant to the Scheme of De-Merger 980 Equity Shares, representing less than 0.0 percent of the pre-Issue share capital and less than 0.0 percent of the post-Issue share capital of the Company.

Mr. Ajay Gupta

Identification	Details
Age	38
Residential Address	486, South Civil Lines, Pachpedi, Jabalpur, Madhya Pradesh 482101, India
Voter ID Number	Not applied for
Driving License Number	MH-01-90-23675
Designation	Whole-Time Executive Director, appointed as Additional Director by the Board on October 1, 2005 and confirmed by the shareholders in general meeting on September 29, 2006.

Identification	Details
Educational qualifications and professional experience	See the section "Our Management" beginning on page 107 of this Draft Red Herring Prospectus
Other Directorships	See the section "Our Management" beginning on page 107 of this Draft Red Herring Prospectus

Mr. Ajay Gupta owns 11,281,270 Equity Shares, representing 26.30% of the pre-Issue share capital and [•]% of the post-Issue share capital of the Company.

Promoter Group

The following natural persons, HUFs, companies and partnership firms, other than the Promoters named above, constitute our promoter group as defined under the ICDR Regulations (the "Promoter Group"):

The natural persons who are part of the Promoter Group, are as follows:

Immediate Relatives of Dr. Kailash Gupta

1. Ms. Rekha Gupta (wife)
2. Mr. Ishwar Chandra Gupta (brother)
3. Mr. Manik Chandra Gupta (brother)
4. Mr. Prem Chand Gupta (brother)
5. Mr. Arun Gupta (brother)
6. Late Mr. Kapoor Chand Gupta (brother)
7. Ms. Angoori Devi Goel (sister)
8. Ms. Shakuntala Gupta (sister)
9. Ms. Nirmala Bansal (sister)
10. Ms. Manju Agrawal (sister)
11. Ms. Shalini Gupta (daughter)
12. Ms. Nandini Malpani (daughter)
13. Ms. Anubha Bhartia (daughter)
14. Late Mr. Prem Narayan Agarwal (wife's father)
15. Late Ms. Kasturi Devi (wife's mother)
16. Mr. Indraprakash Agarwal (wife's brother)
17. Mr. Basant Kumar Agarwal (wife's brother)
18. Mr. Rajan Kumar Agarwal (wife's brother)
19. Ms. Shashi Singhal (wife's sister)

Immediate Relatives of Mr. Ajay Gupta

1. Late Mr. Gopal Gupta (father)
2. Ms. Asha Devi Gupta (mother)
3. Mr. Aditya Gupta (brother)
4. Ms. Anita Bharatiya (sister)
5. Mr. Shrivardhan Gupta (son)
6. Mr. Aniruddha Gupta (son)
7. Ms. Shalini Gupta (wife)
8. Ms. Nandini Malpani (wife's sister)
9. Ms. Anubha Bhartia (wife's sister)
10. Dr. Kailash Gupta (wife's father)
11. Ms. Rekha Gupta (wife's mother)

HUFs that are part of the Promoter Group are as follows:

1. Kailash Chand Gupta Hindu Undivided Family
2. Ajay Gupta Hindu Undivided Family

3. JN Gupta & Sons Hindu Undivided Family
4. Ishwar Chandra & Brothers Hindu Undivided Family
5. Prem Chand Kailash Chand Hindu Undivided Family
6. Manik Chand Kailash Chand Hindu Undivided Family
7. Jai Narain Ishwar Chand Manik Chand Kapoor Chand Hindu Undivided Family
8. Ishwar Chand Prem Chand Hindu Undivided Family
9. Ishwar Chandra Hindu Undivided Family
10. Manik Chandra Hindu Undivided Family
11. Prem Chand Gupta Hindu Undivided Family

Trusts that are part of the Promoter Group are as follows:

1. Jai Narayan Charitable Trust
2. Jashn Beneficiary Trust

Companies that are part of the Promoter Group are as follows:

1. Kailash Auto Finance Limited
2. J.N. Auto Private Limited
3. Commercial Automobiles Private Limited
4. Shivam Motors (P) Limited
5. Kailash Moser Industries Private Limited
6. Kailash Motors Finance Private Limited
7. Shivam Phoenix Transport Services Private Limited
8. Narmada Auto Care Services Private Limited
9. Commercial Motors (Dehradun) Private Limited
10. Kailash Motors (Private) Limited
11. Commercial Cars Private Limited
12. Tirupati Services Limited
13. Kailash Vahan Udyog Limited
14. Kailash ShinMaywa Industries Limited
15. Commercial Auto (Dehradun) Private Limited
16. Commercial Treads Private Limited
17. Vineet Capital Services (P) Limited
18. Tirupati Equipments Private Limited
19. Kailash Auto Builders (P) Limited
20. Commercial Motor Sales Private Limited

Firms that are part of the Promoter Group are as follows:

1. Commercial Instalment
2. Commercial Body Builders
3. Kailash Traders
4. Eurofibre India
5. Kailash Finance Company Kanpur
6. Kailash Motors
7. Chandra Brothers
8. Commercial Motors Bareilly
9. Kailash Motors Company Kanpur
10. Kailash Automobiles
11. Commercial Auto Centre
12. Kailash Auto Centre Kanpur

Companies and Firms forming part of our Group Companies:

The following companies, firms and ventures have been promoted by the Promoters of the Company and are referred to in this Draft Red Herring Prospectus as the "Group Companies". The Group Companies are companies, firms and ventures in which the Promoters (i) exercise control; or (ii) have been named as promoters by such entity in any filing with the stock exchanges in India. We define "control" (as per the terms of the ICDR Regulations) as the (a) ownership, directly or indirectly through subsidiaries, of 50% or more of the equity share capital or voting interest of the entity; or (b) power to appoint the majority of the directors or similar governing body of such entity; or (c) power to control the management or policy decisions of the entity, directly or indirectly, including through the exercise of shareholding or management or similar rights or voting arrangements or in any other manner. Joint ventures in which any Promoter is a joint venture partner have been disclosed as Group Companies, even where the Promoter holds less than 50% of the equity share capital or voting interest of the relevant joint venture. In addition, if a Promoter in practice controls an entity owing to the other shareholders or partners not actively participating in the business of the entity, such entity has been included as a Group Company.

Based on the above, our Group Companies are set forth below:

Companies

1. Kailash Auto Finance Limited
2. Shivam Motors (P) Limited
3. Commercial Automobiles Private Limited
4. J.N. Auto Private Limited
5. Kailash Motors Finance Private Limited
6. Kailash Moser Industries Private Limited
7. Shivam Phoenix Transport Services Private Limited
8. Narmada Auto Care Services Private Limited

Firms

1. Commercial Instalment
2. Commercial Body Builders
3. Kailash Traders
4. Eurofibre India

Excluded Entities of Immediate Relatives

No information is available with the Company, the Promoters or their other Immediate Relatives about the companies, firms, HUFs or trusts of the Immediate Relatives specified below. Further, none of these individuals and the Company or any Promoter or any of their other Immediate Relatives have any common interest, whether directly or indirectly, in any companies, firms, HUFs or trusts. Therefore, companies, firms, HUFs or trusts, if any in which the individuals specified below have interests, are not included in the above list of Promoter Group entities:

(1) The daughters and sisters of Dr. Kailash Gupta: Ms. Angoori Devi Goel (sister), Ms. Shakuntala Gupta (sister), Ms. Nirmala Bansal (sister), Ms. Manju Agrawal (sister), Ms. Anubha Bhartia (daughter) and Ms. Nandini Malpani (daughter), save that Ms. Nandini Malpani is a director of Commercial Automobiles Private Limited. For details, refer to heading "Commercial Automobiles Private Limited" further in this section.

(2) The siblings of Ms. Rekha Gupta: Mr. Indraprakash Agarwal, Mr. Basant Kumar Agarwal, Mr. Rajan Kumar Agarwal and Ms. Shashi Singhal.

(3) The siblings and mother of Mr. Ajay Gupta: Mr. Aditya Gupta (brother), Ms. Anita Bharatiya (sister) and Ms. Asha Devi Gupta (mother) save that Ms. Asha Devi Gupta is a trustee of Jashn Beneficiary Trust.

Declaration

The Company confirms that the Permanent Account Number, Bank Account details and Passport Number of the Promoters will be submitted to the Stock Exchanges at the time of filing this Draft Red Herring Prospectus with them.

Neither the Company nor the Promoters, Group Companies, the relatives (as per Companies Act, 1956) of the Promoters have been identified as wilful defaulters by Reserve Bank of India or other authorities. Neither (i) the Promoters, members of the Promoter Group, Group Companies of Promoters, nor (ii) the companies with which any of the Promoters are or were associated as a promoter, director or person in control, are debarred or prohibited from accessing the capital market for any reason by SEBI or any other authority.

The Company, Promoters and Group Companies have further confirmed that there are no violations of securities laws committed by them in the past or currently pending against them except for a violation of its listing agreement with the BSE and certain filing requirements under the Takeover Code by one of the Group Companies, Kailash Auto Finance Limited. For details of such violations by Kailash Auto Finance Limited, refer to the Section "Outstanding Litigation and Material Developments" on page 168 of this Draft Red Herring Prospectus and the section "Risk factors" on page xiv of this Draft Red Herring Prospectus. One of our Promoter Group companies, Vineet Capital Services (P) Limited used to be registered with SEBI as a stock broker on the U. P. Stock Exchange Association Limited, Kanpur under registration number INB101022839. Vineet Capital Services (P) Limited ceased to carry on this business from 2004 and voluntarily surrendered its registration on October 29, 2004 pursuant to which its registration was cancelled vide letter number MIRSD/DR-1/45002/2005 dated July 15, 2005. Vineet Capital Services (P) Limited has confirmed to us that it is not currently engaged in any securities related business and that there are no penalties, enquiries or investigations by SEBI against it and nor does it owe any fees to SEBI.

Acquisition of Equity Shares by our Promoters within the last 5 years

One of our Promoters, Mr. Ajay Gupta, first acquired shares in the Company within the last 5 years i.e. on December 23, 2006. For details of Equity Shares acquired by him in the Company including the date, terms and price of acquisition of such Equity Shares refer to the Section "Capital Structure" on page 20 of this Draft Red Herring Prospectus. Our other promoter, Dr. Kailash Gupta, has held Equity Shares in the Company indirectly through Group Companies and Promoter Group entities since 1980 and directly since October 2005.

Common Pursuits

The Promoters do not have any interest of 10% or more in the equity share capital of any venture that is involved in common pursuits as those of the Company and nor are the Group Companies or associates of the Company involved in any common pursuits as those of the Company.

Interest of Individual Promoters

Our Promoter Directors, Dr. Kailash Gupta and Mr. Ajay Gupta, are interested parties in any dividend and distributions made by the Company or to the extent of their shareholding in the Company. The remuneration of Mr. Ajay Gupta includes commission payable at the rate of 2.5% of the audited profit after tax (for the financial year adjusted for commission) of the Company.

The Company's Promoters will also be interested in any future contracts that the Company may enter into with any of the Group Companies. Our Promoters are also directors on the board of, or members of, certain Group Companies and Promoter Group entities and they may be deemed to be interested to the extent of payments made by our Company, if any, to these parties. Except as stated otherwise in this Draft Red Herring Prospectus, none of the beneficiaries of loans, and advances and sundry debtors are related to Promoters of the Company. For further details, please see the section "Related Party Transactions" beginning on page 140 of this Draft Red Herring Prospectus.

The Promoter Directors of the Company may be deemed to be interested in properties acquired, leased or licensed by the Company from Group Companies and entities belonging to the Promoter Group in which they have shareholding. For details as to such properties refer to the sections "Our Business" and "History and Certain Corporate Matters" beginning on pages 68 and 95 of this Draft Red Herring Prospectus.

Except as stated otherwise in this Draft Red Herring Prospectus, we have not entered into any contract, agreement or arrangement 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 any contract, agreement or arrangement that is proposed to be made with them, other than in the normal course of business.

Group Companies

Unless otherwise specifically stated, none of the Group Companies described below (i) is listed on any stock exchange; (ii) has completed any public or rights issue since the date of its incorporation; (iii) has become a sick company; (iv) is under winding-up; or (v) had a negative net worth as of FY2009. Unless otherwise specifically stated, no application has been made in respect of any of the Group Companies to the relevant Registrar of Companies in whose jurisdiction such Group Company is registered, for striking off its name. Further, except as stated below, there has been no change in the capital structure of any of the Group Companies in the last six months. The summary financial information of the Group Companies presented below is based on the audited financial statements of each such Group Company. For litigation regarding the Group Companies, refer to the Section "Outstanding Litigation and Material Developments" beginning on page 168 of this Draft Red Herring Prospectus.

1. Kailash Auto Finance Limited ("Kailash Auto")

Kailash Auto was incorporated on November 14, 1984. The principal activity of Kailash Auto is to carry on business as collection and recovery agents of Tata Motors Limited in Orissa, Rajasthan, Chhattisgarh and Madhya Pradesh in relation to hire purchase agreements entered into by Tata Motors Limited with its customers.

The capital structure of Kailash Auto as on February 25, 2010 is as follows:

	Number of shares	**Amount**
Authorized Share Capital	10,000,000 equity shares of Rs. 10 each and 500,000 preference shares of Rs. 100 each	Rs. 150,000,000
Issued, Subscribed and Paid-up Capital	3,805,900 equity shares of Rs. 10 each and 94,100 Forfeited Equity Shares	Rs. 38,059,000 Rs. 857,033

Shareholding Pattern

The shareholding pattern of Kailash Auto as of February 25, 2010 is as follows:

Name of Shareholder	**Number of equity shares**	**% of Issued Capital**
Dr. Kailash Gupta	867,837	22.82
Dr. Kailash Gupta (HUF)	37,913	1.00
Ms. Rekha Gupta	917,439	24.12
Mr. Ishwar Chandra Gupta	8,500	0.22
Mr. Atul Goel	11,600	0.30
Mr. Vineet Chandra/Ms. Rekha Gupta	58,081	1.53
Mr. Raghav Gupta	64,876	1.71
Ms. Shalini Gupta	13,050	0.34
Ms. Anubha Gupta	25,961	0.68
Mittar Sen Goel	3,100	0.08
Ms. Angoori Devi	1,100	0.03
Ms. Shalini Gupta	7,200	0.19
Aradhana Motors Private Limited	4,500	0.12

Name of Shareholder	Number of equity shares	% of Issued Capital
The Company	86,650	2.28
Commercial Automobiles Private Limited	323,867	8.51
Commercial Instalment (P) Limited	48,438	1.27
Commercial Motors Finance Limited	27,343	0.72
Kailash Auto Builders (P) Limited	25,925	0.68
Kailash Motors Limited	1,050	0.03
Shivam Motors (P) Limited	49,375	1.30
Tirupati Services Limited	32,200	0.85
Mr. Ashok Goel	200	0.01
Mr. Mohit Goel	3,600	0.09
Ms. Rita Goel	1,725	0.05
Ms. Pratima Goel	3,325	0.09
Mr. Alok Aggarwal	1,000	0.03
Ms. Amita Arren	1,425	0.04
Ms. Anjana Goel	1,100	0.03
Ms. Draupadi Devi	2,812	0.07
Mr. Mukul Arren	2,049	0.05
Mr. Mukul Arren (Trustee Anuj Family Trust)	6,250	0.16
Ms. Neeru Gupta	375	0.01
Ms. Parul Goel	200	0.01
Mr. Prem Prakash Gupta	6,625	0.17
Ms. Renu Aggarwal	1,000	0.03
Ms. Ruchi Goel	1,100	0.03
Ms. Shada Devi	3,612	0.09
Mr. Babulal Nema	6,700	0.18
Mr. Bhaiyalal Shukla	10,000	0.26
Mr. Gaurishankar Agarwal	6,700	0.18
Ms. Sudesh Puri	200	0.01
Ms. Suman Uberoi	200	0.01
Bahubli Services Limited	800	0.02
Deccan Cables Private Limited	800	0.02
Hind Motors Finance Private Limited	100	0.00
Kothiwal Finance & Investment Limited	3,800	0.10
NPR Finance Limited	100	0.00
3A Capital Services Limited	200	0.01

Name of Shareholder	Number of equity shares	% of Issued Capital
Silverstar Finance & Leasing Private Limited	1,300	0.03
Public	1,075,607	28.28
Employees	44,685	1.17
Total	**3,803,595**	**100.00**

Board of Directors

The board of directors of Kailash Auto as on February 25, 2010 comprises of the following:

1. Dr. Kailash Gupta
2. Ms. Shalini Gupta
3. Mr. Rajesh B. Dhirawani
4. Mr. Rahul Agrawal

Financial Performance

(Rs. In million except in per share data)

	For the period ended March 31		
	2007	**2008**	**2009**
Total Income	27.07	28.92	39.42
Sales (income from operation)	16.14	26.28	38.87
Profit/(Loss) after Tax	(6.66)	3.24	18.96
Equity Share Capital (paid up)	38.91	38.91	38.91
Reserves and surplus (excluding revaluation reserves) and debit balance of Profit/(Loss) Account(2)	11.37	11.37	11.37
Earnings/(Loss) per share (Basic)(1)	(1.75)	0.86	4.98
Diluted Earnings per share(1)	(1.75)	0.86	4.98
Net Asset Value per share(1)	(11.67)	(10.82)	(5.84)

(1) Face value of each equity share is Rs.10.
(2) Net of miscellaneous expenditure not written off.

Kailash Auto has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA, is not under winding up. It has not made a loss in FY 2009. However, Kailash Auto has a negative net worth of Rs. 22.23 million. For details of Kailash Auto as to market price, capital issues in the last ten years and investor grievances, refer to the Section "Other Regulatory and Statutory Disclosures" beginning on page 209 of this Draft Red Herring Prospectus.

2. Shivam Motors (P) Limited ("Shivam Motors")

Shivam Motors was incorporated on March 22, 1983. The principal activity of Shivam Motors is to carry on business as authorized dealers in certain districts of Chhattisgarh for commercial vehicles produced by Tata Motors Limited. Shivam Motors also sources hire-purchase business for various financiers on commission-basis.

The capital structure of Shivam Motors as on February 25, 2010 is as follows:

	Number of shares	Amount
Authorized Share Capital	192,500 equity shares of Rs. 100 each and 207,500 preference shares of Rs. 100 each	Rs. 19,250,000 equity share capital and Rs. 20,750,000 preference share capital.
Issued, Subscribed and Paid-up	171,500 equity shares of Rs. 100 each	Rs. 17,150,000 equity share

Capital	and 158,000 preference shares of Rs. 100 each.	capital and Rs. 15,800,000 preference share capital.

Shareholding Pattern

The shareholding pattern of Shivam Motors as of February 25, 2010 is as follows:

Equity Shares		
Name of Shareholder	**Number of equity shares**	**% of Issued Equity Capital**
Tirupati Services Limited	8,000	4.66
Commercial Automobiles Private Limited	800	0.47
Kailash Motors Finance Private Limited	50,000	29.15
Commercial Motors	34,000	19.83
Kailash Motors	800	0.47
Kailash Motors Co.	550	0.32
Dr. Kailash Gupta	30,000	17.49
Ms. Rekha Gupta	27,500	16.03
Ms. Prem Lata Agarwal	600	0.35
Mr. Arvind Pathak	120	0.07
Ms. Angoori Devi	50	0.03
Ms. Reeta Goel	50	0.03
Ms. Shakun Chandra	50	0.03
Ms. Urmil Gupta	50	0.03
Ms. Usha Chandra	50	0.03
Ms. Rajni Pathak	40	0.02
Ms. Prabha Pathak	20	0.01
Mr. Vineet Chandra	20	0.01
Mr. Raghav Gupta	18,800	10.96
Total	**171,500**	**100**

Preference Shares		
Name of Shareholder	**Number of 1% cumulative preference shares**	**% of Issued Preference Capital**
Commercial Body Builders	64,000	40.51%
Dr. Kailash Chand Gupta (Karta Kailash Chand Gupta HUF)	2,000	1.27%
Ms. Rekha Gupta	10,000	6.33%
Commercial Auto Centre	82,000	51.90%
Total	**158,000**	**100.00**

Board of Directors

The board of directors of Shivam Motors as on February 25, 2010 comprises of the following:

1. Dr. Kailash Gupta
2. Mr. Prem Chand Gupta
3. Mr. Raghav Gupta
4. Ms. Rekha Gupta

Financial Performance

(Rs. In million except in per share data)

	For the period ended March 31		
	2007	**2008**	**2009**
Total Income (Sales)	2011.65	1927.75	2003.04

Profit/(Loss) after Tax	10.79	2.82	9.89
Equity Share Capital (paid up)	27.95	27.95	32.95
Reserves and surplus (excluding revaluation reserves) and debit balance of Profit/(Loss) Account(2)	35.54	37.73	47.46
Earnings/(Loss) per share (Basic)(1)	137.47	35.21	90.51
Diluted Earnings per share(1)	137.47	35.21	90.51
Net Asset Value per share(1)	522.09	875.83	682.93

(1) Face value of each equity share is Rs.100.
(2) Net of miscellaneous expenditure not written off.

Shivam Motors is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA, is not under winding up and does not have negative net worth. It has not made a loss in FY 2009.

3. Commercial Automobiles Private Limited ("Commercial Automobiles")

Commercial Automobiles was incorporated on September 1, 1997 as a private limited company. The principal activity of Commercial Automobiles is to carry on business as authorized dealers in certain districts of Madhya Pradesh of commercial vehicles and passenger cars produced by Tata Motors Limited.

The capital structure of Commercial Automobiles as on February 25, 2010 is as follows:

	Number of shares	**Amount**
Authorized Share Capital	6,000,000 equity shares of Rs. 10 each and 400,000 preference shares of Rs. 100/- each	Rs. 60,000,000 equity share capital and Rs. 40,000,000 preference share capital
Issued, Subscribed and Paid-up Capital	5,250,000 equity shares of Rs. 10 each and 399,280 preference shares of Rs. 100 each	Rs. 52,500,000 equity share capital and Rs. 39,928,000 preference share capital

Shareholding Pattern

The shareholding pattern of Commercial Automobiles as of February 25, 2010 is as follows:

Equity Shares		
Name of Shareholder	**Number of equity shares**	**% of Issued Equity Capital**
Dr. Kailash Gupta	2,497,750	47.58
Ms. Rekha Gupta	1,062,250	20.23
Kailash Motors	477,500	9.10
Kailash Motors Finance Private Limited	750,000	14.29
Kailash Chand HUF (Dr. Kailash Gupta)	12,500	0.24
Mr. Prem Chand Gupta	90,000	1.71
Ms. Shakun Chandra	90,000	1.71
Mr. Arun Gupta	90,000	1.71
Ms. Meera Gupta	55,000	1.05
Mr. Kapoor Chand Gupta	35,000	0.67
Mr. Usha Chandra	25,000	0.48
Ishwar Chandra HUF (Ishwar Chandra)	25,000	0.48
Mr. Vineet Chandra	25,000	0.48
Ms. Nidhi Chandra	15,000	0.29
Total	**5,250,000**	**100.00**
Preference Shares		

Equity Shares		
Name of Shareholder	**Number of equity shares**	**% of Issued Equity Capital**
Dr. Kailash Gupta	2,497,750	47.58
Name of Shareholder	**Number of 1% Cumulative Redeemable Preference Shares of Rs. 100 each**	**% of Issued Preference Capital**
Ms. Sarita Gupta, Partner Commercial Auto Centre Mr Ishwar Chandra (Karta J N Gupta, Ishwar Chandra, Manik Chandra, Kapoor Chand Gupta HUF), Partner Commercial Auto Centre	150,000	37.56
Ms. Rekha Gupta	20,000	5.00
Ms. Sarita Gupta, Partner Commercial Auto Centre Mr Ishwar Chandra (Karta J N Gupta, Ishwar Chandra, Manik Chandra, Kapoor Chand Gupta HUF), Partner Commercial Auto Centre	229,280	57.43
Total	**399,280**	**100.00**

Board of Directors

The board of directors of Commercial Automobiles as on February 25, 2010 comprises of the following:

1. Dr. Kailash Gupta
2. Mr. Ishwar Chandra
3. Mr. Rahul Agrawal
4. Ms. Nandini Malpani
5. Mr. Anirudh Malpani

Financial Performance

(Rs. In million except in per share data)

	For the period ended March 31		
	2007	**2008**	**2009**
Total Income (Sales)	1639.16	1816.48	1614.22
Profit/(Loss) after Tax	(2.55)	2.67	8.32
Equity Share Capital (paid up)	84.93	84.93	92.43
Reserves and surplus (excluding revaluation reserves) and debit balance of Profit/(Loss) Account(2)	23.68	24.55	32.46
Earnings/(Loss) per share (Basic)(1)	2.86	2.45	4.67
Diluted Earnings per share(1)	2.86	2.45	4.67
Net Asset Value per share(1)	20.17	68.99	75.17

(1) Face value of each equity share is Rs.10.
(2) Net of miscellaneous expenditure not written off.

Commercial Automobiles is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA, is not under winding up and does not have negative net worth. It has not made a loss in FY2009.

4. J. N. Auto Private Limited ("J. N. Auto")

J. N. Auto was incorporated on March 19, 1996. The principal activity of J. N. Auto is to carry on business as manufacturers and galvanizers of telecommunications and transmission towers.

The capital structure of J. N. Auto as on February 25, 2010 is as follows:

	Number of equity shares of Rs. 10 each	Amount
Authorized Share Capital	2,000,000	Rs. 20,000,000
Issued, Subscribed and Paid-up Capital	900,000	Rs. 9,000,000

Shareholding Pattern

The shareholding pattern of J. N. Auto as of February 25, 2010 is as follows:

Name of Shareholder	Number of equity shares	% of Issued Capital
Dr. Kailash Gupta	100,100	11.12
Ms. Rekha Gupta	678,500	75.39
Dr. Kailash Gupta and Ms. Rekha Gupta (jointly)	5,000	0.56
Kailash Motors	50,000	5.56
Mr. Ishwar Chandra	100	0.01
Mr. Prem Chand Gupta	100	0.01
Ms. Usha Chandra	1200	0.13
Ms. Meera Gupta	5000	0.56
Mr. Ishwar Chandra and Ms. Usha Chandra (jointly)	5000	0.56
Mr. Prem Chandra and Ms. Urmil Gupta (jointly)	5000	0.56
Mr. Manik Chandra and Ms. Shakun Chandra (jointly)	5000	0.56
Mr. Vineet Chandra and Ms. Nidhi Chandra	5000	0.56
Mr. Vikunth Chandra	40,000	4.45
Total	**900,000**	**100.00**

Board of Directors

The board of directors of J. N. Auto comprises of the following:

1. Dr. Kailash Gupta
2. Mrs. Rekha Gupta
3. Mr. Ishwar Chandra

Financial Performance

(Rs. In million except in per share data)

	For the period ended March 31		
	2007	**2008**	**2009**
Total Income	0.01	0.15	35.98
Profit/(Loss) after Tax	2.83	(0.08)	1.11
Equity Share Capital (paid up)	5.00	5.00	9.00
Reserves and surplus (excluding revaluation reserves) and debit balance of Profit/(Loss) Account(2)	0.68	(0.43)	(0.31)
Earnings/(Loss) per share (Basic)(1)	6.34	0	0.83
Diluted Earnings per share(1)	6.34	0	0.83

Net Asset Value per share(1)	9.36	9.15	21.20

(1) Face value of each equity share is Rs.10.
(2) Net of miscellaneous expenditure not written off.

J. N. Auto is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA, is not under winding up and does not have negative net worth. It has not made a loss in FY2009.

5. Kailash Motors Finance Private Limited ("Kailash Motors Finance")

Kailash Motors Finance was incorporated on March 13, 1981. The principal activity of Kailash Motors Finance is to carry on business as collection and recovery agents and participation business for Tata Motors Limited in Orissa Rajasthan, Chattisgarh and Madhya Pradesh.

The capital structure of Kailash Motors Finance as on February 25, 2010 is as follows:

	Number of shares	**Amount**
Authorized Share Capital	300,000 equity shares of Rs. 100 each	Rs. 30,000,000
Issued, Subscribed and Paid-up Capital	249,785 equity shares of Rs. 100 each	Rs. 24,978,500

Shareholding Pattern

The shareholding pattern of Kailash Motors Finance as of February 25, 2010 is as follows:

Name of Shareholder	Number of equity shares	% of Issued Capital
Company	62,920	25.19%
Commercial Automobiles Private Limited	250	0.10%
Commercial Instalment	110,000	44.04%
Kailash Motors	750	0.30%
Kailash Motors Company Kanpur	750	0.30%
Ms. Rekha Gupta	42,000	16.81%
Jaika Motors	18,000	7.21%
Rajnigandha Industries Private Limited	3,000	1.20%
Mr. Krishna Kumar Agrawal	2,745	1.10%
Ms.Shalini	2,600	1.04%
Ms. Rekha Agrawal	640	0.26%
Mr. Atul Goel	500	0.20%
Mr. Ashok Gupta	440	0.18%
Ms. Amita Arren	400	0.16%
Mr. Ankur Goel	400	0.16%
Mr. Mukul Arren	400	0.16%
Ms. Neeru Gupta	400	0.16%
Ms. Nidhi Vineet Chandra	400	0.16%
Mr. Santosh Jain	400	0.16%
Mr. Satish Jain	350	0.14%

Master Vikunth	350	0.14%
Ms. Ruchi	300	0.12%
Mr. Jai Jain	250	0.10%
Mr. Bhiki Bhai Jain	200	0.08%
Ms. Rekhchand Kochar	200	0.08%
Ms. Usha Chandra	200	0.08%
Mr. Kamlesh Agrawal	140	0.06%
Mr. Ram Niwas Agarwal	100	0.04%
Mr. Ashkaran Bajmar	100	0.04%
Mr. Deepchand Kochar	100	0.04%
Mr. Prem Chand Gupta	100	0.04%
Mr. Raghav Gupta	100	0.04%
Mr. Sampatlal Jain	100	0.04%
Ms. Shanti Bai Bajmar	100	0.04%
Ms. Sunder Bai Kochhar	100	0.04%
Total	**249,785**	**100.00%**

Board of Directors

The board of directors of Kailash Motors Finance as on February 25, 2010 comprises of the following:

1. Dr. Kailash Gupta
2. Mr. Prem Chandra Gupta
3. Mrs. Usha Chandra

Financial Performance

(Rs. In million except in per share data)

	For the period ended March 31		
	2007	**2008**	**2009**
Total Income	14.56	2.41	1.45
Profit/(Loss) after Tax	3.27	0.70	0.57
Equity Share Capital (paid up)	24.97	24.97	24.97
Reserves and surplus (excluding revaluation reserves) and debit balance of Profit/(Loss) Account(2)	(2.47)	(1.77)	(1.20)
Earnings/(Loss) per share (Basic)(1)	12.33	4.18	3.18
Diluted Earnings per share(1)	12.33	4.18	3.18
Net Asset Value per share(1)	80.27	84.45	87.13

(1) Face value of each equity share is Rs.100.
(2) Net of miscellaneous expenditure not written off.

Kailash Motors Finance is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA, is not under winding up and does not have negative net worth. It has not made a loss in FY 2009.

6. Kailash Moser Industries Private Limited ("Kailash Moser")

Kailash Moser was incorporated on July 12, 1993. The principal activity of Kailash Moser was to carry on business of manufacturers of garbage compactors. Kailash Moser has been defunct since 1994 as it was not able to get significant orders for its business.

The capital structure of Kailash Moser as on February 25, 2010 is as follows:

	Number of shares	Amount
Authorized Share Capital	1,000,000 equity shares of Rs. 10 each	Rs. 10,000,000
Issued, Subscribed and Paid-up Capital	171,100 equity shares of Rs. 10 each	Rs. 1,711,000

Shareholding Pattern

The shareholding pattern of Kailash Moser as of February 25, 2010 is as follows:

Name of Shareholder	Number of equity shares	% of Issued Capital
Dr. Kailash Gupta	28,700	16.77
Ms. Rekha Gupta	80,500	47.05
Mr. Kurt Fluri	61,900	36.18
Total	**171,100**	**100.00**

Board of Directors

The board of directors of Kailash Moser as on February 25, 2010 comprises of the following:

1. Dr. Kailash Gupta
2. Mr. Vineet Chandra

Financial Performance

(Rs. In million except in per share data)

	For the period ended March 31		
	2007	2008	2009
Sales	0.00	0.00	0.00
Profit/(Loss) after Tax	(0.01)	(0.008)	(0.14)
Equity Share Capital (paid up)	17.11	17.11	17.11
Reserves and surplus (excluding revaluation reserves) and debit balance of Profit/(Loss) Account(2)	(37.34)	(37.44)	(37.53)
Earnings/(Loss) per share (Basic)(1)	N.A.	N.A.	N.A.
Diluted Earnings per share(1)	N.A.	N.A.	N.A.
Net Asset Value per share(1)	N.A.	N.A.	N.A.

(1) Face value of each equity share is Rs.10.
(2) Net of miscellaneous expenditure not written off.

Kailash Moser is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA and is not under winding up. Kailash Moser has a negative net worth of Rs. 2.06 million. It has made a loss of Rs. 14,000 in FY 2009. Kailash Moser has filed an application before the RoC for its name to be struck off from the record.

7. Shivam Phoenix Transport Services Private Limited ("Shivam Phoenix")

Shivam Phoenix was incorporated on March 16, 2010. The principal activity of Shivam Phoenix is to carry on business of running local transport buses.
The capital structure of Shivam Phoenix as on March 27, 2010 is as follows:

	Number of shares	Amount
Authorized Share Capital	50,000 equity shares of Rs. 10 each	Rs. 500,000

Issued, Subscribed and Paid-up Capital	10,000 equity shares of Rs. 10 each	Rs. 100,000

Shareholding Pattern

The shareholding pattern of Shivam Phoenix as of March 27, 2010 is as follows:

Name of Shareholder	Number of equity shares	% of Issued Capital
Dr. Kailash Gupta	5,000	50%
Mr. Vishwanath Kunjilal Dubey	5,000	50%

Board of Directors

The board of directors of Shivam Phoenix as on March 27, 2010 comprises of the following:

1. Dr. Kailash Gupta
2. Mr. Vishwanath Kunjilal Dubey

Financial Performance

The financial performance of Shivam Phoenix for the last 3 fiscal years is not available since it was recently incorporated on March 16, 2010.

Shivam Phoenix is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA, is not under winding up and does not have negative net worth.

8. Narmada Auto Care Services Private Limited ("Narmada Auto")

Narmada Auto was incorporated on February 16, 2010. The principal activity of Narmada Auto is to carry on business of tourist agents and contractors and to facilitate traveling for tourists including the provision of conveniences of all kinds such as tickets, sleeper cars, berths, lodging arrangements and other allied services.

The capital structure of Narmada Auto as on March 27, 2010 is as follows:

	Number of shares	Amount
Authorized Share Capital	50,000 equity shares of Rs. 10 each	Rs. 500,000
Issued, Subscribed and Paid-up Capital	10,000 equity shares of Rs. 10 each	Rs. 100,000

Shareholding Pattern

The shareholding pattern of Narmada Auto as of March 27, 2010 is as follows:

Name of Shareholder	Number of equity shares	% of Issued Capital
Mr. Rahul Agrawal	5,000	50%
Ms. Rekha Gupta	5,000	50%

Board of Directors

The board of directors of Narmada Auto as on March 27, 2010 comprises of the following:

1. Mr. Rahul Agrawal
2. Ms. Rekha Gupta

Financial Performance

The financial performance of Narmada Auto for the last 3 fiscal years is not available since it was recently incorporated on February 16, 2010.

Narmada Auto is an unlisted company and it has not made any public or rights issue in the preceding three years. It has not become a sick company under the meaning of SICA, is not under winding up and does not have negative net worth.

9. Commercial Instalment ("Commercial Instalment")

Commercial Instalment is a partnership firm set up on July 1, 1979. The principal activity of Commercial Instalment is to carry on the business of finance, leasing and hire-purchase. It has been defunct since 1999 owing to the entry of new companies and banks in the same business with whom it was unable to compete.

Partnership Interest

The partnership interest in Commercial Instalment as of February 25, 2010 was:

Name of Partner	% of Partnership Interest
Dr. Kailash Gupta	6%
Ishwar Chandra HUF (Ishwar Chandra)	21%
Prem Chand Gupta HUF (Prem Chand Gupta)	21%
Manik Chandra HUF (Manik Chandra)	21%
Kapoor Chand Gupta HUF (Raghav Gupta)	21%
Mr. Arun Gupta	10%
Total	**100%**

Financial Performance

(Rs. In million except in per share data)

	For the period ended March 31		
	2007	**2008**	**2009**
Total Income	1.36	2.97	0.94
Profit/(Loss) after Tax	(1.72)	(0.65)	(2.92)
Reserves and surplus (excluding revaluation reserves) and debit balance of Profit/(Loss) Account(1)	NIL	NIL	NIL

(1) Net of miscellaneous expenditure not written off.

Commercial Instalment has a negative worth of Rs. 23.83 million and has made a loss of Rs. 2.92 million in FY 2009.

10. Commercial Body Builders ("CBB")

CBB is a partnership firm set up on March 28, 1977. CBB is in the business of rendering financial advice on commission basis and renting out immovable properties.

Partnership Interest

The partnership interest in CBB as of February 25, 2010 was:

Name of Partner	% of Partnership Interest
Kailash Chand Gupta HUF (Dr. Kailash Gupta)	20%
Mr. Ishwar Chandra	12.50%

Name of Partner	% of Partnership Interest
Kailash Chand Gupta HUF (Dr. Kailash Gupta)	20%
Mr. Arun Gupta	12.50%
Mr. Raghav Gupta	15%
Mr. Manik Chand Gupta	15%
Mr. Prem Chand Gupta	12.50%
Ms. Nidhi Chandra	12.50%
Total	**100%**

Financial Performance

(Rs. In million except in per share data)

	For the period ended March 31		
	2007	**2008**	**2009**
Total Income	39.75	81.48	48.82
Profit/(Loss) after Tax	1.37	(0.38)	8.15
Reserves and surplus (excluding revaluation reserves) and debit balance of Profit/(Loss) Account(1)	NIL	NIL	NIL

(1) Net of miscellaneous expenditure not written off.

CBB has a negative worth of Rs. 12.77 mn. CBB has not made a loss in FY 2009.

11. Kailash Traders

Kailash Traders is a partnership firm set up on March 28, 1977. The principal activity of Kailash Traders is to carry on the business of finance and trading. It has been defunct since 1999 owing to the entry of new companies and banks in the business of finance, leasing and hire-purchase with whom it was unable to compete.

Partnership Interest

The partnership interest in Kailash Traders as of February 25, 2010 was:

Name of Partner	% of Partnership Interest
Ms. Rekha Gupta	25%
Mr. Arun Gupta	10%
Mr. Vineet Chandra	15%
Ms. Usha Chandra	15%
Ms. Pratima Goel	10%
Ms. Rita Goel	25%
Total	**100%**

Financial Performance

(Rs. In million except in per share data)

	For the period ended 31 March		
	2007	**2008**	**2009**
Total Income	1.40	2.90	2.02
Profit/(Loss) after Tax	(0.55)	2.27	1.85
Reserves and surplus (excluding revaluation reserves) and debit balance of Profit/(Loss) Account(1)	NIL	NIL	NIL

(1) Net of miscellaneous expenditure not written off.

Kailash Traders does not have negative worth and nor has it made a loss in FY 2009.

12. Eurofibre India

Eurofibre India is a partnership firm set up on November 16, 1998. Its principal activity was to carry on bJusiness of manufacturers of textile made-ups (specifically bed linen). It has been defunct since 2002 as the partners decided to look at other business options.

Partnership Interest

The partnership interest in Eurofibre India as of February 25, 2010 was:

Name of Partner	% of Partnership Interest (in case of loss)	% of Partnership Interest (in case of Profit)
Ajay Gupta (HUF)	19%	10%
Mrs. Shalini Gupta	81%	50%
Master Anirudh Gupta (Minor)		20%
Master Shree Vardhan Gupta (Minor)		20%
Total	**100%**	**100%**

Financial Performance

(Rs. In million except in per share data)

	For the period ended March 31		
	2007	**2008**	**2009**
Total Income	0.00	0.00	0.00
Profit/(Loss) after Tax	(0.53)	(0.02)	(0.02)
Reserves and surplus (excluding revaluation reserves) and debit balance of Profit/(Loss) Account(1)	NIL	NIL	NIL

(1) Net of miscellaneous expenditure not written off.

Eurofibre India does not have negative worth but it has made a loss of Rs. 0.02 mn in FY 2009.

Listed Group Companies

Our Group Company, Kailash Auto, is listed on the BSE. Our associate company, Tirupati Services Limited, is listed on the Delhi Stock Exchange Limited and U. P. Stock Exchange Association Limited. For details as to market price, capital issues and investor grievances, refer to section "Other Regulatory and Statutory Disclosures" beginning on page 209 of this Draft Red Herring Prospectus.

Defunct Group Companies

The following Group Companies are defunct:

Companies

1. Kailash Moser Industries Private Limited: defunct since 1994 as it was unable to get significant orders for its business of manufacturing garbage compactors.

Firms

1. Commercial Instalment: defunct since 1999 owing to the entry of new companies and banks in the business of finance, leasing and hire-purchase with whom it was unable to compete.
2. Kailash Traders: defunct since 1999 owing to the entry of new companies and banks in the business of finance, leasing and hire-purchase with whom it was unable to compete.

3. Eurofibre India: defunct since 2002 as the partners decided to look at other business options.

Companies, firms and other entities from which the Promoters have disassociated themselves

Dr. Kailash Gupta has disassociated himself from the following firms/entities/HUFs in the last three years:

Entity from which disassociated	Date	Reasons
Kailash Vahan Udyog Limited	February 5, 2010	Focus on the Company's business
Kailash Auto Builders (P) Limited	December 1, 2009	Focus on the Company's business

Mr. Ajay Gupta has disassociated himself from the following firms/entities/HUFs in the last three years:

Entity from which disassociated	Date	Reasons
Kailash Auto Finance Limited	November 8, 2009	Focus on the Company's business
Commercial Automobiles Private Limited	February 22, 2010	Focus on the Company's business

Details of Common Pursuits

None of the Group Companies have common pursuits.

Interest of Group Companies in Promotion of the Company

None of the Group Companies have any interest in the promotion of the Company except Commercial Automobiles Private Limited in its capacity as a shareholder holding 1,893,780 Equity Shares of the Company.

Related Party Transactions

The Company acquired the Mandla Factory in 2008 from Kailash Auto Builders Private Limited, a venture belonging to the Promoter Group under a Scheme of De-Merger sanctioned in 2008 by the BIFR. For details of the Scheme of De-Merger, refer to section "History and Certain Corporate Matters" beginning on page 95 of this Draft Red Herring Prospectus.

For details of (i) payments or benefits to the Promoters and the Promoter Group during the two years preceding the date of filing of this Draft Red Herring Prospectus; (ii) sales or purchases between the Company, its subsidiaries and the Group Companies of Promoters where such sales or purchases exceed in value in the aggregate 10% of the total sales or purchases of the Company; and (iii) business interests of Group Companies of Promoters in the Company, see the section "Related Party Transactions" beginning on page 140 of this Draft Red Herring Prospectus.

Interest in the Property of the Company

Except as disclosed in the section "Related Party Transactions" beginning on page 140 of this Draft Red Herring Prospectus, none of the Promoters or Group Companies have any interest in any property of the Company acquired by the Company or proposed to be acquired by the Company within two years preceding the date of this Draft Red Herring Prospectus.

Litigation

For details relating to legal proceedings involving the Promoters and the Group Companies, see the section "Outstanding Litigation and Material Developments" beginning on page 168 of this Draft Red Herring Prospectus.

RELATED PARTY TRANSACTIONS

For details of Related Party Transactions, refer to the section "Financial Statements", beginning on page F-1 of this Draft Red Herring Prospectus.

DIVIDEND POLICY

The Company has not declared any dividend in the last five Financial Years. The declaration and payment of dividend is recommended by the Board of Directors and approved by the shareholders of the Company at their discretion and will depend on a number of factors, including the results of operations, earnings, capital requirements and surplus, general financial conditions, contractual restrictions, applicable Indian legal restrictions and other factors considered relevant by the Board. The Board may also from time to time pay interim dividend. All dividend payments are made in cash to the shareholders of the Company.

SECTION V: FINANCIAL INFORMATION

FINANCIAL STATEMENTS

AUDITORS' REPORT

To,
The Board of Directors,
Commercial Engineers & Body Builders Co Limited.
(Formerly known as Commercial Engineers & Body Builders Co Private Limited)
124, Napier Town,
Jabalpur – 482 001

Dear Sirs,

Re: Proposed initial public offer of equity shares having a face value of Rs. 10/- each for cash, at an issue price to be arrived at by the book building process (referred as the 'Offer').

We have reviewed and examined the financial information of Commercial Engineers & Body Builders Co Limited (Formerly known as Commercial Engineers & Body Builders Co Private Limited). ('CEBBCO' or 'the Company') annexed to this report and initialed by us for identification. The financial information has been prepared in accordance with the requirements of Part II of Schedule II to the Companies Act, 1956 ('the Act'), the Securities and Exchange Board of India ('SEBI') – (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the 'ICDR Regulations') and terms of engagement agreed upon by us with the Company. The financial information has been prepared by the Company and approved by its Board of Directors.

A. Financial Information:

The financial information referred to above, relating to profits and losses and assets and liabilities of CEBBCO is contained in Annexure I, II, III and IV to this report:

a) Annexure I contains Summary Statements of Assets and Liabilities, as restated as at December 31, 2009, March 31, 2009, 2008, 2007, 2006 and 2005;

b) Annexure II contains Summary Statements of Profits and Losses, as restated for the period from April 1, 2009 to December 31, 2009 and for the years ended March 31, 2009, 2008, 2007, 2006 and 2005;

c) Annexure III contains Summary Statements of Cash Flows, as restated;

d) Annexure IV contains the Summary of Significant Accounting Policies and Notes to Restated Summary Statements.

B. Other Financial Information:

Other financial information relating to CEBBCO prepared by the Company is attached in Annexures V to XXVI to this report:

a) Summary Statement of Share Capital, as restated (Annexure V);
b) Summary Statement of Reserves and Surplus, as restated (Annexure VI);
c) Summary Statement of Secured Loans, as restated (Annexure VII);
d) Summary Statement of Unsecured Loans, as restated (Annexure VIII);
e) Summary Statement of Fixed Assets, as restated (Annexure IX);
f) Summary Statement of Debtors, as restated (Annexure X);
g) Summary Statement of Loans and Advances, as restated (Annexure XI);
h) Summary Statement of Cash and Bank Balances, as restated (Annexure XII);
i) Summary Statement of Inventories, as restated (Annexure XIII);
j) Summary Statement of Investments, as restated (Annexure XIV);
k) Summary Statement of Current Liabilities and Provisions, as restated (Annexure XV);
l) Summary Statement of Income from Operations, as restated (Annexure XVI);
m) Summary Statement of Other Income, as restated (Annexure XVII)
n) Summary Statement of Manufacturing Expenses, as restated (Annexure XVIII);
o) Summary Statement of Employee Remuneration and Benefits, as restated (Annexure XIX);
p) Summary Statement of Operating and Other Expenses, as restated (Annexure XX);
q) Summary Statement of Interest and Finance Charges, as restated (Annexure XXI);
r) Summary Statement of Related Party Disclosures, as restated (Annexure XXII);
s) Summary Statement of Contingent Liabilities (Annexure XXIII);
t) Summary Statement of Capitalisation, as restated (Annexure XXIV);
u) Summary Statement of Tax Shelters, as restated (Annexure XXV);
v) Summary Statement of Accounting Ratios, as restated (Annexure XXVI).

C. We have reviewed and examined, as appropriate, the financial information contained in these Annexures and are to state as follows:

(i) The financial information contained in these Annexures is based on the audited financial statements of the Company for the period from April 1, 2009 to December 31, 2009 and for the years ended March 31, 2009, 2008, 2007, 2006 and 2005.

(ii) The financial statements for the year ended March 31, 2005 have been audited by M/s Mittal Gupta & Company, Chartered Accountants and the financial statements for the year ended March 31, 2006 and March 31, 2007 have been audited by M/s Gupta Associates, Chartered Accountants. We have relied on the financial statements for the years ended March 31, 2005, March 31, 2006 and March 31, 2007 which have been audited by other auditors for the purposes of this report.

(iii) The Summary Statement of Assets and Liabilities, Profits and Losses and Statement of Cash Flows (Summary Statements) have been restated with retrospective effect to reflect the Significant Accounting Policies being adopted by the Company as at December 31, 2009, if material and after considering the effect of Auditor's Qualifications, if any.

D. In our opinion, the financial information of the Company attached to this report read with Significant Accounting Policies and Notes to Restated Summary Statements other notes contained in the Annexures has been prepared in accordance with Part II of Schedule II of the Act and the ICDR Regulations.

E. This report is intended for your information and for inclusion in the Offer Document being issued by the Company with regard to the aforesaid Proposed initial public offer of equity shares of the Company for cash and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For Deloitte Haskins & Sells
Chartered Accountants
(Firm's Registration No.: 117366W)

A. B. Jani
Partner
Membership No.: 46488

Mumbai
Dated: March 29, 2010

COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED
(Formerly known as Commercial Engineers & Body Builders Co Private Limited)

ANNEXURE I: SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(Rs. in Millions)

	PARTICULARS		AS AT	AS AT MARCH 31				
			December 31, 2009	2009	2008	2007	2006	2005
A	**FIXED ASSETS**							
	Gross Block		353.71	332.26	134.61	84.49	61.47	52.76
	Less: Depreciation		106.78	80.67	64.16	44.72	37.88	35.11
	Net Block		246.93	251.59	70.45	39.77	23.59	17.65
	Capital Work- In- Progress		164.62	73.51	77.16	10.81	8.26	-
	Total	**(A)**	**411.55**	**325.10**	**147.61**	**50.58**	**31.85**	**17.65**
B	**INVESTMENTS**	**(B)**	**6.72**	**6.72**	**6.72**	**2.03**	**4.78**	**4.78**
C	**Deferred Tax Assets**	**(C)**	**-**	**-**	**1.31**	**0.58**	**0.58**	**-**
D	**CURRENT ASSETS, LOANS AND ADVANCES**							
	Inventories		512.62	289.39	257.90	266.80	106.44	50.34
	Sundry Debtors		350.75	149.57	245.65	353.93	130.72	48.72
	Cash and Bank Balances		41.81	37.45	211.40	34.85	5.51	1.49
	Loans and Advances		321.74	273.69	168.18	168.74	37.70	8.09
	Total	**(D)**	**1,226.92**	**750.10**	**883.13**	**824.32**	**280.37**	**108.64**
E	**LIABILITIES AND PROVISIONS**							
	Current Liabilities		478.45	486.10	221.21	341.14	139.52	57.99
	Provisions		58.83	4.72	11.86	20.47	11.46	6.91
	Secured Loans		476.17	71.80	297.54	339.87	90.28	26.35
	Unsecured Loans		2.18	-	6.47	2.59	6.21	13.69

	Total	**(E)**	**1,015.63**	**562.62**	**537.08**	**704.07**	**247.47**	**104.94**
F	**Deferred Tax Liability**	**(F)**	**3.93**	**0.19**	**-**	**-**	**-**	**0.02**
G	**Net Worth**	**(A+B+C+D-E-F)**	**625.63**	**519.11**	**501.69**	**173.44**	**70.11**	**26.11**
H	**Represented by:**							
	1) Share Capital		61.28	61.28	61.28	45.70	19.15	9.15
	2) Share Application Money		-	-	-	-	8.40	-
	3) Reserves and Surplus:							
	(a) Securities Premium Account		288.89	288.89	288.89	-	-	-
	(b) General Reserve		0.98	0.98	0.98	0.10	0.10	0.10
	(c) Capital Reserve		0.87	0.87	0.87	-	-	-
	(d) Profit and Loss Account		273.61	167.09	149.67	127.64	42.46	16.86
I	**Net Worth**		**625.63**	**519.11**	**501.69**	**173.44**	**70.11**	**26.11**

The accompanying significant accounting policies and notes (Annexure IV) form an integral part of this statement.

COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED
(Formerly known as Commercial Engineers & Body Builders Co Private Limited)

ANNEXURE II: SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(Rs. In Millions)

PARTICULARS	FOR THE PERIOD from APRIL 01, 2009 to DECEMBER 31, 2009	FOR THE YEAR ENDED MARCH 31,				
		2009	2008	2007	2006	2005
INCOME						
Sales and Income from Operations	1,403.80	1,708.27	1,987.22	1,663.99	799.82	268.76
Less : Excise duty	322.54	587.81	795.14	707.65	298.31	19.46
Net Sales	**1,081.26**	**1,120.46**	**1,192.08**	**956.34**	**501.51**	**249.30**
Other Income	30.86	47.76	57.67	26.49	16.56	8.03
Total Income	**1,112.12**	**1,168.22**	**1,249.75**	**982.83**	**518.07**	**257.33**
EXPENDITURE						
Manufacturing expenses	859.94	1,049.60	997.08	821.09	425.24	212.00
Trading Purchases	-	-	-	-	-	2.34
Employee Remuneration and Benefits	47.89	55.35	44.66	31.36	28.78	10.73
(Increase) / decrease in Inventory	(85.79)	(93.30)	(14.74)	(51.14)	(4.89)	(1.87)
Other Expenses	57.99	62.60	62.29	37.96	24.33	13.52
Interest	40.85	53.79	45.12	25.06	9.69	4.49
Depreciation / Amortization	26.43	16.74	9.16	7.49	2.88	3.82
Total Expenditure	**947.31**	**1,144.78**	**1,143.57**	**871.82**	**486.03**	**245.03**
PROFIT BEFORE TAX	**164.81**	**23.44**	**106.18**	**111.01**	**32.04**	**12.30**
LESS: PROVISION FOR TAX						
Current Tax	44.16	7.34	41.22	39.09	10.60	4.07
Deferred Tax	3.74	1.50	(0.73)	* 0.00	(0.60)	0.25
Wealth Tax	-	0.02	-	0.06	0.05	-

Fringe Benefits Tax	-	0.49	0.48	0.28	0.25	-
NET PROFIT AFTER TAX AS PER AUDITED FINANCIAL STATEMENTS	**116.91**	**14.09**	**65.21**	**71.58**	**21.74**	**7.98**
Adjustments made on account of restatement (Refer Note B(1)(I) of Annexure IV)	(10.39)	3.33	(3.82)	13.60	3.86	(1.63)
NET PROFIT AFTER TAX, AS RESTATED	**106.52**	**17.42**	**61.39**	**85.18**	**25.60**	**6.35**
Balance brought forward from previous year, as restated	167.09	149.67	127.64	42.46	16.86	10.51
Less: Debit balance in Profit and Loss account taken pursuant to Scheme of Arrangement (Refer Note (B)(1)(III)(c) of Annexure IV)	-	-	(39.36)	-	-	-
BALANCE CARRIED FORWARD, AS RESTATED	**273.61**	**167.09**	**149.67**	**127.64**	**42.46**	**16.86**

The accompanying significant accounting policies and notes (Annexure IV) form an integral part of this statement.

* Rs. 2,000.00

COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED
(Formerly known as Commercial Engineers & Body Builders Co Private Limited)

ANNEXURE III: STATEMENT OF CASH FLOWS, AS RESTATED

(Rs. in Millions)

		For the period from April 1, 2009 to December 31, 2009	For the year ended March 31,				
			2009	2008	2007	2006	2005
A	**Cash Flow from operating activities**						
	Net Profit before Tax as restated	168.00	26.47	99.61	111.07	36.19	10.80
	Depreciation	26.43	16.74	9.16	7.49	2.88	3.82
	(Profit)/Loss on Sale of Assets	(0.01)	0.40	(0.19)	(1.69)	*(0.00)	(0.45)
	Interest Received	(4.21)	(19.18)	(17.24)	(2.26)	(2.36)	(0.43)
	Investment written off	-	-	0.10	-	-	-
	Provision for Exchange rate Difference	-	2.86	-	-	-	-
	Fixed Assets/ Capital Work In Progress written off	-	5.75	0.27	(0.02)	(0.89)	-
	Excess Provision for earlier year written back	(0.60)	(0.02)	(0.24)	-	-	-
	Provision for Doubtful Debts Written Back	(0.19)	(0.93)	-	-	-	-
	Provision for Doubtful Debts / Advances	-	0.38	2.60	-	-	-
	Interest Paid	40.85	53.79	45.12	25.06	9.69	4.49
	Operating Profit before working capital change	**230.27**	**86.26**	**139.19**	**139.65**	**45.51**	**18.23**
	Adjustment for Inventories	(223.23)	(31.46)	5.39	(160.41)	(56.07)	(23.03)
	Trade and Other Receivable	(245.45)	(6.31)	76.94	(353.99)	(110.72)	(10.02)
	Trade Payable and Other Liabilities	(11.30)	264.53	(136.24)	223.94	100.50	17.23
	Cash Generated from Operation	**(249.71)**	**313.02**	**85.28**	**(150.81)**	**(20.78)**	**2.41**
	Income Tax (Net)	(3.64)	(20.59)	(44.58)	(39.43)	(7.34)	(1.96)
	Net cash (used in) / from operating activities	**(253.35)**	**292.43**	**40.70**	**(190.24)**	**(28.12)**	**0.45**

B	**Cash Flow from Investing Activities**						
	Interest Received	1.75	19.19	17.24	2.26	2.36	0.43
	Sale of Investment	-	-	-	2.75	-	-
	Sale of Fixed Assets	0.06	3.00	0.91	7.95	0.19	0.74
	Purchase of Fixed Assets	(112.95)	(202.55)	(91.62)	(32.48)	(17.17)	(2.37)
	Net Cash used in Investing activities	**(111.14)**	**(180.36)**	**(73.47)**	**(19.52)**	**(14.62)**	**(1.20)**
C	**Cash Flow from Financial Activities**						
	Increase in Share Capital	-	-	14.40	-	-	-
	Share Premium	-	-	285.72	-	-	-
	Increase in Share Capital	-	-	-	18.15	-	-
	Receipt / (Repayment) of Borrowings	406.56	(232.23)	(45.88)	246.01	56.45	4.97
	Interest Paid	(37.71)	(53.79)	(45.12)	(25.06)	(9.69)	(4.49)
	Net Cash from / (used in) Financing Activities	**368.85**	**(286.02)**	**209.12**	**239.10**	**46.76**	**0.48**
	Net increase / (decrease) in cash and cash equivalents	**4.36**	**(173.95)**	**176.35**	**29.34**	**4.02**	**(0.27)**
	Cash and cash equivalent as at start of the period/year	**37.45**	**211.40**	**34.85**	**5.51**	**1.49**	**1.76**
	Cash balance acquired on acquisition of Jabalpur Unit of Kailash Auto Builders Private Limited	**-**	**-**	**0.20**	-	-	**-**
	Cash and cash equivalent as at end of the period/year	**41.81**	**37.45**	**211.40**	**34.85**	**5.51**	**1.49**
	Deposits as liens with banks for credit facilities included in the above amount	23.05	11.41	80.00	11.05	1.18	1.13

* Rs. 2,000.00

Notes:

1 Components of cash and cash equivalents include cash and bank balances as stated in Annexure XII of the Summary Statements.

2 Purchase of Fixed Assets is considered as part of the investing activities.

3 The Cash Flow Statement has been prepared in accordance with the requirements of Accounting Standard 3 on "Cash Flow Statement" (AS 3) as notified under the Companies (Accounting Standards) Rules, 2006.

COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED
(Formerly known as Commercial Engineers & Body Builders Co Private Limited)

ANNEXURE V : SUMMARY STATEMENT OF SHARE CAPITAL, AS RESTATED

Rs. In Millions

Particulars	AS AT	AS AT MARCH 31,				
	December 31, 2009	2009	2008	2007	2006	2005
AUTHORISED:						
Authorised Capital						
Nos. of Equity Share	750,000	750,000	750,000	600,000	400,000	100,000
Face Value (In Rs.)	100	100	100	100	100	100
Total Value	75	75	75	60	40	10
Nos. of Preference Share	5,000	5,000	5,000	-	-	-
Face Value (In Rs.)	100	100	100	-	-	-
Total Value	0.50	0.50	0.50	-	-	-
ISSUED, SUBSCRIBED AND PAID-UP:						
Nos. of Equity Share	612,796	612,796	600,961	457,000	191,500	91,500
Face Value (In Rs.)	100	100	100	100	100	100
Total Value (Refer note no 1)	**61.28**	**61.28**	**60.10**	**45.70**	**19.15**	**9.15**
Note 1: Out of the above 142,789 Equity Shares have been issued upon conversion of Mandatorily Convertible 3,000 Preference Shares of Rs.100/- each as per agreed terms in the year ended March 31, 2008.						
Share Capital Suspense Account	-	-	-	-	-	-
Nos. of Equity Share	-	-	11,835	-	-	-
Face Value (In Rs.)	-	-	100.00	-	-	-
Total Value (Refer Note 2)	**-**	**-**	**1.18**	**-**	**-**	**-**

Note 2: (11,835 Equity Shares of Rs 100/- each to be allotted at a premium of Rs 267.41/- per share pursuant to the Scheme of Arrangement without payment being received in cash)						
Total	**61.28**	**61.28**	**61.28**	**45.70**	**19.15**	**9.15**

COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED
(Formerly known as Commercial Engineers & Body Builders Co Private Limited)

ANNEXURE VI: SUMMARY STATEMENT OF RESERVES AND SURPLUS, AS RESTATED

(Rs. in Millions)

PARTICULARS	AS AT	AS AT MARCH 31,				
	December 31, 2009	2009	2008	2007	2006	2005
Securities Premium Account						
As per Last Balance sheet	288.89	288.89	-	-	-	-
Add: On conversion of mandatory convertible preference shares in to Equity Shares.	-	-	285.72	-	-	-
Add: Credited pursuant to the scheme of arrangement (Refer Note B(1)(III)(c) of Annexure IV)	-	-	3.17	-	-	-
Closing Balance	**288.89**	**288.89**	**288.89**	**-**	**-**	**-**
General Reserve						
As per Last Balance sheet	0.98	0.98	0.10	0.10	0.10	0.10
Add: Pursuant to scheme of arrangement (Refer Note B(1)(III)(c) of Annexure IV)	-	-	0.88	-	-	-
Closing Balance	**0.98**	**0.98**	**0.98**	**0.10**	**0.10**	**0.10**
Capital Reserve						
As per Last Balance sheet	0.87	0.87	-	-	-	-
Add: Pursuant to scheme of arrangement (Refer Note B(1)(III)(c) of Annexure IV)	-	-	0.87	-	-	-
Closing Balance	**0.87**	**0.87**	**0.87**	-	-	-
Profit & Loss Account	273.61	167.09	149.67	127.64	42.46	16.86
Total	**564.35**	**457.83**	**440.41**	**127.74**	**42.56**	**16.96**

COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED
(Formerly known as Commercial Engineers & Body Builders Co Private Limited)

ANNEXURE VII: SUMMARY STATEMENT OF SECURED LOANS, AS RESTATED

(Rs. in Millions)

PARTICULARS	AS AT	AS AT MARCH 31,				
	December 31, 2009	2009	2008	2007	2006	2005
Term Loan (Refer Note 1)						
State Bank Of India	114.00	-	-	-	-	7.30
Axis Bank Ltd.	5.04	5.73	6.52	7.25	8.10	-
Cash Credit Facilities (Refer Note 2)						
State Bank Of India	124.77	11.72	56.07	-	20.00	18.52
Centurion Bank of Punjab Limited	-	-	4.29	19.77	-	-
Working Capital Loans (Refer Note 2)						
Hong Kong and Shanghai Banking Corporation	129.20	54.13	229.81	310.93	61.73	-
Yes Bank Ltd	100.00	-	-	-	-	-
Vehicle Loans (Refer Note 3)						
ICICI Bank Ltd	-	0.22	0.64	1.02	-	-
Sundram Finance Ltd.	-	-	0.11	0.22	0.39	0.22
Telco	-	-	-	-	0.06	0.23
Machinery Loan (Refer Note 4)						
ICICI Bank Ltd	-	-	0.10	0.68	-	-
Interest accrued and due on loans	3.16	-	-	-	-	0.08
Total	**476.17**	**71.80**	**297.54**	**339.87**	**90.28**	**26.35**

Notes

1 Term Loan are secured by

a. First Charge of Land admeasuring 18,062 sq.ft. bearing plot no. 2 (New),14 (Old), Part of Bunglow No. 37D, Block no. 36, situated at Civil Lines Ward, Civil Station, Pachpedi, Jabalpur, standing in the name of Smt. Angoori Devi.

b. First charge of unnumbered Plot situated at Richhai of Unit -III area- 105000 Square feet (lease hold), Plot No 133/2 Village Udaipura of Unit II 15.92 acre (Free Hold) and Sector 3, plot no 690-693 and 751-756 area 8.67 acres at Pithampur industrial area (Lease Hold)
c. Equitable Mortgage of Plot no 21,22,33,34 of Unit -I industrial area Richhai, Flat No 2,3,5,6,7,9,10 & 14 of Dhiraj Apartment situated at Narmada Road Jabalpur.
d. Equitable mortgage of property situated at Block No 36, Plot 2/29, Pachpedi South Civil Line Jabalpur of Shri Arun Gupta
e. Personal Guarantee of directors and Smt Angoori devi.

2.Cash Credit Facilities and Working Capital Loans are secured / to be secured by either one or more of the following as per terms
- by pari passu charge on Fixed Assets of the company,
- by hypothecation of stock and receivables of the company,
- by Equitable mortgage of Factory land and Building,
- by personal guarantee of the Directors
- by security of Term Deposit receipts
- by corporate guarantee of group concerns.

3. Secured by hypothecation of vehicles,

4. Secured by hypothecation of machinery.

Notes: The following table shows the major Terms and Conditions of the secured loan obtained by the company:

Lender	Sanctioned Amount(in Millions)	Amount outstanding (in Millions)	Rate of Interest	Repayment Date	Prepayment Charges	Security offered
Term Loans						
State Bank of India	120.00	114.00	SBAR + 1.5% i.e. 13.25% SBAR as on 31st December 2009 was 11.75%	Refer Note 1 Below	Prepayment charges as per the rates applicable at the time of prepayment	Refer Note 2 Below

Axis Bank Ltd.	8.10	5.05	9.50%	84 equated monthly installment of Rs 132,387/- for Principal and interest	Prepayment of loan will attract 2% of outstanding loan amount	First Charge of Land admeasuring 18,062 sq.ft. bearing plot no. 2 (New),14 (Old), Part of Bunglow No. 37D, Block no. 36, situated at Civil Line Ward, Civil Station pachpedi Jabalpur standing in the name of Smt Angoori Devi and Personnel Guarantee of Direct
WORKING CAPITAL LOANS / CASH CREDIT FACILITIES						
State Bank of India	120.00	124.77	SBAR + 2.0% i.e. 13.75% SBAR as on 31st December 2009 was 11.75%	Repayable on demand	Not Applicable	1st Charge on all current assets, Residual charge on factory land and buildings of Unit 1,Unit 2 and Unit 3 and personal guarantee of Directors.
Yes Bank Ltd.	100.00	100.00	Yes Bank prime lending rates less 3.5% p.a i.e. 13.00% Yes bank prime lending rate is 16.50% p.a as on December 31st, 2009.	Tenor 6 months	Not Applicable	1st Pari pasu on current assets, Unconditional and Irrevocable personal guarantee of Mr. Ajay Gupta.
Hongkong & Shanghai Banking Corporation.	130.00	129.20	11.75%	Maximum tenure 45 days from the date from which the amount is obtained	Not Applicable	1st Pari pasu on Movable fixed assets, personal guarantee of directors and Corporate guarantee of Commercial Automobiles (P) Ltd. And Commercial Body Builders.
Note:						
1. Term loan of State bank of India is required to be repaid in the following installments starting from September 30, 2009 as follows:						
Year	**Amount (In Millions)**	**Installments**				
2009-10	20.00	7				
2010-11	42.00	12				
2011-12	42.00	12				
2012-13	16.00	2				

	120.00	**33.00**				

2 The Loan is secured by

a. First charge of Unnumbered Plot situated at Richhai of Unit -III area- 105000 Square feet (lease hold), Plot No 133/2 Village Udaipura of Unit II 15.92 acre (Free Hold) and Sector 3, plot no 690-693 and 751-756 area 8.67 acres at Pithampur industrial area (Lease Hold)
b. Equitable Mortgage of Plot no 21,22,33,34 of Unit -I industrial area Richhai, Flat No 2,3,5,6,7,9,10 & 14 of Dhiraj Apartment situated at Narmada Road Jabalpur of Shri Arun Gupta
c. Equitable mortgage of property Situated at Block No 36, Plot 2/29, Pachpedi South Civil Line Jabalpur

COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED
(Formerly known as Commercial Engineers & Body Builders Co Private Limited)

ANNEXURE VIII: SUMMARY STATEMENT OF UNSECURED LOANS, AS RESTATED

(Rs. in Millions)

PARTICULARS		AS AT	AS AT MARCH 31,				
	Interest rate	December 31, 2009	2009	2008	2007	2006	2005
Loan from Directors							
Smt Rekha Gupta	10% p.a.	-	-	-	1.58	1.31	1.62
Loan from Associates:							
Commercial Auto Centre	10% p.a.	-	-	-	-	-	6.07
Commercial Automobiles Private Ltd.	10% p.a.	2.18	-	6.47	-	-	-
Tirupati Equipments	10% p.a.	-	-	-	-	0.74	-
Kailash Automobiles	10% p.a.	-	-	-	0.06	-	-
Commercial Automobiles (Ghana)	10% p.a.	-	-	-	-	* 0.00	-
Commercial Automobiles (Car workshop)	10% p.a.	-	-	-	-	0.05	-
Loans from Others:							
Deferment of Sales Tax	Refer Note (2)	-	-	-	0.95	4.11	6.00
		2.18	**-**	**6.47**	**2.59**	**6.21**	**13.69**

* Rs. 2,000.00

Notes:
1. Loans from associates and directors are repayable on demand
2. Deferment of Sales Tax was a scheme of Sales tax department (Madhya Pradesh) for promotion of industries located in declared schedule area.
Under the scheme deferment was allowed on collection of sales tax for 5 years from the date of collection of tax. The scheme was interest free.

COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED
(Formerly known as Commercial Engineers & Body Builders Co Private Limited)

ANNEXURE IX: SUMMARY STATEMENT OF FIXED ASSETS, AS RESTATED

(Rs. in Millions)

PARTICULARS	**AS AT**			**AS AT MARCH 31,**															
	December 31, 2009			**2009**			**2008**			**2007**			**2006**			**2005**		
	Gross Block	**Depre-ciation**	**Net Block**	**Gross Block**	**Depre-ciation**	**Net Block**	**Gross Block**	**Depre-ciation**	**Net Block**	**Gross Block**	**Depre-ciation**	**Net Block**	**Gross Block**	**Depre-ciation**	**Net Block**	**Gross Block**	**Depre-ciation**	**Net Block**
Tangible Assets																		
Land																		
Leasehold Land	13.30	0.79	12.51	13.30	0.46	12.84	3.75	0.06	3.69	0.34	-	0.34	0.01	-	0.01	0.01	-	0.01
Freehold Land	0.16	-	0.16	0.16	-	0.16	0.16	-	0.16	3.10	-	3.10	5.45	-	5.45	5.45	-	5.45
Buildings																		
Factory Building	104.18	20.36	83.82	98.93	13.73	85.20	36.22	9.86	26.36	9.53	4.43	5.10	4.65	4.07	0.58	4.65	4.00	0.65
Non-Factory Building	1.75	1.14	0.61	1.75	1.09	0.66	1.53	1.03	0.50	0.89	0.49	0.40	1.17	0.61	0.56	1.17	0.54	0.63
Residential Flat	0.64	0.54	0.10	0.64	0.53	0.11	0.64	0.52	0.12	0.74	0.56	0.18	0.74	0.55	0.19	0.74	0.54	0.20
Plant And Machinery	203.98	68.78	135.20	190.93	52.68	138.25	77.87	43.95	33.92	60.61	33.55	27.06	41.79	27.46	14.33	34.28	25.58	8.70
Electrical Installations	10.68	3.28	7.40	10.23	2.02	8.21	2.45	1.17	1.28	0.76	0.52	0.24	0.67	0.50	0.17	0.51	0.49	0.02
Furniture and Fixture	1.72	1.17	0.55	1.70	1.06	0.64	1.03	0.75	0.28	1.25	1.01	0.24	1.10	0.89	0.21	1.10	0.86	0.24
Office Appliances, Canteen and Other Equipment	2.56	1.53	1.03	2.32	1.38	0.94	1.94	0.95	0.99	1.06	0.63	0.43	0.74	0.56	0.18	0.69	0.53	0.16
Vehicles	6.47	3.45	3.02	6.38	3.08	3.30	4.31	2.22	2.09	3.18	1.11	2.07	2.87	1.37	1.50	2.31	1.14	1.17
Computers	6.50	5.21	1.29	5.71	4.56	1.15	4.50	3.64	0.86	3.03	2.42	0.61	2.28	1.87	0.41	1.85	1.43	0.42
Intangible Assets																		
Computer Software	1.77	0.53	1.24	0.21	0.08	0.13	0.21	0.01	0.20	-	-	-	-	-	-	-	-	-
TOTAL (A)	**353.71**	**106.78**	**246.93**	**332.26**	**80.67**	**251.59**	**134.61**	**64.16**	**70.45**	**84.49**	**44.72**	**39.77**	**61.47**	**37.88**	**23.59**	**52.76**	**35.11**	**17.65**
Capital work in progress (B)	-	-	164.62	-	-	73.51	-	-	77.16	-	-	10.81	-	-	8.26	-	-	-
TOTAL (A+B)	**353.71**	**106.78**	**411.55**	**332.26**	**80.67**	**325.10**	**134.61**	**64.16**	**147.61**	**84.49**	**44.72**	**50.58**	**61.47**	**37.88**	**31.85**	**52.76**	**35.11**	**17.65**

COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED
(Formerly known as Commercial Engineers & Body Builders Co Private Limited)

ANNEXURE X: SUMMARY STATEMENT OF DEBTORS, AS RESTATED

(Rs. in Millions)

PARTICULARS	AS AT	AS AT MARCH 31,				
	December 31, 2009	2009	2008	2007	2006	2005
Sundry Debtors						
Debts outstanding for period exceeding six months:						
Unsecured, Considered good	17.99	11.32	7.44	4.03	2.64	0.87
Unsecured, Considered Doubtful	0.11	0.30	1.19	-	-	-
	18.10	**11.62**	**8.63**	**4.03**	**2.64**	**0.87**
Other Debts:						
Unsecured, Considered good	332.76	138.25	238.21	349.90	128.08	47.85
Unsecured, Considered Doubtful	-	-	-	-	-	-
	332.76	**138.25**	**238.21**	**349.90**	**128.08**	**47.85**
Less: Provision	0.11	0.30	1.19	-	-	-
Total	**350.75**	**149.57**	**245.65**	**353.93**	**130.72**	**48.72**

Note:

Amounts due from concerns in which Directors are interested as Directors, Partners, or otherwise	4.26	1. 09	28.89	0.29	35.03	14.16

COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED
(Formerly known as Commercial Engineers & Body Builders Co Private Limited)

ANNEXURE XI: SUMMARY STATEMENT OF LOANS AND ADVANCES, AS RESTATED

(Rs. in Millions)

PARTICULARS	AS AT	AS AT MARCH 31,				
	December 31, 2009	2009	2008	2007	2006	2005
Loans and advances						
(Unsecured, considered good)						
Advances recoverable in cash or in kind or for value to be received	110.54	101.64	77.88	103.62	11.34	2.99
Less: Provision	1.59	1.92	1.59	-	-	-
	108.95	**99.72**	**76.29**	**103.62**	**11.34**	**2.99**
Staff Loans and Advances	1.22	1.13	1.87	1.74	0.80	0.39
Balance with Excise Authorities	172.07	148.02	82.84	59.48	21.86	0.77
Statutory payment under protest	34.44	20.56	5.48	2.86	2.43	2.72
Advance payment of Income-tax (Net of provision)	4.96	4.18	1.62	1.04	1.27	1.22
Advance payment of Fringe Benefits Tax (Net of provision)	0.10	0.08	0.08	-	-	-
TOTAL	**321.74**	**273.69**	**168.18**	**168.74**	**37.70**	**8.09**
Notes:						
Advances receivable in cash or kind or for value to be received includes due from Director and concerns in which Directors are interested as Directors, Partners, or otherwise	53.66	59.33	56.90	76.38	0.36	0.74
Staff loans includes amount due from directors	-	-	0.18	0.76	-	-
Maximum amount outstanding from Directors any time during the year	-	-	1.07	2.21	-	-
Loan to Associates	**AS AT**	**AS AT MARCH 31,**				
	December 31, 2009	**2009**	**2008**	**2007**	**2006**	**2005**
1. Commercial Auto Centre	14.65	17.04	15.73	13.91	0.34	-
2. Kailash Auto Builders Private Ltd.	10.37	12.04	32.24	55.17	-	0.72
3. Commercial Body Builders	5.98	5.93	5.30	2.48	-	-

4. Kailash Auto Finance Ltd.	0.14	0.74	0.69	0.88	* 0.00	-
5. Commercial Automobiles Private Ltd.	-	1.10	-	0.79	0.01	-
6. Kailash Vahan Udyog Ltd.	22.48	22.48	0.08	-	-	0.02
7. Shivam Motors Private Ltd.	-	-	2.86	2.45	-	-
8. Commercial Motors Sales Pvt. Ltd.	-	-	-	0.70	0.01	-
	53.62	**59.33**	**56.90**	**76.38**	**0.36**	**0.74**

Note: The above loans are repayable on demand and interest is charged @ 10% p.a.
* Rs.2,000.00

COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED
(Formerly known as Commercial Engineers & Body Builders Co Private Limited)

ANNEXURE XII: SUMMARY STATEMENT OF CASH AND BANK BALANCES, AS RESTATED

PARTICULARS	AS AT	AS AT MARCH 31,				
	December 31, 2009	2009	2008	2007	2006	2005
Cash in hand	0.69	0.68	0.25	0.12	0.33	0.23
Balance with Scheduled Banks						
- In Current Accounts	2.34	25.35	34.37	23.68	4.00	0.13
- Bank Overdraft	0.03	0.01	-	-	-	-
- In Fixed Deposit Accounts (Refer Note 2 below)	23.05	11.41	176.78	11.05	1.18	1.13
Remittance in transit	15.70	-	-	-	-	-
Total	**41.81**	**37.45**	**211.40**	**34.85**	**5.51**	**1.49**

Note:

1. Deposit receipts are under lien with bank against Credit facilities, Bank Guarantee.	23.05	11.41	80.00	11.05	1.18	1.13
2. Accrued Interest Included in Fixed Deposits	1.13	0.15	8.17	0.18	-	-

COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED
(Formerly known as Commercial Engineers & Body Builders Co Private Limited)

ANNEXURE XIII: SUMMARY STATEMENT OF INVENTORIES, AS RESTATED

(Rs. in Millions)

PARTICULARS	AS AT	AS AT MARCH 31,				
	December 31, 2009	2009	2008	2007	2006	2005
Raw Materials	240.84	113.29	175.11	197.66	92.14	44.24
Work -in-Progress	255.22	169.43	76.23	57.83	10.02	5.33
Stores and Spares	15.83	5.94	5.95	7.56	3.83	0.55
Finished Stock	-	-	0.48	-	-	-
Scrap	0.73	0.73	0.13	3.75	0.45	0.22
Total	**512.62**	**289.39**	**257.90**	**266.80**	**106.44**	**50.34**

COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED
(Formerly known as Commercial Engineers & Body Builders Co Private Limited)

ANNEXURE XIV: STATEMENT OF SUMMARY OF INVESTMENTS, AS RESTATED

(Rs. in Millions)

Particulars	As At December 31, 2009		As At March 31, 2009		2008		2007		2006		2005	
	No. of Shares	**Amount**	**No. of Shares**	**Amount**	**No. of Shares**	**Amount**	**No. of Shares**	**Amount**	**No. of Shares**	**Amount**	**No. of Shares**	**Amount**
(At Cost) (Non-trade)												
<u>Long Term Investments (Quoted)</u>												
Equity Shares of Rs. 10/- each fully paid-up of Tirupati Services Limited	30,000	0.08	30,000	0.08	30,000	0.08	25,000	0.06	25,000	0.06	25,000	0.06
Equity shares of Rs.10/- each fully paid-up of Kailash Auto Finance Ltd	112,575	0.72	112,575	0.72	112,575	0.72	86,650	0.67	86,450	0.67	86,450	0.67
<u>Long Term Investments (Unquoted)</u>												
Equity Shares of Rs.10/- each fully paid-up of Tirupati Equipment Pvt. Ltd.,	120,000	1.20	120,000	1.20	120,000	1.20	120,000	1.20	120,000	1.20	120,000	1.20
Equity Shares of Rs.100/- each fully paid-up of Shivam Motors Ltd.,	-	-		-		-		-	27,500	2.75	27,500	2.75
Equity Shares of Rs.100/- each fully paid-up of Integrated Office Machines Pvt. Ltd., New Delhi	-	-		-		-	10,000	0.10	10,000	0.10	10,000	0.10
Equity shares of Rs.10/- each fully paid-up of Saionara Foods Limited	26,000	0.26	26,000	0.26	26,000	0.26		-		-		-
Less - Provision for Diminution in value of Investment		(0.26)		(0.26)		(0.26)		-		-		-
		-		**-**		**-**		**-**		**-**		**-**
Equity Shares of Rs.100/- each fully paid-up of Kailash Motors Finance Limited	62,920	6.29	62,920	6.29	62,920	6.29		-		-		-
Less - Provision for Diminution in value of Investment		(1.58)		(1.58)		(1.58)		-		-		-
		4.71		**4.71**		**4.71**				-		
1,000 Equity Shares of Rs.10/- each fully paid-up of Kailash Motors Pvt. Ltd.	1,000	0.01	1,000	0.01	1,000	0.01						
TOTAL		**6.72**		**6.72**		**6.72**		**2.03**		**4.78**		**4.78**
Notes:												

Aggregate of quoted Investment:												
Cost		0.80		0.80		0.80		0.73		0.72		0.72
Market Value (Refer Notes below)				1.16		0.58		1.08		1.07		1.07
Aggregate of unquoted Investment:												
Cost / Fair value		5.93		5.93		5.93		1.30		4.05		4.05

Notes:
1. Market value of Tirupati Services Limited is not available in absence of market quote for the period ended December 31, 2009 and year ended March 31, 2009 and 2008.
2. Market value of Kailash Auto Finance Ltd is not available in absence of market quote for the period ended December 31, 2009.

COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED
(Formerly known as Commercial Engineers & Body Builders Co Private Limited)

ANNEXURE XV: SUMMARY STATEMENT OF CURRENT LIABILITIES AND PROVISIONS, AS RESTATED

(**Rs. in Millions)**

PARTICULARS	AS AT	AS AT MARCH 31,				
	December 31, 2009	2009	2008	2007	2006	2005
Current liabilities						
Sundry Creditors						
Total outstanding dues of Micro Enterprises and Small Enterprises (Refer Note B(10) to Annexure IV)	1.95	4.47	2.65	-	-	-
Total outstanding dues of creditors other than Micro Enterprises and Small Enterprises	442.61	455.72	198.89	295.14	123.21	52.94
Interest Accrued but not due	-	0.03	0.02	-	-	-
Other Liabilities	33.89	25.88	19.65	46.00	16.31	5.05
Total (A)	**478.45**	**486.10**	**221.21**	**341.14**	**139.52**	**57.99**
Provisions						
Leave Encashment	2.71	2.01	1.21	0.90	0.52	0.65
Gratuity	0.83	2.31	0.60	2.08	4.66	2.28
Income Tax (net of advances)	55.29	0.29	10.01	17.49	6.28	3.98
Fringe benefits tax (net of advances)	-	0.11	0.04	-	-	-
Total (B)	**58.83**	**4.72**	**11.86**	**20.47**	**11.46**	**6.91**
TOTAL (A+B)	**537.28**	**490.79**	**233.05**	**361.61**	**150.98**	**64.90**

COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED
(Formerly known as Commercial Engineers & Body Builders Co Private Limited)

ANNEXURE XVI: SUMMARY STATEMENT OF INCOME FROM OPERATIONS, AS RESTATED

(Rs. in Millions)

PARTICULARS	For the period ended December 31, 2009	FOR THE YEAR ENDED MARCH 31,				
		2009	2008	2007	2006	2005
Income from Sales and Operation (Including Excise duty)						
Sale of Built Bodies	1,284.93	1,707.09	1,984.85	1,658.13	759.15	265.40
Other products	0.59	1.18	2.37	5.86	40.67	0.20
Sales of Traded goods	-	-	-	-	-	3.16
Job Work Charges	118.28	-	-	-	-	-
TOTAL	**1,403.80**	**1,708.27**	**1,987.22**	**1,663.99**	**799.82**	**268.76**

COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED
(Formerly known as Commercial Engineers & Body Builders Co Private Limited)

ANNEXURE XVII: SUMMARY STATEMENT OF OTHER INCOME, AS RESTATED

(Rs. in Millions)

PARTICULARS	For the period ended December 31, 2009	FOR THE YEAR ENDED MARCH 31,					Nature
		2009	2008	2007	2006	2005	
Interest							
- On Deposits	1.55	12.55	12.10	0.20	0.05	0.08	Recurring
- On Others	2.66	6.63	5.14	2.06	2.31	0.35	Recurring
	4.21	**19.18**	**17.24**	**2.26**	**2.36**	**0.43**	
Income from Transportation	8.12	14.49	17.25	13.42	6.34	3.26	Recurring
Sale of Scrap	9.44	11.24	14.86	6.99	4.23	1.62	Recurring
Exchange Rate Fluctuations (Net)	7.14	-	0.16	0.04	-	-	Non Recurring
Excess provision for earlier years written back	0.60	0.02	0.24	0.02	0.89	-	Non Recurring
Provision for doubtful debts written back	0.19	0.93	-	-	-	-	Non Recurring
Share of Loss in Joint Venture (Refer Note B(4) of Annexure IV)	0.13	-	-	-	-	-	
Provident Fund Refund	-	-	5.80	-	-	-	Non Recurring
Profit on sales of fixed assets (Net)	0.01	-	0.19	1.67	* 0.00	0.45	Recurring
Miscellaneous Income	1.02	1.90	1.93	2.09	2.74	2.27	Non Recurring
TOTAL	**30.86**	**47.76**	**57.67**	**26.49**	**16.56**	**8.03**	
TDS deducted on Interest	0.07	4.16	3.33	0.22	-	-	

* Rs. 1,000.00

COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED
(Formerly known as Commercial Engineers & Body Builders Co Private Limited)

ANNEXURE XVIII: SUMMARY STATEMENT OF MANUFACTURING EXPENSES, AS RESTATED

(Rs. in Millions)

PARTICULARS	For the period ended December 31, 2009	FOR THE YEAR ENDED MARCH 31,				
		2009	2008	2007	2006	2005
Raw Materials Consumed	752.72	992.53	887.03	713.76	361.87	202.58
Less: Sale of Raw Material	4.16	70.60	9.73	7.03	1.92	21.77
	748.56	**921.93**	**877.30**	**706.73**	**359.95**	**180.81**
Stores and Spares Consumed	49.29	67.94	61.81	53.96	26.05	6.52
Less: Sale of Stores and Spares	-	-	3.78	-	-	-
	49.29	**67.94**	**58.03**	**53.96**	**26.05**	**6.52**
Power and Fuel	8.64	9.51	8.98	7.62	5.75	3.05
Labour Charges	51.30	40.84	46.84	37.64	25.72	17.17
Entry Tax (Refer Note B(3) of Annexure IV)	-	-	0.01	10.38	4.71	2.13
Excise Duty on Scrap	0.04	0.06	(0.52)	0.53	0.06	0.03
Repairs and Maintenance :						
Building	0.76	1.19	1.81	0.42	0.84	1.53
Plant and Machinery	0.52	3.90	2.32	1.55	1.19	0.46
Others	0.83	4.23	2.31	2.26	0.97	0.30
Total	**859.94**	**1,049.60**	**997.08**	**821.09**	**425.24**	**212.00**

COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED
(Formerly known as Commercial Engineers & Body Builders Co Private Limited)

ANNEXURE XIX: SUMMARY STATEMENT OF EMPLOYEE REMUNERATION AND BENEFITS, AS RESTATED

(Rs. in Millions)

PARTICULARS	For the period ended December 31, 2009	FOR THE YEAR ENDED MARCH 31,				
		2009	2008	2007	2006	2005
Salaries, Wages and Bonus etc.	42.55	48.93	37.88	26.54	19.78	8.91
Contribution to Provident Fund and other funds	3.59	3.79	4.09	2.60	7 .24	0.87
Staff Welfare Expenses	1.75	2.63	2.69	2 .22	1.76	0.95
Total	**47.89**	**55.35**	**44.66**	**31.36**	**28.78**	**10.73**

COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED
(Formerly known as Commercial Engineers & Body Builders Co Private Limited)

ANNEXURE XX: SUMMARY STATEMENT OF OPERATING AND OTHER EXPENSES, AS RESTATED

(**Rs. In Millions)**

PARTICULARS	For the period ended December 31, 2009	FOR THE YEAR ENDED MARCH 31,				
		2009	2008	2007	2006	2005
Insurance	0.48	0.89	0.72	0.53	0.25	0.12
Rent, Rates and Taxes	5.93	1.06	0.90	2.76	4.82	0.54
Vehicle Expenses	1.06	2.24	2.08	2.43	1.96	0.66
Traveling and Conveyance	6.46	8.53	8.17	5.11	3.33	1.16
Postage, Telegram and Telephones	0.95	1.10	1.18	1.10	0.80	0.60
Printing and Stationery	0.67	0.82	0.82	0.93	0.62	0.22
Fixed Assets Written Off	-	0.34	0.27	-	-	-
Loss on sale of Fixed Assets (Net)	-	0.40	-	-	-	-
Exchange Rate Fluctuations (Net)	-	2.86	-	-	-	-
Capital Work in Progress written off	-	5.41	-	-	-	-
Freight Charges	11.97	15.53	17.21	14.78	6.73	3.86
Provision for Doubtful Advances	-	0.33	1.59	-	-	-
Provision for Doubtful Debts	-	0.05	1.01	-	-	-
Bad Debts and advances written off	0.70	0.93	-	-	*0.00	0.08
Legal and Professional fees	5.54	2.46	13.42	2.18	1.05	0.68
Cash Discount	10.64	3.59	-	-	-	-
Long-term Investment written off	-	-	0.10	-	-	-
Selling Expenses	7.72	6.92	7.83	4.05	3.37	4.22
Miscellaneous Expenses	5.87	9.14	6.99	4.09	1.40	1.39
Total	**57.99**	**62.60**	**62.29**	**37.96**	**24.33**	**13.53**

* Rs. 3,000.00

COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED
(Formerly known as Commercial Engineers & Body Builders Co Private Limited)

ANNEXURE XXI: SUMMARY STATEMENT OF INTEREST AND FINANCE CHARGES, AS RESTATED

(Rs. In Millions)

PARTICULARS	For the period ended	FOR THE YEAR ENDED MARCH 31,				
	December 31, 2009	2009	2008	2007	2006	2005
INTEREST AND FINANCE CHARGES						
Interest						
-On Term Loans	5.36	0.80	0.85	0.83	-	-
-On Working Capital Loans and Cash Credit Facilities	20.14	32.65	28.99	18.52	6.89	3.46
-On Vehicle Loans	-	-	0.01	-	-	-
-On Others	3.87	7.66	11.56	2.82	1.39	0.62
Finance Charges	11.48	12.68	3.71	2.89	1.41	0.41
Total	**40.85**	**53.79**	**45.12**	**25.06**	**9.69**	**4.49**

Commercial Engineers & Body Builders Co Limited
(Formerly known as Commercial Engineers & Body Builders Co Private Limited)

ANNEXURE XXII: SUMMARY STATEMENT OF RELATED PARTY DISCLOSURES, AS RESTATED

Related party disclosures as required by AS-18, "Related Party Disclosures", are given below:

(i) List of Related Parties

a. Entities in which directors are interested as Directors, Partners or otherwise
- Shivam Motors Pvt Limited
- Commercial Automobiles Pvt. Ltd-(workshop)
- Commercial Automobiles Pvt. Ltd
- Commercial Automobiles Pvt. Ltd (CVD)
- Commercial Automobiles Pvt. Ltd (Car Workshop)
- Commercial Automobiles Pvt. Ltd (Car Division)
- Commercial Automobiles Pvt. Ltd (H.P. Division)
- Commercial Body Builders Co. Pvt. Ltd
- Kailash Auto Builders Co. Pvt. Ltd., Bangalore
- Kailash Auto Builders Co. Pvt. Ltd., Kanpur
- Kailash Auto Builders Co. Pvt. Ltd., Pune
- Kailash Auto Finance Ltd.
- Kailash Motors, Kanpur
- Commercial Auto Centre, Katni
- Commercial Auto Centre, Ghana
- Kailash Automobiles.
- Kailash Motors Finance
- Commercial Motors Sales Pvt. Ltd.
- Commercial Toyota
- Kailash Vahan Udyog Ltd.
- Kailash Traders
- Tirupati Equipments Pvt. Ltd.

b. Key Management Personnel and their relatives
- Mr. Kailash Gupta - Managing Director
- Mr. Ajay Gupta-Director
- Mrs. Rekha Gupta-Director

Transactions undertaken/balances outstanding with the related parties:

(Rs.in Millions)

Sr. No.	**Particulars**	**For the period from April 1, 2009 to December 31, 2009**	**For the year ended March 31,**				
			2009	**2008**	**2007**	**2006**	**2005**
1	**Loans taken**						
	Shivam Motors Pvt. Ltd.	-	-	-	16.90	-	-

	Commercial Automobiles Pvt. Ltd-Ghana Work Shop	-	-	-	-	-	-
	Commercial Automobiles Pvt. Ltd	-	-	-	8.04	2.35	-
	Commercial Automobiles Pvt. Ltd (CVD)	2.18	-	24.98	-	-	-
	Commercial Automobiles Pvt. Ltd-Car workshop	-	0.01	-	-	0.01	-
	Commercial Automobiles Pvt. Ltd-Car Division	-	-	-	-	1.10	0.76
	Commercial Automobiles Pvt. Ltd-H.P. Division	-	-	-	-	0.09	-
	Commercial Body Builders	-	-	-	-	0.39	4.74
	Kailash Auto Builders Pvt. Ltd., Jabalpur	-	-	-	-	0.80	-
	Kailash Vahan Udyog	-	0.39	-	-	-	-
	Kailash Auto Builders Pvt. Ltd., Bangalore	-	-	0.60	-	-	-
	Kailash Auto Finance Ltd	-	-	-	0.11	0.01	-
	Kailash Motor, Kanpur	-	-	-	0.40	-	-
	Commercial Auto Center, Katni	-	-	-	0.04	-	0.00
	Commercial Auto Center Ghana	-	-	-	17.01	18.33	15.43
	Kailash Automobile	-	-	-	1.41	-	-
	Kailash Motor Finance	-	-	-	0.40	-	-
	Commercial Motors Sales Pvt. Ltd.	-	-	-	0.00	-	-
2	**Loans repaid**	-	-	-	-	-	-
	Shivam Motors Pvt. Ltd.	-	-	-	16.90	-	-
	Commercial Automobiles Pvt. Ltd	-	-	-	7.26	2.35	-
	Commercial Automobiles Pvt. Ltd-Car Division	-	-	-	-	1.11	0.76
	Commercial Automobiles Pvt. Ltd-H.P. Division	-	-	-	-	0.09	-
	Kailash Motor, Kanpur	-	-	-	0.40	-	-
	Commercial Auto Center Katni	-	-	-	0.04	-	0.00
	Commercial Auto Center Ghana	-	-	-	17.01	24.63	9.82
	Commercial Body Builders	-	-	-	-	0.39	4.76
	Kailash Auto Builders Pvt. Ltd., Jabalpur	-	-	-	-	0.63	-
	Commercial Motors Sales Pvt. Ltd.	-	-	-	0.00	-	-
	Commercial Automobiles Pvt. Ltd-Car	-	0.01	-	-	-	-

	workshop							
	Commercial Automobiles Pvt. Ltd (CVD)	-	6.47	17.70	-	-	-	
	Kailash Vahan Udyog	-	0.05	-	-	-	-	
	Kailash Auto Finance Ltd	-	-	-	0.11	0.01	-	
	Kailash Motor Finance	-	-	-	0.40	-	-	
	Kailash Automobiles	-	-	0.06	1.35	-	-	
	SMT. Rekha Gupta (Director)	-	-	1.58	-	-	-	
	Kailash Auto Builders Pvt. Ltd., Bangalore	-	-	0.14	-	-	-	
3	**Loans given**	-	-	-	-	-	-	
	Shivam Motors Pvt. Ltd.	1.61	33.55	28.54	21.48	3.15	-	
	Commercial Auto Sales	-	-	-	0.00	2.51	-	
	Commercial Automobiles Pvt. Ltd-Car Division	-	0.00	-	-	-	0.36	
	Commercial Automobiles Pvt. Ltd-H.P. Division	-	-	-	-	-	0.03	
	Commercial Automobiles Pvt. Ltd (CVD)	1.67	4.23	31.10	-	-	-	
	Commercial Auto Centre	0.50	1.55	4.04	-	-	2.02	
	Kailash Auto Builders Pvt. Ltd.-Kanpur	-	0.64	14.69	-	-	-	
	Commercial Auto Center Ghana	-	-	-	63.25	14.41	-	
	Commercial Automobiles Pvt. Ltd	-	0.00	0.09	29.38	14.58	0.78	
	Commercial Motors Sales Pvt. Ltd.	-	-	-	-	0.01	-	
	Kailash Vahan Udyog	-	21.89	0.10	-	4.52	0.08	
	Kailash Motor, Kanpur	-	-	-	0.01	-	-	
	Mr. Ajay Gupta	-	-	0.13	-	-	-	
	Commercial Body Builders	-	-	4.06	3.50	0.50	0.00	
	Kailash Automobile	-	-	-	-	5.50	9.00	
	Kailash Traders	-	-	-	-	4.50	-	
	Kailash Auto Builders Pvt. Ltd., Bangalore	-	-	8.12	-	-	-	
	Kailash Auto Builders Pvt. Ltd., Jabalpur	-	-	-	-	51.95	5.61	
	Kailash Auto Builders Pvt. Ltd., Pune	-	-	9.42	-	-	-	
	Commercial Toyota	-	-	-	1.70	-	-	
	Mr. Kailash Chand Gupta	-	-	0.05	-	-	-	

	Kailash Auto Finance Ltd	-	-	-	2.12	-	1.80
	Kailash Motor Finance	-	-	-	0.01	-	-
4	**Loan received back**	-	-	-	-	-	-
	Shivam Motors Pvt. Ltd.	1.35	64.56	28.49	22.46	1.51	-
	Commercial Auto Sales	-	-	-	0.00	2.51	-
	Commercial Automobiles Pvt. Ltd-Car Division	-	0.00	-	-	-	0.35
	Commercial Automobiles Pvt. Ltd-H.P. Division	-	-	-	-	-	0.03
	Commercial Automobiles Pvt. Ltd (CVD)	2.83	3.14	31.09	-	-	-
	Kailash Vahan Udyog	-	0.76	0.00	-	4.52	0.08
	Commercial Auto Centre	2.90	1.68	3.24	50.34	13.89	6.58
	Kailash Motor, Kanpur	-	-	-	0.01	-	-
	Kailash Motor Finance	-	-	-	0.01	-	-
	Kailash Auto Builders Pvt. Ltd., Kanpur	1.67	3.29	-	-	-	-
	Commercial Body Builders	-	-	5.83	1.37	0.50	0.00
	Kailash Auto Builders Pvt. Ltd., Pune	-	9.42	-	-	-	-
	Kailash Automobile	-	-	-	-	5.50	9.00
	Kailash Traders	-	-	-	-	4.50	-
	Kailash Auto Builders Pvt. Ltd.-Bangalore	-	8.10	-	-	-	-
	Kailash Auto Builders Pvt. Ltd., Jabalpur	-	-	-	-	31.40	9.83
	Commercial Automobiles Pvt. Ltd	-	0.00	0.83	32.81	10.51	0.78
	Kailash Auto Finance Ltd	0.60	-	0.24	1.29	-	1.80
	Commercial Toyota	-	-	0.70	1.00	-	-
5	**Rent Paid (Lease Rent)/Hire Charges**	-	-	-	-	-	-
	Kailash Motor, Kanpur	-	0.05	0.06	-	-	-
	Commercial Body Builders	0.05	0.06	0.11	0.06	0.06	0.06
	Kailash Automobiles	-	-	-	-	-	0.01
	Kailash Traders	-	-	-	-	-	0.30
	Kailash Auto Builders Co. Pvt. Ltd., Jabalpur	-	-	-	-	4.40	-
	Commercial Automobiles Pvt. Ltd-Car Division	-	-	-	-	0.04	-
	Commercial Motors Sales Pvt. Ltd.	-	-	-	-	0.24	-

6	**Interest paid**	-	-	-	-	-	-
	Kailash Motor, Kanpur	-	0.00	0.00	-	-	-
	SMT. Rekha Gupta	-	-	0.08	-	-	-
	Commercial Auto Center	-	-	-	-	0.42	-
	Commercial Automobiles Pvt. Ltd-Car Division	-	-	-	-	0.01	0.01
	Commercial Body Builders	-	-	-	-	-	0.02
7	**Interest Received**	-	-	-	-	-	-
	Shivam Motors Pvt. Ltd.	-	2.47	1.24	0.16	0.01	-
	Commercial Automobiles Pvt. Ltd	-	-	-	0.84	0.05	0.01
	Commercial Automobiles Pvt. Ltd (CVD)	0.17	0.32	0.39	-	-	-
	Commercial Auto Center	1.22	1.45	1.33	0.80	-	-
	Kailash Auto Builders Pvt. Ltd.	-	0.81	-	-	-	-
	Commercial Body Builders	0.43	0.53	0.46	0.16	0.01	-
	Kailash Auto Builders Co. Pvt. Ltd., Jabalpur	-	-	-	-	2.00	0.13
	Kailash Auto Builders Co. Pvt. Ltd., Kanpur	0.84	-	-	-	-	-
	Kailash Automobiles	-	-	-	-	-	0.06
	Kailash Auto Finance Ltd.	0.03	0.05	0.06	0.05	-	0.03
	Kailash Vahan Udyog	1.69	1.27	-	-	-	-
8	**Reimbursement of Expenses from Associates**	-	-	-	-	-	-
	Shivam Motors Pvt. Ltd.	-	0.37	-	-	-	-
	Commercial Automobiles Pvt. Ltd-Car workshop	-	0.04	-	-	-	-
	Commercial Automobiles Pvt. Ltd-Car Division	-	0.00	-	0.04	0.01	-
	Commercial Automobiles Pvt. Ltd (CVD)	0.00	0.01	-	-	-	-
	Commercial Automobiles Pvt. Ltd-H.P. Division	-	-	-	-	0.11	0.37
	Kailash Motor, Kanpur	-	0.02	-	0.00	0.02	-
	Kailash Motor Finance	-	-	-	-	-	0.00
	Commercial Automobiles Pvt. Ltd, Jabalpur	0.02	-	-	0.01	-	-
	Commercial Automobiles Pvt. Ltd, Reewa	-	-	-	-	-	0.02

	Commercial Automobiles Pvt. Ltd. (W'Shop)	0.02	-	0.15	0.05	-	-
	Kailash Vahan Udyog Ltd.	-	-	0.05	0.12	0.06	-
	Commercial Motors, Dehradoon	-	-	0.05	-	-	-
	Kailash Auto Builders Pvt. Ltd.-Bangalore	-	-	0.00	-	-	-
9	**Rent/Hire Income Received**	-	-	-	-	-	-
	Kailash Auto Builders Pvt. Ltd., Pune	0.04	0.05	0.05	0.05	0.05	0.05
	Commercial Body Builders	0.26	0.35	0.36	0.35	-	-
	Kailash Auto Builders Pvt. Ltd., Bangalore	0.02	0.03	0.03	0.03	0.03	0.03
10	**Sale of Finished Goods**	-	-	-	-	-	-
	Shivam Motors Pvt. Ltd.	16.65	27.87	20.29	3.55	3.84	-
	Commercial Automobiles Pvt. Ltd Ghana	19.30	-	-	-	-	-
	Kailash Vahan Udyog	0.34	0.41	0.20	-	-	-
	Commercial Auto Sales (P) Ltd Allahabad	-	0.29	-	-	-	-
	Kailash Auto Builders Pvt. Ltd. Bangalore	-	0.03	0.44	-	-	-
	Commercial Automobiles Pvt. Ltd-Debtor A/c Jabalpur	-	10.34	-	3.68	0.76	-
	Commercial Automobiles Pvt. Ltd. Jabalpur	-	-	10.59	0.90	1.70	-
	Shivam Motors Pvt. Ltd.(Debtor)	-	-	-	11.52	9.58	-
	Commercial Auto Sales	-	-	-	3.70	3.20	-
	Commercial Motors. Barelley	-	-	-	0.27	-	-
11	**Sale of Raw Material**	-	-	-	-	-	-
	Shivam Motors Pvt. Ltd.	0.03	0.12	0.06	-	0.00	-
	Commercial Automobiles Pvt. Ltd-Ghana Work Shop	0.01	0.13	-	-	-	-
	Commercial Automobiles Pvt. Ltd Ghana	0.00	-	-	-	-	-
	Commercial Automobiles Pvt. Ltd (CVD)	0.00	-	-	-	-	-
	Kailash Vahan Udyog Ltd. Pune	3.85	-	1.95	-	-	0.07
	Commercial Auto mobiles Ltd-Workshop-Debtor) Ghana	-	0.05	-	-	-	-
	Commercial Automobiles Pvt. Ltd. , Waidhan	-	-	0.02	-	-	-

	Commercial Automobiles Pvt. Ltd.(W'Shop) Jabalpur	-	-	0.02	-	-	-
	Commercial Body Builders, Maneri	-	-	3.96	6.16	-	-
	Shivam Motors Pvt. Ltd.(Debtor)	-	-	-	0.16	-	-
	Commercial Automobiles Pvt. Ltd-Car Division	-	-	-	-	0.00	-
	Commercial Automobiles Pvt. Ltd	-	-	-	-	0.10	-
	Commercial Body Builders	-	-	-	-	0.02	-
	Kailash Auto Builders Pvt. Ltd. Bangalore	-	-	-	-	0.03	0.03
	Kailash Auto Builders Pvt.Ltd. Pune	-	-	-	-	0.05	0.05
	Kailash Auto Builders Pvt.Ltd. Jabalpur	-	-	-	-	4.68	20.78
	Kailash Auto Finance Ltd Jabalpur	-	-	-	-	0.00	-
12	**Purchase of material / capital goods**	-	-	-	-	-	-
	Shivam Motors Pvt. Ltd.	-	0.53	0.41	-	-	-
	Commercial Automobiles Pvt. Ltd-Workshop	0.99	0.89	0.50	0.44	-	-
	Commercial Auto Stores	-	0.02	-	-	-	-
	Kailash Vahan Udyog Ltd	-	0.14	1.28	-	-	-
	Commercial Automobiles Pvt. Ltd	0.53	-	-	0.20	1.10	0.00
	Tirupati Equipment	-	-	-	-	0.74	-
	Kailash Auto Builders Pvt. Ltd., Bangalore	-	-	-	-	0.04	0.01
	Kailash Auto Builders Pvt. Ltd., Jabalpur	-	-	-	-	18.02	3.17
		-	-	-	-	-	-
13	**Expenses**	-	-	-	-	-	-
	Commercial Automobiles Pvt. Ltd (CVD)	-	-	-	-	-	-
	Kailash Auto Builders Pvt. Ltd., Bangalore	-	0.00	-	-	-	-
	Commercial Body Builders	-	0.00	0.05	-	-	-
	Kailash Motors	-	-	-	-	-	-
	Kailash Traders	-	-	0.01	-	-	-
	Commercial Auto Centre	0.01	-	-	0.00	-	-
	Commercial Automobiles Pvt. Ltd	0.00	-	-	0.03	-	-

	Commercial Automobiles Pvt. Ltd-(H.P. Division)	-	-	-	0.01	-	-
	Kailash Vahan Udyog Ltd.	-	-	0.03	-	-	0.00
	Commercial Automobiles Pvt. Ltd-Car Division	-	-	-	0.08	-	-
		As at December 31, 2009	**As at March 31, 2009**	**As at March 31, 2008**	**As at March 31, 2007**	**As at March 31, 2006**	**As at March 31, 2005**
14	**Closing Balance : Receivable / (Payable)**						
	- As Creditors for Expenses						
	Shivam Motors Pvt. Ltd.	1.87	-	-	-	-	-
	Commercial Automobiles Pvt. Ltd-Ghana Work Shop	0.10	-	-	-	-	-
	Commercial Automobiles Pvt. Ltd	1.27	-	-	-	-	-
	Kailash Motor	0.01	-	-	-	-	-
	Commercial Auto Centre, Katni	0.00	-	-	-	-	-
	Commercial Automobiles Pvt. Ltd-Car workshop	0.06	-	0.02	0.02	-	-
	Commercial Automobiles Pvt. Ltd (CVD)	0.01	-	-	-	-	-
	- As Unsecured Loans (taken)						
	Rekha Gupta	-	-	-	1.58	1.31	1.62
	Commercial Automobiles Pvt. Ltd (CVD)	2.18	-	6.47	-	-	-
	Commercial Auto Centre, Ghana	-	-	-	-	0.00	6.07
	Commercial Automobiles Pvt. Ltd-Car workshop	-	-	-	-	0.05	-
	Tirupati Equipment	-	-	-	-	0.74	-
	Kailash Automobile	-	-	-	0.06	-	-
	-As Debtors						
	Shivam Motors Pvt. Ltd.	0.26	0.95	28.15	0.29	6.13	-
	Commercial Automobiles Pvt. Ltd	-	0.14	0.53	-	4.34	-
	Kailash Auto Builders Pvt. Ltd. Banglore	0.02	-	-	-	-	-
	Kailash Auto Builders Pvt. Ltd., Pune	0.04	-	-	-	-	-
	Kailash Vahan Udyog	3.77	-	0.20	-	-	-
	Kailash Auto Builders Pvt. Ltd. Jabalpur	-	-	-	-	24.56	14.16

		Commercial Automobiles Pvt. Ltd-Ghana Work Shop	0.00	-	-	-	-	-
		Commercial Body Builders	0.17	-	-	-	-	-
		-As Advances						
		Commercial Automobiles Pvt. Ltd (CVD)	-	1.16	-	-	-	-
		Commercial Automobiles Pvt. Ltd	-	-	-	0.79	-	-
		Commercial Auto Center	14.65	17.05	15.73	13.91	0.34	-
		Commercial Auto Centre, Katni	-	(0.01)	-	-	-	-
		Commercial Automobiles Pvt. Ltd-Car workshop	-	(0.05)	-	-	-	-
		Commercial Motors Sales Pvt. Ltd.	-	-	-	0.70	0.01	-
		Commercial Body Builders	-	-	-	2.48	-	-
		Commercial Automobiles Pvt. Ltd-Car Division	-	-	-	-	0.01	-
		Kailash Auto Builders Pvt. Ltd., Kanpur	10.37	12.04	14.69	-	-	-
		Kailash Auto Builders Pvt. Ltd., Pune	-	-	9.42	-	-	0.72
		Commercial Body Builders	5.98	5.93	5.30	-	-	-
		Kailash Auto Finance Pvt. Ltd.	0.14	0.74	0.69	0.88	0.00	-
		Kailash Vahan Udyog	22.48	22.48	0.08	-	-	0.02
		Kailash Vahan Udyog	-	-	-	-	-	-
		Shivam Motors Pvt. Ltd.	-	-	2.86	2.45	-	-
		Kailash Motor	-	-	-	-	-	-
		Kailash Auto Builders Pvt. Ltd. Banglore	-	-	8.13	-	-	-
		Kailash Auto Builders Pvt. Ltd. Jabalpur	-	-	-	55.17	-	-
		-As Staff Loan						
		Mr. Ajay Gupta	-	-	0.13	0.76	-	-
		Mr. Kailash Gupta	-	-	0.05	-	-	-

COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED
(Formerly known as Commercial Engineers & Body Builders Co Private Limited)

ANNEXURE XXIII: SUMMARY STATEMENT OF CONTINGENT LIABILITIES, AS RESTATED

(Rs. in Millions)

Particulars	AS AT	AS AT MARCH 31,				
	December 31, 2009	2009	2008	2007	2006	2005
Disputed demands of following authorities						
Income tax	3.63	3.63	3.63	3.63	3.63	3.63
Excise duty	154.44	94.88	1.37	1.38	1.38	4.17
Sales tax	0.62	1.95	0.76	9.05	6.99	6.46
Entry Tax	-	0.47	-	-	-	-
Disputed Provident fund	-	-	-	-	-	5.85
Others						
Bank Guarantee (given as performance guarantee)	25.74	5.34	6.32	1.00	-	-
Letters of Credit (L/C)	23.02	2.65	-	-	-	-
Total	**207.45**	**108.92**	**12.08**	**15.06**	**12.00**	**20.11**
Details of duty paid under protest						
Excise duty paid under protest	-	1.37	1.37	1.37	1.37	1.37
Sales tax paid under protest	0.06	0.28	0.07	1.10	1.05	1.35
Entry tax paid under protest (Also Refer Note B(3) of Annexure IV)	-	0.05	-	-	-	-
Total	**0.06**	**1.70**	**1.44**	**2.47**	**2.42**	**2.72**

COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED
(Formerly known as Commercial Engineers & Body Builders Co Private Limited)

ANNEXURE XXIV: SUMMARY STATEMENT OF CAPITALISATION, AS RESTATED

(Rs. in Millions)

Particulars	As at December 31, 2009
Borrowings	
Short term	357.13
Long Term debt	119.04
Total debt	**476.17**
Shareholders' funds	
Share capital	61.28
Securities Premium Account	288.89
Profit and Loss Account	273.61
Total shareholders' funds	**623.78**
Long-term Debt / Equity ratio	0.19
Total Short term Debt/ Equity ratio	0.57

Note:
The figures disclosed above are based on the Summary Statement of Assets and Liabilities, as Restated of the Company as at December 31, 2009

COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED
(Formerly known as Commercial Engineers & Body Builders Co Private Limited)

ANNEXURE XXV: SUMMARY STATEMENT OF TAX SHELTERS, AS RESTATED

(Rs. in Millions)

Particulars		As at	As At March 31st				
		December 31, 2009	2009	2008	2007	2006	2005
Profit before tax as restated	A	154.42	26.77	102.36	124.61	35.90	10.67
Tax rate % (including surcharge and cess, as applicable)	B	33.99%	33.99%	33.99%	33.66%	33.66%	36.59%
Tax at notional rate	**C=A*B**	**52.49**	**9.10**	**34.79**	**41.94**	**12.08**	**3.90**
Adjustments:							
Permanent Differences							
Penalty		-	-	-	-	* 0.00	0.05
Others		-	-	1.77	(1.67)	(0.43)	(0.67)
Total	**D**	**-**	**-**	**1.77**	**(1.67)**	**(0.43)**	**(0.62)**
Timing Difference :							
Tax depreciation and book value depreciation		1.54	(7.04)	(1.80)	(0.49)	0.07	0.03
Gratuity & Leave Encashment		1.59	-	-	-	(2.51)	0.19
Brought Forward Losses (Refer Note no. 2 below)		-	-	-	(37.58)	-	-
Others		-	7.49	2.36	(2.41)	(0.60)	(0.87)
Total	**E**	**3.13**	**0.45**	**0.56**	**(40.48)**	**(3.04)**	**(0.65)**
Net Adjustments	**F=D+E**	**3.13**	**0.45**	**2.33**	**(42.15)**	**(3.47)**	**(1.27)**
Tax Expenses / (Saving) Thereon	**G=F*B**	**1.06**	**0.15**	**0.79**	**(14.19)**	**(1.17)**	**(0.46)**
Net Tax Expenses / (Saving) Thereon	**H=C+G**	**53.55**	**9.25**	**35.58**	**27.75**	**10.91**	**3.44**
Taxable Income / (Loss)	**I=A+F**	**157.55**	**27.22**	**104.69**	**82.46**	**32.43**	**9.40**

Note
1) The above working is based on the summary statement of Profit and Loss, as restated for the respective year/period.
2) Pursuant to scheme of arrangement, brought forward losses of Kailash Auto Builders Private Limited-Jabalpur Unit has been claimed in the return of income (Refer Note B (1) (III) (C) of Annexure IV to the Summary Statements
* Rs. 1,000.00

COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED
(Formerly known as Commercial Engineers & Body Builders Co Private Limited)

ANNEXURE XXVI: SUMMARY STATEMENT OF ACCOUNTING RATIOS, AS RESTATED

Particulars	As At December 31, 2009	FOR THE YEAR ENDED MARCH 31,				
		2009	2008	2007	2006	2005
1) Adjusted Profit to income from operation (%)	11.00%	1.57%	5.15%	7.49%	4.49%	3.97%
2) Weighted Average number of equity shares outstanding face value of Rs. 100 each fully paid (Nos.)						
- For Basic Earnings per share (see Note below)	612,796	612,796	526,750	257,875	141,500	91,500
Add : Potential Equity Shares	-	-	37,946	-	-	-
- For Diluted Earnings per share	612,796	612,796	564,696	257,875	141,500	91,500
3) (a) Basic Earning per share Rs.	173.85	28.40	116.52	330.46	180.84	69.52
(b) Diluted earning per share Rs.	173.85	28.40	108.69	330.46	180.84	69.52
4) (a) Cash earning per share Rs.	233.94	50.30	141.15	306.74	173.92	129.10
(b) Restated cash earning per share Rs.	216.98	55.72	133.90	359.50	201.19	111.25
5) (a) Net asset value per share Rs.	1,020.97	847.12	952.46	672.69	495.43	285.41
(b) Restated net asset value per share Rs.	1,020.97	847.12	952.46	672.69	495.43	285.41
6) Return on Net Worth (%)	17.03%	3.35%	12.23%	49.12%	36.50%	24.36%
7) (a) No. of Shares*	750,000	750,000	750,000	600,000	400,000	100,000
(b) Weighted Average no. of shares (For Basic Earning per share)	612,796	612,796	526,750	257,875	141,500	91,500
Add : Potential Equity Shares (Refer Note 3 below)	-	-	37,946	-	-	-
(c) Weighted Average no. of shares – (For Diluted Earning per share)	612,796	612,796	564,696	257,875	141,500	91,500
* Equity shares of Rs.100 Each						

Notes:

1) The ratios have been computed as follows:

Adjusted Profit to income from operation % =	Adjusted profit before tax Income from operations
Earning per Share - Basic and Diluted =	Adjusted Profit / (Loss) after Tax but before Extraordinary Items Weighted average number of equity shares outstanding during the year
Cash Earning per Share =	Adjusted Profit after Tax but before Depreciation Weighted Average Number of Equity Shares Outstanding during the year
Net Asset Value per Share =	Net Worth excluding Revaluation Reserve Weighted Average Number of Equity Shares Outstanding during the year
Return on Net Worth =	Adjusted Profit / (Loss) after Tax but before Extraordinary Items Net Worth excluding Revaluation Reserve

2) Earnings per share has been calculated in accordance with Accounting Standard 20 - Earnings Per Share.

3) In calculating diluted earnings per share for the year ended March 31, 2008, the effect of mandatorily convertible preference shares till the date of actual conversion is considered

4) Restated profit / (loss) has been considered for the purpose of computing the above ratios.

COMMERCIAL ENGINEERS & BODY BUILDERS CO LIMITED
(Formerly known as Commercial Engineers & Body Builders Co Private Limited)

Annexure IV

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO RESTATED SUMMARY STATEMENTS

A. SIGNIFICANT ACCOUNTING POLICIES :

(a) Basis for preparation of accounts:

The accompanying financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India and the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006.

(b) Use of Estimates:

The preparation of financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported period. Differences between the actual results and estimates are recognized in the period in which the results are known/materialized.

(c) Fixed Assets:

Fixed assets are stated at cost net of Cenvat. Costs includes all cost incurred to bring the assets to their working condition and location.

The company capitalizes software and related implementation costs, where it is reasonably estimated that the software has an enduring useful life.

(d) Depreciation and amortization:

i) Depreciation is provided using the written-down method based on estimated useful life of the assets. The depreciation rates, based on management' estimates, used are as follows:

Block of Assets	Depreciation rate
Factory Building	10%
Non-Factory Building	10%
Residential Flat	5%
Plant and Machinery	15% - 100%
Office Equipments	15%
Computers	60%
Vehicles	25.89%
Electrical Installations	20%
Furniture and Fixtures	18.10%

ii) Leasehold land is amortized over the period of lease on pro rata basis.

iii) Depreciation on assets acquired/purchased during the year is provided on pro-rata basis from the date of each addition.

iv) Assets having value of Rs.5,000/- or less are charged off fully in the year of purchase.

v) Computer Software is amortized over the period of three years.

(e) Impairment of Assets:

At the end of each period, the company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard 28 on ''Impairment of Assets'' . Where the recoverable amount of any fixed asset is lower than its carrying amount, a provision for impairment loss on fixed assets is made for the difference.

(f) Revenue recognition:

Revenue from sale of built bodies is recognised when products are despatched and all significant risks and rewards of ownership of the products are transferred to the customers.

Revenue from service contracts is recognised when the services are completed.

(g) Inventories:

Inventories are valued at lower of cost and net realisable value. The cost of inventories is arrived at on the following basis:

Raw materials : On FIFO basis (net of Cenvat)

Work-in-progress : On weighted average basis including direct factory overheads

Finished goods : On weighted average basis, attributable overheads and Excise duty

Stores and spares : On FIFO basis

(h) Foreign currency transactions:

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the period-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the period is recognized as income or expense, as the case may be.

(i) Employee Benefits:

(a) Post Employment Benefits and Other Long Term Benefits:

i) Contributions under Defined Contribution Plans in the form of Provident Fund are recognized in the Profit and Loss Account in the period in which the employee has rendered the service.

ii) Defined Benefit and Other Long term Benefit Plans :

The Company's Liability towards Defined Benefit Plan in the form of Gratuity is funded through scheme administered by the Life Insurance Corporation of India (LIC) and administered through respective Trusts set-up by the Company. The liability is determined on the basis of actuarial valuation being carried out at each Balance Sheet date using the Projected Unit Credit Method. The liability for the Interim financial statements is calculated by management on the basis of latest actuarial valuations. The retirement benefit obligation recognized in the Balance Sheet represents the total of present value of the defined benefit obligation as reduced by unrecognized past service cost and the fair value of plan assets as at the balance sheet date. Any assets resulting from this calculation is restricted to the present value of available refunds from the plan or reductions in future contributions to the plan.

Actuarial gains and losses are recognized immediately in the Profit and Loss Account in the period of occurrence of such gains and losses. Past service cost is recognized as an expense on a straight-line basis over the average period until the benefits become vested to the extent that the benefits are already vested immediately following the introduction of , or changes to, a defined benefit plan, past service cost is recognized immediately.

(b) Short Term Employee Benefits:

Short-term employee benefits are recognized as expenses at the undiscounted amount in the Profit and Loss Account of the period in which the related services are rendered.

Leave encashment is provided for on the basis of actual costs the Company expects to pay for the compensated absences.

(j) Borrowing costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

(k) Income taxes:

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to/ recovered from the tax authorities, using the applicable tax rates. Deferred tax assets and liabilities are recognised for future tax consequences attributable to timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent period and are measured using relevant enacted tax rates. The carrying amount of deferred tax assets at each Balance sheet date is reduced to the extent that it is no longer virtually certain that sufficient future taxable income will be available against which the deferred tax asset can be realized.

(l) Investments:

Investments classified as long-term investments are stated at costs. Provision is made to recognize a diminution, other than temporary, in the value of such investments**.** Investments classified as current investments are stated at lower of cost and fair value.

(m) Operating Leases

Assets taken on Lease under which all significant risks and rewards of ownership are effectively retained by the lessor are classified as Operating Leases. Lease payments under Operating Leases are recognized as expenses as incurred in accordance with the respective Lease Agreements.

(n) Contingent Liabilities:

These, if any, are disclosed in the notes and accounts. Provision is made in the accounts if it becomes probable that any outflow of resources embodying economic benefits will be required to settle the obligation.

B. NOTES TO THE RESTATED SUMMARY STATEMENT:

1. **Adjustments:**

I. The following adjustments have been made in the Summary Statement of Assets and Liabilities, Summary Statement of Profit and Losses and Summary Statement of Cash Flows as under:

(Rupees in Millions)

Particulars	For the Period from April 1, 2009 to December 31, 2009	For the year ended March 31,				
		2009	2008	2007	2006	2005
Net Profit after tax as per Audited Financial Statements **(A)**	116.91	14.09	65.21	71.58	21.74	7.98
(I) Provident Fund Refund (Refer Note (a) below)	-	-	(5.80)	-	5.80	-
(II) Sales Tax Demands (Refer Note (b) below)	3.18	3.03	(0.74)	0.03	(1.65)	(1.52)
(III) Income Tax- Short/ (Excess) Provision (Refer Note (c) below)	(13.57)	0.30	2.72	13.57	(0.29)	(0.11)
Total of Adjustments (B)	**(10.39)**	**3.33**	**(3.82)**	**13.60**	**3.86**	**(1.63)**
Net Profit after tax, as restated (A+ B)	**106.52**	**17.42**	**61.39**	**85.18**	**25.60**	**6.35**

Notes:

a. **Provident Fund Refund :**
In the year ended March 31, 2006, the Company had paid Rs. 5.8 million towards demand raised by the Assistant Provident Fund Commissioner (APFC), Jabalpur for alleged violation of the provisions of Employees Provident Fund Scheme, 1952 which was accounted as liability. The Company had filed an appeal against the order and during the year ended March 31, 2008 the Company received an Order from the Tribunal which quashed the above order passed by APFC and directed it to refund the amount deposited by the Company. Accordingly the same was accounted as income for the year ended March 31, 2008. For the purpose of restatement, the same has been adjusted in the year to which it pertains.

b. **Sales Tax Demands:**

The additional amounts demanded by the sales tax authorities on completion of assessment of sales tax, central sales Tax, commercial tax have been adjusted in the respective years/ period to which they pertain.

c. **Income Tax- Short/ (Excess) Provision:**

Adjustments are made in the respective years/ period in respect of short/ excess provision for Income-tax on the basis of income tax assessments completed for the respective years/ period.

II. The effects of the following have not been given in the Summary Statements on the grounds that the figures involved are not material:

a. Doubtful advances and bad debts written off amounting to Rs. 0.70 Million, Rs. 0.93 Million, Rs. 0.003 Million and Rs. 0.08 Million in the period / year ended December 31, 2009, March 31, 2009, March 31, 2006 and March 31, 2005 respectively have not been adjusted in the year to which they pertain.

b. Provision for doubtful debts and advances aggregating to Rs. 0.38 Million and Rs. 2.60 Million for the year ended March 31, 2008 and March 31, 2009 have not been adjusted in the year to which the debts pertain. Similarly, provision for doubtful debts written back of Rs. 0.19 Million and Rs. 0.93 Million for the period ended December 31, 2009 and year ended March 31, 2009 have not been adjusted in the year to which the debts pertain.

c. Prior period expenses of Rs. 0.03 Million expensed in the year ended March 31, 2007 has not been adjusted to the year ended March 31, 2006 to which it pertain.

d. Excess provision written back of Rs. 0.60 Million, Rs. 0.01 Million, Rs. 0.01 Million, Rs. 0.89 Million written back in the period ended December 31, 2009, year ended March 31, 2009, 2007 and 2006 respectively has not been adjusted to the year to which they pertain.

e. Also refer Note III (a) and (b) below

III. Qualifications in Auditors' Report:

a. **Depreciation**:

For the years ended March 31 2005, March 31 2006 and March 31 2007, Auditors had qualified the Accounts in relation to depreciation on fixed assets which was being provided at the rates prescribed under Income-tax Act, 1961 instead of the rates provided in the Companies Act 1956. Further, the depreciation was being charged on the fixed assets for the aforesaid years on a 'full year' basis for assets acquired prior to September 30 of the respective year and on a 'half year' basis for those assets acquired after September 30 of the respective year.

The above qualification was resolved by the Management during the year ended March 31, 2008 by revising the Management's estimate of useful life of fixed assets and accordingly the rates of depreciation for Furniture and Fixtures, Office Equipments and Vehicles were revised since the same were lower than the rates specified in the Companies Act, 1956. For the other assets the rates were kept unchanged in accordance with the Management's estimate of useful life of such assets as estimated in the year ended March 31 2008.

Effect of the aforesaid resolution of qualification is not given in the Restated Summary Statements as the same is not material for the respective years.

b. **Provision for Gratuity:**

For the years ended March 31, 2005, March 31, 2006 and March 31, 2007, Auditors had qualified the Accounts with respect to Gratuity which was being provided on the basis that all employees are retiring at the end of year instead of providing the same on actuarial basis. The qualification was resolved in year ended March 31, 2008 as follows:

The Company adopted Revised Accounting Standard 15 on "Employee Benefits" (AS 15 Revised) during the year ended March 31, 2008. On adoption of the Revised Accounting Standard, excess provision of Gratuity of Rs. 0.24 Million relating to Accounting periods ended before April 1, 2007 has been written back in the Accounts in the said year end.

The above write back has not been adjusted in Restated Summary Statements on the grounds that figure involved is not material.

c. **Merger of Kailash Auto Builders Private Limited (Jabalpur Unit)**

For the year ended March 31, 2007 Auditors had qualified the Accounts with respect to non-merger of financials of Kailash Auto Builders Private Limited- Jabalpur Unit in Company's financial statements. This was resolved subsequently as follows:

The merger was given effect to in the financial statements for the year ended March 31, 2008 and following disclosure was made in Notes to Accounts to the said financial statements.

Kailash Auto Builders Private Limited (KABPL) which is one of the Associate Group of the Company was declared a sick industrial company under Sick Industrial Companies Act, 1985 (SICA) on 23rd November, 2006. As per the Scheme of Arrangement for revival of KABPL filed with Board for Industrial and Financial Reconstruction (BIFR) one of the manufacturing unit of KABPL located at Jabalpur was proposed to be merged with the Company taking cut-off date as closing business hours of March 31, 2007. The Company in its General Meeting held on September 1, 2007 approved the said scheme subject to sanction by BIFR.

The BIFR approved the said scheme and the Order sanctioning the same was received by the Company on October 1, 2008 and intimated to the Registrar of Companies on December 16, 2008. As per the Scheme of Arrangement, the merger of KABPL-Jabalpur Unit with the Company on a going concern basis, has been accounted in the books of the Company during the year March 31, 2008 in accordance with the pooling of interest method as per Accounting Standard 14 (AS-14) "Accounting for Amalgamations" with effect from the Appointed date i.e. closing business hours of March 31, 2007.

IV. Balance of profit and loss account, as Restated as at April 1, 2004:

(Rs. In Millions)

Profit and Loss account as at April 1, 2004 as per Audited Financial Statements	**15.45**
Less: Adjustment on account of restatements	
Sales Tax Demands (Refer Note no. B(1)(I)(b) above)	2.34
Income Tax short provision (Refer Note no. B(1)(I)(c) above)	2.60
Profit and Loss account as at April 1, 2004, Restated	**10.51**

2. **Capital Commitments :**

The estimated amount of contracts remaining to be executed on capital account, and not provided for (Net of advances)

(Rs. In Millions)

	As at December 31, 2009	As at March 31,				
		2009	2008	2007	2006	2005
Contracts To be executed on Capital Account and not provided for	16.50	74.77	8.27	7.50	-	-

Note: The above figures are net of advances.

3. Company had challenged the constitutional validity of entry tax collected by State of Madhya Pradesh on goods purchased from other states by filing a writ petition in Honorable High Court of Madhya Pradesh on August 30, 2007. The petition was decided against the Company during the year ended March 31, 2009. The Company had filed a special leave petition (SLP) before the Honorable Supreme Court, again challenging the constitutional validity of Entry Tax. As per the interim order passed by Supreme Court, the Company has been directed to deposit the unpaid Entry tax before the petition is decided.

The Company has already deposited Entry tax aggregating to Rs. 33.07 millions (including interest of Rs. 0.15 million) for the period from April 2007 to December 2009 to the authorities, under protest (disclosed in Annexure XI: 'Summary Statement of Loans and Advances, as restated'). The amount of Entry tax payable for the period from April 2009 to December 2009 aggregates to Rs. 9.59 millions (including interest of Rs. 0.17 million).

The Supreme Court has transferred the above SLP to Higher Bench before the Chief Justice of the Supreme Court of India for decision, which is yet pending. The Company is hopeful that the matter will be decided in its favor and hence no provision for the above is required in the accounts at this stage.

4. During the period, the Company has entered into an agreement with a party for the purpose of engaging into a Jointly Controlled Operations (JCO) to manufacture market and sell fabricated automobile bodies and components to Original Equipment Manufacturers and to other customers, at Jamshedpur. Per the agreement the Company and the other venturer have agreed to share the distributable cash flow from the JCO after paying all taxes in the ratio of 60:40 respectively. In addition to the above, the Company is required to pay a fixed sum for grant of license to use the factory premises of the other venturer for the purposes of the operations as follows:

In year 1 – Rs. 0.30 Million per month
In year 2 – Rs. 0.32 Million per month
In year 3 – Rs. 0.33 Million per month

Accordingly, 40% share of loss from the operations for the period ended December 31, 2009 of Rs. 0.12 Million has been transferred to the joint venture partner and disclosed as Other Income in Annexure XVII: Summary Statement of Other Income, as restated.

5. **Managerial Remuneration:**

(Rs. In Millions)

Particulars		For the Period from April 1, 2009 to December 31, 2009	For the year ended March 31,				
			2009	**2008**	**2007**	**2006**	**2005**
	Director and Whole-time Directors						
a)	Salaries and Allowance	7.79	9.20	9.20	1.80	1.35	0.11
b)	Contribution to Provident and Other funds	0.65	0.76	0.72	0.14	0.07	-
c)	Commission	2.91	0.36	1.71	4.77	1.85	-
	Total	**11.35**	**10.32**	**11.63**	**6.71**	**3.27**	**0.11**

6.

i) Sales Turnover

(Rs. In Millions)

Particulars		**For the Period from April 1, 2009 to December 31, 2009**	**For the year ended March 31,**				
			2009	**2008**	**2007**	**2006**	**2005**
Built Bodies sold	In Nos	5,218	8,730	8,933	6,030	8,635	4,012
	Value (A)	1284.93	1707.09	1984.85	1658.13	759.15	265.40
Others	Value(B)	118.87	1.18	2.37	5.86	40.67	3.36
	Total (A+B)	**1403.80**	**1708.27**	**1987.22**	**1663.99**	**799.82**	**268.76**

ii) Raw Material Consumed

Particulars		Iron & Steel		Hydraulic jack		Other Raw Material (Including Stores and Spares)		Total
		Value In Rs. Millions	Qty In M.T.	Value In Rs. Millions	Qty In No's	Value In Rs. Millions	Qty In No's	Value In Rs. Millions
For the period	**April 1, 2009 to December 31, 2009**	497.59	11,255	129.38	2,348	170.88	-	797.85
For the year ended March 31,	**2009**	571.20	12,971	167.91	5,189	250.76	-	989.87
	2008	507.29	15,977	210.36	7,351	217.68	-	935.33
	2007	430.44	13,691	133.76	-	196.49	-	760.69
	2006	259.47	9,729	28.58	-	97.95	-	386.00
	2005	133.89	3,895	0.22	-	53.22	-	187.33

Note: Consumption of Hydraulic Jack in numbers for the year ended March 31, 2007, March 31, 2006 and March 31, 2005 is not available.

i) Inventory

	December 31, 2009	March 31, 2009

	Class of Goods	Quantity In No's	Value (Rs. in Millions)	Quantity In No's	Value (Rs. in Millions)
a)	**Finished Goods**				
	Opening Stock	-	-	1	0.48
	Closing Stock	-	-	-	-

Note: There is no inventory of finished goods for the year ended March 31, 2008, March 31, 2007, March 31, 2006 and March 31, 2005.

7. **SUMMARY STATEMENT OF EXPENDITURE IN FOREIGN CURRENCY, AS RESTATED**

(Rs. In Millions)

Particulars	For the Period from April 1, 2009 to December 31, 2009	For the year ended March 31,				
		2009	2008	2007	2006	2005
Foreign Travelling	0.34	1.20	0.63	-	-	-
Total	**0.34**	**1.20**	**0.63**	**-**	**-**	**-**

8. **SUMMARY STATEMENT OF EARNINGS IN FOREIGN CURRENCY, AS RESTATED**

(Rs. In Millions)

Particulars	For the period from April 1, 2009 to December 31, 2009	For the year ended MARCH 31,				
		2009	2008	2007	2006	2005
FOB Value of Exports	-	3.29	0.33	-	-	-

9. **SUMMARY STATEMENT OF CIF VALUE OF IMPORTED MATERIAL, AS RESTATED**

(Rs. In Millions)

Particulars	For the period From April 1, 2009 to December 31, 2009	For the year ended March 31				
		2009	2008	2007	2006	2005
Raw Material	2.72	21.07	10.30	6.16	-	-
Capital goods	72.77	34.65	-	-	-	-
Total	**75.49**	**55.72**	**10.30**	**6.16**	**-**	**-**

10. As per the information available with the company, the following are the details of dues to the creditors who have confirmed their registration under the Micro, Small and Medium Enterprises Development Act, 2006. (MSMED Act)

(Rs. In Millions)

Particulars	As at December 31,	As at March 31

		2009	2008	2007	2006	2005
a) Principal amount remaining unpaid	1.95	4.47	2.65	-	-	-
b) Interest due thereon	0.25	0.88	0.41	-	-	-
c) Interest paid by the Company in terms of section 16 of Micro, Small and Medium Enterprises Development Act, 2006,	-	-	-	-	-	-
d) Interest due and payable for the period of delay in making payment	0.25	0.48	0.41	-	-	-
e) Interest accrued and remaining unpaid	1.13	0.88	0.41	-	-	-
f) Amount of interest due and payable on previous year's outstanding amount	0.88	0.41	-	-	-	-

11. (a) Contributions are made to Provident Funds which covers all regular employees. Amount recognized as expense in respect of these defined contribution plans, aggregate to:

(Rs. in Millions)

	For the year ended March 31,				
Period From April 01, 2009 to December 31, 2009	**2009**	**2008**	**2007**	**2006**	**2005**
3.33	3.47	3.79	2.33	7.05	0.72

Provision is made for gratuity based upon actuarial valuation done at the end of every financial year using 'Projected Unit Credit' method and it covers all regular employees. Gains and losses on changes in actuarial assumptions are accounted for in the Profit and Loss account.

(b) The disclosure as required under AS 15 (Revised) regarding Company's gratuity plan is as follows:

Amount recognized in Balance sheet

(Rs in Millions)

Particulars	As At December 31, 2009	As At March 31,2009	As At March 31,2008	As At March 31,2007
Present Value of Funded Obligations	9.53	8.55	5.99	4.48
Fair Value of Plan Assets	(8.70)	(6.14)	(5.39)	(3.57)
Net Liability	**0.83**	**2.41**	**0.60**	**0.91**
Amounts in the Balance Sheet				
Liabilities	0.83	2.41	0.60	0.91
Assets	-	-	-	-
Net Liability/(Asset)	**0.83**	**2.41**	**0.60**	**0.91**

Expense recognized in Statement of Profit and Loss Account

(Rs in Millions)

Particulars	For the Period from April 01, 2009 to December 31, 2009	For the year ended March 31,		
		2009	2008	2007
Current Service Cost	0.82	0.71	0.52	-
Interest on Defined Benefit Obligation	0.53	0.52	0.38	-
Expected Return on Plan Assets	(0.37)	(0.42)	(0.32)	-
Net Actuarial Losses / (Gains) Recognized in year	(0.25)	1.58	0.93	-
Total, included in "Employee Benefit Expense"	**0.73**	**2.39**	**1.51**	**-**

Reconciliation of Benefit Obligations and Plan Assets for the period

(Rs. in Millions)

Particulars	Period From April 01, 2009 to December 31, 2009	For the year ended March 31,		
		2009	2008	2007
Change in Defined Benefit Obligation				
Opening Defined Benefit Obligation	8.55	5.98	4.48	-
Current Service Cost	0.82	0.71	0.52	-
Interest Cost	0.53	0.52	0.38	-
Actuarial Losses / (Gain)	(0.22)	1.73	0.94	-
Benefits paid	(0.15)	(0.39)	(0.34)	-
Closing Defined Benefit Obligation	**9.53**	**8.55**	**5.98**	**4.48**
Change in the Fair Value of Assets				
Opening Fair Value of Plan Assets	6.14	5.39	3.57	-
Expected Return on Plan Asset	0.37	0.42	0.32	-
Actuarial Gain / (Losses)	0.03	0.14	0.01	-
Contributions by Employer	2.31	0.58	1.83	-
Benefits paid	(0.15)	(0.39)	(0.34)	-
Closing Fair Value of Plan Assets	**8.70**	**6.14**	**5.39**	**3.57**

(c) Assumptions:

Particulars	For the period from April 1, 2009 to December 31, 2009	For the period ended March 31,		
		2009	2008	2007

Discount Rate (p.a.)	8.30 %	7.60%	8.00%	8.00%
Expected Rate of Return on Assets (p.a.)	7.50%	7.50%	7.50%	7.50%
Salary Escalation Rate (p.a.)	7.00%	7.00%	6.00%	6.00%

12. The principal business of the Company is sheet metal fabrication and bodybuilding. All other activities of the Company revolve around its main business. Hence, there is only one reportable business segment as defined by Accounting Standard 17 – "Segment Reporting" (AS 17).

13. Provision for Current Income-tax has been made as per the provisions of the Income-tax Act, 1961. The tax effect of significant timing differences that has resulted in deferred tax assets and liabilities are given below:

(Rs. In Millions)

Particulars	**As at December 31, 2009**	**As At March 31,**				
		2009	**2008**	**2007**	**2006**	**2005**
a) Deferred tax asset:						
Gratuity, Leave Encashment etc.	0.53	1.47	0.84	1.29	1.57	0.90
Doubtful Debts	0.41	0.75	0.88	-	-	-
Other Timing Differences	0.60	0.79	0.02	0.33	-	-
Total Deferred tax asset	**1.54**	**3.01**	**1.74**	**1.62**	**1.57**	**0.90**
b)Deferred tax liability:						
Depreciation	5.47	3.20	0.43	0.23	0.21	0.07
Other Timing Differences	-	-	-	0.82	0.78	0.85
Total Deferred tax liability	**5.47**	**3.20**	**0.43**	**1.05**	**0.99**	**0.92**
Deferred tax (Liabilities)/ Assets (net)	**(3.93)**	**(0.19)**	**1.31**	**0.57**	**0.58**	**(0.02)**

14. **Foreign Currency Balances**

a) The year-end foreign currency exposures that have not been specifically hedged by a derivative instrument or otherwise are given below:

Amounts payable in foreign currency on account of the following:

Particulars	**Creditors**		**Advances For Materials**	
	In Rs. Millions	In Foreign Currency	In Rs. Millions	In Foreign Currency

	As at December 31, 2009	-	-	-	-
For the year ended March 31,	**2009**	36.97	735,000 USD	-	-
	2008	-	-	0.30	7,480 USD
	2007	-	-	0.29	6,660 USD
	2006	-	-	-	-

b) Exchange Gain/ (Loss) (net) accounted during the period:

Particulars	**For the period from April 1, 2009 to December 31, 2009**	**For the year ended March 31,**			
		2009	**2008**	**2007**	**2006**
On Sales	-	*(0.00)	**(0.00)	-	-
On Material Purchase	-	(2.86)	0.17	0.04	-
On purchase of Machinery	7.14	-	-	-	-

* Rs. 2,000
**Rs. 7,000

The disclosures made in paragraphs (a) and (b) have been made consequent to an announcement by the ICAI in December, 2005, which is applicable to the financial periods ending on or after 31st March, 2006.

15. The company has paid professional charges aggregating to Rs 2.84 Million on account of services received for the proposed initial public offering (IPO) of the company. The same is being carried forward under Loans and Advances to be adjusted against securities premium on completion of the said IPO.

16. Effective March 18, 2010 the Company's status has changed to a Public Limited Company, consequent to which, the name of the Company has been changed to Commercial Engineers & Body Builders Co Limited. The revised certificate of incorporation has been received by the Company from the Registrar Of Companies.

17. The figures of the comparative previous year are not comparable with that of current nine months figures. Comparative financial information (i.e. amounts and other disclosures for the previous year presented above as corresponding figures), is included as an integral part of the current nine month's financial statements, and is to be read in relation to the amounts and other disclosures relating to the current nine month period. Figures of previous year are regrouped wherever necessary to correspond with the figures of the current period.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion and analysis of our financial condition and results of operations together with our financial statements included in this Draft Red Herring Prospects. You should also read the section "Risk Factors" beginning on page xiv of this Draft Red Herring Prospects, which discusses a number of factors and contingencies that could impact our financial condition and results of operations. The following discussion and analysis of our financial condition and results of operations is based on our restated standalone financial statements as at and for the fiscal years ended March 31, 2005, 2006, 2007, 2008 and 2009 and the nine months ended December 31, 2009. Our fiscal year ends on March 31 of each year, therefore all references to a particular fiscal year are to the twelve-month period ended March 31 of that year.

Unless otherwise indicated, references in this discussion and analysis to our results of operations or financial condition for a specified year are to our financial year ended March 31 of such year. In this section, any reference to "we", "us", "our", unless the context otherwise implies, refers to our Company.

Overview of Business

We produce vehicle and locomotive bodies for diverse applications for road and railways transportation. We are one of the leading designers and manufacturers in India of vehicle bodies in the commercial vehicles division with an extensive portfolio of product offerings. We conduct refurbishment of wagons as well as manufacturing components for wagons, coaches and locomotives in the railways division.

Our Promoter, Dr. Kailash Gupta, has been with our Company since 1979 and has over 30 years of experience in vehicle body building in the commercial vehicles industry. He was the President of the Federation of Automobile Dealers Association (FADA) from September 2000 to September 2002 and is currently an active member of its Governing Council. Our Other Promoter, Mr. Ajay Gupta, has been instrumental in conceiving and extending our business in the railways industry.

Primarily, our business comprises of manufacturing vehicle bodies for commercial vehicles, refurbishment of wagons and manufacture of locomotive and wagon components.

Commercial Vehicles Division

We are engaged in the business of manufacturing vehicle bodies in the commercial vehicles division for Original Equipment Manufacturers ("OEMs") engaged in the production of Fully Built Vehicles ("FBVs").

We believe that we have forged long-standing relationships with OEMs such as Tata Motors Limited and the Ministry of Defense as well as with corporate groups who have significant private fleets of vehicles such as Reliance Petroleum Limited, Reliance Industries Limited and Som Datt Builders Private Limited. Our supplies to Tata Motors Limited are both for their Indian and export markets. We have also received orders for manufacturing different vehicle bodies in the commercial vehicles division from OEMs such as VE Commercial Vehicles Limited (a joint venture between the Volvo group and Eicher Motors Limited), Ashok Leyland Limited, Asia MotorWorks Limited, Man Force Trucks Private Limited and Hino Motors Sales India Private Limited (belonging to the Toyota group of companies), all of which also manufacture FBVs.

For the nine-months ended December 31, 2009, the cumulative production of goods carriers in the medium and heavy commercial vehicles category produced by our key customers, Ashok Leyland Limited, Asia MotorWorks Limited, Tata Motors Limited and the Eicher group was approximately 97.3% of the total production among the manufacturers of goods carriers in this category (*Source:* SIAM as at December 31, 2009).

We have a wide range of product offerings in the commercial vehicles division. Vehicle bodies designed and manufactured by us cater to a variety of requirements in different industries and sectors. For the nine months ended December 31, 2009 and Fiscal Year 2009, our net sales from the commercial vehicles division were Rs. 802.70 million and Rs. 1,093.69 million, respectively.

Railways Division

In late 2008, we expanded our business into the railways division and have received various orders from the Indian Railways through a number of its production units, zonal authorities and workshops, including Diesel Locomotive Works ("DLW"), Western Railway, Eastern Railway, Wagon Repair Shop, Kota (a workshop of the West Central Railway) and the Northern Railway Carriage & Wagon Workshop at Jagadhari, Haryana. Work under the orders placed on us includes the refurbishment and manufacture of Side-Walls and End-Walls for railway wagons and the manufacture of long hood structures for locomotives.

We have received approval from the RDSO (a unit of the Ministry of Railways in charge of maintaining standards for Rolling Stock and approving vendors to the Indian Railways) for our Quality Assurance Plan ("QAP") for the fabrication of side walls, end walls and flap doors of BOXNR Wagons. This approval is a pre-requisite in order for companies to be eligible to supply side walls and end walls for BOXNR Wagons under the BOXNR Guidelines. Our welders have been certified under IS 7310 Part-I of the Welder Qualification & Welding Procedure Qualification.

Further, our manufacturing facilities have been certified by the Integral Coach Factory ("ICF"), a production unit of the Indian Railways, to be adequate for the supply of side walls, roof assemblies and car line pillars for LHB Coaches. We have also been included in the approved vendor list of ICF for the supply of LHB Design side walls, roof & stainless steel shell construction. We recently bid for a tender from the ICF for the supply and installation of cattle guards for EMUs, which has been accepted on development basis.

We also intend to set up a new factory near Jabalpur in Madhya Pradesh with facilities for the manufacture of railway wagons and EMU Coaches ("Railway Project"). The Project will be implemented in 2 phases and the total cost of the Project is approximately Rs. 1,303.06 million, out of which Rs. 500.00 million will be funded through a loan from Axis Bank and the remainder will be financed from internal accruals and Net Proceeds of the Fresh Issue. The factory would have a manufacturing capacity of 1,200 wagons and 150 EMU Coaches and the first phase of the Project is expected to commence commercial production in December 2010. For further details, refer to the section "Objects of the Issue" beginning at page 35 of this Draft Red Herring Prospectus.

We have recently bid in the railway tender for the manufacture, fabrication and supply of 10,739 new wagons. For the nine months ended December 31, 2009 and Fiscal Year 2009, our net sales from the railways division were Rs. 278.56 million and Rs. 26.77 million, respectively.

Our Total Income has increased from Rs. 257.33 million in fiscal year 2005 to Rs. 1,168.22 million in fiscal year 2009, representing a CAGR of 45.97%. Our net profit after tax, as restated has increased from Rs. 6.35 million in fiscal year 2005 to Rs. 17.42 million in fiscal year 2009, representing a CAGR of 28.70%. For the nine months ended December 31, 2009, we reported Total Income of Rs. 1,112.12 million and net profit after tax, as restated of Rs. 106.52 million. Our Order Book as of December 31, 2009 was Rs. 3,770.43 million in the commercial vehicles division and Rs. 270.34 million in the railways division.

Factors Affecting our Result of Operations

Our results of operations have been, and will continue to be, influenced by a number of factors, some of which are beyond our control. This section discusses certain specific items which have impacted our results of operations in the fiscal years ended March 31, 2005, 2006, 2007, 2008 and 2009, and the nine months ended December 31, 2009.

General economic and business conditions
Any change in the prevailing conditions in the economy that impacts the overall development and growth of the Indian economy is likely to affect our business.

Regulations and policies affecting the transportation and logistic sector in India
The Government of India has recently implemented various policies designed to promote the sales of CVs in India. Similarly, the Ministry of Railways has initiated various schemes which are likely to benefit us. Any change in such schemes or withdrawal of such schemes is likely to affect our growth.

Customer Concentration
Historically, we have depended significantly on revenues from a limited number of customers, and may continue to do so in the future. In the fiscal years 2007, 2008 and 2009 and in the nine-months ended December 2009, we derived 86.36%, 73.91%, 69.23% and 49.04% respectively, of our net sales from Tata Motors Limited. In the fiscal year 2009 and in the nine months ended December 2009, we derived 2.39% and 25.76% of our Company's net sales from the railways division, all of which was accounted for by the Indian Railways.

Financial health of the Indian Railways
In the event the Indian Railways decides to reduce the number of wagons to be refurbished or changes the budgeted funding allocation towards wagon refurbishment, our business and financial conditions may be impacted.

Our ability to tie up our major raw material requirements
Our business is affected by the availability, cost and quality of the raw materials and other inputs used by us for manufacturing our products, like steel. In addition, hydraulic jacks are a necessary component for certain vehicle bodies manufactured by us. Any failure to procure these raw material inputs may adversely affect our business.

Our customers place orders with us on a purchase order basis rather than through long – term contracts
Therefore there can be no assurance that we will continue to receive orders from any of our customers or our order book may get altered, delayed, scaled down, cancelled or not fully paid for by our customers.

The availability of finance on favourable terms for our business and for our customers
Any change in interest rates and availability of finance may affect the demand for CVs or refurbishment of railway wagons as this may increase the costs for our customers.

Competition
We may also face competition from large Indian and international companies who might consider setting up facilities to manufacture bodies for CVs and railway components in India, with whom we might not be able to compete as successfully.

Seasonality of Business

Our business in the commercial vehicles division is seasonal in nature and a substantial part of our sales are realized during the second half of the financial year. In the last 3 years, approximately two-third of sales in the commercial vehicles division were realized in the second half of the financial year. This trend is largely due to increased sales in the second half of the financial year on account of activity being slow and hence demand being low during the monsoon from the mining and road-construction sectors for which a major part of our vehicle bodies in the commercial vehicles division are intended..

Further, the commercial vehicles industry is inherently cyclical in nature and downswings in this industry can have an adverse effect on our performance.

Demand in the railways division tends to be low in the first quarter of the financial year and picks up only in the second quarter in response to the Railway Budget announcement in the last quarter of the previous financial year.

Therefore, six-monthly or quarterly comparisons of our sales and operating results should not be relied upon as indicators of our performance.

Significant developments after December 31, 2009 that may affect our future results of operations

Except as stated in this Draft Red Herring Prospectus, to our knowledge, and in the opinion of the Directors, no circumstances have arisen since the date of the last financial statements as disclosed in this Draft Red Herring Prospectus which materially and adversely affects or is likely to affect, our operations or profitability on a basis, or the value of our assets or our ability to pay our material liabilities within the next twelve months.

We had sub-divided each equity share of the Company of face value of Rs. 100 into 10 shares of face value Rs. 10 each, on March 18, 2010, pursuant to a resolution of the shareholders of the Company in the EGM. We had made an issue of bonus shares on the same date through the capitalization of our reserves and surplus' in the ratio of 6 Equity Shares for every 1 Equity Share held.

Except as stated above and elsewhere in this Draft Red Herring Prospectus, there is no subsequent development after the date of the Auditor's Report which we believe is expected to have a material impact on our reserves, profits, EPS and book value.

A. SIGNIFICANT ACCOUNTING POLICIES :

(a) Basis for preparation of accounts:

The accompanying financial statements have been prepared under the historical cost convention in accordance with generally accepted accounting principles in India and the Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006.

(b) Use of Estimates:

The preparation of financial statements, in conformity with the generally accepted accounting principles, requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of financial statements and the reported amounts of revenues and expenses during the reported period. Differences between the actual results and estimates are recognized in the period in which the results are known/materialized.

(c) Fixed Assets:

Fixed assets are stated at cost net of Cenvat. Costs includes all cost incurred to bring the assets to their working condition and location.

The company capitalizes software and related implementation costs, where it is reasonably estimated that the software has an enduring useful life.

(d) Depreciation and amortization:

i) Depreciation is provided using the written-down method based on estimated useful life of the assets. The depreciation rates, based on management' estimates, used are as follows:

Block of Assets	Depreciation rate
Factory Building	10%
Non-Factory Building	10%
Residential Flat	5%
Plant and Machinery	15% - 100%
Office Equipments	15%
Computers	60%
Vehicles	25.89%
Electrical Installations	20%
Furniture and Fixtures	18.10%

ii) Leasehold land is amortized over the period of lease on pro rata basis.

iii) Depreciation on assets acquired/purchased during the year is provided on pro-rata basis from the date of each addition.

iv) Assets having value of Rs.5,000/- or less are charged off fully in the year of purchase.

v) Computer Software is amortized over the period of three years.

(e) Impairment of Assets:

At the end of each period, the company determines whether a provision should be made for impairment loss on fixed assets by considering the indications that an impairment loss may have occurred in accordance with Accounting Standard 28 on ''Impairment of Assets''. Where the recoverable amount of any fixed asset is lower than its carrying amount, a provision for impairment loss on fixed assets is made for the difference.

(f) Revenue recognition:

Revenue from sale of built bodies is recognised when products are despatched and all significant risks and rewards of ownership of the products are transferred to the customers.

Revenue from service contracts is recognised when the services are completed.

(g) Inventories:

Inventories are valued at lower of cost and net realisable value. The cost of inventories is arrived at on the following basis:

Raw materials	:	On FIFO basis (net of Cenvat)
Work-in-progress	:	On weighted average basis including direct factory overheads
Finished goods	:	On weighted average basis, attributable overheads and Excise duty
Stores and spares	:	On FIFO basis

(h) Foreign currency transactions:

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction. Monetary items are translated at the period-end rates. The exchange difference between the rate prevailing on the date of transaction and on the date of settlement as also on translation of monetary items at the end of the period is recognized as income or expense, as the case may be.

(i) Employee Benefits:

(a) Post Employment Benefits and Other Long Term Benefits:

i) Contributions under Defined Contribution Plans in the form of Provident Fund are recognized in the Profit and Loss Account in the period in which the employee has rendered the service.

ii) Defined Benefit and Other Long term Benefit Plans :

The Company's Liability towards Defined Benefit Plan in the form of Gratuity is funded through scheme administered by the Life Insurance Corporation of India (LIC) and administered through respective Trusts set-up by the Company. The liability is determined on the basis of actuarial valuation being carried out at each Balance Sheet date using the Projected Unit Credit Method. The liability for the Interim financial statements is calculated by management on the basis of latest actuarial valuations. The retirement benefit obligation recognized in the Balance Sheet represents the total of present value of the defined benefit obligation as reduced by unrecognized past service cost and the fair value of plan assets as at the balance sheet date. Any assets resulting from this calculation is restricted to the present value of available refunds from the plan or reductions in future contributions to the plan.

Actuarial gains and losses are recognized immediately in the Profit and Loss Account in the period of occurrence of such gains and losses. Past service cost is recognized as an expense on a straight-line basis over the average period until the benefits become vested to the extent that the benefits are already vested immediately following the introduction of , or changes to, a defined benefit plan, past service cost is recognized immediately.

(b) Short Term Employee Benefits:

Short-term employee benefits are recognized as expenses at the undiscounted amount in the Profit and Loss Account of the period in which the related services are rendered.

Leave encashment is provided for on the basis of actual costs the Company expects to pay for the compensated absences.

(j) Borrowing costs:

Borrowing costs that are attributable to the acquisition or construction of qualifying assets are capitalized as part of the cost of such assets. A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale. All other borrowing costs are charged to revenue.

(k) Income taxes:

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to/ recovered from the tax authorities, using the applicable tax rates. Deferred tax assets and liabilities are recognised for future tax consequences attributable to timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent period and are measured using relevant enacted tax rates. The carrying amount of deferred tax assets at each Balance sheet date is reduced to the extent that it is no longer virtually certain that sufficient future taxable income will be available against which the deferred tax asset can be realized.

(l) Investments:

Investments classified as long-term investments are stated at costs. Provision is made to recognize a diminution, other than temporary, in the value of such investments**.** Investments classified as current investments are stated at lower of cost and fair value.

(m) Operating Leases

Assets taken on Lease under which all significant risks and rewards of ownership are effectively retained by the lesser are classified as Operating Leases. Lease payments under Operating Leases are recognized as expenses as incurred in accordance with the respective Lease Agreements.

(n) Contingent Liabilities:

These, if any, are disclosed in the notes and accounts. Provision is made in the accounts if it becomes probable that any outflow of resources embodying economic benefits will be required to settle the obligation.

Results of Operations

The following table sets forth, for the periods indicated, certain items from our restated profit and loss statements, in each case also stated as a percentage of total income:

(Rs. in millions)

PARTICULARS	December 31, 2009	%	FOR THE YEAR ENDED MARCH 31,									
			2009	%	2008	%	2007	%	2006	%	2005	%
INCOME												
Sales and Income from Operations	1,403.80		1,708.27		1,987.22		1,663.99		799.82		268.76	
Less : Excise duty	322.54		587.81		795.14		707.65		298.31		19.46	
Net Sales	**1,081.26**	**97.23%**	**1,120.46**	**95.91%**	**1,192.08**	**95.39%**	**956.34**	**97.30%**	**501.51**	**96.80%**	**249.3**	**96.88%**
Other Income	30.86	2.77%	47.76	4.09%	57.67	4.61%	26.49	2.70%	16.56	3.20%	8.03	3.12%
Total Income	**1,112.12**	**100.00%**	**1,168.22**	**100.00%**	**1,249.75**	**100.00%**	**982.83**	**100.00%**	**518.07**	**100.00%**	**257.33**	**100.00%**
EXPENDITURE												
Manufacturing expenses	859.94	77.32%	1,049.60	89.85%	997.08	79.78%	821.09	83.54%	425.24	82.08%	212	82.28%
Trading Purchases	-		-		-		-		-		2.34	0.91%
Employee Remuneration and Benefits	47.89	4.31%	55.35	4.74%	44.66	3.57%	31.36	3.19%	28.78	5.56%	10.73	4.17%
(Increase)/ decrease in Inventory	-85.79	-7.71%	-93.3	-7.99%	-14.74	1.18%	-51.14	-5.20%	-4.89	-0.94%	-1.87	-0.73%
Other Expenses	57.99	5.21%	62.6	5.36%	62.29	4.98%	37.96	3.86%	24.33	4.70%	13.52	5.25%
Interest	40.85	3.67%	53.79	4.60%	45.12	3.61%	25.06	2.55%	9.69	1.87%	4.49	1.74%
Depreciation / Amortization	26.43	2.38%	16.74	1.43%	9.16	0.73%	7.49	0.76%	2.88	0.56%	3.82	1.48%
Total Expenditure	**947.31**	**85.18%**	**1,144.78**	**97.99%**	**1,143.57**	**91.50%**	**871.82**	**88.71%**	**486.03**	**93.82%**	**245.03**	**95.22%**
PROFIT BEFORE TAX	**164.81**	**14.82%**	**23.44**	**2.01%**	**106.18**	**8.50%**	**111.01**	**11.29%**	**32.04**	**6.18%**	**12.3**	**4.78%**
LESS: PROVISION FOR TAX	47.90	4.31%	9.35	0.80%	40.97	3.28%	39.43	4.01%	10.30	1.99%	4.32	1.68%
NET PROFIT AFTER TAX AS PER AUDITED FINANCIAL STATEMENTS	**116.91**	**10.51%**	**14.09**	**1.21%**	**65.21**	**5.22%**	**71.58**	**7.28%**	**21.74**	**4.20%**	**7.98**	**3.10%**
Adjustments made on account of restatement	-10.39	-0.93%	3.33	0.29%	-3.82	-0.31%	13.6	1.38%	3.86	0.75%	-1.63	-0.63%
NET (LOSS) / PROFIT AFTER TAX, AS RESTATED	**106.52**	**9.58%**	**17.42**	**1.49%**	**61.39**	**4.91%**	**85.18**	**8.67%**	**25.6**	**4.94%**	**6.35**	**2.47%**

Description of our Profit and Loss Statement Line Items:

Income

Our Total Income consists of the following items:

- Net Sales (Sales and Income from Operations Less Excise Duties) ; and
- Other Income

Sales and Income from Operations: Our Sales and Income from Operations includes income from the sale of vehicle bodies in the commercial vehicle division, income from the manufacture and sale of components for railway wagons, coaches and locomotives, income from the refurbishment of railway wagons and job work charges relating to this work.

Net Sales: Our Net Sales consist of Sales and Income from Operations less the excise duties paid by us to the Government.

Other Income: Our other income primarily includes interest income from deposits and other sources, income from transportation, income from the sale of scrap, exchange rate fluctuations (net), excess provision for earlier years written back, provision for doubtful debts written back, provident fund refund, profit on sales of fixed assets (net), and miscellaneous income less any tax deducted at source on the interest earned.

Total Income: Our total income consists of Net Sales and Other Income.

Expenditure

Our expenditure consists of the following items:

- Manufacturing expenses
- Trading Purchases
- Employee Remuneration and Benefits
- (Increase)/ decrease in Inventory
- Other Expenses
- Interest
- Depreciation / Amortization

Manufacturing Expenses: Our Manufacturing expenses include expenses incurred on the raw materials and stores / spares consumed and other manufacturing expenses like power and fuel charges, entry tax, excise duty on change in inventory of scrap and general repairs and maintenance to buildings, plant and machinery in the ordinary course of business.

Trading Purchases: This expenditure pertains to the purchases of raw materials and components, which are traded on account of being unutilized in the production process. The company incurred this expense last time in the fiscal year 2005, post which the company has never traded in raw materials or components purchased for the production process.

Employee Remuneration and Benefits: Our expenditure on Employee Remuneration and Benefits includes salaries, wages and bonus, contribution to provident fund and other funds and staff welfare expenses.

Increase / Decrease in Inventory: This expenditure pertains to any increase / decrease in the inventory pertaining to the materials which are classified as work in progress (including scrap).

Other Expenses: Our Other expenses include insurance, rent, rates and taxes, vehicle expenses, travelling and conveyance expenses, postage, telegram and telephone expenses, printing and stationery expenses, expenditure on account of fixed assets being written off, loss incurred on account of sale of fixed assets (net), expense incurred on exchange rate fluctuations (net), expenditure on account of capital work in progress being written off, freight charges, provision for doubtful advances, provision for doubtful debts, expenses on account of bad debts and advances being written off, legal and professional fees, cash discount, selling expenses, and miscellaneous expenses.

Interest: Our Interest expenses pertain to the interest and financial charges on term loans, working capital loans and cash credit facilities, vehicle loans, other loans and finance charges.

Depreciation / Amortization: Depreciation / Amortization relates primarily to the depreciation charged on our gross fixed assets and is calculated by using the written-down method based on estimated useful life of the assets.

Taxation

Tax expense comprises of current tax and deferred tax. Current tax is measured at the amount expected to be paid to/ recovered from the tax authorities, using the applicable tax rates. Deferred tax assets and liabilities are recognised for future tax consequences attributable to timing differences between taxable income and accounting income that are capable of reversal in one or more subsequent period and are measured using relevant enacted tax rates. The carrying amount of deferred tax assets at each Balance sheet date is reduced to the extent that it is no longer virtually certain that sufficient future taxable income will be available against which the deferred tax asset can be realized.

Net Profit

Our Net Profit after tax as per the audited financial statements, before restatement is calculated as our Total Income less the Total Expenditure and provision for tax. Adjustments have been made to the Net Profit after tax as per the audited financial statements to arrive at the Net Profit after tax, as restated. For further details regarding the adjustments, kindly refer to the Notes to the Restated Summary Statements beginning on Page F-1 of this Draft Red Herring Prospectus.

Our Result of Operations for the nine months ended December 31, 2009:

Sales and Income from Operations: Our sales and income from operations for the nine months ended December 31, 2009 were Rs. 1,403.80 million. This was accounted for by sales of built bodies for the commercial vehicles division as well as the railways division worth Rs. 1,284.93 million, sales of other products worth Rs. 0.59 million and job work charges relating to the refurbishment of wagons worth Rs. 118.28 million.

Net Sales: Our net sales for the nine months ended December 31, 2009 were Rs. 1,081.26 million or 97.23% of our total income, which was accounted for by sales and income from operations of Rs. 1,403.80 million less excise duty of Rs. 322.54 million. Our net sales of the commercial vehicles division for this period were 802.70 million and Rs. 278.56 million from the railways division.

Other Income: Our other income for the nine months ended December 31, 2009 was Rs. 30.86 million, or 2.77% of our total income, which was comprised mainly of interest income of Rs. 4.21 million, income from transportation of Rs. 8.12 million, income from sale of scrap of Rs. 9.44 million, and exchange rate fluctuations of Rs. 7.14 million among other sources.

Total Income: Our total income for the nine months ended December 31, 2009 was Rs. 1,112.12 million. This primarily consisted of net sales of Rs. 1,081.26 million, and other income amounting to Rs. 30.86 million.

Manufacturing Expenses: Our manufacturing expenses for the nine months ended December 31, 2009 totalled Rs. 859.94 million or 77.32% of our total income. Key manufacturing expenses included those incurred in the net consumption of raw materials amounting to Rs. 748.56 million, expenses incurred in the net consumption of stores / spares amounting to Rs. 49.29 million, power and fuel charges of Rs. 8.64 million and labour charges of Rs. 51.30 million.

Increase or Decrease in Inventories: Our work-in-progress inventory for the nine months ended December 31, 2009 increased by Rs. 85.79 million.

Employee Remuneration and Benefits: Our employee remuneration and benefits for the nine months ended December 31, 2009 were Rs. 47.89 million or 4.31% of our total income. This comprised of salaries, wages and bonus totalling to Rs. 42.55 million, contribution to Provident Fund and other funds totalling to Rs. 3.59 million and staff welfare expenses totalling to Rs. 1.75 million.

Other Expenses: Our other expenses for the nine months ended December 31, 2009 were Rs. 57.99 million or 5.21% of our total income.

Interest Expenses: Our interest expenses for the nine months ended December 31, 2009 were Rs. 40.85 million or

3.67% of our total income. Our secured loans totalled to Rs. 476.17 million and our unsecured loans totalled to Rs. 2.18 million as at December 31, 2009.

Depreciation / Amortization: Our depreciation expense for the nine months ended December 31, 2009 was Rs. 26.43 million or 2.38% of our total income.

Profit before Tax: Our profit before tax for the nine months ended December 31, 2009 was Rs. 164.81 million or 14.82% of our total income.

Provision for Taxation: Our total provision for taxation for the nine months ended December 31, 2009 was Rs. 47.90 million or 4.31% of our total income. This consisted of a current tax provision of Rs. 44.16 million and deferred tax provision of Rs. 3.74 million.

Net Profit after tax, as restated: Our net profit after tax, as restated for the nine months ended December 31, 2009 was Rs. 106.52 million or 9.58% of our total income.

Comparison of Performance and Analysis of Developments for the financial year ended March 31, 2009 vis-à-vis financial year ended March 31, 2008

Sales and Income from Operations: Our sales and income from operations decreased to Rs. 1,708.27 million in fiscal 2009 from Rs. 1,987.22 million in fiscal 2008, representing a decrease of 14.04%. This decrease was mainly on account of lower sales of built bodies for commercial vehicles as an unprecedented demand slowdown was witnessed in the industry, on account of the global economic crisis. This decline in our sales and income from operations was much smaller as compared to the industry, mainly because we were able to retain our existing clients as well as add new clients in the FBV space. Also, we commenced our activities in the railways division in fiscal 2009 which added to our income from operations.

Net Sales: Our net sales decreased to Rs. 1,120.46 million in fiscal 2009 from Rs. 1,192.08 million in fiscal 2008, representing a decrease of 6.01%. This decrease in our net sales was much lower as compared to the decrease in our sales and income from operations mainly on account of the lower excise duties in line with the fiscal package announced by the Government of India. Our net sales as a percentage of total income, remained almost constant at 95.91% in fiscal 2009 as against 95.39% in fiscal 2008. Our net sales of the commercial vehicles division for fiscal 2009 were Rs. 1,093.69 million and Rs. 26.77 million from the railways division.

Other Income: Our other income decreased to Rs. 47.76 million in fiscal 2009 from Rs. 57.67 million in fiscal 2008, representing a decrease of 17.18%.Our other income declined on account of lower income from sale of scrap and lower income from transportation in line with the lower production recorded during the year. As a component of total income, other income dipped to 4.09% in fiscal 2009 from 4.61% in fiscal 2008.

Total Income: Our total income decreased to Rs. 1,168.22 million in fiscal 2009 from Rs. 1,249.75 million in fiscal 2008, representing a decrease of 6.52%. The main reason for the decrease in total income was the trickle down effect of the global economic crisis, which led to a huge liquidity crisis; the consequential lack of availability of credit to fund vehicle purchases resulted in the huge fall in demand for commercial vehicles.

Manufacturing Expenses: Our manufacturing expenses increased by 5.27% to Rs. 1,049.60 million for fiscal 2009 from Rs. 997.08 million in fiscal 2008. This saw a significant jump to 89.85% of the total income for fiscal 2009 from 79.78% in fiscal 2008. This increase occurred mainly on account of higher prices of raw materials like steel and stores / spares, which is reflected in the 5.09% increase in the net consumption of raw materials to Rs. 921.93 million in fiscal 2009 from Rs. 877.30 million in fiscal 2008 and the 17.08% increase in the net consumption of stores / spares to Rs. 67.94 million in fiscal 2009 from Rs. 58.03 million in fiscal 2008.

Increase or Decrease in Inventories: Our work-in-progress inventory increased in fiscal 2009 by Rs. 93.30 million as against an increase of Rs. 14.74 million in fiscal 2008.

Employee Remuneration and Benefits: Our employee remuneration and benefits increased to Rs. 55.35 million in fiscal 2009 from Rs. 44.66 million in fiscal 2008, an increase of 23.94%. We had envisaged the continuation of growth in our business in fiscal 2009 and increased our headcount from fiscal 2008 in anticipation. We had also doled out increments to our work force in order to supplement our estimated higher business volumes.

Other Expenses: Our other expenses increased slightly to Rs. 62.60 million in fiscal 2009 from Rs. 62.29 million in fiscal 2008, an increase of 0.50%. This increase was mainly on account of writing off certain capital work in progress, adverse exchange rate fluctuations and some net loss on the sale of fixed assets. These other expenses represented 5.36% of our total income in fiscal 2009 versus 4.98% in fiscal 2008.

Interest Expenses: Our interest expenses increased to Rs. 53.79 million in fiscal 2009 from Rs. 45.12 million in fiscal 2008, an increase of 19.22%. This was mainly on account of an increase in interest on working capital loans and cash credit facilities and an increase in financial charges on account of lengthening of the working capital cycle in line with the global economic crisis. Consequently, as a percentage of total income, interest expense rose to 4.60% in fiscal 2009 from 3.61% in fiscal 2008.

Depreciation / Amortization: Our depreciation expense for fiscal 2009 was Rs. 16.74 million which marks an increase of 82.75% over fiscal 2008 when it was Rs. 9.16 million. This was mainly on account of the investment made by us during the year in the expansion-cum-modernization programme of our Richhai I and Mandla factories in addition to the capital expenditure incurred for the factory in Pithampur near Indore. Our gross block went up from Rs. 134.61 million in fiscal 2008 to Rs. 332.26 million to fiscal 2009, mainly on account of the above capital expenditures, which consequently led to the substantial increase in depreciation.

Profit before Tax: Our profit before tax decreased to Rs. 23.44 million in fiscal 2009 from Rs. 106.18 million in fiscal 2008, representing a decrease of 77.92%. As a component of total income, profit before tax dipped significantly to 2.01% in fiscal 2009 from 8.50% in fiscal 2008, on account of a combination of the above mentioned factors.

Provision for Taxation: Our total provision for taxation for fiscal 2009 was Rs. 9.35 million, which represented a 77.18% decline from the Rs. 40.97 million in fiscal 2008 in line with the reduced profitability. This accounted for 0.80% of the total income for the fiscal 2009 as compared to 3.28% of the total income for the fiscal 2008.

Net Profit after tax, as restated: Our net profit after tax, as restated for fiscal 2009 was Rs. 17.42 million, a decline of 71.62% from fiscal 2008 when we recorded net profit after tax as restated of Rs. 61.39 million. As a component of total income, the net profit after tax, as restated dipped significantly to 1.49% in fiscal 2009 from 4.91% in fiscal 2008. The lower profitability was mainly on account of lower business volumes, higher raw material costs, higher interest costs and higher depreciation expenses as compared to fiscal 2008.

Comparison of Performance and Analysis of Developments for the financial year ended March 31, 2008 vis-à-vis financial year ended March 31, 2007

Sales and Income from Operations: Our sales and income from operations increased to Rs. 1,987.22 million in fiscal 2008 from Rs. 1,663.99 million in fiscal 2007, representing an increase of 19.42%. This increase was mainly on account of higher volumes of commercial vehicle bodies which were manufactured and sold during fiscal 2008 as compared to fiscal 2007 in line with the increasing demand for commercial vehicles by our key customers.

Net Sales: Our net sales increased to Rs. 1,192.08 million in fiscal 2008 from Rs. 956.34 million in fiscal 2007, representing an increase of 24.65%. We paid excise duties of Rs. 795.14 million in fiscal 2008 as compared to Rs. 707.65 million paid in fiscal 2007. Our net sales as a percentage of total income declined to 95.39% in fiscal 2008 from 97.30% in fiscal 2007 due to an increase in component of other income.

Other Income: Our other income increased to Rs. 57.67 million in fiscal 2008 from Rs. 26.49 million in fiscal 2007, an increase of 117.70%. This was mainly on account of a one-time refund from the Provident Fund and substantial interest income from fixed deposits made by the company from part of the equity investment amount of NYLIM, before the funds were allocated to capital projects. As a component of total income, other income rose to 4.61% in fiscal 2008 from 2.70% in fiscal 2007.

Total Income: Our total income increased to Rs. 1,249.75 million in fiscal 2008 from Rs. 982.83 million in fiscal

2007, representing an increase of 27.16%, on account of the above factors.

Manufacturing Expenses: Our manufacturing expenses increased to Rs. 997.08 million for fiscal 2008 from Rs. 821.09 million in fiscal 2007, a growth of 21.43%. This increase occurred mainly on account of higher prices of raw materials like steel, which is reflected in the 24.14% increase in the net consumption of raw materials to Rs. 877.30 million in fiscal 2008 from Rs. 706.73 million in fiscal 2007. This represented 79.78% of the total income for the fiscal 2008 as against 83.54% in the fiscal 2007, as other expenses grew faster than manufacturing expenses in fiscal 2008 as compared to fiscal 2007.

Increase or Decrease in Inventories: Our work-in-progress inventory increased in fiscal 2008 by Rs. 14.74 million against an increase of Rs. 51.14 million in fiscal 2007.

Employee Remuneration and Benefits: Our employee remuneration and benefits increased to Rs. 44.66 million in fiscal 2008 from Rs. 31.36 million in fiscal 2007, an increase of 42.41%. This was on account of an increase in the headcount from fiscal 2007 as well as providing an incremental rise in salaries of our employees. This represented 3.57% of our total income for fiscal 2008 as compared to 3.19% in fiscal 2007.

Other Expenses: Our other expenses increased to Rs. 62.29 million in fiscal 2008 from Rs. 37.96 million in fiscal 2007, an increase of 64.09%. This increase was mainly on account of a one off professional fees in relation to the equity investment of NYLIM and higher freight expenses due to higher business volumes. This represented 4.98% of our total income in fiscal 2008 versus 3.86% in fiscal 2007.

Interest Expenses: Our interest expenses increased to Rs. 45.12 million in fiscal 2008 from Rs. 25.06 million in fiscal 2007, an increase of 80.05%. This increase was mainly on account of higher working capital requirements on account of increased sales and income from operations. As a percentage of total income, interest expenses rose to 3.61% in fiscal 2008 from 2.55% in fiscal 2007.

Depreciation / Amortization: Our depreciation expense for fiscal 2008 was Rs. 9.16 million which marks an increase of 22.30% over fiscal 2007, when it was Rs. 7.49 million. The company embarked on an expansion-cum-modernization plan for the Richhai-I and the Mandla factories from the proceeds of the equity investment made by NYLIM in August 2007 on account of which the gross block went up from Rs. 84.49 million in fiscal 2007 to Rs. 134.61 million in fiscal 2008.

Profit before Tax: Our profit before tax decreased to Rs. 106.18 million in fiscal 2008 from Rs. 111.01 million in fiscal 2007, representing a marginal decrease of 4.35%. As a component of total income, profit before tax dipped to 8.50% in fiscal 2008 from 11.29% in fiscal 2007, on account of a combination of the above mentioned factors.

Provision for Taxation: Our total provision for taxation for fiscal 2008 was Rs. 40.97 million in fiscal 2008, which represented a marginal increase of 3.89% from Rs. 39.43 million in fiscal 2007. As a component of total income, provision for tax dipped to 3.28% in fiscal 2008 from 4.01% in fiscal 2007.

Net Profit after tax, as restated: For the reasons above, our net profit after tax, as restated for fiscal 2008 was Rs. 61.39 million, a decline of 27.93% from fiscal 2007 when the company recorded net profit after tax as restated of Rs. 85.18 million. The lower profitability was on account of a significant increase in employee remuneration and benefits and a significant increase in other expenses on account of the one off professional fees incurred during the private equity investment in the Company.

Comparison of Performance and Analysis of Developments for the financial year ended March 31, 2007 vis-à-vis financial year ended March 31, 2006

Sales and Income from Operations: Our sales and income from operations increased to Rs. 1,663.99 million in fiscal 2007 from Rs. 799.82 million in fiscal 2006, representing an increase of 108.05%. This increase was mainly on account of higher volumes of vehicle bodies which were manufactured and sold during fiscal 2007 as compared to fiscal 2006, in line with the increasing demand for commercial vehicles by our key customers, especially Tata Motors.

Net Sales: Our net sales increased to Rs. 956.34 million in fiscal 2007 from Rs. 501.51 million in fiscal 2006, representing an increase of 90.69%. We paid excise duties to the tune of Rs. 707.65 million in fiscal 2007 as compared to Rs. 298.31 million in fiscal 2006. Our net sales as a percentage of total income increased slightly to 97.30% in fiscal 2007 from 96.80% in fiscal 2006.

Other Income: Our other income increased to Rs. 26.49 million in fiscal 2007 from Rs. 16.56 million in fiscal 2006, an increase of 59.96%. Since the growth in other income was less than the growth registered in our net sales, other income, as a component of total income declined to 2.70% in fiscal 2007 from 3.20% in fiscal 2006.

Total Income: Our total income increased to Rs. 982.82 million in fiscal 2007 from Rs. 518.07 million in fiscal 2006, representing an increase of 89.71%, on account of the above factors.

Manufacturing Expenses: Our manufacturing expenses increased to Rs. 821.09 million for fiscal 2007 from Rs. 425.24 million in fiscal 2006, representing 83.54% of the total income for fiscal 2007 as against 82.08% in fiscal 2006. This increase of 93.09% occurred on account of an increase in the consumption of raw materials and stores / spares to cater to the sales growth recorded in the fiscal.

Increase or Decrease in Inventories: Our work-in-progress inventory increased in fiscal 2007 by Rs. 51.14 million against an increase of Rs. 4.89 million in fiscal 2006.

Employee Remuneration and Benefits: Our employee remuneration and benefits increased to Rs. 31.36 million in fiscal 2007 from Rs. 28.78 million in fiscal 2006, an increase of 8.96%. There was a significant drop in the employee remuneration and benefits as a percentage of total income to 3.19% in fiscal 2007 from 5.56% in fiscal 2006, as employee productivity ramped up significantly.

Other Expenses: Our other expenses increased to Rs 37.96 million in fiscal 2007 from Rs. 24.33 million in fiscal 2006, an increase of 56.02%. This was on account of higher freight charges in connection with the increase in business activity. Despite this increase in other income, it declined to 3.86% of our total income in fiscal 2007 as compared to 4.70% in fiscal 2006.

Interest Expenses: Our interest expenses increased to Rs. 25.06 million in fiscal 2007 from Rs. 9.69 million in fiscal 2006, an increase of 158.62%. This increase was mainly on account of higher working capital requirements in line with the increased business activity. We ended the fiscal 2007 with outstanding secured and unsecured loans of Rs. 342.96 million as compared to Rs. 96.49 million as on March 31, 2006. As a percentage of total income, interest expenses rose to 2.55% in fiscal 2007 from 1.87% in fiscal 2006.

Depreciation / Amortization: Our depreciation expense for fiscal 2007 was Rs. 7.49 million which marks an increase of 160.69% over fiscal 2006, when it was Rs. 2.88 million. The company invested significantly in plant & machinery in fiscal 2007 on account of which the gross block went up from Rs. 61.47 million in fiscal 2006 to Rs. 84.49 million in fiscal 2007, resulting in the consequent rise in depreciation expenses.

Profit before Tax: Our profit before tax increased to Rs. 111.01 million in fiscal 2007 from Rs. 32.04 million in fiscal 2006, representing a massive increase of 246.47%. As a component of total income, profit before tax increased to 11.29% in fiscal 2007 from 6.18% in fiscal 2006, on account of a combination of the above mentioned factors.

Provision for Taxation: Our total provision for taxation for fiscal 2007 was Rs. 39.43 million, which represented an increase of 282.55% from Rs. 10.30 million in fiscal 2006, in line with the increased profitability in fiscal 2007 vis-à-vis fiscal 2006.

Net Profit after tax, as restated: Our net profit after tax as restated for fiscal 2007 was Rs. 85.18 million, an increase of 233.03% from fiscal 2006 when the company recorded net profit after tax, as restated of Rs. 25.60 million. The higher profitability was on account of increased order flows and business volumes coupled with a significant increase in employee productivity and capacity utilization.

LIQUIDITY AND CAPITAL RESOURCES

Historically, our primary liquidity requirements have been to finance our working capital needs and capital expenditure. Our business requires a significant amount of working capital to finance the purchase of raw materials and goods for executing orders for building commercial vehicle bodies, refurbishment of wagons and the manufacturing of components in the railway division. We tend to receive payments on an irregular basis as work is completed and only after the client/consultant certifies the extent of the progress made on the particular project. To fund our capital needs, we have relied on short-term and long-term borrowings, working capital financing and cash flows from operating activities. If we expand in the future, our capital needs will increase and we may need to raise additional capital through further debt finance and/or additional issues of Equity Shares to fund our operations.

CASH FLOW

The table below summarizes our cash flows as restated, for the periods indicated:

(Rs. in million)

Particulars	For the period from April 1, 2009 to December 31, 2009	For the year ended March 31,				
		2009	2008	2007	2006	2005
Net cash (used in) / from operating activities	(253.35)	292.43	40.70	(190.24)	(28.12)	0.45
Net Cash used in Investing activities	(111.14)	(180.36)	(73.47)	(19.52)	(14.62)	(1.20)
Net Cash from / (used in) Financing Activities	368.85	(286.02)	209.12	239.10	46.76	0.48
Net increase / (decrease) in cash and cash equivalents	**4.36**	**(173.95)**	**176.35**	**29.34**	**4.02**	**(0.27)**

Cash flow from operations

Our net cash used in operating activities was Rs. 253.35 million for the nine months ended December 31, 2009. The net profit before tax, as restated of Rs. 168.00 million coupled with the non-cash depreciation during the period at Rs. 26.43 million, adjusted for interest paid of Rs. 40.85 million and other operational adjustments resulted in an operating profit before working capital changes of Rs. 230.27 million. Post working capital adjustments and adjustments for the net income tax, the net cash used in operations stood at Rs. 253.35 million during the nine months period ended December 31, 2009.

Our net cash generated from operating activities was Rs. 292.43 million for fiscal 2009. The net profit before tax, as restated of Rs. 26.47 million coupled with the non-cash depreciation during the period at Rs. 16.74 million, adjusted for interest paid of Rs. 53.79 million and other operational adjustments resulted in an operating profit before working capital changes of Rs. 86.26 million. Post working capital changes and adjustments for the net income tax, the net cash generated from operations during fiscal 2009 stood at Rs. 292.43 million, primarily on account of lengthening of the working capital cycle in line with the global economic crisis.

Our net cash generated from operating activities in fiscal 2008 was Rs. 40.70 million. The net profit before tax, as restated of Rs. 99.61 million coupled with the non-cash depreciation during the period at Rs. 9.16 million, adjusted for interest paid of Rs. 45.12 million and other operational adjustments resulted in an operating profit before working capital changes of Rs. 139.19 million. Post working capital changes and adjustments for the net income tax, the net cash generated from operations during fiscal 2008 stood lower at Rs. 40.70 million, primarily because we pared down our outstanding trade payables position towards the year end significantly.

Our net cash utilized in operating activities in fiscal 2007 was Rs. 190.24 million. The net profit before tax, as restated of Rs. 111.07 million coupled with the non-cash depreciation during the period at Rs. 7.49 million, adjusted for interest paid of Rs. 25.06 million and other operational adjustments resulted in an operating profit before working capital changes of Rs. 139.65 million. Post working capital changes and adjustments for the net income tax, the net cash used in operating activities during fiscal 2007 stood at Rs. 190.24 million, mainly on account of the significant pick-up in the business activity during the fiscal.

Cash flow from investing activities

Our net cash utilized in investing activities was Rs. 111.14 million for the nine months ended December 31, 2009 and primarily consisted of our expenditure to set up our new plant in Jamshedpur to cater to our key customer, Tata Motors.

Our net cash utilized in investing activities was Rs. 180.36 million in the fiscal 2009 and consisted of expenditure on expansion-cum-modernization of our Richhai-I and Mandla factories, as well as completing the factory at Pithampur near Indore.

Our net cash utilized in investing activities was Rs. 73.47 million in fiscal 2008. This was primarily due to expenditure in relation to the expansion and modernization of our Richhai Factory-I and the Mandla Factory.

Our net cash utilized in investing activities was Rs. 19.52 million in fiscal 2007, which included expenditure on certain plant and machinery at our factories in order to meet the increased volumes for vehicles bodies from our customers.

Cash flow from financing activities

Our net cash inflow from financing activities was Rs. 368.85 million for the nine months ended December 31, 2009, primarily on account of an increase in working capital loans and cash credit facilities in line with the pick-up in business activities.

Our net cash outflow from financing activities was Rs. 286.02 million for fiscal 2009, primarily due to reduction in our working capital loans in line with the reduced business activity during the year on account of the economic slow down.

Our net cash inflow from financing activities was Rs. 209.12 million for fiscal 2008, which was primarily due to the private equity investment of Rs. 300.00 million from NYLIM, part of which was utilized towards fund the working capital requirements.

Our net cash inflow from financing activities was Rs. 239.10 for fiscal 2007, which was primarily on account of a significant increase in working capital loans and cash credit facilities in line with the pick-up in business activities.

Capital Expenditures:

Historically, our company has incurred capital expenditures in the normal course of its business in relation to the expansion of existing facilities and establishment of new manufacturing facilities and is expected to continue incurring such capital expenditures in the future. Our Company's capital expenditures, classified as additions to the Gross Block amounted to Rs. 21.45 million for the nine months ended December 2009, Rs. 197.65 million for the fiscal year 2009, Rs. 50.12 million for the fiscal year 2008 and Rs. 23.02 million for the fiscal year 2007.

(i) Unusual or Infrequent Events or transactions

There have been no unusual or infrequent events or transaction that would have any material impact on the operations or the performance of the company.

(ii) Significant economic/ regulatory changes

The Government of India had reduced excise duty payable on commercial vehicles from 14% to 10% to 8% as part of its fiscal package, in light of the global economic crisis. However in the Union Budget 2010-2011, it has been proposed to increase this back to 10% in light of the revival in this industry.

Fiscal 2009 turned out to be significantly challenging year for the company on account of the plummeting commercial vehicle sales due to the global economic crisis. However, the event affected all industries and sectors and we were no exception to the impact of the crisis.

Apart from the above mentioned, there have been no significant economic or regulatory changes which would have any material impact on our operations. For details of Regulations & Policies please refer to the section titled "Regulations and Policies" beginning on page 87 of this Draft Red Herring Prospectus.

(iii) Known trends or uncertainties

Except as described in the section titled "Risk Factors" beginning on page xiv of this Draft Red Herring Prospectus and the section titled "Management's Discussion and Analysis of Financial Conditions and Results of Operations" beginning on page 142 of this Draft Red Herring Prospectus, to our knowledge, there are no known trends or uncertainties that have or had or are expected to have any material adverse impact on sales or income of our Company from operations.

(iv) Future changes in relationship between cost and revenues

Other than as described in the section titled "Risk Factors" and "Management's Discussion and Analysis of Financial Conditions and Results of Operations" beginning on pages xiv and 142 of this Draft Red Herring Prospectus, to our knowledge, there are no future relationships between cost and income that have or had or are expected to have a material adverse impact on our operation and finances.

(v) Competitive conditions

For details on competition, please refer to the section titled "Our Business" beginning on page 68 of this Draft Red Herring Prospectus.

FINANCIAL INDEBTEDNESS

As of December 31, 2009, we have Rs. 478.35 million of outstanding indebtedness

Secured Loans

Set forth below is a brief summary of our long term, short term and working capital facilities as of December 31, 2009 together with a brief description of certain material covenants of the relevant financing agreements:

1. **Name of the Lender**: ***State Bank of India***

<table>
<tr><th>Loan Documentation</th><th>Total Amount/ Lines of Credit Sanctioned</th><th>Amount availed as of December 31, 2009</th><th>Interest Rate</th><th>Repayment Schedule</th><th>Security Created/Guarantees Provided</th></tr>
<tr>
<td>(a) Sanction Letter dated August 28, 2009 bearing reference no. RASMECC /90—10- 383 [(2), (3), (4), (5), (6) and (7)].

(b) Letter for grant of individual limits within overall limit dated August 29, 2009.

(c) Agreement of Loan dated February 29, 2008

(d) Supplementary Deed of Guarantee dated August 29, 2009 and Deed of Guarantee for Overall Limit dated February 29, 2008 executed by Dr. Kailash Gupta and Mr. Ajay Gupta

(e) Supplementary Deed of Guarantee dated August 29, 2009 and Deed of Guarantee for Overall</td>
<td>Rs. 337.5 million has been sanctioned as follows:

<u>Fund Based Loan</u>:

1) Cash Credit of up to Rs. 120 million (includes book debts)

2) Term Loan of up to Rs. 120 million

<u>Non- Fund Based</u>[(8)]:

3) Letter of Credit of up to Rs. 87.5 million

4) Bank Guarantees of up to Rs. 10 million</td>
<td><u>Fund Based Loan</u>:

1) Cash Credit- Rs. 124.77 million

2) Term Loan- Rs. 114.00 million

<u>Non- Fund Based</u>[(8)]:

3) Letter of Credit- Rs. 23.02 million

4) Bank Guarantees- Rs. 25.74 million</td>
<td>(i) On Cash Credit[(1)]: 13.75% p.a.

(ii) On Term Loan[(1) and (7)]: 13.25% p.a.

(iii) Commission on letter of credit as per Lender's extant instructions.

(iv) Commission on bank guarantee as per the rates stipulated by the Lender.</td>
<td>(i) Cash Credit is valid for a period of one year from the date of sanction of the facility being August 24, 2009, subject to review every six months[(1A)].

(ii) The term loan is repayable in 33 monthly installments as below:

<table>
<tr><th>Year</th><th>Amount of Installments</th><th>No. of Installments</th><th>Total (in million)</th></tr>
<tr><td>2009-2010</td><td>0.20*3 & 0.35*4 w.e.f September, 09</td><td>7</td><td>20.00</td></tr>
<tr><td>2010-2011</td><td>0.35</td><td>12</td><td>42</td></tr>
<tr><td>2011-2012</td><td>0.35</td><td>12</td><td>42</td></tr>
<tr><td>2012-2013</td><td>0.80*2</td><td>2</td><td>16</td></tr>
<tr><td></td><td></td><td>33</td><td>120</td></tr>
</table>

(iii) The period for which letter of credit facility has been sanctioned is 1 year.

(iv) The period for which bank guarantee facility has been sanctioned is 1 year.</td>
<td>(i). <u>Primary security</u>:

For Fund Based Loans:

<u>i) For Cash Credit:</u>

Hypothecation by way of first charge on pari passu basis (shared with HSBC for its working capital finance to the Company described below), on entire current assets consisting of stocks of raw materials, stock-in-process, finished goods, consumables stores and spares, book debts, outstanding moneys, receivables and bills, etc., at the Company's godown, factory premises and those in transit and/or at such other places as may be approved by the Lender from time to time.

<u>ii) Term Loan:</u>

A first and exclusive charge on the following fixed assets of the Company situated at the following premises and equitable mortgage of the following</td>
</tr>
</table>

Limit dated March 11, 2008 executed by Ms. Rekha Gupta (f) Supplementary Deed of Guarantee dated September 11, 2009 and Deed of Guarantee for Overall Limit dated March 7, 2008 executed by Mr. Arun Gupta (g) Supplementary Deed of Guarantee of 2009 and Deed of Guarantee for Overall Limit dated March 7, 2008 executed by Mr. Vineet Gupta					premises: ▪ Richhai Factory II ▪ Mandla Factory ▪ Indore Factory 2. **<u>Collateral Security</u>**: ▪ First charge by way of extension of Equitable Mortgage on Richhai Factory I pari passu with charge of HSBC (credit under its facilities described below). (SBI's *pari passu* share is 79.79%) ▪ Hypothecation by the way of charge on the plant and machinery situated at Richhai Factory I. ▪ Equitable mortgage of flats described at * below ▪ Residual Charge on the following collateral securities for the working capital finance. Their details are: 1. Richhai Factory II 2. Mandla Factory 3. Indore Factory (iii) Secured by personal guarantee of the following persons : ▪ Dr. Kailash Gupta ▪ Ms. Rekha Gupta ▪ Mr. Ajay Gupta ▪ Mr. Vineet Chandra ▪ Mr. Arun Gupta 3. The Lender will have a first charge on the profits of the Company, after provision for taxation and dividend where applicable, for repayment of installments under term loan

					granted or deferred payment guarantees executed by the Lender or other repayment obligation, if any, due from the Company to the Lender.

(1) The interest rates provided above are subject to enhancement and penal interest in case of breach by the Company of terms and conditions contained in the sanction letter dated August 28, 2009.

(1A) Repayable on demand.

(2) Some of the important actions for which the Company will require prior written permission of the Lender are as under:

a) Effect any change in the Company's capital structure specifically the shareholding of the directors, if any, and other principal shareholders and promoters of the Company;
b) Undertake any new project, implement any scheme of expansion or acquire fixed assets except those indicated in the funds flow statement submitted to the Lender from time to time and approved by the Lender;
c) Enter into borrowing arrangement either secured or unsecured with any other Lender, financial institution, company or otherwise or accept deposits apart from the arrangement indicated in the funds flow statements submitted to the Lender from time to time and approved by the Lender;
d) Change the practice with regard to remuneration of directors including by means of ordinary remuneration or commission, scale or sitting fees;
e) Undertake any trading activity other than the sale of products arising out of its own manufacturing operations;
f) Permit any transfer of the controlling interest or make any drastic change in the management set-up;
g) Repay monies brought in by the promoters / directors / principal shareholders and their friends and relatives by way of deposits, loans or advances. Further, the rate of interest, if any, payable on such deposits, loans or advances should be lower than the rate of interest charged by the Lender on its term loan and payment of such interest will be subject to regular re-payment of installment under term loans granted / deferred payment guarantees executed by the Lender or other repayment obligations, if any, due from the Company to the Lender;
h) Implementation of any scheme of expansion, modernization, diversification, renovation or acquisition of any fixed assets during any accounting year, except such schemes which have already been approved by the Lender;
i) Formulate any scheme of amalgamation or reconstruction;
j) Invest by way of share capital or lend or advance funds to or place deposits with any other concern, including sister / associate / family / subsidiary/ group concerns;
k) Undertake guarantee obligations on behalf of any other company, firm or person;
l) Declare dividends for any year except out of profits relating to that year after making all due and necessary provisions and provided further that no default has occurred in any repayment obligations;
m) Create any further charge, lien or encumbrance over the assets and properties of the Company already charged to the Lender in favour of any other bank, financial institution, firm or person;
n) Sell, assign, mortgage or otherwise dispose of any of the fixed assets charged to the Lender;

(3) The other significant provisions of the loan documentation are as follows:

a) The Company shall keep the Lender informed of the happening of any event likely to have substantial effect on their profit or business, the Company will inform the Lender accordingly, with explanations and the remedial steps proposed to be taken.
b) The Lender will have the right to appoint a nominee to attend any meeting of shareholders, where the right is exercised, the agenda papers and proceedings should be sent to the Lender sufficiently in advance.
c) The Company is required to confine its entire business including foreign exchange business to the Lender.
d) The Lender at its discretion can change the margin cover on the assets.
e) Any further issuance of shares by the Company would have to be intimated to the Lender.
f) Any default by the Company in repayment of the term loan along with the interest due on it and other applicable charges could result in termination of the installments and the loan becoming payable at demand by the Lender, at its discretion.

(4) Letters of Credit will be opened for the purpose of purchasing raw material and consumable stores and spares, including imported items, required by the Company in the normal course of their business. These will not be opened for the purpose of procuring capital goods under the limit. The goods covered by the letter of credit will have to be fully insured against all transit risks. Further, in case of Import Letters of Credit an undertaking will have to be furnished by the Company stating that it will bear the exchange fluctuation risks and will arrange for forward cover whenever called upon to do so by the Lender.

(5) The Lender will share a *pari-passu* charge with the HSBC on Richhai Factory I in terms of an agreement executed between SBI and HSBC dated November 7, 2009.

The exposure of HSBC for which *pari passu* charge has been created with the Lender in terms of the aforesaid agreement is Rs. 80 million.

(6) Inter-changeable to the extent of Rs. 10 million from bank guarantee to the letter of credit limit and vice versa.

(7) The personal guarantees have been furnished by Dr. Kailash Gupta, Ms. Rekha Gupta, Mr. Ajay Gupta, Mr. Vineet Chandra and Mr. Arun Gupta (collectively referred to as the "**Guarantors**") for an amount of Rs. 337.5 million (the principal amount of the loan taken by the Company from SBI) alongwith the interest payable on this amount and other charges that may be due and payable by the Company to the Lender. The Guarantors have further agreed to furnish additional security that may be stipulated by the Lender from time to time to fufill their guarantee obligations. The Lender will be at liberty to sell such security deposited by the Guarantors upon giving requisite notice to the Guarantors in terms of the guarantee agreement. Some of the significant terms of the guarantee agreements are as follows:

a) The Guarantors will not be entitled to benefit from the other securities that are held by the Lender in respect of the aforesaid credit facilities.

b) The guarantee is irrevocable and enforceable against the Guarantors notwithstanding any dispute between the Lender and the Company.

* (i) Flat No. 14 on the first floor of a doubled storied residential row houses known as Dhiraj Apartment, constructed on part of Khasara No. 149/1, 150/1, 150/2 out of total plot area of 9591 Sq. ft, Sr. No. 753 at Mouza-Hathital, Narmada Road, Gorakhpur, Tehsil and District-Jabalpur in the name of the Company
(ii) Flat No. 5 in Ground Floor of a doubled storied residential row houses known as Dhiraj Apartment, constructed on part of Khasara Nos. 149/1, 150/1, 150/2 out of total plot area of 9591 Sq. ft, Sr No. 753 at Mouza-Hathital, Narmada Road, Gorakhpur, Tehsil & District-Jabalpur in the name of the Company
(iii) Flat No. 2,3,6,7 along with one single room No. 17 on Ground Floor and Flat No. 15 on the first floor of a doubled storied residential row houses known as Dhiraj Apartment, constructed on part of Khasara No. 149/1, 150/1, 150/2 out of total plot area of 9591 Sq. ft, Sr No. 753 at Mouza-Hathital, Narmada road, Gorakhpur, Tehsil & District Jabalpur in the name of the Company
(iv) Flat No. 9 & 10 on the first floor including terrace and porch adjoining to Flat No. 9 of a doubled storied residential row houses known as Dhiraj Apartment, constructed on part of Khasara No. 149/1, 150/1, 150/2 out of total plot area of 9591 Sq. ft, Sr. No. 753 at Mouza-Hathital, Narmada Road, Gorakhpur, Tehsil & District-Jabalpur in the name of the Company
(v) Property situated at Block no. 36, Plot No. 2/29, Pachpedi, South Civil Lines, Jabalpur of Mr. Arun Gupta.

2. **Name of the Lender**: *Hongkong & Shanghai Banking Corporation (HSBC):*

Loan Documentation	Total Amount/ Lines of Credit Sanctioned	Amount availed as of December 31, 2009	Interest Rate	Repayment Schedule	Security Created/Guarantees Provided
a) Letter agreement dated December 14, 2009 bearing reference number FAL/FTG/MME/BOM/2009023 (1), (3), (4) and (5) b) Personal Guarantee dated December 16, 2009 executed by Mr.Ajay Gupta. c) Personal Guarantee dated December 16, 2009 executed by Dr. Kailash Gupta. d) Personal Guarantee dated December 16, 2009 executed by Ms. Rekha Gupta.	Rs. 130 million (Including an adhoc limit of Rs. 50 million (2) and (6))	Rs 129.20 million	(i) Interest will be charged on a daily balance, at a mutually agreed rate, and will be payable monthly in arrears.	(i) Vendor finance facility- tenor of 45 days .	▪ First *pari passu* charge on stock & receivables for Rs. 80 million. ▪ First *pari passu* charge on moveable fixed assets for Rs. 80 million ▪ Personal guarantee of Dr. Kailash Gupta, Mr. Ajay Gupta, Ms. Rekha Gupta and Mr. Vineet Chandra (8). ▪ Undated Cheques for adhoc facility amounting to Rs. 50 million. ▪ Equitable mortgage on Richhai Factory I pari passu with charge of SBI. ▪ Corporate guarantee from Commercial Automobiles Private Ltd. and Commercial Body Builders, (Group Companies of our Promoter Director, Dr. Kailash Gupta),for Rs. 80 million.

(1) Facilities provided by the Lender will be reviewed on June 30, 2010.

(2) The Lender has specifically placed a restriction that the adhoc facilities of Rs. 50 million can only be utilized for purchases of stainless steel from the following vendors—Jindal Steel, Lloyd Steel, Pennar Steel, and Essar Hypermart. Further that this facility can only be utilized to execute the railway orders.

(3) The Lender has stipulated certain financial covenants for the Financial Year 2010 which are enumerated as follows:

Particulars (INR M)	**Covenant**
Minimum Sales	1,530
Minimum Profit before tax	193
Minimum Tangible Net Worth	586
Maximum external gearing	1.0x
Maximum Total gearing	1.7x

(4) The other significant provisions of the loan documentation are as follows:

(i) Debtors greater than 90 days will be excluded from drawing power calculation.
(ii) Any changes in the capital structure, schemes of amalgamation or re-construction must be informed to the Lender prior to it being undertaken.
(iii) Expenditure in new projects must be informed to the Lender unless this is covered by the Company's net cash accruals after providing for dividends, taxes, investments etc., or is covered by long term funds received for financing projects/expansions.
(iv) The Company must inform the Lender prior to making any investment by way of share capital in, or lending, advancing funds to, placing deposits with or undertaking guarantee obligations on behalf of any other concern. Normal trade credit or security deposits in the usual course of business, or advances to employees, are not covered by this covenant.
(v) The Company must inform the Lender before entering into borrowing arrangements of any sort with any other bank, financial institutions or company.
(vi) Dividends declared by the Company must be only out of profits relating to that year.
(vii) Monies brought into the Company by principal shareholders/directors/depositors will not be withdrawn without prior intimation to the Lender.
(viii) The Company is required at all times to maintain sufficient long term funds to cover all long term assets and a minimum of 25% of current assets.
(ix) The credit facilities can only be utilized for the purposes for which it has been granted.

(5) The Lender will share a *pari-passu* charge with the SBI on Richhai Factory I in terms of an agreement executed between SBI and HSBC dated November 7, 2009.

The exposure of SBI for which *pari passu* charge has been created with the Lender in terms of the aforesaid agreement is Rs. 337.5 million.

(6) The margin on debtors will be 40 percent, while the margin on stocks will be 25 percent.

(7) The Lender is entitled to revise the interest rate on the term loans every two years.

(8) The personal guarantees have been furnished by Dr. Kailash Gupta, Mr. Ajay Gupta, Ms. Rekha Gupta and Mr. Vineet Chandra (collectively referred to as the "**Guarantors**") in their individual capacities for an amount of Rs. 50 million together with the interest due and payable thereon and other credits or advances that may be due and payable by the Company to the Lender. Some of the significant terms of the guarantee agreements are as follows:

a) The personal guarantee furnished by the Guarantors is an irrevocable and continuing guarantee.
b) The Guarantors have agreed that any security taken by them from the Company in respect of this guarantee will not be enforced by the Guarantors to the prejudice of the Lender. Further, such security furnished by the Company to the Guarantor will act as security for the Lender in respect of the loan and will have to be deposited by the Guarantor with the Lender.

3. Name of the Lender: *Yes Bank Limited*

Loan Documentation	**Total Amount/ Lines of Credit Sanctioned**	**Amount availed as of December 31, 2009**	**Interest Rate**	**Repayment Schedule**	**Security Created/Guarantees Provided**
Sanction Letter dated October 1, 2009 [5] and [6]	Working Capital demand loan (including the cash credit limit) up to Rs. 100 million	Rs. 100 million	13% per annum [1], [2], [3] and [4]	1. Working Capital Demand Loan: The tenure of the loan is six months, that is, the credit facility is available until June	▪ First *Pari Passu* charge on current assets of the Company[7]. ▪ Unconditional

				29, 2010. This loan is repayable by the Company on the last business day of the term for which the Lender has granted the short term loan facility to the Company. 2. Cash Credit: The tenure of the cash credit facility availed by the Company from the Lender is twelve months. However, the availability period of this loan is up to June 29, 2010. This loan is repayable by the Company on demand.	and Irrevocable personal guarantee of Mr. Ajay Gupta.

(1) Interest on each advance shall be due and payable by the Company on the last business day of the term of the loan or on the last business day of every calendar month or at such intervals as the Lender may stipulate.
(2) Interest shall be payable at monthly rests.
(3) Excess interest, overdue interest and default interest at 2% p.a. or such other rates may be levied by the Lender as it deems fit.
(4) The rates in interest and periodicity of payment are subject to Lender's internal review and changes in prevailing regulatory directives.
(5) In the event disbursement(s)/ drawal(s) / utilization of the credit facility or any part thereof are made pending creation and perfection of full and final security in favour of the Lender unless otherwise agreed by the Lender, the Company will pay additional interest at the rate of 2% per annum over an above the applicable interest, from the date of first disbursement/drawal/utilization of the credit facility till the date the security is fully and finally created and perfected to the satisfaction of the Lender.
(6) The other significant provisions of the loan documentation are as follows:
(i) The Company is required to procure an insurance policy duly endorsed in Lender's favour, covering 110% of the value of assets hypothecated/mortgaged to with the Lender.
(ii) The Company has agreed that it will not undertake or permit any reorganization, amalgamation, reconstruction, takeover or any other schemes of compromise or arrangement, nor amend any provision of its constitutive documents in such manner that will adversely affect the Lender's rights under this credit facility.
(iii) The Company is required to have itself rated by credit rating agency, as approved by the Lender, and have such rating done annually or at such intervals as may be decided and intimated to the Company by the Lender from time to time.
(iv) The Company hereby covenants that so long as the facilities or any sum there under from the Lender are outstanding, the Company shall maintain the following covenants:
(a) Total Debt/ Net cash accruals <=5.0x
(b) Total Debt/ Net Worth <=1.5x
(c) Total Debt/ EBIDTA <=3.0x

(v) Upon occurrence of the following events, the Lender will be entitled to terminate or suspend the credit facility:
(a) Non-payment of any sum payable by the Company under the facilities when due.
(b) Non-performance of its obligations by the Company or non-compliance with the terms and conditions under the facilities by the Company.
(c) Any of the Company's or any security party/issuer's indebtedness towards any creditor exceeding an aggregate amount of Rs. 10,000,000 or its equivalent, as determined by the Lender, not being paid when due pursuant to a court order, decree or judgment to which no appeal lies.
(d) Any event, notified by the Lender, which is likely to constitute material adverse change in (1) the condition, financial or otherwise, prospect or operations of the Lender or any subsidiaries or affiliates, present or future, or (2) which may, in the sole opinion of the Lender, adversely affect the repayment of the facility amount.
(e) Change in material ownership structure of the company.
(f) Company defaulting in relation to its other material agreements and its indebtedness from other lenders.
(g) Failure to get the Company rated by a credit rating agency, approved by the Lender, within the time stipulated by the Lender.
(v) The Lender is entitled to cancel the un-utilized portion of this credit facility, whether in part of in full, at any time during the currency of this credit facility without any prior intimation for such cancellation to the Company.
(vi) Creation of encumbrance or security over assets specifically charged to the Lender will require prior written permission of the Lender.
(7) The Company is yet to create security on the aforementioned assets of the Company in favour of the Lender. For further details in respect of the failure by the Company to create the specified security in favour of the Lender, refer to section on "Risk Factors" beginning on page xiv of this Draft Red Herring Prospectus.

4. **Name of the Lender**: *AXIS Bank*

(i) Railway Project Loan and working capital facility granted in 2010

Loan Documentation	**Total Amount/ Lines of Credit Sanctioned**	**Amount availed as of December 31, 2009**	**Interest Rate**	**Repayment Schedule**	**Security Created/Guarantees Provided** (^^)
(a) Sanction letter dated March 9, 2010 (**)	**Working Capital Facilities**(*), (^) and (~)**:** 1) Cash Credit of up to Rs.80 million 2) Letter of credit (for other than capital goods) of upto Rs.80 million(2), and (3) 3) Bank Guarantee of upto Rs.80 million (4) and (5) **Term Loan for Railway Project** (#), (^) and (~) (a) A term loan of upto Rs.500 million(6) (**) (b) A Letter of Credit (Inland/Import) for purchase and import of capital goods: For an amount of Rs.500 million.(10) This is a sub-limit of the term loan.(3)		1) On cash credit: 11.75% p.a. 2) On Letter of credit: Charges equivalent to 75% of the applicable standard rates of the Lender. 3) On bank guarantee: Commission equivalent to 1.50% p.a. 4) On Term loan: 12% p.a. 5) On Letter of credit (for capital goods): Charges equivalent to 75% of the applicable standard rates of the Lender.	1) Cash credit is re-payable on demand 2) The letter of credit for both inland letter of credit and for import letter of credit is valid for a maximum usance period of 180 days. 3) The bank guarantee is valid for a maximum period of 24 months inclusive of the claim period. 4) The term loan is re-payable in 20 equal quarterly installments after a moratorium period of 18 months from the date of first disbursement(7). and (8) 5) The letter of credit (other than capital goods) is valid for a maximum usance period of 180 days.	1) For Cash Credit Facility: First charge on *pari passu* basis on the current assets of the Company both in present and future(1). 2) For Letter of Credit: ▪ Goods procured under the letter of credit. ▪ Assets on which security is created for availing the cash credit facility. 3) For Bank Guarantees: ▪ All primary and collateral security furnished by the Company in respect of the cash credit facility. ▪ Counter guarantee of the Company. 4) For Term Loan: ▪ First charge on *pari passu* basis on the entire fixed assets of the Company, both present and future. ▪ Second charge on *pari passu* basis on the current assets of the Company, both present and future. ▪ Personal guarantees of Dr. Kailash Gupta and Mr. Ajay Gupta (11). 5) For Letter of Credit (Inland/Import) for purchase/import of capital goods: ▪ Capital goods purchased or imported under the letter of credit . ▪ Assets on which security is created for availing the term facility.

(1) The Company is required to maintain margins on the following assets:

Raw material	**25%**
Stock-in-process	**25%**
Finished Goods & Packaging Material	**25%**
Stores & Spares	**25%**
Book Debts (Cover period 90 days)	**40%**

(2) The letter of credit facility can be used by the Company to purchase raw-material other than capital goods, packaging material, stores and spares required for day-to-day operations.

(3) The goods procured by the Company under the letter of credit will have to be insured against all risks by the Company.
(4) The Bank Guarantee will be used by the Company for the following purposes: (a) advance or security deposits in favour of sales tax, excise, custom authorities and other government department; (b) earnest money for tenders; (c) for any other activity of the Company.
(5) The Company is required to maintain 100% cash margin in case of disputes liabilities.
(*) Other terms and conditions applicable to the working capital facilities:
(i) The Company will be given a time period of 90 days from the date of first disbursement for submission of no objection certificate / pari passu letters from other Lenders. In case the required security interest in favour of the Lender is not created within the stipulated time period, a penal interest of 2% will be levied by the Lender.
(ii) Pending completion of formalities in respect of creation of security interest in favour of the Lender, disbursal by the Lender will be restricted to 50% of the sanctioned limits.
(iii) The Company is required to submit two sets of financial follow up reports, the first report within six weeks from the close of each quarter to which it relates and the second report within eight weeks from the close of the half year to which it relates.
(iv) Penal interest may be levied by the Lender in case of breach by the Company of the terms and conditions contained in the sanction letter.
(v) The Company is not permitted to divert the working capital fund for long term purposes.
(vi) The Company will maintain its net working capital position equal to or above the levels furnished in its projections for working capital finance.
(6) The term loan will be utilized by the Company for implementing and operationalising Phase-I of the Railway Project(**).
(**) General terms and conditions applicable to the Railway Project Loan:

(i) The Company is required to implement and operationalise Phase-I of the Railway Project within a total cost of Rs. 770.40 million.

(ii) The cost of Phase- I of the Railway Project will have to be financed by means of equity capital or internal accruals amounting to Rs. 270.40 million and debt component, that is, Railway Project Loan, of Rs.500.00 million. Any overrun in the project cost will be financed by the Company using unsecured loan from the Promoters of the Company. The funds availed by the Company from the Promoter will be subordinate to the credit facilities availed from the Lender.

(iii) The last date of drawdown of the Railway Project Loan is December 31, 2010.

(iv) At the time of each drawal, the Company will be required to furnish a certificate from a qualified chartered accountant giving details of cost incurred in relation to the Railway Project and the means used to finance the same.

(v) The Lender is entitled to withhold disbursement of the Railway Project Loan upon occurrence of any event that adversely affects the viability of the Railway Project or upon occurrence of an event of default under any agreement executed by the Company for the purpose of the Railway Project.

(vi) The Company will be required to furnish quarterly reports, duly certified by chartered accountant, to the Lender detailing physical progress of the Railway Project including the schedule of project implementation, expenditure incurred and means of finance.

(vii) The Lender has stipulated certain financial covenants which are enumerated below:

(a) The ratio of the total term debt to tangible net worth of the Company shall not exceed 2.00.
(b) The Company will maintain a minimum fixed asset cover of 1.50
(c) The Company shall maintain a minimum debt service coverage ratio of 1.50

The financial covenants are required to be reported as part of the monitoring report by the Company.

(viii) The Company is required to finalise its selling arrangements in relation to the Railway Project to the satisfaction of the Lender.
(ix) The Lender has reserved the right to appoint qualified accountants, technical experts, management consultants to examine the books of accounts, factories and operations of the Company. Any cost incurred in this regard will be borne by the Company.
(x) The Lender is entitled to re-negotiate the terms and conditions of this Railway Project Loan in case the Company enters into a loan arrangement on the terms which are more favourable to any other lender.
(7) The term loan is valid for a period of six and half years including a moratorium period of 18 months from the date of first disbursement.

(8) The Company shall have the option of the pre-payment of the term loan, that is, the Railway Project Loan, without any pre-payment penalty on the specified dates at the end of 18^{th}, 24^{th}, 30^{th} and 36^{th} month from the date of first disbursement. The Company will be required to give two months prior notice to the Bank before exercising the pre-payment option. The pre-payment can be made out of the equity funds or internal accruals.

(9) The Company will be required to submit to the Lender on half yearly intervals the following information regarding the Phase I of the Railway Project:

i) Physical progress; ii) Expenditure incurred; iii) Source of financing; and (iv) Adherence to project implementation schedule.

(10) This letter of credit can be used to purchase capital goods.

(11) The Company has agreed it will not make any payment to the guarantors, that is, Dr. Kailash Gupta and Mr. Ajay Gupta in the form of a commission, brokerage, fees or in any other form, directly or indirectly in respect of the guarantees furnished by them under this loan document.

(#) Other terms and conditions applicable to the term loans:

(i) The full value of the asset charged with the Lender plus 10% of its value is required to be insured by the Company against all risks.

(ii) The Company will be given a time period of 90 days from the date of first disbursement for submission of no objection certificate / pari passu letters from other Lenders. In case the required security interest in favour of the Lender is not created within the stipulated time period, a penal interest of 2% will be levied by the Lender.

(ii) Pending completion of formalities in respect of creation of security interest in favour of the Lender, disbursal by the Lender will be restricted to 50% of the sanctioned limits.

(^) Other Significant provisions of the sanction letter applicable to both the term loan and working capital loan:

i) The loan availed by the company will be used for the purpose for which it has been sanctioned by the Lender.
ii) The Company will not be permitted to pay any commission, brokerage or fees in any form to the guarantors, directly or indirectly.

(~) Some of the important actions for which the Company will require prior written permission of the Lender are as under:

a) Entry into borrowing arrangement either secured or unsecured with any other Lender, financial institution, company;
b) Creation of any further charge on the fixed assets of the Company;
c) Undertaking any expansion or fresh projects or acquire any fixed assets other than in normal course of business;
d) Formulation of any scheme of amalgamation or reconstruction;
e) Declaration of dividends for any year except out of profits relating to that year after making all due and necessary provisions and provided further that no default had occurred in any repayment obligations;
f) Change in the management set-up;

(^^) The Company is yet to create security on the assets mentioned above. For further details in respect of the risk regarding failure to create security in favour of the Lender, refer to section on "Risk Factors" beginning on page xiv of this Draft Red Herring Prospectus.

(ii) Term loan granted in 2006

Loan Documentation	Total Amount/ Lines of Credit Sanctioned	Amount availed as of December 31, 2009	Interest Rate	Repayment Schedule	Security Created/Guarantees Provided
a) Sanction Letter dated February 23, 2006 bearing reference number BB/RAC/HYD/BLAP9/05—06 (4) and (5) b) Loan agreement dated February 27, 2006 (7)	Term Loan of Rs. 8.1 million	Rs 5.05 million	9.50% p.a. compounded at monthly rests (1) (1a) and (1b)	84 equated monthly installments of Rs. 132,387(2), (6)	1. Equitable mortgage of land admeasuring 18,062 sq. ft. bearing plot number 2 (new), 14 (old), part of bunglow No. 37D, Block 36, situated at Civil Lines Ward, Civil Station, Pachpedi, Jabalpur (3). 2. Personal guarantee of the following: a) Mr. Ishwar Chandra b) Dr. Kailash Gupta c) Mrs. Urmil Gupta d) Mr. Ajay Gupta e) Mrs. Rekha Gupta 3. Personal guarantee of Ms. Angoori Devi.

(1) Any irregularity on account of non-payment of interest/charges/installments will attract a penal interest at the rate of 2% per annum over and above the agreed interest rate.

(1a) The Lender has the right to change the rate of interest depending on the changes in the prime lending rate of the Lender. The Company will be bound to pay this interest rate on the borrowed amount.

(1b) Any default by the Company in respect of its payment obligations under the loan agreement will attract penal charges as may be determined by the Lender.

(2) Pre-payment of the loan will attract pre-payment charges at the rate of 2% of the outstanding loan amount.

(3) The Company has given an undertaking that it will not assign the lease rentals arising out of the property charged to Axis Bank to anyone during the currency of this loan.

(4) Some of the important actions for which the Company will require prior written permission of the Lender are as under:

(a) Effect any major change in the capital structure;

(b) Formulate any scheme of amalgamation or reconstruction;.

(c) Enter into borrowing arrangement either secured or unsecured with any other bank or financial institution, Company or otherwise;

(d) Make any drastic change in its management or substantial change in the constitution of the Company;

(e) Invest by way of share capital in or lend or advance funds to or place deposits with any other concern;

(f) Undertake guarantee obligations on behalf of another firm/concern/company or subsidiary;

(g) Creation of any further charge on the security furnished by the Company to the Lender.

(5) The Company has agreed that it will keep the Lender informed of happening of any event, likely to have a substantial effect on their production, sales, profits etc. and the remedial steps proposed to be taken by it.

(6) The Lender has the right to revise/reschedule the repayment terms of the installments or any other amount and the periodicity of compounding interest outstanding under the loan. The Company will be bound to make all repayment in accordance with the terms of the revised repayment schedule.

(7) Under the loan agreement dated February 27, 2006, the Lender has reserved the right to procure additional security from the Company.

Unsecured Loans

As at December 31, 2009, our outstanding unsecured loans are Rs. 21,78,000. We have availed an unsecured loan of from Commercial Automobiles Private Limited, one of our Group Companies. For risks regarding unsecured loans, refer to the section “Risk Factors” beginning on page xiv of the Draft Red Herring Prospectus.

For further details refer to section “Financial Statements” beginning on page F-1 of this Draft Red Herring Prospectus.

Other Credit Facilities

The Company has entered into a tri-partite agreement with HDFC Bank Limited (“**HDFC**”) and Tata Motors Limited (“**TML**”) dated January 27, 2009 under which HDFC has agreed to discount the bills of exchange drawn by the Company in relation to the products that are being supplied by the Company to TML from time to time. The Company has further agreed to indemnify HDFC for the losses that HDFC may suffer as a result of this bill discounting arrangement.

SECTION VI: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

Cases By and Against the Company

Except as stated below there is no (i) litigation, including proceedings relating to tax liabilities, proceedings under the Companies Act and arbitrations, labour disputes, by or against the Company, or against any other company whose outcome could have a material and adverse effect on our results of operations or financial position; or (ii) pending criminal proceedings or proceedings regarding economic, statutory or other civil offences by or against the Company:

Cases Against the Company

Criminal Matters

S. No.	Cause Title	Dated	Name & Address of the Court/ Arbitration Panel	Nature of Case	Amount under Consideration Rs.	Brief Description of Case	Status
1.	Case No. 4/92 Union of India vs. Company and Dr. Kailash Gupta	1992	Special Chief Judicial Magistrate Kanpur Nagar	Prosecution of accused	Rs. 230,724.50	Company failed to deposit tax deducted at source by the Company within the prescribed period while paying interest to certain third parties for AY 1987-1988. On this ground the Income Tax Authorities have brought proceedings against the Company and Dr. Kailash Gupta in his capacity as director of the Company.	Pending.*

* Next date of hearing yet to be notified.

Income Tax Matters

S. No.	Cause Title	Dated	Name & Address of the Court/ Arbitration Panel	Nature of Case	Amount under Consideration Rs.	Brief Description of Case	Status
1.	CIT (A)-II/1009/ACIT-VI/2004-05/450 Company vs. AO The Assistant Commissioner of Income Tax, Kanpur	December 21, 2004	CIT (A) Kanpur	Civil suit	Rs. 580,905 for the AY 2002-03.	Dispute regarding disallowance of certain commission paid and adjustment of purchase price of the goods bought from a sister concern on the basis of allegedly lower market value. Both the Company and the Income Tax department went into appeal to the ITAT against the order passed by the CIT (A). Matter has been remanded back to CIT (A) with a direction to afford the Company a reasonable opportunity to be heard.	Pending.*
2.	Appeal number not yet allotted Company	January 17, 2008	CIT (A) Kanpur	Civil suit	Rs. 354, 515 for the AY 2003-04.	Dispute regarding deduction of Rs. 756,358 claimed by Company under Section 80IA of the Income Tax	Pending.*

S. No.	Cause Title	Dated	Name & Address of the Court/ Arbitration Panel	Nature of Case	Amount under Consideration Rs.	Brief Description of Case	Status
	vs. AO The Deputy Commissioner of Income Tax, Kanpur					Act, 1961 in relation to the AY 2003-04 being disallowed by AO as the Company failed to furnish the audit report in Form 10CCB as require under Income Tax Rules, 1962.	
3.	Appeal number not yet allotted Company vs. AO The Assistant Commissioner of Income Tax, Kanpur	November 30, 2006	CIT (A) Kanpur	Civil suit	Rs. 2,199,069 for the AY 2004-05.	Dispute regarding the following expenses being disallowed for AY 2004-05: (i) Rs. 2,315,152 and Rs. 689,568 paid as commission by the Company. AO claims that the services claimed to be availed by the Company could not be substantiated with any documentary evidence. (ii) Rs. 1,686,400 paid by the Company in respect of sales tax paid by the Company against deferment scheme and interest on sales tax. (iii) Legal expenses for purchase of stamp paper and valuation fee in respect of stock yard amounting to Rs. 224,569. The AO held the same to be capital expenditure.	Pending.*
4.	Appeal number not yet allotted. Company vs. AO The Additional Commissioner of Income Tax, Kanpur	December 27, 2008	CIT (A) Kanpur	Civil suit	Rs. 760,081 for the AY 2006-07	Dispute regarding AO disallowing commission of Rs. 1,672,734 paid by the Company for certain services provided to it in terms of agreements entered into with certain vendors. The Company has preferred an appeal against the above order before the CIT (A) on the ground that commission paid was against actual services rendered by the vendor.	Pending.*
5.	Appeal number not yet allotted Company vs. AO The Deputy Commissioner of Income Tax, Kanpur	December 31, 2009	CIT (A), Kanpur	Civil suit	Rs. 3,146,823 for AY 2007-08	(i) Dispute regarding AO disallowing long term capital loss claimed by the Company of Rs. 332,613 in respect of sale of shares of Shivam Motors Private Limited. (ii) Dispute regarding AO disallowing carry forward and set-off of unabsorbed capital loss brought forward from AY 2000-01. (iii) Dispute regarding AO disallowing commission of Rs. 475,585 paid to Anima	Pending.*

S. No.	Cause Title	Dated	Name & Address of the Court/ Arbitration Panel	Nature of Case	Amount under Consideration Rs.	Brief Description of Case	Status
						Enterprise for actual services rendered. The Company has made a claim for refund of income-tax amounting to Rs. 3,146,823; AO has assessed a refund of only Rs. 786,570.	

* Next date of hearing yet to be notified.

Excise Matters

S. No.	Cause Title	Dated	Name & Address of the Court/ Arbitration Panel	Nature of Case	Amount under Consideration Rs.	Brief Description of Case	Status
1.	86/COMMR/CEX/ JBP/2008 CEC, Bhopal vs. Company	April 4, 2008	Commissioner of Customs, Central Excise and Service Tax	Civil suit	Excise Duty (i) Rs. 21,896,492 (ii) Rs. 3,979,719 for the period December 2006 to October 2007 Interest (i) Rs. 1,160,975 (ii) Rs. 270,307 Plus Penalty	(i) Dispute regarding CEC claiming refund of CENVAT credit taken by Company at the time of initial purchase of chassis on which it paid excise duty but failed to refund such credit when it removed such chassis to another unit without manufacturing the body on such chassis, which is a pre-requisite for claiming CENVAT credit. (ii) Dispute seeking payment of differential excise duty by Company as it under paid since it computed liability on the basis of value of body built as against the requirement to pay duty on the value of the entire vehicle.	(i) Company has agreed to its liability to pay differential duty and has, in November 2007, paid a duty of Rs. 21,896,492 and 3,979,719 (ii) Company contesting demand for payment of interest and levy of penalty.
2.	52/COMMR/CEX/ JBP/2008 CEC, Bhopal vs. Company	April 29, 2008	Commissioner of Customs, Central Excise and Service Tax	Civil suit	Excise Duty Rs. 44,172,077 plus interest and penalty	CEC claims that Company under paid excise duty on body built by it on job work basis on chassis supplied by Tata Motors Limited since it computed the 'transaction value' on value of body and chassis whereas the 'transaction value' should have been computed at the value at which motor vehicles are sold by Tata Motors Limited in the market.	Pending.*
3.	133/COMMR/CE X/JBP/2008 CEC, Bhopal vs. Company	December 3, 2008	Commissioner of Customs, Central Excise and Service Tax	Civil suit	Excise Duty Rs. 25,876,211 plus interest and penalty	CEC claims that the Company has wrongfully claimed CENVAT credit since such credit is being claimed on the strength of an earlier willful suppression of facts by the Company.	Pending.* Company has filed reply dated October 12, 2009, denying all alleged violations.
4.	58/COMMR/CEX/ JBP/09 CEC, Bhopal	May 6,2009	Commissioner of Customs, Central Excise and Service Tax	Civil suit	Excise Duty Rs. 21,604,827 for the period April 2008 to	CEC claims that Company under paid excise duty on body built by it on job work basis on chassis supplied by	Pending.*

S. No.	Cause Title	Dated	Name & Address of the Court/ Arbitration Panel	Nature of Case	Amount under Consideration Rs.	Brief Description of Case	Status
	vs. Company				September 2008 plus interest and penalty	Tata Motors Limited since it computed the 'transaction value' on value of body and chassis whereas the value should have been computed at the value at which motor vehicles are sold by Tata Motors Limited in the market.	
5.	109/COMMR/CEX/JBP/09 CEC, Bhopal vs. Company	November 6, 2009	Commissioner of Customs, Central Excise and Service Tax	Civil suit	Excise Duty Rs. 3,151,583 for the period October 2008 to March 2009 plus interest and penalty	CEC claims that Company under paid excise duty on body built by it on job work basis on chassis supplied by Tata Motors Limited since it computed the 'transaction value' on value of body and chassis whereas the value should have been computed at the value at which motor vehicles are sold by Tata Motors Limited in the market.	Pending.*
6.	2/ADC/CEX/JBP/2008 Additional CEC, Bhopal vs. Company	January 3, 2008	Customs, Excise and Service Tax Appellate Tribunal	Civil suit	Excise Duty Rs. 3,979,719 Interest Rs. 267,476 Penalty Rs. 250,000	Dispute regarding CEC claiming refund of CENVAT credit taken by Company upon initial purchase of chassis on which it paid excise duty but failed to refund the credit when it removed such chassis to another unit without manufacturing the body on such chassis, which is a pre-requisite for claiming CENVAT credit.	Pending.* Company's second appeal before the Customs, Excise and Service Tax Appellate Tribunal ("**CESTAT**")
7.	5/COMMR/CEX/JBP/2008 CEC, Bhopal vs. Company	January 9, 2008	Customs, Excise and Service Tax Appellate Tribunal	Civil suit	Excise Duty Rs. 21,896,492 for the period December 2006 to October 2007 Interest Rs. 1,153,238 Penalty Rs. 1,153,238	Dispute regarding CEC claiming refund of CENVAT credit taken by Company upon initial purchase of chassis on which it paid excise duty but failed to refund the credit when it removed such chassis to another unit without manufacturing the body on such chassis, which is a pre-requisite for claiming CENVAT credit.	Company's second appeal before the CESTAT is currently pending where the department's order imposing the disputed amounts has been stayed on April 6, 2009.
8.	134/COMMR/CEX/JBP/2008 l CEC, Bhopal vs. Company	December 3, 2008	Commissioner of Customs, Central Excise and Service Tax	Civil suit	Excise Duty Rs. 25,876,211 plus interest and penalty	CEC claims that the Company has wrongfully claimed CENVAT credit since such credit is being claimed on the strength of an earlier willful suppression of facts by the Company.	Pending.* Company has filed reply dated October 12, 2009, denying all alleged violations.
9.	59/COMMR/CEX/JBP/2009 CEC, Bhopal vs.	May 6, 2009	Commissioner of Customs, Central Excise and Service Tax	Civil suit	Excise Duty Rs. 17,607,465 for the period April 2008 to September	CEC claims that Company under paid excise duty on body built by it on job work basis on chassis supplied by Tata Motors Limited since it	Pending.*

S. No.	Cause Title	Dated	Name & Address of the Court/ Arbitration Panel	Nature of Case	Amount under Consideration Rs.	Brief Description of Case	Status
	Company				2008 plus interest and penalty	computed the 'transaction value' on value of body and chassis whereas the value should have been computed at the value at which motor vehicles are sold by Tata Motors Limited in the market.	
10.	108/COMMR/CEX/JBP/2009 CEC, Bhopal vs. Company	November 6, 2009	Commissioner of Customs, Central Excise and Service Tax	Civil suit	Excise Duty Rs. 7,448,821 for the period October 2008 to March 2009 plus interest and penalty	CEC claims that Company under paid excise duty on body built by it on job work basis on chassis supplied by Tata Motors Limited since it computed the 'transaction value' on value of body and chassis whereas the value should have been computed at the value at which motor vehicles are sold by Tata Motors Limited in the market.	Pending.*

* Next date of hearing yet to be notified.

Sales Tax and VAT Matters

S. No.	Cause Title	Dated	Name & Address of the Court/ Arbitration Panel	Nature of Case	Amount under Consideration Rs.	Brief Description of Case	Status
1.	10/06 (remand)-Central Assistant CCT, Jabalpur vs. Company	November 2, 2007	Assistant Commissioner, Commercial Tax, Jabalpur	Civil suit	Sales Tax Rs. 248,788	Company is claiming refund of Rs. 248,788 since it earlier deposited sales tax of Rs. 1,053,639 with the authorities while its liability was eventually assessed at only Rs. 802,551.	Refund received The Refund will be adjusted against future liability. The Company is yet to receive the order of the adjudicating authority
2.	534/06-Local Deputy CCT, Jabalpur vs. Company	December 10, 2007	Deputy Commissioner, Commercial Tax, Jabalpur	Civil suit	Interest on Sales Tax Rs. 19,967	Dispute regarding the sales turnover reported by the Company being enhanced by the assessing authority by Rs. 3,775,370. The assessing authority also levied interest of Rs. 19,967.	Appellate authority has set aside enhancement of sales turnover by the assessing authority; however, it has upheld the levy of interest on the Company.

3.	548/06-Local Deputy CCT, Jabalpur vs. Company	December 12, 2007	Deputy Commissioner, Commercial Tax, Jabalpur	Civil suit	Interest on Sales Tax Rs. 364,977	Dispute regarding Company not being allowed to claim concessional rate of sales tax due to delay by it in submission of forms for claiming concessional rate of sales tax.	Company has been allowed to claim concessional rate of sales tax upon submission of forms for claiming concessional rate of sales tax subject to payment of interest of Rs. 364,977.
4.	224/07/Local Commissioner (Appeals), Commercial Tax, Jabalpur vs. Company	May 14, 2008	Commissioner (Appeals), Commercial Tax, Jabalpur	Civil suit	Sales Tax Rs. 901,883	Dispute regarding whether the Company is eligible for an exemption from payment of surcharge on the sales tax paid by it when it built a body on the chassis which were sold to the Vehicle Factory.	Company's second appeal in this matter before the Commissioner (Appeals) has been dismissed.
5.	226/07/Central Commissioner (Appeals), Commercial Tax, Jabalpur vs. Company	May 14, 2008	Commissioner (Appeals), Commercial Tax, Jabalpur	Civil suit	Not ascertained.	The Company failed to file Form C for claiming concessional rate of sales and therefore the authorities are claiming differential amount of tax not paid by the Company. The Company has sought for an extension of time for filing the forms for claiming concessional rate of sales tax.	Company's second appeal in this matter before the Commissioner (Appeals) has been dismissed.
6.	342/08/Local Commissioner (Appeals), Commercial Tax, Jabalpur vs. Company	May 7, 2009	Commissioner (Appeals), Commercial Tax, Jabalpur	Civil suit	Sales Tax Rs. 1,256,779	Dispute regarding whether the Company is eligible for an exemption from payment of surcharge on the sales tax paid by it when it built a body on the chassis which were sold to the Vehicle Factory.	Company's second appeal in this matter before the Commissioner (Appeals) has been dismissed.
7.	344/08/Central Commissioner (Appeals), Commercial Tax, Jabalpur vs. Company	May 7, 2009 [07.05.09]	Commissioner (Appeals), Commercial Tax, Jabalpur	Civil suit	Rs. 47,700	The Company failed to file Form C for claiming concessional rate of sales and therefore the authorities are claiming differential amount of tax not paid by the Company. The Company has sought for an extension of time for filing the forms for claiming concessional rate of sales tax.	Company's second appeal in this matter before the Commissioner (Appeals) has been dismissed.

Cases by the Company

S. No.	Cause Title	Dated	Name & Address of the Court/ Arbitration Panel	Amount under Consideration Rs.	Brief Description of Case	Status
1.	The Deputy Commissioner of Income Tax, Kanpur Maharaj Singh Bhatia Civil (Second appeal filed in year 1994)	1994	High Court of Madhya Pradesh	Rs. 18,000 (Amount paid)	The appellants have filed this appeal against the decree of the lower court granting relief to the respondent for an amount of Rs. 18,000 towards claims made during warranty period of vehicle. Appellants claim that the respondents have breached terms of the warranty and hence not entitled to any relief.	Pending.*

2.	Company vs. M/s Stainal Engineering Works. (Filed in 2007)	October 4, 2007	Court of Judicial Magistrate, First Class, Jabalpur	Rs. 1,689,300	Dispute regarding agreement with Defendant for manufacture of water bowsers shells for the Company. Amongst other allegations, Company claims that the Defendant has dishonestly misappropriated Company's property, and refuses to either return it, or reimburse Company for the value of the same. Complaint is filed under Sections 403, 405, 415 and 420 of the Indian Penal Code, 1860 read along with Section 200 of the Code of Criminal Procedure 1973.	Pending.* Next date of hearing – June 14, 2010.
3.	Special Leave Petition No. 5408 of 2009 Company vs. State of Madhya Pradesh & Ors.	2009	Supreme Court	Nil	Petition challenging the constitutional validity of the M. P. Entry Tax Act, 1976 was filed by the Company before the High Court of Madhya Pradesh. The High Court dismissed the petition filed by the Company, hence this appeal.	Pending.*

* Next date of hearing yet to be notified.

Pending investigations/claims/notices against Directors/Company

1. The Company has received a notice bearing number 1313/JDI/I/2007 dated November 11, 2008 from the Office of Regional Director, Ministry of Corporate Affairs, Government of India, alleging violation of various provisions of the Companies Act by the Company and its Directors. This notice has been received by the Company pursuant to an inspection of its statutory records carried out at its registered office.

The alleged violations are as follows:

(a) Certain pages of the minutes of the meeting of the Board and shareholders of the Company held during the year 2007 were not consecutively numbered and the minutes book was not bound as is required under Section 193 of the Companies Act and is punishable with a fine of up to Rs. 500 on the Company and every officer of the Company who is in default.

(b) The balance sheets of the Company for the periods ending March 31, 1993, March 31, 1994, March 31, 1998, March 31, 1999, March 31, 2000 and March 31, 2001 did not present a true and fair view of the state of affairs of the Company since these balance sheets do not have a foot note indicating the contingent liability of the Company undertaken by it by furnishing corporate guarantees towards certain debts incurred by Shivam Motors (which is a Group Company), Kailash Automobiles (which is a firm belonging to the Promoter Group) and Commercial Motors Finance Limited, resulting in a violation of Section 211 of the Companies Act which is punishable with imprisonment for a term of up to 6 months or with fine of up to Rs. 10,000 or both on the managing director or manager and all officers and employees of the Company.

(c) The Company has not filed certain statutory forms pursuant to confirmation of appointment of certain directors who were appointed during the years 2005, 2006 and 2007 at shareholder meetings, as is required pursuant to Section 303 of the Companies Act which is punishable with fine of up to Rs. 500 for every day during which default continues on the Company and every officer of the Company who is in default.

(d) The remuneration paid by Company to M/s Mittal Gupta & Company who were auditors of the Company for the Financial Year 2005-2006 was not approved by the Board or the shareholders, as is necessary under Section 224(8) of the Companies Act which is punishable with fine of up to Rs. 5,000 on the Company and every officer of the Company who is in default and in case of a continuing offence, a further fine of up to Rs. 500 for every day (other than the first day) during which default continues.

(e) Certain directors of the Company failed to provide a notice of disclosure of their interest for the Financial Years 2005-2006 and 2006-2007, as prescribed by Section 299 of the Companies Act which is punishable with fine of up to Rs. 50,000 on every director who is in default.

(f) The Company has failed to appoint a company secretary after the prescribed levels of paid-up capital were crossed by the Company, as is required under Section 383A of the Companies Act which is punishable with fine of up to Rs. 500 on the Company and every officer of the Company who is in default for every day during which default continues.

(g) Certain contracts were entered into by the Company with Commercial Body Builders, Commercial Auto Centre, Kailash Automobiles, Kailash Traders, Tirupati Traders and Tirupati Equipments Private Limited, being entities in which certain of the directors were interested, without complying with the requirements of Section 297 of the Companies Act which makes the contracts voidable.

(h) The notice also asks for details to be provided regarding allegations of fraud and irregularities in the bidding and sale of certain land in collusion with a lower court (not identified in the notice) by the "J. N. Group of Companies" (also not identified in the notice). The notice also mentions certain legal proceedings in this regard.

The Company has filed a reply dated June 25, 2008 to this notice dated March 18, 2008. The matter has been pending without any further action by the Office of Regional Director, Ministry of Corporate Affairs, Government of India since then.

There are no adverse findings against the Company as regards compliance with securities laws.

Except as stated below, no penalties have been imposed on the Company by any governmental authority or court:

1. A penalty of Rs. 39,000 has been imposed by the Court of Chief Judicial Magistrate, Mandla, Madhya Pradesh against Ms. Rekha Gupta, former Director of the Company, as occupier under the Factories Act and Mr. Santosh Aggarwal as personnel manager of the Company, due to a contravention by the Company of provisions for safety and welfare of workmen under the Factories Act, 1948 and the Madhya Pradesh Factories Rules, 1962 leading to death of a workman at the Mandla Factory premises.

2. A penalty of Rs. 21,000 has been imposed by the Court of Chief Judicial Magistrate, Mandla, Madhya Pradesh against Dr. Kailash Gupta, Director of the Company, as occupier under the Factories Act and Mr. Abhishek Jaiswal as personnel manager, due to a contravention by the Company of provisions for safety and welfare of workmen under the Factories Act, 1948 and the Madhya Pradesh Factories Rules, 1962 leading to death of a workman at the Mandla Factory premises.

There are no outstanding statutory dues on the part of the Company:

Except as stated below, the Company has not defaulted in any obligations towards any financial institutions or banks:

We have not obtained consent from SBI for other borrowings from Yes Bank, HSBC and Axis Bank for the Railway Project Loan for which a substantial portion of the Net Proceeds of the Fresh Issue are intended. We have also failed to file Form 8 before the RoC.

The Company has not defaulted in dues towards holders of any debt-instruments, fixed deposits or preference shares of or with the Company.

We confirm that neither: (i) the Company, the Promoters, Group Companies, the Promoter Group, the Directors and persons in control of the Company nor (ii) companies with which any of the Promoters, Directors or persons in control of the Company are or were associated as a promoter, director or person in control, are debarred or prohibited from accessing the capital markets under any order or direction passed by SEBI or any other authority.

None of the Company, the Promoters and the relatives of Promoters have been declared as wilful defaulters by the RBI or any other governmental authority.

The Promoters and Group Companies have further confirmed that there are no violations of securities laws committed by them in the past or currently pending against them except in relation to Kailash Auto Finance Limited, a Group Company, which has committed the following violations:

1. Delay in payment of listing fees.
2. Non appointment of Company Secretary.
3. Delay in filing of quarterly compliances.
4. Non appointment of registered transfer agent.
5. Shares were not dematerialized.
6. Delay in filing of requirements under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.
7. Delay in compliance with clause 41 of the listing agreement.
8. Non-compliance with clause 49 of the listing agreement.

Contingent liabilities of the Company as of December 31, 2009 as set forth in its restated balance sheet as of December 31, 2009 are Rs. 207.45 million.

As per the information available with the company, the following are the details of dues to the creditors who have confirmed their registration under the Micro, Small and Medium Enterprises Development Act, 2006: (MSMED Act)

(Rs. in millions)

Particulars	As at December 31, 2009	As at March 31, 2009
a) Principal amount remaining unpaid	1.95	4.47
b) Interest due thereon	0.25	0.88
c) Interest paid by the Company in terms of section 16 of Micro, Small and Medium Enterprises Development Act, 2006	-	-
d) Interest due and payable for the period of delay in making payment	0.25	0.48
e) Interest accrued and remaining unpaid	1.13	0.88
f) Amount of interest due and payable on previous year's outstanding amount	0.88	0.41

Cases By and Against the Directors of the Company

Except as stated below there is no (i) litigation, including proceedings relating to or alleging violation of statutory regulations, criminal offences, tax liabilities, labour disputes, proceedings under the Companies Act and arbitrations, by or against the Directors of the Company; or (ii) pending criminal proceedings or proceedings regarding economic, statutory or other civil offences, by or against the Directors of the Company:

Cases Against the Directors

Cases against our Promoter Director, Dr. Kailash Gupta

S. No.	Cause Title	Dated	Name & Address of the Court/ Arbitration Panel	Nature of Case	Amount under Consideration / Remedy claimed Rs.	Brief Description of Case	Status
1.	Case No. 4/92 Union of India vs. Company and Dr. Kailash Gupta	1992	Special Chief Judicial Magistrate Kanpur Nagar	Criminal	Rs. 230,724.50	Criminal complaint filed against Dr. Kailash Gupta since the Company failed to deposit tax deducted at	Pending.*

						source by the Company within the prescribed period while paying interest to certain third parties for AY 1987-1988. On this ground the Income Tax Authorities have brought proceedings against the Company and Dr. Kailash Gupta in his capacity as director of the Company.	
2.	Labour Inspector, vs. Dr. Kailash Gupta, Managing Director, CAPL & Others	March 24, 2004	Magistrate (Ist class) Labour Court Rewa	Criminal	Criminal Prosecution of accused.	Allegation regarding breach of Rules 3(1), 3(3), 4(1), 4(2), 6(2) and 7(3) of the Payment of Gratuity Rules, 1972 relating to certain procedural irregularities on the part of Commercial Automobiles Private Limited ("CAPL"), of which Dr. Kailash Gupta is a director, regarding maintenance of a gratuity plan for its employees under the Payment of Gratuity Act, 1972.	Pending.*
3.	Criminal Case No. 3107/2006 State of MP vs. Mr. Ramesh Daga, Mr. Kailash Gupta & others	July 20, 2005	CJM, Rewa	Criminal	Criminal Prosecution of accused.	Matter involving a truck that had allegedly been purchased by the complainant from a third party on hire purchase, that was taken over by a repossession agent when the complainant defaulted in payment of hire-purchase installments for the truck. Originally this complaint named only the financiers of the truck and the repossession agent as parties and alleged that parts of the truck had been stolen while under repossession. The complainant later named Dr. Kailash Gupta as director of CAPL as an additional accused, alleging that he had colluded with the other parties to steal parts of the truck. Dr. Kailash Gupta has filed an application for quashing of the proceedings against him and other officials of CAPL named by the complainant on the grounds that neither he nor CAPL played any role in the matters alleged.	Pending.*
4.	Criminal Complaint No.2125/2001 Mr. Gulab Ram Pathak Vs. Dr. Kailash Gupta and others	Octobe r 10, 2007	JMFC, Sonebhadra	Criminal	Criminal prosecution of the accused	Dr. Kailash Gupta, as director of Kailash Auto Finance Limited ("KAFL") has been named in criminal proceedings regarding repossession of a vehicle taken on finance from KAFL, which acts as a recovery agent for certain	Pending.*

						vehicle manufacturers. The proceedings allege criminal intimidation and theft under the Indian Penal Code, 1860.	
5.	Ms. Asha Yadav vs. Kailash Traders, Partner Kailash Gupta	July 12, 2002	AMACT, Allahabad	Motor Accident Claim	Rs.1,250,000	Application filed for claim compensation by legal heirs of deceased for death resulting due to accident by vehicle belonging to Kailash Traders.	Pending.*

* Next date of hearing yet to be notified.

Cases By the Directors

Cases by our Promoter Director, Dr. Kailash Gupta

Sr. No.	Cause Title	Date of filing	Forum/ Court	Nature of Case	Monetary amount	Summary	Status
1.	F.A. No. 140/09 SMPL (Dr. Kailash Gupta) vs. Santosh Kumar Agrawal & State of Chhattisgarh	August 10, 2009	High Court of Chattisgarh	Civil Suit	Not ascertained.	Shivam Motors Private Limited ("SMPL"), through its director Dr. Kailash Gupta, has filed first appeal for setting aside order dismissing SMPL's counter claim in a matter involving tenant's refusal to pay rent and allegation made by tenant regarding existence of an agreement to sell the property in question to the tenant.	Pending.*

There are no adverse findings against Directors of the Company as regards compliance with securities laws.

Except as stated below, no penalties have been imposed on Directors of the Company by any governmental authority or court:

A penalty of Rs. 21,000 has been imposed by the Court of Chief Judicial Magistrate, Mandla, Madhya Pradesh against Dr. Kailash Gupta, Director of the Company, as occupier under the Factories Act, due to a contravention by the Company of provisions for safety and welfare of workmen under the Factories Act, 1948 and the Madhya Pradesh Factories Rules, 1962 leading to death of a workman at the Mandla Factory premises. Also, a penalty of Rs. 39,000 has been imposed by the Court of Chief Judicial Magistrate, Mandla, Madhya Pradesh against Ms. Rekha Gupta, former Director of the Company, as occupier under the Factories Act, due to a contravention by the Company of provisions for safety and welfare of workmen under the Factories Act, 1948 and the Madhya Pradesh Factories Rules, 1962 leading to death of a workman at the Mandla Factory premises.

There are no outstanding statutory dues on the part of Directors of the Company.

There are no past cases in which Directors of the Company has been found guilty of economic or other offences.

Neither SEBI, nor any stock exchanges have taken any disciplinary action against Directors of the Company.

Directors of the Company have not defaulted in any obligations towards any financial institutions or banks.

The Directors of the Company have not defaulted in dues towards holders of any debt-instruments, fixed deposits or preference shares of or with the Company.

Cases By and Against the Promoters and Group Companies

Except as stated below there is no (i) litigation, including proceedings relating to tax liabilities, proceedings under the Companies Act and arbitrations, labour disputes by or against the Promoters; or (ii) pending criminal proceedings or proceedings regarding economic, statutory or other civil offences by or against the Company:

Cases Against the Promoters

S. No.	Cause Title	Dated	Name & Address of the Court/ Arbitration Panel	Nature of Case	Amount under Consideration / Remedy claimed Rs.	Brief Description of Case	Status
1.	Case No. 4/92 Union of India vs. Company	1992	Special Chief Judicial Magistrate Kanpur Nagar	Criminal	Rs. 230,724.50	Criminal complaint filed against Dr. Kailash Gupta since the Company failed to deposit tax deducted at source by the Company within the prescribed period while paying interest to certain third parties for AY 1987-1988. On this ground the Income Tax Authorities have brought proceedings against the Company and Dr. Kailash Gupta in his capacity as director of the Company.	Pending.*
2.	Labour Inspector, vs. Dr. Kailash Gupta, Managing Director, CAPL & Others	March 24, 2004	Magistrate (Ist class) Labour Court Rewa	Criminal	Criminal Prosecution of accused.	Allegation regarding breach of Rules 3(1), 3(3), 4(1), 4(2), 6(2) and 7(3) of the Payment of Gratuity Rules, 1972 relating to certain procedural irregularities on the part of Commercial Automobiles Private Limited ("CAPL"), of which Dr. Kailash Gupta is a director, regarding maintenance of a gratuity plan for its employees under the Payment of Gratuity Act, 1972.	Pending.*
3.	Criminal Case No. 3107/2006 State of MP vs. Mr. Ramesh Daga, Mr. Kailash Gupta & others	July 20, 2005	CJM, Rewa	Criminal	Criminal Prosecution of accused.	Matter involving a truck that had allegedly been purchased by the complainant from a third party on hire purchase, that was taken over by a repossession agent when the complainant defaulted in payment of hire-purchase installments for the truck. Originally this complaint named only the financiers of the truck and the repossession agent as parties and alleged that parts of the truck had been stolen while under repossession. The complainant later named Dr. Kailash Gupta as director of CAPL as an additional accused, alleging that he had colluded with the other parties to steal parts of the truck. Dr. Kailash Gupta has filed an application for quashing of the proceedings against him and other officials of CAPL named by the complainant	Pending.*

						on the grounds that neither he nor CAPL played any role in the matters alleged.	
4.	Criminal Complaint No.2125/2001 Mr. Gulab Ram Pathak Vs. Dr. Kailash Gupta and others	October 10, 2007	JMFC, Sonebhadra	Criminal	Criminal prosecution of the accused	Dr. Kailash Gupta, as director of Kailash Auto Finance Limited ("KAFL") has been named in criminal proceedings regarding repossession of a vehicle taken on finance from KAFL, which acts as a recovery agent for certain vehicle manufacturers. The proceedings allege criminal intimidation and theft under the Indian Penal Code, 1860.	Pending.*
5.	Ms. Asha Yadav vs. Kailash Traders, Partner Kailash Gupta	July 12, 2002	AMACT, Allahabad	Motor Accident Claim	Rs.1,250,000	Application filed for claim compensation legal heirs of deceased for death resulting due to accident by vehicle belonging to Kailash Traders.	Pending.*

* Next date of hearing yet to be notified.

Cases By the Promoters

Cases by our Promoter Director, Dr. Kailash Gupta

Sr. No.	Cause Title	Date of filing	Forum/ Court	Nature of Case	Monetary amount	Summary	Status
1.	F.A. No. 140/09 SMPL (Dr. Kailash Gupta) vs. Santosh Kumar Agrawal & State of Chhattisgarh	August 10, 2009	High Court of Chattisgarh	Civil Suit	Not ascertained.	Shivam Motors Private Limited ("SMPL"), through its director Dr. Kailash Gupta, has filed first appeal for setting aside order dismissing SMPL's counter claim in a matter involving tenant's refusal to pay rent and allegation made by tenant regarding existence of an agreement to sell the property in question to the tenant.	Pending.*

* Next date of hearing yet to be notified.

Cases Against the Group Companies

Commercial Automobiles Private Limited ("CAPL")

S. No.	Cause Title	Date of Filing	Forum	Nature of Case	Monetary amount, injunction or other remedy claimed	Summary	Status
1.	Labour Inspector, vs. Dr. Kailash Gupta, Managing Director, CAPL & Others	March 24, 2004	Magistrate (Ist class) Labour Court Rewa	Criminal	Not Ascertained	Allegation regarding breach of Rules 3(1), 3(3), 4(1), 4(2), 6(2) and 7(3) of the Payment of Gratuity Rules, 1972 relating to certain procedural irregularities on the part of CAPL regarding maintenance of a gratuity plan for its employees under the Payment of Gratuity Act, 1972.	Pending.*
2.	State of MP vs. Mr. Ramesh Daga, Mr.	July 20, 2005	CJM, Rewa	Criminal	Not Ascertained	Matter involving a truck that had allegedly been purchased	Pending.*

S. No.	Cause Title	Date of Filing	Forum	Nature of Case	Monetary amount, injunction or other remedy claimed	Summary	Status
	Kailash Gupta & others					by the complainant from a third party on hire purchase, that was taken over by a repossession agent when the complainant defaulted in payment of hire-purchase installments for the truck. Originally this complaint named only the financiers of the truck and the repossession agent as parties and alleged that parts of the truck had been stolen while under repossession. The complainant later named Dr. Kailash Gupta as director of CAPL as an additional accused, alleging that he had colluded with the other parties to steal parts of the truck. Dr. Kailash Gupta has filed an application for quashing of the proceedings against him and other officials of CAPL named by the complainant on the grounds that neither he nor CAPL played any role in the matters alleged.	
3.	CAPL and Company vs. Mr. Maharaj Singh Bhatia	1994	High Court	Civil (second appeal)	Rs. 18,000 (Amount paid)	CAPL and the Company have filed this appeal against the decree of the lower court granting respondent an amount of Rs. 18,000 towards claims made during warranty period of a vehicle. CAPL and the Company claim that the respondents have breached terms of the warranty and hence are not entitled to any relief.	Pending.*
4.	CS No. 7A/95 Bajaj Automobiles Ltd vs. CAPL	1997	High Court	Civil (first appeal)	Quashing of decree of ejectment from property situated in Rewa passed against Bajaj Automobiles Limited.	CAPL had filed a civil suit against their tenant, Bajaj Automobiles Limited to vacate the petrol pump premises and pay arrears of Rent and mesne profit. Decree was passed in favour of CAPL by Ist Additional District Judge Rewa on May 16, 1997 against which the tenant has filed first appeal.	Pending.*
5.	Suit No. 263A/94 Administrator City Corporation, Jabalpur vs. CAPL	2001	High Court	Civil (1st Appeal)	Rs. 100,000	CAPL had filed a civil suit against Administrator City Corporation seeking assessment of lease rent/lease renewal charges for leased property. Court of 12th Additional District Judge, Jabalpur had passed a decree granting relief of Rs. 100,000 in favour of CAPL. The corporation	Pending.*

S. No.	Cause Title	Date of Filing	Forum	Nature of Case	Monetary amount, injunction or other remedy claimed	Summary	Status
						has filed an appeal against the decree.	
6.	No. 6/93 Ms. Sukhia Bai vs. Mr. Shyamsunder & CAPL	2008 (original application filed in year 2005 at MACT, Katni)	Court of 11th Motor Accident Claims Tribunal, JBP	Recovery of awarded amount	Rs. 239,440	Accident caused by leased vehicle of CAPL. Award passed against CAPL for payment of Rs. 83,000 with interest at 12% p.a. from November 21, 1989. This application is for recovery of that amount.	Pending.*
7.	No. 14/93 Mr. Ramkumar vs. CAPL	2008 (original application filed in year 2005 at MACT, Katni)	Court of 11th Motor Accident Claims Tribunal, JBP	Recovery of Awarded amount	Rs. 242,360	Accident caused by leased vehicle of CAPL. Award passed against CAPL for payment of Rs. 82,000 with interest at 12% p.a. from November 21, 1989. This application is for recovery of that amount.	Pending.*
8.	Ms. Siya Kumari vs. TDLF & CAPL	1999	Labour Court, Satna	Workman's Compensation	Rs. 213,057	Accident caused by leased vehicle of CAPL. Legal heirs of deceased are claiming Rs. 213,057 as compensation.	Pending.*
9.	Mr. Krishna Kanihya Gotia vs. TELCO & CAPL	2006	NCDRC, New Delhi	Consumer Dispute	Rs. 450,000	A Civil case had been filed by Mr. Krishna Kanihya Gotia against TELCO & CAPL for deficiency in service, chassis crack, oil leakage & suspension. The case was dismissed by District Consumer Forum, Satna and State Commission Bhopal. Hence this revision petition No. 1597/06 has been filed.	Pending.*
10.	Ms. C. N. Thankamani vs. TML & CAPL	April 07, 2009	MPSCDRC, Bhopal	Consumer Dispute	Claim amount Rs. 62,350	A civil case has been filed by against CAPL before the District Consumer Forum, Damoh for manufacturing defects in the vehicle sold (clutch disk assembly, clutch cover assembly, fly wheel etc.). A refund claim for an amount of Rs. 27,350 paid for the repair along with compensation and costs. An order was passed on July 4, 2007 by the District Consumer Forum, Damoh dismissing the said complaint. Hence this appeal (Appeal No. 1625/2009) before the state commission.	Pending. Next date of hearing - April 19, 2010.
11.	Mr. Ankit Saxena vs. CAPL	June 5, 2008	DCF Jabalpur	Consumer Dispute	Rs. 60,000	A civil suit was filed by Mr. Ankit Saxena against CAPL seeking Rs. 60,000 as compensation for loss suffered due to delay in repair of vehicle.	Pending.*
12.	Dr. Himlesh	January 6,	DCF, Jabalpur	Consumer	Rs. 106,066	A civil suit was filed by Dr.	Pending.*

S. No.	Cause Title	Date of Filing	Forum	Nature of Case	Monetary amount, injunction or other remedy claimed	Summary	Status
	Charan Dubey vs. TML and CAPL	2009		Dispute		Himlesh Charan Dubey against CAPL for supply of defective vehicle resulting in repeated break down of the vehicle causing physical, mental and financial harassment. The complainant has claimed replacement of the vehicle along with registration and insurance charges for the new vehicle and a compensation of Rs. 106,066 with cost of litigation.	
13.	Mr. Jagmohan Prajapati vs. CAPL	March 3, 2009	DCF, Jabalpur	Consumer Dispute	Rs. 42,950	A civil case has been filed by Mr. Jagmohan Prajapati against CAPL seeking refund of labour charges for changing particular product in vehicle without permission of the complainant claiming Rs 42,950. Complainant claims cost of litigation as well.	Pending.*
14.	Ms. Devendra Pathak vs. Senior Manager, CAPL and TML	March 24, 2009	DCF, Jabalpur	Consumer Dispute	Rs. 30,000	A civil suit has been filed by Ms. Devendra Pathak against CAPL claiming that CAPL failed to provide benefits amounting to Rs. 10,000 as promised under a sales promotion scheme to the complainant upon purchase of vehicles. Complainant also seeks a further compensation of Rs. 10,000 along with litigation charges of Rs. 10,000.	Pending.*
15.	Mr. Naveen Shankar Pandey vs. TML and CAPL	May 25, 2008	DCF, Jabalpur	Consumer Dispute	Rs. 522,270	A civil case had been filed by Mr. Naveen Shankar against TML complaining about major problems in a vehicle leased from CAPL such as heavy smoke, engine, injection nozzle, turbo charge etc. If not solved then replacement or refund of the amount as appropriate.	Pending.*
16.	Ms. Kiran Kapoor vs. CAPL and TML	July 3, 2009	DCF, Jabalpur	Consumer Dispute	Rs. 64,000	A civil suit has been filed by Ms. Kiran Kapoor against CAPL and TML for deficiency in service, claiming that the front axel which was within warranty was not changed.	Pending.*
17.	Mr. Abbu Khan vs. CAPL	July 23, 2009	DCF, Satna	Consumer Dispute	Rs. 55,000	A Civil Suit has been filed by Abbu Khan against CAPL for deficiency in service by not assisting in transfer of vehicle in favour of complainant. Complainant also claims Rs. 25,000 on depreciation of spare parts, Rs. 7,416 for insurance and Rs. 17,000 as RTO tax plus costs of litigation.	Order passed by DCF, Satna on February 18, 2010 directing CAPL to proceed before the RTO to transfer vehicle in favour of

S. No.	Cause Title	Date of Filing	Forum	Nature of Case	Monetary amount, injunction or other remedy claimed	Summary	Status
							complainant and provide relevant documents and pay Rs. 5,000 as loss and Rs. 10,000 for deficiency in service and unfair trade practice.
18.	Mr. Rajendra Pratap Singh vs. CAPL	February 3, 2009	District Consumer Disputes Redressal Forum spa, Jabalpur	Consumer Case	Rs. 197,000	Complainant has filed complaint for issue of no-objection certificate for transfer of vehicle in complainant's name and claiming compensation of Rs. 197,000.	Pending.*
19.	Mr. Brijnath Kewat vs. CAPL & Ors	July 23, 2009	District Consumer Disputes Redressal Forum , Shahdol	Consumer Case	Rs. 150,000	Complainant has filed complaint due to problem in air-conditioning and gear box of vehicle seeking compensation of Rs. 150,000.	Pending.*
20.	Appeal No. 2317/09 Mr. Rajnesh Singh vs. CAPL & others	March 17, 2010	State Commission Bhopal	Consumer Case	Rs. 403,664	An Appeal has been filed against the order dated August 12, 2009 passed by District Consumer Forum, Rewa alleging deficiency in service by CAPL.	Pending.*
21.	Mr. Dharmendra Sharma vs. Commercial Automobiles & TML	March 22, 2010	M.P.State Consumer Disputes Redressal Commission Bhopal	Consumer Case	Not Ascertained.	An appeal has been filed against the order dated May 27, 2009 passed by District Consumer Forum, Rewa alleging deficiency in service by CAPL.	Pending.*
22.	Mr. Sandeep Singh Arora vs. Tata Motors & others	March 7, 2007	M.P.State Consumer Disputes Redressal Commission Bhopal	Consumer Case	Not Ascertained.	An appeal has been filed against the order dated May 27, 2009 passed by District Consumer Forum, Rewa alleging deficiency in service by CAPL.	Pending. Next date of hearing - April 12, 2010.
23.	Mr. Sandeep Singh Arora vs. Tata Motors & others	March 7, 2007	M.P.State Consumer Disputes Redressal Commission Bhopal	Consumer Case	Not Ascertained.	An appeal has been filed against the order dated April 29, 2008 passed by District Consumer Forum, Rewa alleging deficiency in service by CAPL.	Pending. Next date of hearing - April 12, 2010.
24.	Mr. Deen Dyal Chourasiya vs. Tata Engineering & Locomotive Co. Ltd. & others	December 03, 2008	M.P.State Consumer Disputes Redressal Commission Bhopal	Consumer Case	Rs. 81,970	An appeal has been filed against the order of the District Consumer Forum dismissing application claiming deficiency of service by CAPL.	Pending.*
25.	Mr. Lalit Shrivastava vs. CAPL	February 17, 2009	M.P.State Consumer Disputes Redressal Commission Bhopal	Consumer Case	Rs. 1,000	An appeal has been filed against the order of the District Consumer Forum dismissing application claiming deficiency of service by CAPL.	Pending.*
26.	Mr. Sanjay Jaiswal vs. Tata Motors Ltd. & CAPL	November 11, 2008	M.P.State Consumer Disputes Redressal	Consumer Case	Rs. 81,970	An appeal has been filed against the order of the District Consumer Forum dismissing application	Pending.*

S. No.	Cause Title	Date of Filing	Forum	Nature of Case	Monetary amount, injunction or other remedy claimed	Summary	Status
			Commission Bhopal			claiming deficiency of service by CAPL.	
27.	Mr. Sukhendra Singh vs. National Insurance Co. & others.	October 17, 2008	M.P.State Consumer Disputes Redressal Commission Bhopal	Consumer Case	Rs.350,000	An appeal has been filed against the order of the District Consumer Forum where an application claiming deficiency in service provided by CAPL has been upheld. CAPL has paid compensation of Rs. 350,000 to the applicant.	Pending.*
28.	Mr. Bhailal Tiwari vs. Mr. Vive K Soni & Ors	April 25, 2009	District Consumer Disputes Redressal Forum , Shahadol	Consumer Case	Rs. 40,000	An appeal has been filed against the order of the District Consumer Forum dismissing application claiming deficiency of service by CAPL.	Pending.*
29.	Mr. Jitendra Mishra vs. CAPL	December 16, 2008	District Consumer Disputes Redressal Forum , Jabalpur	Consumer Case	Rs. 170,000	A complaint has been filed by the applicant before the District Consumer Forum alleging deficiency in services provided by CAPL.	Pending.*
30.	Mr. Ramvilas Gupta vs. Tata Motors & Ors	January 29, 2009	District Consumer Disputes Redressal Forum , Sidhi	Consumer Case	Rs. 437,718	A civil suit has been filed by the complainant against CAPL claiming the balance portion of insurance on value of stolen car not being paid for by the insurance company.	Pending.*
31.	Mr. Ramakant Awasthi vs. Agrawal Motors & Ors	February 1, 2010	District Consumer Disputes Redressal Forum , Satna	Consumer Case	Rs.148,314	A civil suit has been filed by the complainant claiming Rs. 148,314 due to a problem faced by him in the functioning of the vehicle.	Pending.*
32.	Mr. Nitin Shrivastav vs. ICICI Lombord General Insurance Co. Pvt. Ltd. Ors	January 23, 2010	District Consumer Disputes Redressal Forum , Sahdol	Consumer Case	Rs. 50,000	A civil suit has been filed by the complainant against the insurance company for rejecting the claim raised by the claimant and has added CAPL as a party to the proceeding.	Pending.*
33.	Mr. Sudhir Jain vs. CAPL & Ors	September 2, 2010	District Consumer Disputes Redressal Forum , Katni	Consumer Case	Rs. 380,000	A civil suit has been filed by the complainant for facing various problems in his car and is claiming Rs. 25,036 for repairing the fuel meter and Rs. 300,000 towards mental agony caused along with other expenses incurred amounting to Rs. 50,000.	Pending.*
34.	Mr. Shatrughan Singh vs. CAPL & Ors	September 2, 2010	District Consumer Disputes Redressal Forum , Sidhi	Consumer Case	Rs. 281,000	A civil suit has been filed by the complainant due to the problems faced by him in the hydraulic system claiming Rs. 281,000 and other charges incurred.	Pending.*
35.	Mr. R. K. Samaiya vs. CAPL & Ors	January 17, 2010	District Consumer Disputes Redressal Forum , Jabalpur	Consumer Case	Rs. 430,305	A civil suit has been filed by the complainant claiming deficiency in services in repairing a car, claiming a compensation of Rs. 430,305.	Pending.*
36.	Ms. Amrata Yadav vs. Tata Motors & Ors	December 28, 2010	District Consumer Disputes Redressal Forum	Consumer Case	Rs. 146,993	A civil suit has been filed by the complainant claiming deficiency in servicing of his vehicle, claiming a	Pending.*

S. No.	Cause Title	Date of Filing	Forum	Nature of Case	Monetary amount, injunction or other remedy claimed	Summary	Status
			, Jabalpur			compensation of Rs. 146,993	
37.	Mr. Ashok Kumar Agrawal vs. Tata Motors & Ors	December 18, 2009	District Consumer Disputes Redressal Forum , Chhatarpur	Consumer Case	Not Ascertained.	A civil suit has been filed by the complainant claiming deficiency in service	Pending.*
38.	Mr. Santosh Mor vs. Tata Motors & Ors	March 3, 2010	District Consumer Disputes Redressal Forum , Jabalpur	Consumer Case	Rs. 413,014	A civil Suit has been filed seeking replacement of vehicle purchased from CAPL or refund of cost of the vehicle along with the compensation of Rs. 50,000 and costs of Rs. 5,000.	Pending.*
39.	Mr. Liyakat Ali vs. Commercial Automobiles (p) Ltd.	April 3, 2010	District Consumer Disputes Redressal Forum , Jabalpur	Consumer Case	Rs. 892,396	A civil Suit has been filed by the complainant claiming a manufacturing defect in the vehicle, seeking replacement of the vehicle along with a compensation of Rs. 150,000.	Pending.*
40.	Mr. Ashok Kumar Shukla vs. Tata Motor & 2 Others	January 8, 2010	District Consumer Disputes Redressal Forum , Narsinghpur	Consumer Case	Rs. 87,880	A civil Suit has been filed by the complainant seeking change of the chassis frame under warranty or refund of Rs. 47,880 and to pay an amount of Rs. 40,000 on account of losses suffered.	Pending.*
41.	Mr. Vinay Kumar Vishwakarma vs. Oriental Insurance & Ors	March 12, 2010	District Consumer Disputes Redressal Forum , Narsinghpur	Consumer Case	Rs. 455,000	CAPL has been added as a party to a civil suit filed by the complainant against the insurance company claiming payment for total loss of the vehicle which was parked and being repaired at CAPL's workshop in Ghana.	Pending.*
42.	Mf. Amarjeet Kaur Chhabra vs. M/s Sanghi Brothers & Ors	January 8, 2010	District Consumer Disputes Redressal Forum , Narsinghpur	Consumer Case	Rs. 10,000	A civil suit has been filed by the complainant seeking change of gear box of the vehicle and claiming Rs. 10,000 as costs of litigation.	Pending.*
43.	Mr. Gyanendra Singh vs. Commercial Automobiles & Ors	February 5, 2010	District Consumer Disputes Redressal Forum , Narsinghpur	Consumer Case	Rs. 200,000	A complaint has been filed seeking a direction to CAPL for change of nozzle pump of the vehicle as well as compensation of Rs. 200,000.	Pending.*
44.	Mr. Suresh Patel vs. Commercial Automobiles & others	February 18, 2008	District Consumer Disputes Redressal Forum , Mandla	Consumer Case	Rs. 116,000	A civil Suit has been filed by the complainant seeking direction for release of vehicle and payment of compensation of Rs. 116,000.	Pending.*
45.	Mr. Ghanshyam Tiwari vs. Commercial Automobiles & others	October 12, 2002	District Consumer Disputes Redressal Forum , Allahabad	Consumer Case	Rs. 116,000	A civil suit has been filed by the complainant seeking directions for release of vehicle and payment of compensation of Rs. 185,000.	Pending.*
46.	Mr. Devendra Gautam vs. Commercial Automobiles & othes	March 9, 2009	District Consumer Disputes Redressal Forum , Rewa	Consumer Case	Rs. 175,000	A civil suit has been filed by the complainant seeking directions for release of vehicle and payment of compensation of Rs. 175,000.	Pending.*
47.	Mr. Ram Nath vs. Tata Motors Ltd. & others	January 17, 2009	District Consumer Disputes Redressal Forum , Sonbhadra	Consumer Case	Rs. 25,000	A civil suit has been filed by the complainant for seeking direction for release of vehicle and payment of compensation of Rs. 25,000	Pending.*

S. No.	Cause Title	Date of Filing	Forum	Nature of Case	Monetary amount, injunction or other remedy claimed	Summary	Status
48.	Mr. Dassi Alis Ramesh Paroha vs. Mr. Praladh Burman	October 30, 2006	High Court	Civil (Misc Appeal) No. 3900/06	Rs. 304,500	An appeal for enhancement of award dated June 30, 2006 passed in Motor Vehicle Case No. 77/2006 by Third Additional AMACT, Katni whereby awarded only Rs. 45,500.	Pending.*

* Next date of hearing yet to be notified.

Shivam Motors Private Limited ("SMPL")

Sr. No.	Cause Title	Date of filing	Forum/ Court	Nature of Case	Monetary amount	Summary	Status
1.	F.A. No. 11/08 Mr. Santosh Kumar Agrawal vs. SMPL	January 18, 2008	District Judge Korba	Civil Suit	Rs. 200,000	Suit filed against SMPL to recover arrears of rent from SMPL with respect to leased property in question.	Pending. Matter conditionally stayed by High Court of Chhattisgarh and Rs. 200,000 paid earlier by SMPL have been refunded to it.
2.	App. No. MCA 1316/97 Mr. Kulpati Yadav & Ors. vs. Mr. Alok Chatterjee & Ors. & SMPL & N.I.Co.	January 9, 1998	High Court of MP	Motor Accident Claim	Rs. 500,000	Claim filed by complainant claiming compensation for loss suffered due to accident caused by the relevant vehicle in question belonging to SMPL.	Pending.*
3.	App. No. MCA 1047/07 Ms. Kol Gail Amma vs. SMPL & Ors.	February 3, 2000	High Court of MP	Motor Accident Claim	Rs. 1,020,000	Claim filed by complainant claiming compensation for loss suffered due to accident caused by the relevant vehicle in question belonging to SMPL.	Pending.*
4.	App No. MCA 572/01 Mr. Santosh Kumar vs. SMPL & Ors.	February 3, 2000	High Court of MP	Motor Accident Claim	Rs. 650,000	Claim filed by complainant claiming compensation for loss suffered due to accident caused by the relevant vehicle in question belonging to SMPL.	Pending.*
5.	App No. 859/04 Raju Urf Rajendra vs. SMPL & 3 Ors.	February 23, 2004	High Court of MP	Motor Accident Claim	Rs. 169,853	Claim filed by complainant claiming compensation for loss suffered due to accident caused by the relevant vehicle in question belonging to SMPL.	Pending.*
6.	App. No. 628/07 Pappu Urf Surendra Singh vs. SMPL UII & 2 Ors.	March 1, 2004	High Court of MP	Motor Accident Claim	Rs. 50,000	Claim filed by complainant claiming compensation for loss suffered due to accident caused by the relevant vehicle in question belonging to SMPL.	Pending.*
7.	Case No. 151/07 Mr. Ashok Kumar Dhulyani vs. SMPL & TM	March 242008	C.D.R.F. BSP	Consumer Dispute	Rs. 100,000	Complaint filed against SMPL alleging deficiency in service provided by SMPL.	Pending. Next date of hearing - April 12, 2010.
8.	193/08	July132009/	C.D.R.F.	Consumer	Rs. 91,000	Complaint filed against	Pending.*

Sr. No.	Cause Title	Date of filing	Forum/ Court	Nature of Case	Monetary amount	Summary	Status
	Mr. Ashish Ku. Gupta vs. SMPL & TML	SMPL October1320 09/ TML	BSP	Dispute		SMPL alleging deficiency in service provided by SMPL causing loss and mental agony to complainant.	
9.	105/09 Maheswari Coal Beneficiation vs. TML & SMPL	November 5, 2009	C.D.R.F. BSP	Consumer Dispute	Rs. 250,000	Complaint filed against SMPL alleging deficiency in service provided by SMPL.	Pending.*
10.	159/04 Mr. Vikash Goel vs. SMPL	August 3, 2004	C.D.R.F. BSP	Consumer Dispute	Rs. 4,000	Complaint filed against SMPL alleging deficiency in service provided by SMPL.	Pending.*
11.	265/09 Ms. Bhagirathi Brijwasi vs. SMPL & TMF	July 13, 2009	C.D.R.F. BSP	Consumer Dispute	Rs. 100,000	Complaint filed against SMPL alleging deficiency in service provided by SMPL.	Pending.*
12.	294/08 Mr. Charan Singh vs. SMPL & TMF	November 12, 2009	C.D.R.F. BSP	Consumer Dispute	Rs. 20,000	Complaint filed against SMPL alleging deficiency in service provided by SMPL. Complainant also seeking no-objection certificate from Tata Motors Finance Limited for transfer of vehicle in name of complainant.	Pending.*
13.	242/09 Ms. Shanti Devi vs. SMPL & TMF	July 2, 2009	C.D.R.F. BSP	Consumer Dispute	Not ascertained	Complaint filed against SMPL alleging deficiency in service provided by SMPL.	Pending.*
14.	Case No. 577/09 Ms. Phoolmani Tirki vs. SMPL	November 24, 2009	Civil Court Ambikapur	Consumer Dispute	Not ascertained	Complaint filed against SMPL alleging deficiency in service provided by SMPL since the vehicle in question was repossessed due to default in payment of installments.	Pending.*
15.	Case No. 32B/08 SMPL vs. Mr. Shiv Agrawal	February 6, 2008	Civil Judge/BSP	Civil Suit	Not available	Suit filed by SMPL for recovery of monies due on account of sale of vehicle.	Pending.* Matter has been compromised with party and monies received.
16.	Case No. 38B/08 SMPL vs. Mr. S.H.Z. Naqvi	May 6, 2008	Civil Judge/BSP	Execution Petition	Rs. 17,266 with interest at the rate of 6%	Execution proceedings filed by SMPL to recover arrears of rent due for property leased by SMPL. Matter has been decreed in favour of SMPL.	Pending.*
17.	Case No. 18B/07 SMPL vs. Mr. Santosh Kumar Agrawal	December 6, 2007	District Judge/Korba	Civil Suit	Rs. 4,61,231	Suit filed by SMPL to recover arrears of rent due for property leased by SMPL to Mr. Santosh Kumar Agrawal.	Pending.*
18.	Case No. 16B/07 SMPL vs. Mr. Santosh Kumar Agrawal decree	2003	District Judge/Korba	Execution Petition	Rs. 516,708	Execution proceedings filed by SMPL to recover arrears of rent due for property leased by SMPL. Matter has been decreed in favour of SMPL.	Pending.* Execution proceedings have been stayed since Mr. Santosh Kumar Agrawal has paid the arrears of rent on

Sr. No.	Cause Title	Date of filing	Forum/ Court	Nature of Case	Monetary amount	Summary	Status
							January 14, 2010.
19.	Case No. 25A/08 SMPL vs. Bank of India & 2 Ors.	September 17, 2002	Civil Judge/BSP	Civil Suit	Rs. 42,439 and Rs. 5,440	Suit filed by SMPL against Bank of India and 2 others seeking directions for issuance of duplicate cheques since original cheques were deposited with Bank of India, Bilaspur but were lost in transit during collection of the amount.	Pending.*
20.	Case No. -/08 SMPL vs. Mr. Shyamlal Vidhani	October 10, 2008	Civil Judge/BSP	Civil Suit	Rs. 34,285	Suit filed by SMPL for recovery of monies due on account of repair of vehicle.	Pending.*
21.	App. No. 578/09 Mr. K.K. Agrawal vs. SMPL & TML	October 14, 2009	State Commission Raipur	Consumer	Rs. 95,100	Suit filed against SMPL alleging deficiency in services by SMPL.	Pending.*
22.	App. No. 250/09 TML & SMPL vs. Mr. Narendra Kumar Halwai	May 21, 2009	State Commission Raipur	Deficienc y in service	Rs. 550,463	Suit filed against SMPL alleging deficiency in services by SMPL and claiming replacement of defected vehicle.	Pending.*
23.	App. No. 577/09 Mr. Phool Mani Tirki vs. TML & SMPL	November 24, 2009	State Commission Raipur	Consumer	Rs. 263 000	Suit filed against SMPL alleging deficiency in services by SMPL.	Pending.*
24.	Case No. 173/06 Mr. Manoj Lala vs. SMPL	September 19. 2006	C.D.R.F. BSP	Consumer	Not available	Suit filed against SMPL alleging deficiency in services by SMPL.	Pending.*
25.	Case No. 132/04 SMPL vs. Mr. Rajesh Srivastav	October 19, 2004	C.D.R.F. BSP	Consumer	Rs. 106,000	Suit filed against SMPL alleging deficiency in services by SMPL.	Pending.* Next date of hearing - April 16, 2010.
26.	Case No. BSP-58/WCA/COC/ B/08 Mr. Yogesh Chndra Nevar & 3 Ors. vs. SMPL	June 26, 2008	Labour Court/BSP	Labour Dispute	Rs. 438,820	Suit filed by workmen for claiming compensation under Workmen Compensation Act, 1923 for injury caused.	Pending. Next date of hearing - May 19, 2010.

* Next date of hearing yet to be notified.

List of Notices Issued by SMPL

Sr. No.	Date	Notice Issued By	Notice Issued To	Summary	Monetary Amount
1.	March 18, 2009 By Registered AD	SMPL/BSP	Not ascertained.	Recovery of outstanding dues towards purchase of turbo charger by the party.	Rs. 14,062
2.	November 11, 2009 By Register AD	SMPL/BSP	Mr. Ram Bharose Tehsil Manderagarh Jila Koriya	Notice issued against Mr. Ram Bharose who has defaulted in paying installments towards vehicle purchased due to which it was repossessed and sold by Tata Finance Limited.	Not ascertained.
3.	October 20, 2009 By Register AD	SMPL/BSP	Mr. Prajeshwar Soni & Mr.Anil Gupta	Notice issued in connection with recovery of balance sums towards purchase of vehicle. No-objection certificate from Tata Finance Limited for transfer of vehicle can only be issued subsequent to receipt of balance sums.	Not ascertained.
4.	August 17, 2009 By Register AD	SMPL/BSP	Mr. Dushyant Singh Netam	Notice issued by SMPL for recovery of balance amounts towards purchase of vehicle. The vehicle has been repossessed by Tata Finance Limited due to not having paid installments and interest.	Rs. 96,028

Kailash Auto Finance Limited ("KAFL")

Sr. No.	Cause Title	Date of filing	Forum/ Court	Nature of Case	Monetary amount	Summary	Status
1.	Criminal Complaint No.2125/2001 Mr. Gulab Ram Pathak Vs. Dr. Kailash Gupta and others	October 10, 2007	JMFC, Sonebhadra	Criminal	Criminal prosecution of accused	KAFL has been named in criminal proceedings regarding repossession of a vehicle taken on finance from KAFL, which acts as a recovery agent for certain vehicle manufacturers. The proceedings allege criminal intimidation and theft under the Indian Penal Code, 1860.	Pending. *
2.	Case No. MA-2001/2002 Mr. Lakhan Lal vs. KAFL & others	2001	High Court of Madhya Pradesh	Motor Accident	Rs. 250,000	Appeal filed by KAFL against order of tribunal enhancing award of compensation to Rs. 250,000.	Pending. *
3.	Case No.MCC-927/2006 Oriental Insurance Co. vs. KAFL	2006	High Court of Madhya Pradesh	Motor Accident	Rs. 544,411	Case filed against order of MACT in matter involving accident caused by vehicle belonging to KAFL.	Pending. *
4.	Case No. MA-372/2004 Mr. Ramkumar vs. Baijnath & KAFL	2004	High Court of Madhya Pradesh	Motor Accident	Rs. 245,000	Appeal filed by applicant against order of tribunal granting award in matter involving accident caused by vehicle belonging to KAFL.	Pending. *
5.	Case No. MA-363/2004 Mr. Rakesh vs. Baijnath & KAFL	2004	High Court of Madhya Pradesh	Motor Accident	Rs. 245,000	Appeal filed by applicant against order of tribunal granting award in matter involving accident caused by vehicle belonging to KAFL.	Pending. *
6.	Case No. MA-370/2004 Mr. Ramesh vs. Baijnath & KAFL	2004	High Court of Madhya Pradesh	Motor Accident	Rs. 245,000	Appeal filed by applicant against order of tribunal granting award in matter involving accident caused by vehicle belonging to KAFL.	Pending. *
7.	Case No. MA-2412/2001 Mr. Nemuddin vs. Mr. Channu Lal Choubey & others	2001	High Court of Madhya Pradesh	Motor Accident	Rs. 706,346	Appeal filed by applicant against order of tribunal granting award in matter involving accident caused by vehicle belonging to KAFL.	Pending. *
8.	Case No..MA-3024/2004 Mr. Ramdulare vs. Mr. Mohd. Sammim & others	2004	High Court of Madhya Pradesh	Motor Accident	Rs. 1,970,000	Appeal filed by applicant against order of tribunal granting award in matter involving accident caused by vehicle belonging to KAFL.	Pending. *
9.	Case No. MA-871/2004 Mr. Chandan vs. Mr. Vaijnath & KAFL	2004	High Court of Madhya Pradesh	Motor Accident	Rs. 260,000	Appeal filed by applicant against order of tribunal granting award in matter involving accident caused by vehicle belonging to KAFL.	Pending. *
10.	Case No. MA-3035/2004 Mr. Chandan Singh vs. Mr. Vaijnath & KAFL	2004	High Court of Madhya Pradesh	Motor Accident	Rs. 500,000	Appeal filed by applicant against order of tribunal granting award in matter involving accident caused by vehicle belonging to KAFL.	Pending. *
11.	Case No. MA No. 4309/06 Mr.	2006	High Court of Madhya	Motor Accident	Rs. 793,000	Appeal filed by applicant against order of tribunal	Pending.*

Sr. No.	Cause Title	Date of filing	Forum/ Court	Nature of Case	Monetary amount	Summary	Status
	Ram Narayan vs. Mr. Baijnath & others		Pradesh			granting award in matter involving accident caused by vehicle belonging to KAFL.	
12.	M.A. No. 1460/2001 Ms. Uamadevi vs. M/s Shivam Commercial Services Ltd.	2001	High Court of Madhya Pradesh	Motor Accident	Rs. 500,000	Appeal filed by applicant against order of tribunal granting award in matter involving accident caused by vehicle belonging to KAFL.	Pending.*
13.	F.A. No. 405/07 KAFL vs. Nanka & others	2007	High Court of Allahabad	Motor Accident	Not ascertained.	Appeal filed by applicant against order of tribunal granting award in matter involving accident caused by vehicle belonging to KAFL.	Pending.*
14.	F.A. No. 545/02 O.I.C. vs. Ms. Mohani & others	2002	High Court of Allahabad	Motor Accident	Rs. 830,000	Appeal filed by applicant against order of tribunal granting award in matter involving accident caused by vehicle belonging to KAFL.	Pending.*
15.	Case No. MACT-244/99 Ms. Rajkumari & others vs. Mr. Ambey Lal	1999	AMACT Sihora	Motor Accident	Rs. 1,420,000	Claim filed by applicant in matter involving accident caused by vehicle belonging to KAFL.	Pending.*
16.	MACT Case No. 09/93 Ms. Manju Devi vs. Ms. Chintamani & others (KAFL)	1993	VI ADJ Allahabad	Motor Accident	Rs. 500,000	Claim filed by applicant in matter involving accident caused by vehicle belonging to KAFL.	Pending.*
17.	MACT Case No.11/93 Ms. Tara Devi vs. SCSL & others	1993	VI ADJ Allahabad	Motor Accident	Rs. 500,000	Claim filed by applicant in matter involving accident caused by vehicle belonging to KAFL.	Pending.*
18.	C.P. No. 529/2008 Mr. Manoj Kumar Mishra Vs. Shivam Commercial Services & others	2008	Ist ADJ Allahabad	Motor Accident	Rs. 1,000,000	Claim filed by applicant in matter involving accident caused by vehicle belonging to KAFL.	Pending.*
19.	Case No. 01/02 Ms. Sushila Devi & others vs. KAFL & others	2002	XI ADJ Dhanbad	Motor Accident	Rs. 160,000	Claim filed by applicant in matter involving accident caused by vehicle belonging to KAFL.	Pending.*
20.	MACT No.48/2003 Mr. Raju Khatic vs. KAFL&other	2003	MACT Ratlam	Motor Accident	Rs. 490,000	Claim filed by applicant in matter involving accident caused by vehicle belonging to KAFL.	Pending.*
21.	C.P.NO.248/2004 Ms. Rekha bai & other vs. KAFL&other	2004	MACT Nagpur	Motor Accident	Rs. 400,000	Claim filed by applicant in matter involving accident caused by vehicle belonging to KAFL.	Pending.*
22.	Case No. 395/WCA/02 Mr. Niwas Tiwari & others vs. M/s Ramniwas & others	2002	Commissioner W.C. Labour Court Rewa	Motor Accident	Rs. 216,810	Claim filed by applicant in matter involving accident caused by vehicle belonging to KAFL.	Pending.*
23.	Case No. 70/2004	2004	DCF, Chandauli	Consumer complaint	Rs. 67,500	A claim has been made against KAFL before the	Pending.*

Sr. No.	Cause Title	Date of filing	Forum/ Court	Nature of Case	Monetary amount	Summary	Status
	Mr. Amit Kumar vs. KAFL					District Consumer Forum alleging deficiency in service by KAFL.	
24.	Case No. 77/2008 Mr. Gulab Ram Pathak vs. KAFL	2008	DCF, Sonbhadra	Consumer complaint	Rs. 1,900,000	Suit filed claiming compensation recovery of monies under HP Contract No. SCSL-279. during the period 1994 to January 8, 2008).	Pending.*
25.	Case No. 160/2004 Mr. Nand Kishore Singh vs. Kailash Auto Finance Ltd.	2004	D.C.F. Gazipur (U.P.)	Consumer complaint	Rs. 237,000	A claim has been made against KAFL before the District Consumer Forum alleging deficiency in service by KAFL due to defect in vehicle under warranty.	Pending.*
26.	T.S. No. 65/95 Mr. Ganesh Panda Vs. KAFL	1995	C.J. Sr. Division Aska	Civil Suit	Rs. 300,000	Civil suit pending before Civil Judge, Sr. Division Aska.	Pending.*

* Next date of hearing yet to be notified.

Kailash Traders

Sr. No.	Cause Title	Date of filing	Forum/ Court	Nature of Case	Monetary amount	Summary	Status
1.	Ms. Asha Yadav vs. Kailash Traders	July 12, 2002	AMACT, Allahabad	Motor Accident Claim	Rs.1,250,000	Application filed for claiming compensation by legal heirs of deceased for death resulting due to accident by vehicle belonging to Kailash Traders.	Pending.*

* Next date of hearing yet to be notified.

Cases By the Group Companies

Commercial Automobiles Private Limited ("CAPL")

S. No.	Cause Title	Date of Filing	Forum	Nature of Case	Monetary amount, injunction or other remedy claimed	Summary	Status
1.	WP No. 784/2004 CAPL vs. State of MP	2004	High Court of MP	Civil Suit	Mutation in leased plot and renewal	Writ petition filed by CAPL against the order dated August 2, 2003 passed by Revenue Secretary in Case No. 69/97 in which the lease of plot No. 124 (area 16,875 sq. ft.) granted in favour of CAPL was cancelled.	Pending.* Reply of government awaited.
2.	WP No. 429/2008 CAPL vs. State of MP	2008	High Court of MP	Civil Suit	Mutation in Leased plot and renewal	Writ petition filed by CAPL against the order dated October 20, 2007 passed by Revenue Board in Case No. 69/97 pursuant to which an order for mutation of land in the revenue record in favour of CAPL passed by the tehsildar was set aside.	Pending. * Reply of government awaited.
3.	Civil suit no. 14B/09 CAPL vs. Shivam Auto Motors	February 7, 2009	VII CJI, Jabalpur	Civil Suit	Rs. 15,519 plus costs of litigation	Civil suit filed against Shivam Auto Motors for recovery of monies due amounting to Rs. 15519 with interest at 12% p.a. towards debit balance in the account.	Pending. Next date of hearing - April 20, 2010.
4	Civil suit no. 15B/09 CAPL	February 7, 2009	VII CJI, Jabalpur	Civil Suit	Rs. 11,961 plus costs of	Civil suit filed against M/s Anu Motors for recovery of monies due amounting	Pending.

S. No.	Cause Title	Date of Filing	Forum	Nature of Case	Monetary amount, injunction or other remedy claimed	Summary	Status
	vs. M/s Anu Motors				litigation	to Rs. 11,961 with interest @ 12% p.a. towards debit balance in the account.	Next date of hearing - April 20, 2010.
5.	CAPL vs. Central Bank of India	2001	12th Additional District Judge (JBP)	Decree Execution (Civil)	Rs. 37,515	Civil suit filed by Central Bank of India against CAPL for recovery of Rs. 1,700,000 against a fake demand draft submitted by CAPL which in turn was received by it from a purchaser of vehicle. Suit was dismissed with costs. CAPL has filed an execution application for Rs. 37,515 as costs.	Pending.*
6.	GM, CAPL vs. Amar Bahadur Singh	2008	MPSCDRC, Bhopal	Consumer Dispute	Rs. 25,700	A civil case has been filed by Mr. Amar Bahadur Singh against CAPL for manufacturing defect in the engine. Order was passed by the District Consumer Forum in favour of Mr. Amar Bahadur Singh to repair the vehicle free of cost and to pay a compensation of Rs. 25,000 along with Rs. 500 as cost of litigation. An appeal has been filed against the above order.	Pending. Next date of hearing - April 4, 2010.
7.	GM, Telco & CAPL vs. Motilal Gupta	2008	MPSCDRC, Bhopal	Consumer Dispute	Monetary compensation of Rs. 500 per day and compensation of Rs. 100,000 towards mental agony and Rs. 500 as cost of litigation	Mr. Moti Lal Gupta had filed a civil case against Telco claiming replacement of the old vehicle with a new one along with monetary compensation of Rs. 500 per day and compensation of Rs. 100,000 for mental agony suffered. The District Consumer Forum, Rewa passed an order in favour of Mr. Moti Lal Gupta (case no 283/2004) to change the chassis free of cost and if the chassis has been replaced by the complainant himself, to pay him the cost of the chassis as prevailing on January 2004 along with compensation of Rs. 45,000 and Rs. 500 as cost of litigation. Hence an appeal has been filed (appeal no. 1460/2008). The complainant has also filed an appeal (case no.1131/2008)	Pending* Both the appeals have been consolidated.
8.	CAPL vs. Ms. Sheela Singh	September 15, 2008	MPSCDRC, Bhopal	Consumer Dispute	Rs. 55,000 as compensation with interest at 10% p.a. and cost of litigation amounting to Rs. 1,000.	A civil case has been filed by Ms. Sheela Singh against CAPL before the District Consumer Forum, Sidhi claiming replacement of the engine or replacement of the disputed vehicle with a new one. An order has been passed in favour of Ms. Sheela Singh on August 30, 2008 to change the pump within 30 days along with the compensation of Rs. 55,000 with interest at 10% p.a. and Rs. 1,000 as cost of litigation. An appeal has been filed (appeal no. 2679/2808) by CAPL against the said order. Complainant has also filed an appeal (case no.2363/2008).	Pending. Both appeals have been consolidated and are fixed for final hearing on April 4, 2010.
9.	CAPL vs. Mr. Awadesh Singhania	May 22, 2009	MPSCDRC, Bhopal	Consumer Dispute	Claim Amount Rs. 20,000 plus cost of	A civil case has been filed by Mr. Awadesh Singania against CAPL for excess smoke emission and non functioning of fuel pumps, claiming	Pending. Next date of hearing - April

S. No.	Cause Title	Date of Filing	Forum	Nature of Case	Monetary amount, injunction or other remedy claimed	Summary	Status
					litigation.	repair and refund of Rs. 10,286 along with compensation of Rs. 20,000 for mental agony. An order has been passed by the District Consumer Forum directing CAPL to refund a sum of Rs. 9,500 with interest at 9% p.a. within 30 days. Hence present appeal is filed before the State commission.	27, 2010.
10.	CAPL vs. Mr. Yogesh Chaudhary	January 6, 2010	MPSCDRC, Bhopal	Consumer Dispute	Rs. 115,500 plus cost of litigation.	A civil suit was filed by Mr. Yogesh Chaudhary against CAPL for repair of the vehicle or replacement of the vehicle and a compensation of Rs. 115,500 along with the cost of litigation. The order dated December 7, 2009 was passed in favour of Mr. Yogesh Chaudhary by the District Consumer Forum, Damoh directing repair of the vehicle within a period of one month and compensation of Rs. 4,000 along with costs of litigation. Hence the appeal has been filed before the State commission.	Pending. Next date of hearing - March 6, 2010.
11.	CAPL vs. M/s Akash Automobiles Dindori	January 3, 2008	Court of Judicial Magistrate First Class Jabalpur	Criminal Case	Rs. 13,980	Criminal complaint under Negotiable Instruments Act alleging dishonour of cheque by respondent.	Pending. Next date of hearing - May 5, 2010.
12.	CAPL vs. Mr. Kailash Bihari	January 16, 2008	Court of Judicial Magistrate First Class Jabalpur	Criminal Case	Rs. 115,499	Criminal complaint under Negotiable Instruments Act alleging dishonour of cheque by respondent.	Pending. Next date of hearing - March 19, 2010.
13.	CAPL vs. Mr. Deepak Shrivastata	July 22, 2008	Court of Judicial MagistrateFirst Class Jabalpur	Criminal Case	Rs. 51,000	Criminal complaint under Negotiable Instruments Act alleging dishonour of cheque by respondent.	Pending.*
14.	CAPL vs. Mr. Nilimesh Khare	March 29, 2008	Court of Judicial Magistrate First Class Jabalpur	Criminal Case	Rs. 10,000	Criminal complaint under Negotiable Instruments Act alleging dishonour of cheque by respondent.	Pending. Next date of hearing - June 4, 2010.
15.	CAPL vs. Mr. Heera Lal Jaiswal	September 27, 2008	Court of Judicial Magistrate First Class Jabalpur	Criminal Case	Rs. 100,000	Criminal complaint under Negotiable Instruments Act alleging dishonour of cheque by respondent.	Pending. Next date of hearing - March 12, 2010.
16.	CAPL vs. Mr. Pradeep Tiwari	December 10, 2007	Court of Judicial Magistrate First Class Jabalpur	Criminal Case	Rs. 38,500	Criminal complaint under Negotiable Instruments Act alleging dishonour of cheque by respondent.	Pending. Next date of hearing - March 18, 2010.
17	CAPL vs. Mr. Rajesh Chandwani	January 29, 2008	Court of Judicial Magistrate First Class Jabalpur	Criminal Case	Rs. 29,310	Criminal complaint under Negotiable Instruments Act alleging dishonour of cheque by respondent.	Pending. Next date of hearing - April 22, 2010.
18.	CAPL vs. Mr.	July 27,	Court of	Criminal	Rs. 82,555	Criminal complaint under Negotiable	Pending.

S. No.	Cause Title	Date of Filing	Forum	Nature of Case	Monetary amount, injunction or other remedy claimed	Summary	Status
	Bimla Dutta	2007	Judicial Magistrate First Class Jabalpur	Case		Instruments Act alleging dishonour of cheque by respondent.	Next date of hearing - March 31, 2010.
19.	CAPL vs. Mr. Hari Deen Gupta	February 15, 2007	Court of Judicial Magistrate First Class Jabalpur	Criminal Case	Rs. 17,769	Criminal complaint under Negotiable Instruments Act alleging dishonour of cheque by respondent.	Pending. Next date of hearing - May 12, 2010.
20.	CAPL vs. Mr. Dinesh Kumar Choubey	September 27, 2008	Court of Judicial MagistrateFirst Class Jabalpur	Criminal Case	Rs. 150,000	Criminal complaint under Negotiable Instruments Act alleging dishonour of cheque by respondent.	Pending.*
21.	CAPL vs. Ms. Sushila Bai	July 27, 2007	Court of Judicial MagistrateFirst Class Jabalpur	Criminal Case	Rs. 66,700	Criminal complaint under Negotiable Instruments Act alleging dishonour of cheque by respondent.	Pending. Next date of hearing - May 7, 2010.
22.	CAPL vs. M/s Biswanath Patnaik	November 28, 2005	Court of Judicial MagistrateFirst Class Jabalpur	Criminal Case	Rs. 800,000	Criminal complaint under Negotiable Instruments Act alleging dishonour of cheque by respondent.	Pending. Next date of hearing - May 11, 2010.
23.	CAPL vs. Mr. Jaspal Singh	November 15, 2007	Court of Judicial Magistrate First Class Jabalpur	Criminal Case	Rs. 7,500	Criminal complaint under Negotiable Instruments Act alleging dishonour of cheque by respondent.	Pending. Next date of hearing - May 13, 2010.
24.	CAPL vs. Mr. Digpal Singh	December 19, 2008	Court of Judicial Magistrate First Class Jabalpur	Criminal Case	Rs. 31,000	Criminal complaint under Negotiable Instruments Act alleging dishonour of cheque by respondent.	Pending. Next date of hearing - March 29, 2010.
25.	CAPL vs. Sonu Automobiles	May 9, 2008	Court of Judicial MagistrateFirst Class Jabalpur	Criminal Case	Rs. 8,944	Criminal complaint under Negotiable Instruments Act alleging dishonour of cheque by respondent.	Pending. Next date of hearing - January 14, 2010.
26.	CAPL vs. Mr. Mahadeo Prasad Govind Ram	February 26, 2007	Court of Judicial Magistrate First Class Jabalpur	Criminal Case	Rs. 18,200	Criminal complaint under Negotiable Instruments Act alleging dishonour of cheque by respondent.	Pending. Next date of hearing - April 26, 2010.
27.	CAPL vs. Mr. Hemant Singh Baghel	April 24, 2008	Court of Judicial Magistrate First Class Jabalpur	Criminal Case	Rs. 32,095	Criminal complaint under Negotiable Instruments Act alleging dishonour of cheque by respondent.	Pending. Next date of hearing - June 28, 2010.
28.	CAPL vs. M/s Umashri Construction	December 10, 2008	Court of Judicial Magistrate First Class Jabalpur	Criminal Case	Rs. 435,000	Criminal complaint under Negotiable Instruments Act alleging dishonour of cheque by respondent.	Pending. Next date of hearing - March 30, 2010.
29.	CAPL vs. M/s Sonu Automobiles	May 9, 2008	Court of Judicial Magistrate First Class Jabalpur	Criminal Case	Rs. 7,000	Criminal complaint under Negotiable Instruments Act alleging dishonour of cheque by respondent.	Pending.*
30.	CAPL vs. Mr. Ram Murat Yadav	March 1, 2008	Court of Judicial Magistrate	Criminal Case	Rs. 166,519	Criminal complaint under Negotiable Instruments Act alleging dishonour of cheque by respondent.	Pending. Next date of

S. No.	Cause Title	Date of Filing	Forum	Nature of Case	Monetary amount, injunction or other remedy claimed	Summary	Status
			First Class Jabalpur				hearing - April 22, 2010.
31.	CAPL vs. Mr. Shiekh Aliyas	August 13, 2007	Court of Judicial Magistrate First Class Jabalpur	Criminal Case	Rs. 193,000	Criminal complaint under Negotiable Instruments Act alleging dishonour of cheque by respondent.	Pending. Next date of hearing - April 7, 2010.
32.	CAPL vs. Mr. Narendra singh	April 15, 2005	Court of Judicial Magistrate First Class Jabalpur	Criminal Case	Rs. 20,423	Criminal complaint under Negotiable Instruments Act alleging dishonour of cheque by respondent.	Pending. Next date of hearing - March 11, 2010.
33.	CAPL vs. Mr. Yogesh Pandey	October 12, 2007	Court of Judicial Magistrate First Class Jabalpur	Criminal Case	Rs. 8,697	Criminal complaint under Negotiable Instruments Act alleging dishonour of cheque by respondent.	Pending. Next date of hearing - March 18, 2010.
34.	CAPL vs. Mr. Ashish Mishra	October 12, 2008	Court of Judicial Magistrate First Class Jabalpur	Criminal Case	Rs.42, 666	Criminal complaint under Negotiable Instruments Act alleging dishonour of cheque by respondent.	Pending. Next date of hearing - March 30, 2010
35.	CAPL vs. Mr. Ram Abhilash Dubey	October 12, 2008	Court of Judicial Magistrate First Class Jabalpur	Criminal Case	Rs. 20,408	Criminal complaint under Negotiable Instruments Act alleging dishonour of cheque by respondent.	Pending. Next date of hearing - March 30, 2010.
36.	CAPL vs. Ms. Rajkumari	July 26, 2008	Court of Judicial Magistrate First Class Jabalpur	Criminal Case	Rs. 38,880	Criminal complaint under Negotiable Instruments Act alleging dishonour of cheque by respondent.	Pending.*
37.	CAPL vs. Mr. Daljeet Singh	September 9, 2002	Court of Judicial Magistrate First Class Jabalpur	Criminal Case	Rs. 25,000	Criminal complaint under Negotiable Instruments Act alleging dishonour of cheque by respondent.	Pending. Next date of hearing - April 05, 2010.
38.	CAPL vs. Mr. Daljeet Singh	September 9, 2002	Court of Judicial Magistrate First Class Jabalpur	Criminal Case	Rs. 25,000	Criminal complaint under Negotiable Instruments Act alleging dishonour of cheque by respondent.	Pending.*
39.	CAPL vs. Mr. Daljeet Singh	September 9, 2002	Court of Judicial Magistrate First Class Jabalpur	Criminal Case	Rs. 25,000	Criminal complaint under Negotiable Instruments Act alleging dishonour of cheque by respondent.	Pending.*
40.	CAPL vs. Mr. Shiekh Aliyas	August 13, 2007	Court of Judicial Magistrate First Class Jabalpur	Criminal Case	Rs. 193,000	Criminal complaint under Negotiable Instruments Act alleging dishonour of cheque by respondent.	Pending. Next date of hearing - April 7, 2010.
41.	CAPL vs. Mr. Kirti Yadav	February 11, 2010	JMFC, Jabalpur	Criminal	Rs. 86,000	Criminal complaint under Negotiable Instruments Act alleging dishonour of cheque by respondent.	Pending. Next date of hearing - March 18, 2010.
42.	CAPL vs. Mr. Umashanker Patel	September 5, 2009	DJ, Sagour	Civil (Decree Exeution)	Rs. 214,067	Application has been made seeking execution of decree to recover Rs. 214,067 against Mr. Umashanker Patel towards vehicle recovery charges.	Pending.*
43.	Mr. Sardar	April 2,	Hon'ble VIII	Criminal	Rs. 55,000	Complaint filed under section 138 of	Pending.*

S. No.	Cause Title	Date of Filing	Forum	Nature of Case	Monetary amount, injunction or other remedy claimed	Summary	Status
	Narendra Singh vs. Megamma Finance & Ors	2008	ADJ Jabalpur (MP)	Case		Negotiable Instruments Act for dishonour of cheque against Mr. S. Narendra Singh.	

* Next date of hearing yet to be notified.

Shivam Motors Private Limited ("SMPL")

Sr. No.	Cause Title	Date of filing	Forum/ Court	Nature of Case	Monetary amount	Summary	Status
1.	F.A. No. 140/09 SMPL (Dr. Kailash Gupta) vs. Santosh Kumar Agrawal & State of Chhattisgarh	August 10, 2009	High Court of Chattisgarh	Civil Suit	Not ascertained.	SMPL has filed first appeal for setting aside order dismissing SMPL's counter claim in a matter involving tenant's refusal to pay rent and allegation made by tenant regarding existence of an agreement to sell the property in question to the tenant.	Pending.*
2.	Case No. 169/2010 SMPL vs. Bukhari Associates	November 26, 2009	CJM, BSP	Criminal prosecution of accused.	Rs. 150,000	Criminal complaint under Negotiable Instrument Act alleging dishonour of cheque by respondent.	Pending.*
3.	Case No. 170/2010 SMPL vs. Bukhari Associates	November 26, 2009	CJM, BSP	Criminal prosecution of accused.	Rs. 97,491	Criminal complaint under Negotiable Instrument Act alleging dishonour of cheque by respondent.	Pending.*
4.	Case No. 1385/09 SMPL vs. Alvin Bengamin	Not ascertained.	CJM, BSP	Criminal prosecution of accused.	Rs. 4,240	Criminal complaint under Negotiable Instrument Act alleging dishonour of cheque by respondent.	Pending.*
5.	Case No. 114/09 SMPL vs. Jaini Bai	September 11, 2009	CJM, BSP	Criminal prosecution of accused.	Rs. 10,000	Criminal complaint under Negotiable Instrument Act alleging dishonour of cheque by respondent.	Pending.*
6.	Case No. 1063/09 SMPL vs. Bermali Panda	Not ascertained.	CJM, BSP	Criminal prosecution of accused.	Rs. 1,100,000	Criminal complaint under Negotiable Instrument Act alleging dishonour of cheque by respondent.	Pending.*
7.	Case No. 1373/07 SMPL vs. Mohd. Tayab	April 12, 2007	CJM, BSP	Criminal prosecution of accused.	Rs. 170,000	Criminal complaint under Negotiable Instrument Act alleging dishonour of cheque by respondent.	Pending.*
8.	Case No. 350/09 SMPL vs. Mahalaxmi	July 30, 2009	CJM, BSP	Criminal prosecution of accused.	Rs. 24,173	Criminal complaint under Negotiable Instrument Act alleging dishonour of cheque by respondent.	Pending.*
9.	Case No. NR/05 SMPL vs. Abrar Ahmed	March 18, 2005	CJM, BSP	Criminal prosecution of accused.	Rs. 47,000	Criminal complaint under Negotiable Instrument Act alleging dishonour of cheque by respondent.	Pending.*
10.	Case No. 1451/09 SMPL vs. Sindhvani	July 2009	CJM, BSP	Criminal prosecution of accused.	Rs. 120,700	Criminal complaint under Negotiable Instrument Act alleging dishonour of cheque by respondent.	Pending.*
11.	Case No. 639/09 SMPL vs. Consul Movers Korba	April 5, 2009	CJM, Korba	Criminal prosecution of accused.	Rs. 245,000	Criminal complaint under Negotiable Instrument Act alleging dishonour of cheque by respondent.	Pending.*
12	Case No.	April 31, 2008	Civil	Civil suit for	Rs. 373,939	Civil suit filed by SMPL	Pending.

Sr. No.	Cause Title	Date of filing	Forum/ Court	Nature of Case	Monetary amount	Summary	Status
	10B/08 SMPL vs. Ashok Kumar Jaiswal		Judge/BSP	recovery of dues.		against Mr. Ashok Kumar Jaiswal for recovery of dues towards repair vehicles	Next service of notice scheduled on April 5, 2010 as party is avoiding notice.

* Next date of hearing yet to be notified.

Kailash Auto Finance Limited ("KAFL")

Sr. No.	Cause Title	Date of filing	Forum/ Court	Nature of Case	Monetary amount	Summary	Status
1.	Case No. 28242/06 KAFL vs. Mr Narendra Singh	2006	Shri R.P. Mishra JMFC Jabalpur	Criminal Prosecution	Rs. 100,000	Criminal complaint filed under section 138 of NIA for dishonour of cheque by respondent.	Pending.*
2.	Case No. 28246/06 KAFL vs. Mr Narendra Singh	2006	Shri R.P. Mishra JMFC Jabalpur	Criminal Prosecution	Rs. 125,000	Criminal complaint filed under section 138 of NIA for dishonour of cheque by respondent.	Pending.*
3.	Case No. 5540/06 KAFL vs. Mr Narendra Singh	2006	Shri R.P. Mishra JMFC Jabalpur	Criminal Prosecution	Rs. 50,000	Criminal complaint filed under section 138 of NIA for dishonour of cheque by respondent.	Pending.*
4.	Case No. 5541/06 KAFL vs. Mr Narendra Singh	2006	Shri R.P. Mishra JMFC Jabalpur	Criminal Prosecution	Rs. 75,000	Criminal complaint filed under section 138 of NIA for dishonour of cheque by respondent.	Pending.*
5.	Case No. 20288/06 KAFL vs. Kulbeer Singh	2006	Shri Santosh Kol JMFC Jabalpur	Criminal Prosecution	Rs. 30,000	Criminal complaint filed under section 138 of NIA for dishonour of cheque by respondent.	Pending.*
6.	Case No. 20290/06 KAFL vs. Kulbeer Singh	2006	Shri Santosh Kol JMFC Jabalpur	Criminal Prosecution	Rs. 36,000	Criminal complaint filed under section 138 of NIA for dishonour of cheque by respondent.	Pending.*
7.	Case No. 27323/2004 KAFL vs. Jyotshana Mahapatra	2004	Sanjay Sahi JMFC Jabalpur	Criminal Prosecution	Rs. 384,898	Criminal complaint filed under section 138 of NIA for dishonour of cheque by respondent.	Pending.*
8.	Execution Case No. 804/1998 Kailash Auto Finance Ltd. vs. Fayaz pasha and others	1998	City Civil Judge at Bangalore	Execution Proceedings	Rs. 496,332	Execution application filed for recovery of decreetal amount Rs. 4 96,332.	Pending.*
9.	Execution Case No. 806/1998 Kailash Auto Finance Ltd. vs. Fayaz pasha and others	1998	City Civil Judge at Bangalore	Execution Proceedings	Rs. 496,332	Execution application filed for recovery of decreetal amount Rs. 496,332.	Pending.*
10	Execution Case No. 807/1998 Kailash Auto Finance Ltd. vs. Fayaz pasha and others	1998	City Civil Judge at Bangalore	Execution Proceedings	Rs. 496,332	Execution application filed for recovery of decreetal amount Rs. 496,332.	Pending.*
11.	Execution Case No. 808/1998 Kailash Auto	1998	City Civil Judge at Bangalore	Execution Proceedings	Rs. 496,332	Execution application filed for recovery of decreetal amount Rs. 496,332.	Pending.*

Sr. No.	Cause Title	Date of filing	Forum/ Court	Nature of Case	Monetary amount	Summary	Status
	Finance Ltd. vs. Fayaz pasha and others						
12.	FD Case No. 38/07 Kailash Auto Finance Ltd. vs. Ram Dutta Builders	2007	Hubli	Execution Proceedings	Rs. 970,748	Execution application filed for recovery of decreetal amount Rs. 970,748.	Pending.*
13.	Execution Case No.339/07 Kailash Auto Finance Ltd. vs. Ram Dutta Builders	2007	Hubli	Execution Proceedings	Rs. 1,036,700	Execution application filed for recovery of decreetal amount Rs. 1,036,700.	Pending.*

* Next date of hearing yet to be notified.

Kailash Motors Finance Private Limited ("KMFL")

Sr. No.	Cause Title	Date of filing	Forum/ Court	Nature of Case	Monetary amount	Summary	Status
1.	KMFL vs. M/s. Rama Automobiles & another	2004	CJM	Execution Proceedings	Rs.964,913 with interest	Execution proceedings for recovery of amount not decreed in favour of appellant.	Pending.*

* Next date of hearing yet to be notified.

Commercial Instalment

S. No.	Cause Title	Date of Filing	Forum	Nature of Case	Monetary amount, injunction or other remedy claimed	Summary	Status
1.	CIJ vs. State of M. P.	January 29, 2008	Additional Collector, Jabalpur	Civil	Transfer of land from Government	Suit filed by Commercial Instalment seeking transfer of government land situated at village Ghana (area approximately 1,970 hectares)	Pending for sending report to the relevant governmental authority by the Additional Collector.

Commercial Body Builders

S. No.	Cause Title	Date of Filing	Forum	Nature of Case	Monetary amount, injunction or other remedy claimed	Summary	Status
1.	CBB vs. Deepak Arora	December 15, 2004	12^{th} ADJ, Jabalpur	Execution proceedings	Rs. 159,357	We have filed application for recovery of decreed amount.	Next date of hearing - March 15, 2010.

There are no litigations or defaults by any companies with which the Promoters were associated in the past where the names of the Promoters have not been deleted from the pending litigations or other proceedings:

There are no adverse findings against the Promoters as regards compliance with securities laws:

Except as stated below, there are no adverse findings against the Group Companies as regards compliance with securities laws:

Our Group Company, Kailash Auto Finance Limited, a company listed on the BSE has committed the following violations :

1. Delay in payment of listing fees.
2. Non appointment of Company Secretary.
3. Delay in filing of quarterly compliances.
4. Non appointment of registered transfer agent.
5. Shares were not dematerialized.
6. Delay in filing of requirements under SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.
7. Delay in compliance with clause 41 of the listing agreement.
8. Non-compliance with clause 49 of the listing agreement.

In respect of the above violations, the Company and officers responsible for its affairs are liable to fines of upto Rs. 250 million for failure to comply with the provisions of the listing agreement with the BSE. The officers responsible are also liable to imprisonment in this regard. In addition, Kailash Auto Finance Limited is liable to be de-listed as there has not been any trading in its equity shares for more than the last six months

Except as stated below, no penalties have been imposed on the Promoters by any governmental authority or court:

A penalty of Rs. 21,000 has been imposed by the Court of Chief Judicial Magistrate, Mandla, Madhya Pradesh against Dr. Kailash Gupta, Promoter Director of the Company, as occupier under the Factories Act and Mr. Abhishek Jaiswal as personnel manager of the Company, due to a contravention by the Company of provisions for safety and welfare of workmen under the Factories Act, 1948 and the Madhya Pradesh Factories Rules, 1962 leading to death of a workman at the Mandla Factory premises.

No penalties have been imposed on Group Companies by any governmental authority or court:

There are no outstanding statutory dues on the part of the Promoters:

There are no outstanding statutory dues on the part of Group Companies:

There are no past cases in which the Promoters have been found guilty of economic or other offences:

There are no past cases in which Group Companies have been found guilty of economic or other offences:

Neither SEBI, nor any stock exchanges have taken any disciplinary action against the Promoters:

Neither SEBI, nor any stock exchanges have taken any disciplinary action against Group Companies:

The Promoters have not defaulted in any obligations towards any financial institutions or banks:

The Group Companies have not defaulted in any obligations towards any financial institutions or banks:

The Promoters have not defaulted in dues towards holders of any debt-instruments, fixed deposits or preference shares of or with the Company

The Group Companies have not defaulted in dues towards holders of any debt-instruments, fixed deposits or preference shares.

Note on entries under "Liability/Amount under Consideration" in this section

All entries under the heading "Amount under Consideration" in the tables presented above are estimates only and are made on the basis of the issues in dispute. The actual monetary, criminal or other liability when the outstanding litigation is finally decided by the court, tribunal or other authority before which the matter is pending may be more or less than that stated under this head.

Material Developments since the Last Balance Sheet Date

In the opinion of the Board, other than as disclosed in this Draft Red Herring Prospectus, there has not arisen, since the date of the last financial statements set out herein, any circumstance that materially or adversely affects our profitability or the value of our assets or our ability to pay our material liabilities over the next twelve months.

GOVERNMENT AND OTHER APPROVALS

On the basis of the indicative list of approvals provided below, the Company can undertake this Issue and its current business activities and, except as stated below, no additional major approvals from any Government or regulatory authority, including the RBI, are required to undertake the Issue or continue these activities. Unless otherwise stated, these approvals are valid as of the date of this Draft Red Herring Prospectus.

Approvals for the Issue

The following approvals have been obtained or will be obtained in connection with the Issue:

The Board of Directors of the Company has, pursuant to resolutions passed at its meetings held on January 10, 2010 authorized the Fresh Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act, and such other authorities as may be necessary. The shareholders of the Company have, pursuant to resolutions dated March 18, 2010 passed at their extraordinary general meeting under Section 81(1A) of the Companies Act, authorized the Fresh Issue. The Board has approved and authorized this Draft Red Herring Prospectus pursuant to its resolution dated March 29, 2010.

The Company has obtained in-principle listing approvals dated [●] and [●] from the NSE and BSE respectively.

The Company has also obtained necessary contractual approvals required for the Issue. For further information, see the section "Government and Other Approvals" beginning on page 202 of this Draft Red Herring Prospectus.

The Offer for Sale has been authorized as follows:

(a) in respect of 1,427,890 Equity Shares included in the Offer for Sale, by NYLIM pursuant to a resolution of its Board of Directors dated March 2, 2010;
(b) in respect of 270,540 Equity Shares included in the Offer for Sale, by Commercial Automobiles pursuant to a resolution of its Board of Directors dated March 19, 2010.

If required we will apply to RBI in respect of the Equity Shares included in the Offer for Sale.

Approvals for the Business

We require various approvals to carry on our business in India. Set forth below is a brief summary of approvals obtained by us for our business. It may be noted that some of these approvals require annual renewal. Where our applications for renewal are pending, there can be no guarantee that renewals will be granted on the terms of the original approval or at all. In addition, the relevant authorities may impose conditions on the renewal of approvals that may impose new or enhanced limitations on the production capacity, manufacturing processes, number of persons employed or engaged as contract labour or motive power used at the relevant factory.

The approvals that we require include the following:

Approvals for Richhai Factory I

No./Description of Permit/License	Issuing Authority	Date	Comments/Remarks
Factory License under the Madhya Pradesh Factories Rules, 1962 under the Factories Act, 1948 No. 7/07849/jbp/2mi	Chief Inspector of Factories, Government of Madhya Pradesh.	January 27, 2009	Subject to approval of renewal application dated November 25, 2009 filed by the Company. The license is subject to the following conditions: Maximum number of workers to be engaged at the factory per day: 500

No./Description of Permit/License	Issuing Authority	Date	Comments/Remarks
			Maximum installed motive power permitted for manufacturing process: 250 Horse Power
Sanction of Building Plan	Chief Inspector of Factories and Gram Panchayat	Granted by Chief Inspector of Factories on June 1, 2007 and Gram Panchayat on May 14, 2007	
Registration under Contract Labour (Regulation and Abolition) Act, 1970 Registration No.: **87/CL/JBP/84**	Licensing Officer, Registering Authority, Jabalpur Division, Government of Madhya Pradesh	December 13, 1984	The license permits the Company to undertake the business of 'body fabrication'. Maximum number of contract labourers to be engaged at the factory: 45
Approval under Indian Electricity Rules, 2003 issued under the Electricity Act, 2003 to Operate Diesel Generators Letter No.: L.N.T./722/S.E.	Superintending Engineer (Electricity Safety) & Deputy Chief Electricity Inspector, Government, of Madhya Pradesh,	August 12, 2008	Approval granted for using diesel generator of 1x500 K.V.A. 33/.433 K. V.
Environmental Clearances			
Consent to Operate under Water (Prevention & Control of Pollution) Act, 1974 No. EI/Jabalpur/2008/MPPCB 69/127	Madhya Pradesh Pollution Control Board, Government of Madhya Pradesh	September 9, 2008	Subject to approval of renewal application dated November 13, 2009 filed by the Company. The clearance is for the following products to be manufactured in not more than the following numbers: • Tippers and Trucks - 3000 per year • Trailer Bodies - 50 per year • Water Browser and Water Tankers – 400 per year • Load Bodies - 300 per year • Light Recovery Vehicles – 40 per year • Car Carriers – 5 per year • Short Hood, Long Hood, Cabin for Diesel Locomotive Works - 100 per year.
Consent to Operate under Air (Prevention & Control of Pollution) Act, 1981 No. 7714/TS/MPPCB/2008	Madhya Pradesh Pollution Control Board, Government of Madhya Pradesh	September 11, 2008	Subject to approval of renewal application dated November 13, 2009 filed by the Company. The clearance is for the following products to be manufactured in not more than the following numbers: • Tippers and Trucks - 3000 per year • Trailer Bodies - 50 per year • Water Browser and Water Tankers – 400 per year • Load Bodies - 300 per year • Light Recovery Vehicles – 40 per year • Car Carriers – 5 per year • Short Hood, Long Hood, Cabin for Diesel Locomotive Works - 100 per year.
Tax Registrations			
Registration under Finance Act, 1994 for Service Tax No. AAACC5823EST002	Office of the Assistant Commissioner	August 24, 2009	

No./Description of Permit/License	Issuing Authority	Date	Comments/Remarks
	Customs & Central Excise		
Registration under Central Excise Rules, 2002 issued under the Central Excise Act, 1944 for Central Excise No. AAACC5823EXM001	Office of the Superintendent of Central Excise	Not available	

Approvals Required but not Obtained for Richhai Factory I

The Company has not amended its registration certificate granted under Contract Labour (Regulation and Abolition) Act, 1970 to reflect latest number of contract labour engaged which could expose the Company and every person in charge of conduct of its business to imprisonment or fine or both.

Pending Applications for Approval or Renewal for Richhai Factory I

The Company is currently awaiting the following approvals and renewals. There can be no guarantee that these approvals will be granted on the terms applied for or at all. In addition, the relevant authorities may impose conditions on the grant of such approvals that may impose limitations on the production capacity, manufacturing processes applied, number of persons employed or motive power used at Richhai Factory I:

1. approval under Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008.
2. renewal of approval under Madhya Pradesh Factories Rules, 1962 read with Factories Act, 1948.
3. renewal of consent to operate under Water (Prevention & Control of Pollution) Act, 1974.
4. renewal of consent to operate under Air (Prevention & Control of Pollution) Act, 1981.

Approvals for Mandla Factory

No./Description of Permit/License	Issuing Authority	Date	Comments/Remarks
Factory License under the Madhya Pradesh Factories Rules, 1962 under the Factories Act, 1948 No: 78/08582/MDL/2mi	Chief Inspector of Factories, Government of Madhya Pradesh	January 27, 2009	Subject to approval of renewal application dated November 25, 2009 filed by the Company. The license is subject to the following conditions: Maximum number of workers to be engaged at the factory per day: 500 Maximum installed motive power permitted for manufacturing process: 250 Horse Power
Sanction of Building Plan	Chief Inspector of Factories and Gram Panchayat	Granted by Chief Inspector of Factories on June 1, 2006. Date on which sanction granted by Gram Panchayat not mentioned.	
Registration under Contract Labour (Regulation and Abolition) Act, 1970 Registration No.: 118/MDC/CL/05	Licensing Officer, Registering Authority, Sub-division - Mandla, Government of Madhya Pradesh	September 3, 2005	The license permits the Company to undertake the business of 'engineering and fabrication'. Maximum number of contract labourers to be engaged at the factory: 250
Approval under Indian Electricity Rules, 2003 issued under the Electricity Act, 2003 to Operate Diesel Generators **Letter No.:** T./157/S.E.	Superintending Engineer (Electricity Safety) & Deputy Chief Electricity Inspector, Government, of Madhya Pradesh.	May 11, 2009	Approval granted for using alternator of Crompton Greaves make with engine number 13071260094 in place of diesel generator of 1x500 K.V.A. 415 volts
Environmental Clearances			
Consent to Operate under Water (Prevention & Control of Pollution) Act,	Madhya Pradesh Pollution Control	January 29, 2010	Valid till September 30, 2010.

No./Description of Permit/License	Issuing Authority	Date	Comments/Remarks
1974 No: 801/TS/MPPCB/2010	Board, Government of Madhya Pradesh		The clearance is for the following products to be manufactured in not more than the following numbers: • Trucks and Trippers - 575 per year.
Consent to Operate under Air (Prevention & Control of Pollution) Act, 1981 No: 803/TS/MPPCB/2010	Madhya Pradesh Pollution Control Board, Government of Madhya Pradesh	January 29, 2010	Valid till September 30, 2010. The clearance is for the following products to be manufactured in not more than the following numbers: • Trucks and Trippers - 575 per year
Tax Registrations			
Registration under Finance Act, 1994 for Service Tax Service Tax Registration No.: GTA/512/CEBBCOUT-II/R-III/06	Office of the Superintendent Customs & Central Excise	March 8, 2006	
Registration under Central Excise Rules, 2002 issued under the Central Excise Act, 1944 for Central Excise Registration No.: AAACC5823EXM002	Office of the Deputy Commissioner/Assistant Commissioner of Central Excise	May 16, 2005	

Pending Applications for Approval for Mandla Factory

The Company is currently awaiting the following approvals and renewals. There can be no guarantee that these approvals will be granted on the terms applied for or at all. In addition, the relevant authorities may impose conditions on the grant of such approvals that may impose limitations on the production capacity, manufacturing processes applied, number of persons employed or motive power used at the Mandla Factory:

1. renewal of approval under Madhya Pradesh Factories Rules, 1962 read with Factories Act, 1948.
.
2. renewal of approval under Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008.

Approvals for Indore Factory

No./Description of Permit/License	Issuing Authority	Date	Comments/Remarks
Factory License under the Madhya Pradesh Factories Rules, 1962 under the Factories Act, 1948 No: 155/13646/DHR/2mi	Chief Inspector Of Factories, Government of Madhya Pradesh	January 24, 2009	Subject to approval of renewal application dated November 25, 2009. The license is subject to the following conditions: Maximum number of workers to be engaged at the factory per day: 100 Maximum installed motive power permitted for manufacturing process: 250 Horse Power
Sanction of Building Plan	Chief Inspector of Factories	Granted by Chief Inspector of Factories on December 15, 2008	
Approval under Indian Electricity Rules, 2003 issued under the Electricity Act, 2003 to Operate Diesel Generator Set and Alternator **Letter No.:** Tec./1990/S.E.	Superintending Engineer (Electricity Safety) & Deputy Chief Electricity Inspector, Government, of Madhya Pradesh.	March 3, 2009	Approval granted for using diesel generator of 1x320 K.V.A. along with an alternator.
Environmental Clearances			
Consent to Establish under Air (Prevention & Control of Pollution) Act, 1981 and Water (Prevention & Control of Pollution) Act, 1974) No. 226/TS/MPPCB/2008	Madhya Pradesh Pollution Control Board, Government of Madhya Pradesh	January 12, 2009	This approval is valid for the following products and production capacity: Tipper Body, Truck Body, Load Body, Trailer Body and Bus Body - 4000 per year

No./Description of Permit/License	Issuing Authority	Date	Comments/Remarks
Tax Registrations			
Registration under Central Excise Rules, 2002 issued under the Central Excise Act, 1944 for Central Excise Registration No.: AAACC5823EXM003	Office of the Assistant Commissioner of Central Excise	November 11, 2008	

Approvals Required but not Obtained for Indore Factory

The Company has not obtained a registration certificate under Contract Labour (Regulation and Abolition) Act, 1970 for engaging contract labour which could expose the Company and every person in charge of conduct of its business to imprisonment or fine or both.

Pending Applications for Approval for Indore Factory

The Company is currently awaiting the following approvals and renewals. There can be no guarantee that these approvals will be granted on the terms applied for or at all. In addition, the relevant authorities may impose conditions on the grant of such approvals that may impose limitations on the production capacity, manufacturing processes applied, number of persons employed or motive power used at the Indore Factory:

1. renewal of approval under Madhya Pradesh Factories Rules, 1962 read with Factories Act, 1948

2. consent to operate under Air (Prevention & Control of Pollution) Act, 1981 and Water (Prevention & Control of Pollution) Act, 1974)

3. approval under the Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008

Approvals for Richhai Factory II

No./Description of Permit/License	Issuing Authority	Date	Comments/Remarks
Factory License under the Madhya Pradesh Factories Rules, 1962 under the Factories Act, 1948 No: 122/13551/JBP/2mi	Chief Inspector Of Factories, Government of Madhya Pradesh	January 22, 2010	Valid till December 31, 2010. The license is subject to the following conditions: Maximum number of workers to be engaged at the factory per day: 100 Maximum installed motive power permitted for manufacturing process: 100 KVA - 250 Horse Power.
Sanction of Building Plan	Chief Inspector of Factories and Gram Panchayat	Granted by Chief Inspector of Factories on October 17, 2008 and Gram Panchayat on October 2, 2009	
Approval under Indian Electricity Rules, 2003 issued under the Electricity Act, 2003 to Operate Diesel Generator Letter No.: T/765	Superintending Engineer (Electricity Safety) & Deputy Chief Electricity Inspector, Government, of Madhya Pradesh.	August 20, 2008	Approval granted for using diesel generator of 1x315 K.V.A.
Tax Registrations			
Registration under Central Excise Rules, 2002 issued under the Central Excise Act, 1944 for Central Excise Registration No.: AAACC5823EXM004	Office of the Deputy Commissioner/ Assistant Commissioner of Central Excise	November 17, 2008	

Approvals Required but not Obtained for Richhai Factory II

The Company has not obtained the following approvals and licenses:

1. a registration certificate under Contract Labour (Regulation and Abolition) Act, 1970 for engaging contract labour which could expose the Company and every person in charge of conduct of its business to imprisonment or fine or both.

2. consent to operate under the Air (Prevention & Control of Pollution) Act, 1981 and Water (Prevention & Control of Pollution) Act, 1974 which could expose the Company and every person in charge of conduct of its business to imprisonment or fine or both.

3. consent under the Hazardous Waste (Management, Handling and Transboundary Movement) Rules, 2008 which could expose the Company and every person in charge of conduct of its business to imprisonment or fine or both.

Approvals for Jamshedpur Factory

No./Description of Permit/License	Issuing Authority	Date	Comments/Remarks
Sanction of Building Plan	Managing Director, Adityapur Industrial Area Development Authority	Granted by the Adityapur Industrial Area Development Authority on December 6, 2007	
Approval for Electricity Supply Letter No.: PBD/PSK/146/09/09-10	Chief Engineer and Commercial Power Services Division, Jamshedpur Utilities and Services Company Limited	October 1, 2009	Mithila Motors, with whom the Company jointly operates the Jamshedpur Factory pursuant to the Joint Project Agreement, has been allotted a capacity of 200 KVA for the Jamshedpur Factory.
Registration under Contract Labour (Regulation and Abolition) Act, 1970 Registration No.: 160/154	Licensing Officer, Registering Authority, Jamshedpur Division, Government of Madhya Pradesh	October 21, 2009	The license permits the Company to undertake the business of fabrication, erection, mechanical, electrical and civil heat treatment, welding, painting, shot blasting, housekeeping, painting, loading and unloading. Maximum number of contract labourers to be engaged at the factory: 200.
Registration under Jharkhand Shops and Establishments Act, 1954	Shram Adhishak Narekshi	October 26, 2009	Valid till: December 31, 2009. The registration permits the Company to only employ up to 20 employees on any given day.
Tax Registrations			
Registration under Central Excise Rules, 2002 issued under the Central Excise Act, 1944 for Central Excise Registration No.: AAACC5823EXM005	Office of the Assistant Commissioner of Central Excise	October 14, 2009	
Registration under Finance Act, 1994 for Service Tax Service Tax Registration No.: AAACC5823EST003	Office of the Superintendent Customs & Central Excise	October 16, 2009	

Approvals Required but not Obtained for Jamshedpur Factory

The Company has not obtained a renewal of nor amended its registration certificate granted under Jharkhand Shops and Establishments Act, 1954 to reflect latest number of contract labour engaged which could expose the Company and every person in charge of conduct of its business to imprisonment or fine or both.

Pending Applications for Approval for Jamshedpur Factory

The Company is currently awaiting the following approvals and renewals. There can be no guarantee that these approvals will be granted on the terms applied for or at all. In addition, the relevant authorities may impose conditions on the grant of such approvals that may impose limitations on the production capacity, manufacturing processes applied, number of persons employed or motive power used at the Jamshedpur Factory:

1. For grant of factory license under the Factories Act, 1948, for which Company has filed an application dated December 11, 2009 under Factories Act, 1948.

2. For grant of consent to operate under the Air (Prevention & Control of Pollution) Act, 1981 and Water (Prevention & Control of Pollution) Act, 1974.

Other approvals obtained by the Company

No./Description of Permit/License	Issuing Authority	Date	Comments/Remarks
Registration under Madhya Pradesh VAT Rules, 2002 issued under the Madhya Pradesh VAT Act, 2002 for Value Added Tax Number: 23296001778	Vanijeyak Kar Adhikari	Granted with effect from October 18, 1983	
Registration under Central Sales Tax (Registration and Turnover) Rules, 1957 issued under the Sales Tax Act, 1956 for Central Sales Tax Number: 23296001778	Vanijeyak Kar Adhikari	Granted with effect from October 18, 1983	
Registration under Jharkhand Value Added Tax Act, 2005 for Value Added Tax Number: 20090905684	Deputy Commissioner of Commercial Tax, Jamshedpur	December 30, 2009	
Certificate of Importer-Exporter Code	Directorate General of Foreign Trade, Ministry of Commerce, Government of India	April 15, 2004	
Registration Certificate for Manufacturer Registration No.: DGS&D/REGN/KAN/S-30/04/C	Directorate General of Supplies and Disposals, Government of India	January 7, 2005	Valid till January 6, 2010. Renewal application dated December 31, 2001 is pending.
Controllerate of Quality Assurance (Vehicles) Registration No.: CQAV/CAR/C-157/QAV-6	Directorate General of Quality Assurance, Ministry of Defence, Government of India	March 18, 2009	Valid till March 17, 2012 The Company has been registered to manufacture the following defence items in the following quantities: (a) Fabrication of Rear Bodies/Set of Panel for Load Bodies – 100 per month (b) Simple Pressed Fabricated Items for Cabins – 100 per month (c) Special Body Building for Caravans - 5 per month; Ambulances - 5 per month; Light Recovery Vehicles - 5 per month; Bus Bodies - 5 per month
Integral Coach Factory, Chennai Letter No.: MD/D/Vendor/60/XLV	Office of the CDE/Mech, Ministry of Railways, Government of India	December 4, 2009	The manufacturing facilities of the Company have been certified by the Integral Coach Factory, Chennai, a production unit of the Indian Railways, to be adequate for the supply of Side-Walls, roof assemblies and car line pillars for LHB Coaches.
Research Designs & Standards Organisation Letter No.: MW/BOXNR/QAP	Director General, Research Designs & Standards Organisation, Ministry of Railways, Government of India	December 11, 2009	The Quality Assurance Plan submitted by the Company has been approved by the Research Designs & Standards Organisation for fabrication of Side-Walls, End-Walls and flap doors of BOXNR Wagons.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Fresh Issue

The Board of Directors of the Company has, pursuant to resolutions passed at its meetings held on January 10, 2010 authorized the Fresh Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act, and such other authorities as may be necessary. The shareholders of the Company have, pursuant to resolutions dated March 18, 2010 passed at their extraordinary general meeting under Section 81(1A) of the Companies Act, authorized the Fresh Issue.

The Company has also obtained all other necessary contractual approvals required for the Issue. For further information, see the section "Government and Other Approvals" beginning on page 202 of this Draft Red Herring Prospectus.

Authority for the Offer for Sale

The Offer for Sale has been authorized as follows:

(a) in respect of 1,427,890 Equity Shares included in the Offer for Sale, by NYLIM pursuant to a resolution of its Board of Directors dated March 2, 2010;
(b) in respect of 270,540 Equity Shares included in the Offer for Sale, by Commercial Automobiles pursuant to a resolution of its Board of Directors dated March 19, 2010.

The Selling Shareholders confirm that the Equity Shares being offered by them in the Offer for Sale have been held for a period of atleast one year prior to the date of filing of this Draft Red Herring Prospectus with SEBI and are free and clear of any liens and encumbrances.

Prohibition by SEBI, RBI or governmental authorities

We confirm that neither (i) the Company, the Promoters, members of the Promoter Group, Directors, Group Companies, persons in control of the Company, nor (ii) companies with which any of the Promoters, Directors or persons in control of the Company are or were associated as a promoter, director or person in control, nor (iii) any of the Selling Shareholders are debarred or prohibited from accessing the capital markets under any order or direction passed by SEBI or any other authority.

None of our Directors are associated with the securities market and there are no actions initiated by SEBI against any Director.

None of the Company, Group Companies, the Promoters or relatives of the Promoters (as per Companies Act, 1956), or the Selling Shareholders have been declared as wilful defaulters by the RBI or any other governmental authority and there has been no violation of any securities law committed by any of them in the past and no such proceedings are pending against any of them except for violation by our Group Company, Kailash Auto Finance Limited, which is listed on the BSE of its obligations under the listing agreement. For details refer to sections "Risk Factors" and "Outstanding Litigation and Material Developments" beginning on pages xiv and 168 of this Draft Red Herring Prospectus.

Eligibility for the Issue

The Company is eligible to make the Issue in terms of Regulation 26(1) of the ICDR Regulations, in accordance with which the Company satisfies the following criteria:

(a) it has net tangible assets of at least Rs. 30 million in each of the preceding three full years (of twelve months each), of which not more than 50% are held in monetary assets;
(b) it has a track record of distributable profits in terms of section 205 of the Companies Act, not counting extraordinary items, for at least three out of the immediately preceding five years;

(c) it has a net worth of at least 10 million rupees in each of the preceding three full years (of twelve months each);
(d) the aggregate size of the Issue does not exceed five times the pre-Issue net worth of the Company, which is Rs. 519.11 million as per the audited balance sheet for FY2009, as restated
(e) it has changed its name only to delete the word "Private" from its name in the last one year, to be renamed Commercial Engineers & Body Builders Co Limited.

Further, in accordance with Regulation 26(4) of the ICDR Regulations, the Company shall ensure that the number of prospective Allotees to whom Equity Shares will be Allotted in the Issue shall not be less than 1,000, failing which the entire application monies will be refunded forthwith. In case of delay, if any, in refund, the Company shall pay interest on the application money at the rate of 15% per annum for the period of delay. In addition, in accordance with Rule 19(2)(b) of the SCRR, a minimum of two million securities are being offered to the public and the size of the Issue shall aggregate at least Rs.1,000 million and the Issue is made through the Book Building method with 60% of the Net Issue size allocated to QIBs as specified by SEBI.

Disclaimer Clause of SEBI

AS REQUIRED, A COPY OF THIS DRAFT RED HERRING PROSPECTUS HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THE DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE DRAFT RED HERRING PROSPECTUS HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT RED HERRING PROSPECTUS. THE BOOK RUNNING LEAD MANAGERS, ICICI SECURITIES LIMITED AND EDELWEISS CAPITAL LIMITED, HAVE 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 COMPANY AND EACH SELLING SHAREHOLDER (IN RESPECT OF STATEMENTS ABOUT OR IN RELATION TO IT) ARE PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT RED HERRING PROSPECTUS, THE BOOK RUNNING LEAD MANAGERS, ICICI SECURITIES LIMITED AND EDELWEISS CAPITAL LIMITED, ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY AND (WHERE APPLICABLE) THE SELLING SHAREHOLDERS DISCHARGE THEIR RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BOOK RUNNING LEAD MANAGERS, ICICI SECURITIES LIMITED AND EDELWEISS CAPITAL LIMITED, HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED MARCH 29, 2010 IN ACCORDANCE WITH THE SEBI (MERCHANT BANKERS) REGULATIONS, 1992 WHICH READS AS FOLLOWS:

1. **"WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALIZATION OF THE DRAFT RED HERRING PROSPECTUS PERTAINING TO THE SAID ISSUE;**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, THE SELLING SHAREHOLDERS, 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 COMPANY, WE CONFIRM THAT:**

a) THE DRAFT RED HERRING PROSPECTUS FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;

b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ ISSUED BY SEBI, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH;

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 SEBI AND THAT TILL DATE SUCH REGISTRATION IS VALID;

4. WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFILL THEIR UNDERWRITING COMMITMENTS - NOTED FOR COMPLIANCE

5. WE CERTIFY THAT WRITTEN CONSENT FROM THE PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR EQUITY SHARES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE EQUITY SHARES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK IN SHALL NOT BE DISPOSED / SOLD / TRANSFERRED BY THE PROMOTER DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS.

6. WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS - NOTED FOR COMPLIANCE

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 PROMOTER'S 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 SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. – NOT APPLICABLE

8. WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE ISSUE FALL WITHIN THE 'MAIN OBJECTS' LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY 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 COMPANY SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE**

10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE. – NOT APPLICABLE**

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 COMPANY THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND

    (B) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.

13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.**

14. **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE COMPANY, 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, OR WHERE RELEVANT WITH RESPECT TO THEIR EQUITY SHARES INCLUDED IN THE OFFER FOR SALE, THE SELLING SHAREHOLDERS, FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI, FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME,

WITH THE BOOK RUNNING LEAD MANAGERS ANY IRREGULARITIES OR LAPSES IN THIS 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 RoC in terms of Section 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 RoC in terms of Section 56, Section 60 and Section 60B of the Companies Act.

Disclaimer from the Company, the Selling Shareholders and the BRLMs

The Company, the Directors, the Selling Shareholders and the BRLMs 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 the Company's instance and anyone placing reliance on any other source of information, including the Company's website www.cebbco.com, Promoters, Promoter Group company, or of any affiliate or associate of the Company, would be doing so at his or her own risk.

The BRLMs and Selling Shareholders accept no responsibility, save to the limited extent as provided in the Issue Agreement entered into between the BRLMs, the Company and the Selling Shareholders on March 26, 2010, and the Underwriting Agreement to be entered into between the Underwriters, the Company and the Selling Shareholders.

All information shall be made available by the Company and the BRLMs to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner whatsoever including at road show presentations, in research or sales reports, at bidding centers or elsewhere.

Neither the Company, its Directors and officers, the Selling Shareholders, nor any member of the Syndicate is liable to the Bidders for any failure in downloading the Bids due to faults in any software/hardware system or otherwise.

The BRLMs and their respective associates may engage in transactions with and perform services for our Company, our Group Companies and respective affilitaes and associates in the ordinary course of business and have changed or may in future engage commercial banking and investment banking transactions with our Company or our Group Company, affiliates or associates for which they have recived 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 the Company, the Selling Shareholders, 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 the Company and will not offer, sell, pledge or transfer the Equity Shares of the Company to any person who is not eligible under applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares of the Company. The Company, the Selling Shareholders, 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 the Company.

Disclaimer in Respect of Jurisdiction

The Issue is being made in India to persons resident in India (including Indian nationals resident in India who are majors), HUFs, companies, corporate bodies and societies registered under applicable laws in India and authorized to invest in shares, Indian mutual funds registered with SEBI, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to RBI permission), trusts under applicable trust law and who are authorized under their constitution to hold and invest in shares, public financial institutions as specified in Section 4A of the Companies Act, VCFs, state industrial development corporations, insurance companies registered with Insurance Regulatory and Development Authority, provident funds (subject to applicable law) with a minimum corpus of Rs.250 million and pension funds with a minimum corpus of Rs.250 million and the National Investment Fund, insurance funds set up and managed by the Indian Army, Navy and Air Force, and to permitted non-residents including FIIs, Eligible NRIs, multilateral and bilateral development financial institutions, FVCIs and eligible foreign investors, provided that they are eligible under all applicable laws and regulations to hold Equity Shares of the Company. This Draft Red Herring Prospectus does not, however, constitute an invitation to subscribe to Equity

Shares offered hereby in any jurisdiction other than India to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession 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 the Issue will be subject to the exclusive jurisdiction of competent court(s) in Mumbai in 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 the SEBI for its observations. Accordingly, the Equity Shares represented hereby 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 invitation, offer or sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Company from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The Equity Shares have not been and will not be registered under the U.S. Securities Act of 1933 (the "Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States. Accordingly, the Equity Shares will be offered and sold only outside the United States in offshore transactions in compliance with Regulation S of the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

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

Further, each Bidder where required agrees that such Bidder will not sell or transfer any Equity Shares or create any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with applicable laws and legislations in each jurisdiction, including India.

Disclaimer clause of the BSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the BSE. The disclaimer clause as intimated by BSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer clause of the NSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the NSE. The disclaimer clause as intimated by NSE to us, post scrutiny of this Draft Red Herring Prospectus, shall be included in the Red Herring Prospectus prior to the RoC filing.

Disclaimer clause of IPO Grading Agency

[●]

Filing

A copy of this Draft Red Herring Prospectus has been filed with the SEBI at the Securities and Exchange Board of India, SEBI Bhavan, G Block, 3rd Floor, Bandra Kurla Complex, Bandra (E), Mumbai 400 051, India.

A copy of the Red Herring Prospectus, along with the other documents required to be filed under Section 60B of the Companies Act, will be delivered for registration to the RoC and a copy of the Prospectus to be filed under Section

60 of the Companies Act will be delivered for registration to the RoC, situated at 10/499 B, Allenganj, Khalasi Line, Kanpur -208002 Uttar Pradesh, India..

Listing

Applications have been made to the BSE and the NSE for permission for listing of the Equity Shares being offered and sold in the Issue. [·] will be the Designated Stock Exchange with which the basis of Allotment will be finalized.

If the permissions to deal in, and for an official quotation of, the Equity Shares are not granted by any of the Stock Exchanges mentioned above, the Company shall forthwith repay, without interest, all monies received from applicants in reliance on the Red Herring Prospectus. If such money is not repaid within eight days after the Company has become liable to repay it (i.e., from the date of refusal or within 15 days from the Bid/Issue Closing Date, whichever is earlier), then the Company and every Director of the Company who is an officer in default shall on and from the expiry of such eight day period, be liable to repay the monies, with interest at the rate of 15% per annum on the application monies, as prescribed under Section 73 of the Companies Act.

The Company, with the assistance of the BRLMs shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading at both the Stock Exchanges are taken within seven working days of finalization of the basis of Allotment for the Issue.

Consents

Consents in writing of: (a) the Directors, the Compliance Officer, the Auditors, Deloitte Haskins & Sells, the legal advisors, the Bankers to the Company and the Escrow Collection Banks, the lenders and the experts; and (b) the BRLMs, the Syndicate Members, the Escrow Collection Banks and the Registrar to the Issue to act in their respective capacities will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC, as required under Sections 60 and 60B of the Companies Act and such consents will not be withdrawn up to the time of delivery of the Red Herring Prospectus for registration with the RoC.

In accordance with the Companies Act and the ICDR Regulations, the Auditors, have given their written consent to 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 to the RoC.

The Auditors, have given their written consent to the inclusion of their report relating to the possible tax benefits accruing to the Company and its shareholders in the form and context in which it appears in this Draft Red Herring Prospectus.

[●], a SEBI registered credit rating agency, has given its written consent to being named as an expert for purposes of grading of the Issue and to the inclusion of its grading of the Issue in the Red Herring Prospectus and such consent and report will not be withdrawn up to the time of delivery of the Red Herring Prospectus and the Prospectus to the Designated Stock Exchange.

Expert Opinion

Except the report of [●] in respect of the IPO grading of the Issue (a copy of which will be annexed to the Red Herring Prospectus as Annexure I), furnishing the rationale for its grading which will be provided to the Designated Stock Exchange and except for such persons or entities deemed to be ‘experts’ under the Companies Act, our Company has not obtained any expert opinions annexed herewith.

[●], has given its consent to the issuance of this Draft Red Herring Prospectus with their report and as of the date of this Draft Red Herring Prospectus, such consent has not been withdrawn.

Issue Related Expenses

The Issue related expenses include, among others, underwriting and management fees, selling commissions, printing and distribution expenses, legal fees, advertisement expenses and registrar and depository expenses and listing fees. The estimated Issue expenses are as follows:

Activity	Expense (Rupees in million)	As a % of Total Issue Expenses	As a % of Issue Size
Fees payable to Book Running Lead Managers, underwriting and selling commission (including commission to SCSBs for ASBA commission)*	[●]	[●]	[●]
Fees payable to the Registrar to the Issue*	[●]	[●]	[●]
Fees payable to the legal advisor*			
Fees payable to Bankers to the Issue*	[●]	[●]	[●]
Other Expenses (Printing and stationary, distribution and postage, advertisement and marketing expense etc.)*	[●]	[●]	[●]
IPO Grading expenses*	[●]	[●]	[●]
Others – SEBI filing fees, bidding software, listing fees etc*	[●]	[●]	[●]
Total estimated Issue expenses*	[●]	[●]	[●]

** will be incorporated at the time of filing the prospectus*

Further underwriting and management fees and selling commissions will be borne from the proceeds of the Issue and these fees and expenses will be borne by the Company and the Selling Shareholders in proportion to the number of shares sold by them in the Issue. Other expenses will be borne by the Company alone from the Net Proceeds of the Fresh Issue.

Fees Payable to the BRLMs and the Syndicate Members

The total fees payable to the Book Running Lead Managers and the Syndicate Members (including underwriting commission and selling commission and reimbursement of their out of pocket expenses) will be as per their engagement letter dated March 25, 2010 executed with the Company and the Selling Shareholders, a copy of which is available for inspection at the Company's Registered Office.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue for processing of applications, data entry, printing of CANs/refund orders (or revised CANs, if required), preparation of refund data on magnetic tape and printing of bulk mailing register will be as per the memorandum of understanding between the Company, the Selling Shareholders and the Registrar to the Issue, a copy of which is available for inspection at the Company's Registered Office.

The Registrar to the Issue will be reimbursed for all out of pocket expenses including cost of stationery, postage, stamp duty, and communication expenses. Adequate funds will be provided to the Registrar to the Issue to enable them to make refunds in any of the modes described in this Draft Red Herring Prospectus or send Allotment advice by registered post/speed post/under certificate of posting.

Particulars regarding Public or Rights Issues during the last five years

The Company has not made any previous public issues (including any rights issues to the public) in the five years preceding the date of this Draft Red Herring Prospectus.

Previous issues of Equity Shares otherwise than for cash

Except as stated in the sections "Capital Structure" and "History and Certain Corporate Matters" beginning on pages 20 and 95, respectively, of this Draft Red Herring Prospectus, the Company has not made any previous issues of shares for consideration other than cash.

Underwriting commission, brokerage and selling commission on Previous Issues

Since this is the initial public offering of the Company's Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing for or procuring or agreeing to procure subscription for any of the Equity Shares since the Company's inception.

Listed Group Companies

Our Group Company, Kailash Auto Finance Limited, is listed on the BSE.

Investor Grievances

No investor complaints are pending against Kailash Auto Finance Limited as on the date of this Draft Red Herring Prospectus. Five investor complaints have been made against Kailash Auto Finance Limited in the three years preceding the date of this Draft Red Herring Prospectus; and all of these have been resolved. The time generally taken by Kailash Auto Finance Limited to address investor complaints is one week.

The following arrangements have been made by Kailash Auto Finance Limited for the redressal of investor complaints: As soon as a complaint is received from any investor, the complaint is forwarded to the secretarial department of Kailash Auto Finance Limited. The secretarial department is headed compliance officer of Kailash Auto Finance Limited. The compliance officer looks into the grievance and replies to the concerned investor.

Capital Issues, Market Price and Related Information

There has been no trading in the shares of Kailash Auto in the last three years. Further, there have been no public issues by Kailash Auto in the last 10 years. Therefore, no data as to market price of Kailash Auto Finance Limited is available.

Listing Agreement and Takeover Code

Kailash Auto Finance Limited is in violation of its listing agreement with the BSE and has also failed to meet certain filing requirements under the Takeover Code. For details, refer to the section "Risk Factors" beginning on page xiv of this Draft Red Herring Prospectus.

Listed Associate Entities

Our Associate, Tirupati Services Limited is listed on the Delhi Stock Exchange and U. P. Stock Exchange Association Limited.

Investor Grievances

No investor complaints are pending against Tirupati Services Limited as on the date of this Draft Red Herring Prospectus. No investor complaints have been made against Tirupati Services Limited in the three years preceding the date of this Draft Red Herring Prospectus

Tirupati Services has constituted a Shareholders/Investors Grievances Committee from its Board of Director to address the redressal of investor complaints. In addition, the Company Secretary of Tirupati Sevices Limited has been given the responsibility of dealing with investor complaints.

Capital Issues

Tirupati Services has not made any capital issues in the preceding ten years.

Outstanding Debentures or Bond Issues or Preference Shares

The Company has no outstanding debentures or bonds or redeemable preference shares as of the date of this Draft Red Herring Prospectus.

Promise vs. Performance – Last Three Issues

There has not been any previous public issue of our Equity Shares.

Promise vs. Performance – Last Issue of Promoter, Group Companies or associate companies

None of our Group Companies have made any public or rights issues in the last 10 years preceding the date of this Draft Red Herring Prospectus.

Stock Market Data of the Equity Shares

This being an initial public offering of the Equity Shares of the Company, the Equity Shares are not listed on any stock exchange.

Purchase of Property

Except as stated in the sections "Objects of the Issue" and "Our Business" beginning on pages 35 and 68, respectively of this Draft Red Herring Prospectus, there is no property that has been prpoposed to be acquired from the proceeds of the Net Proceeds of the Fresh Issue or that has been acquired, whether under freehold, leashold or licensed by the Company from the Promoters, Directors, Group Companies or entitied or natural persons belonging to the Promoter Group.

Except as stated in the section "Related Party Transactions" beginning on page 140 of this Draft Red Herring Prospectus, the Company has not purchased any property in which any of its Promoters and/or Directors, have any direct or indirect interest in any payment made thereunder.

Except as stated in the sections "Objects of the Issue", "Our Business" and "Related Party Transactions" beginning on pages 35, 68 and 140, respectively of this Draft Red Herring Prospectus, there is no property which has been purchased or acquired or is proposed to be purchased or acquired which is to be paid for wholly or partly from the proceeds of the Fresh Issue or the purchase or acquisition of which has not been completed on the date of this Draft Red Herring Prospectus, other than property, in respect of which:

- The contract for the purchase or acquisition was entered into in the ordinary course of business, and the contracts were not entered into in contemplation of the Issue, nor is the Issue contemplated in consequence of the contract; or

- The amount of the purchase money is not material.

Mechanism for Redressal of Investor Grievances

The memorandum of understanding between the Registrar to the Issue and the Company and the Selling Shareholders will provide for retention of records with the Registrar to the Issue for a period of at least one year from the last date of dispatch of 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, application number, number of Equity Shares applied for, amount paid on application, Depository Participant, and the bank branch or collection centre where the application was submitted.

All grievances relating to the ASBA process may be addressed to the 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 the Company

The Company estimates that the average time required by the Company or the Registrar to the Issue or the SCSB in case of ASBA Bidders for the redressal of routine investor grievances shall be ten Business Days from the date of receipt of the complaint. In case of complaints that are not routine or where external agencies are involved, the Company will seek to redress these complaints as expeditiously as possible.

The Company has appointed Mr. Anurag Misra, Company Secretary, as the Compliance Officer and he may be contacted in case of any pre-Issue or post-Issue-related problems. Mr. Anurag Misra can be contacted at the following address:

Mr. Anurag Misra
Company Secretary & Compliance Officer
124, Napier Town, Jabalpur – 482 001, Madhya Pradesh, India
Telephone: +91 512 - 2521571
Facsimile: +91 512 - 2522743
Email: cs@cebbco.com

Other Disclosures

Except as disclosed in this Draft Red Herring Prospectus, the Promoter Group, the Promoters or Directors of the Company or relatives of the Promoters or Directors have not financed the purchase or sale of any securities of the Company during a period of six months preceding the date on which this Draft Red Herring Prospectus is filed with SEBI.

Change in Auditors

S. No.	Name	Date of Appointment	Date of Cessation	Reason
1.	M/s Mittal Gupta & Co.	September 26, 2005	February 4, 2006	Resignation
2.	M/s Gupta & Associates	March 6, 2006 w.e.f. February 5, 2006	June 18, 2008	Resignation
3.	M/s Deloitte Haskins & Sells	June 18, 2008	Not Applicable	Appointment in place of resigning auditors

Capitalization of Reserves or Profits

Except for the Bonus Issue on March 18, 2010, the Company has not capitalized its reserves or profits at any time since incorporation. For details as to the Bonus Issue, please refer to the section "Capital Structure" beginning on page 20 of this Draft Red Herring Prospectus.

Tax Implications

Investors that are Allotted Equity Shares in the Issue will be subject to capital gains tax on any resale of the Equity Shares at applicable rates, depending on the duration for which the investors have held the Equity Shares prior to such resale and whether the Equity Shares are sold on the stock exchanges. For details, see the section "Statement of Possible Tax Benefits Available to the Company and its Shareholders" beginning on page 46 of this Draft Red Herring Prospectus.

Revaluation of Assets

The Company has not revalued its assets in the last five years.

Interests of Promoters and Directors

Our Promoter Directors, Dr. Kailash Gupta and Mr. Ajay Gupta, are interested parties in any dividend and distributions made by the Company or to the extent of their shareholding in the Company. The remuneration of Mr.

Ajay Gupta includes commission payable at the rate of 2.5% of the audited profit after tax (for the financial year adjusted for commission) of the Company.

The Company's Promoters will also be interested in any future contracts that the Company may enter into with any of the Group Companies. Our Promoters are also directors on the board of, or members of, certain Group Companies and Promoter Group entities and they may be deemed to be interested to the extent of payments made by our Company, if any, to these parties.

The Promoter Directors of the Company may be deemed to be interested in properties acquired, leased or licensed by the Company from Group Companies and entities belonging to the Promoter Group in which they have shareholding. For details as to such properties refer to the sections "Our Business" and "History and Certain Corporate Matters" beginning on pages 68 and 95 of this Draft Red Herring Prospectus.

All 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 any committee thereof. The Directors may also be regarded as interested in the Equity Shares, if any, held by or that may be subscribed by and Allotted to the companies, firms and trusts, in which they are interested as directors, members, partners and/or trustees.

Except as stated otherwise in this Draft Red Herring Prospectus, none of the beneficiaries of loans, and advances and sundry debtors are related to the Directors or Promoters of the Company.

For further details regarding the interest of Promoters and Directors in the Company refer to the sections "Related Party Transactions", "Our Management" "Our Promoters, Group Companies and Promoter Group" and "Financial Statements" beginning on pages 140, 107, 120, and F-1 of this Draft Red Herring Prospectus.

Payment or Benefit to Officers of the Company

Except as stated otherwise in this Draft Red Herring Prospectus, no amount or benefit has been paid or given or is intended to be paid or given during the preceding two years to any of the Company's officers except the normal remuneration for rendered as Directors, described above, or as officers or employees. Except statutory benefits upon termination of their employment in the Company or superannuation, no officer of the Company is entitled to any benefit upon termination of such officer's employment in the Company or superannuation. For further details regarding the interest of our officers in the Company refer to the section "Related Party Transactions" beginning on page 140 of this Draft Red Herring Prospectus.

SECTION VII: ISSUE INFORMATION

TERMS OF THE ISSUE

The Equity Shares being issued are subject to the provisions of the Companies Act, the Memorandum of Association and the Articles of Association, the terms of this Draft Red Herring Prospectus, the Red Herring Prospectus, the Prospectus, the Bid-cum-Application Form, the Revision Form, the ASBA Bid-cum-Application Form, the Revisions Form, the CAN, the listing agreements with the Stock Exchanges and other terms and conditions as may be incorporated in the Allotment advice and other documents/certificates that may be executed in respect of the Issue. The Equity Shares shall also be subject to all applicable laws, guidelines, rules, notifications and regulations relating to the issue of capital and listing and trading of securities issued from time to time by SEBI, the Government of India, the Stock Exchanges, the Registrar of Companies, the RBI, the FIPB and/or other authorities, as in force on the date of the Issue and to the extent applicable.

Authority for the Issue

From the Company

The Board of Directors of the Company has, pursuant to resolutions passed at its meetings held on January 10, 2010 authorized the Fresh Issue subject to the approval by the shareholders of the Company under Section 81(1A) of the Companies Act, and such other authorities as may be necessary. The shareholders of the Company have, pursuant to resolutions dated March 18, 2010 passed at their extraordinary general meeting under Section 81(1A) of the Companies Act, authorized the Fresh Issue. The Board has approved and authorized this Draft Red Herring Prospectus pursuant to its resolution dated January 10, 2010.

The Company has also obtained all other necessary contractual approvals required for the Issue. For further information, see the section "Government and Other Approvals" beginning on page 202 of this Draft Red Herring Prospectus.

From the Seling Shareholders

The Offer for Sale has been authorized as follows:

(a) in respect of 1,427,890 Equity Shares included in the Offer for Sale, by NYLIM pursuant to a resolution of its Board of Directors dated March 2, 2010;
(b) in respect of 270,540 Equity Shares included in the Offer for Sale, by Commercial Automobiles pursuant to a resolution of its Board of Directors dated March 19, 2010.

Ranking of Equity Shares

The Equity Shares being issued shall be subject to the provisions of the Companies Act and the Memorandum of Association and the Articles of Association and shall rank *pari-passu* with the existing Equity Shares of the Company including rights in respect of dividends. The Allottees of the Equity Shares in this Issue shall be entitled to dividends and other corporate benefits, if any, declared by the Company after the date of Allotment. For further details, see the section "Main Provisions of the Articles of Association" beginning on page 277 of this Draft Red Herring Prospectus.

Mode of Payment of Dividend

The Company shall pay dividends to its shareholders in accordance with the provisions of the Companies Act,the ICDR Regulations and the provisions of the Listing Agreements . Persons that are Allotted Equity Shares comprised in the Offer for Sale of the Issue shall be entitled to the entire dividend payable on these Equity Shares in the year of such Allotment.

Face Value and Issue Price

The face value of each Equity Share is Rs.10. The Floor Price of Equity Shares is Rs. [●] per Equity Share and the Cap Price is Rs. [●] per Equity Share. At any given point of time, subject to applicable law, there shall be only one denomination of Equity Shares. The Price Band and the minimum Bid lot size for the Issue will be decided by the Company and the Selling Shareholders, in consultation with the BRLMs, and advertised in two widely circulated national newspapers one each in English and Hindi which is also the regional newspaper , at least two working days prior to the Bid/Issue Opening Date.

Compliance with ICDR Regulations

The Company shall comply with applicable disclosure and accounting norms specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, the equity shareholders of the Company shall have the following rights:

1. The right to receive dividends, if declared;
2. The right to attend general meetings and exercise voting powers, unless prohibited by law;
3. The right to vote on a poll either in person or by proxy;
4. The right to receive offers for rights shares and be allotted bonus shares, if announced;
5. The right to receive any surplus on liquidation subject to any statutory and other preferential claims being satisfied;
6. The right to freely transfer their Equity Shares, subject to applicable foreign direct investment policy, foreign exchange regulations and other applicable laws; and
7. Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, the terms of the listing agreements executed with the Stock Exchanges, and the Memorandum of Association and the Articles of Association of the Company.

For a detailed description of the main provisions of the Articles of Association relating to voting rights, dividend, forfeiture and lien, transfer and transmission, and/or consolidation/splitting, see the section "Main Provisions of the Articles of Association" beginning on page 277 of this Draft Red Herring Prospectus.

Market Lot and Trading Lot

Under Section 68B of the Companies Act, the Equity Shares shall be Allotted only in dematerialized form. As per the ICDR Regulations, the trading of the Equity Shares shall be in dematerialized form only. Since trading of the Equity Shares is in dematerialized form, the tradable lot is one Equity Share. Allotment in this Issue will be in electronic form in multiples of one (1) Equity Shares, subject to a minimum Allotment of [●] Equity Shares.

Jurisdiction

Exclusive jurisdiction for the purpose of the Issue is with the competent courts in Mumbai, India.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint-tenants with benefits of survivorship.

Nomination Facility to Investor

In accordance with Section 109A of the Companies Act, the sole or first Bidder, along with other joint Bidders, may nominate any one person in whom, in the event of the death of sole Bidder or in case of joint Bidders, the death of all the Bidders, as the case may be, the Equity Shares that are Allotted 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 benefits to which such person would be entitled if such person were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/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 only be made on the prescribed form available on request at the Registered Office of the Company or with 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 the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to register himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 (ninety) days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Issue will be made only in dematerialized form, there is no need to make a separate nomination with the Company. Nominations registered with the respective depository participant of the applicant will prevail. If the investors wish to change their nomination, they are requested to inform their respective depository participants.

Minimum Subscription

If the Company does not receive a minimum subscription of 90% of the Fresh Issue including devolvement to the Underwriters within 60 days from the Bid/Issue Closing Date, the Company shall forthwith refund the entire subscription amount. If there is a delay beyond eight days after the Company becomes liable to pay the amount, the Company shall pay interest prescribed under Section 73 of the Companies Act.

If at least 60% of the Issue cannot be Allotted to QIBs, then the entire application money shall be refunded forthwith.

Furthermore, in accordance with Regulation 26(4) of the ICDR Regulations, the Company shall ensure that the number of Allottees under the Issue shall not be less than 1,000.

The requirement for minimum subscription is not applicable to the Offer for sale.

In case of under-subscription in the Issue, and provided the requirements for minimum subscription in the Fresh Issue are met, the Equity Shares offered by the Company and the Selling Shareholders will, subject to applicable laws and regulations, be Allotted in proportion with the number of Equity Shares offered by each of them respectively in the Issue.

The Equity Shares have not been and will not be registered under the U.S. 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). Accordingly, the Equity Shares will be offered and sold only outside the United States to non-US persons in offshore transactions in compliance with Regulation S of the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur.

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

Application by Eligible NRIs, FIIs registered with SEBI and FVCIs registered with SEBI

It is to be distinctly understood that there is no reservation for NRIs and FIIs registered with SEBI or FVCIs registered with SEBI. The Board has in its resolution dated January 10, 2010 and the shareholders of the Company have in a special resolution dated March 18, 2010 approved investment by FIIs in upto 49% of the Company's issued equity share capital.

As per RBI regulations, OCBs cannot participate in the Issue.

Arrangements for Disposal of Odd Lots

There are no arrangements for disposal of odd lots.

Restriction on transfer of shares

There are no restrictions on transfers and transmission of shares/ debentures and on their consolidation/ splitting except as provided in our Articles and as mandated under the ICDR Regulations. For further details see the sections "Main Provisions of the Articles of Association" and "Capital Structure" beginning on pages 277 and 20 of this Draft Red Herring Prospectus, respectively.

Withdrawal of the Issue

The Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment. If the Company and the Selling Sahreholders withdraw from the Issue, the Company shall issue a public notice that shall include reasons for such withdrawal, within two days of the closure of the Issue. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and the Company shall also promptly inform the Stock Exchanges. If the 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 SEBI. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the RoC. In terms of the ICDR Regulations, the QIBs shall not be allowed to withdraw their Bids after the Bid/Issue Closing Date.

Equity Shares in Dematerialised Form

Investors should note that Allotment of Equity Shares to all successful Bidders will only be in the dematerialized form. Bidders will not have the option of getting Allotment of the Equity Shares in physical form. The Equity Shares on Allotment shall be traded only in the dematerialised segment of the Stock Exchanges.

ISSUE STRUCTURE

The Issue is comprised of [•] Equity Shares including a Fresh Issue of [•] Equity Shares by the Company and an Offer for Sale of 1,698,430 Equity Shares by the Selling Shareholders at the Issue Price for cash, aggregating Rs. [•] million. The Issue will constitute [•]% of the fully diluted post-Issue paid up capital of the Company, being more than 10% but less than 25% of the post-Issue paid up capital of the Company.

If at least 60% of the Issue cannot be Allotted to QIBs, then the entire application money shall be refunded forthwith. The Issue is being made through a 100% Book Building Process. In the event of over subscription, allocation shall be made on a proportionate basis. In case of undersubscription in the Issue, the Equity Shares in the Fresh Issue will be issued prior to the sale of Equity Shares in the Offer for Sale, subject to receipt of minimum subscription.

	QIBs#	**Non-Institutional Bidders**	**Retail Individual Bidders**
Number of Equity Shares(1)	At least [•] Equity Shares	Not less than [•] Equity Shares or the Issue size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than [•] Equity Shares or the Issue size less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation.
Percentage of Issue size available for Allotment/allocation	At least 60% of the Issue shall be Allotted to QIB Bidders. However, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation proportionately to Mutual Funds. Mutual Funds participating in the 5% reservation in the QIB Portion will also be eligible for allocation in the remaining QIB Portion. The unsubscribed portion in the Mutual Fund reservation will be available to QIBs.	Not less than 10% of the Issue or the Issue Size less allocation to QIB Bidders and Retail Individual Bidders shall be available for allocation.	Not less than 30% of the Issue or Issue less allocation to QIB Bidders and Non-Institutional Bidders shall be available for allocation.
Basis of Allocation if respective category is oversubscribed	Proportionate as follows: (a) [•] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds; and (b) [•] Equity Shares shall be Allotted 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 so that the Bid Amount exceeds Rs.100,000 and in multiples of [●] Equity Shares thereafter.	Such number of Equity Shares so that the Bid Amount exceeds Rs.100,000 and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares.

	QIBs#	Non-Institutional Bidders	Retail Individual Bidders
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 so that the Bid does not exceed Rs.100,000.
Mode of Allotment	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.	Compulsorily in dematerialized form.
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Trading Lot	One Equity Share.	One Equity Share.	One Equity Share.
Who can Apply(2)	Public financial institutions as specified in Section 4A of the Companies Act, FIIs and sub-accounts registered with SEBI (other than a sub-account which is a foreign corporate or foreign individual), scheduled commercial banks, Mutual Funds registered with SEBI, multilateral and bilateral development financial institutions, VCFs and FVCIs registered with SEBI, state industrial development corporations, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with minimum corpus of Rs.250 million, pension funds with minimum corpus of Rs.250 million in accordance with applicable law, the National Investment Fund and insurance funds set up and managed by the Indian Army, Navy or Air Force.	Eligible NRIs, Resident Indian individuals, HUFs (in the name of the *Karta*), companies, corporate bodies, scientific institutions, societies and trusts and FII sub-account registered with SEBI, which is a foreign corporate or foreign individual	Individuals (including HUFs in the name of the *karta* and Eligible NRIs) applying for Equity Shares such that the Bid Amount per individual Bidder does not exceed Rs.100,000 in value.
Terms of Payment	QIB Amount shall be payable at the time of submission of the Bid-cum-Application Form to the members of the Syndicate. #	Amount applicable to Non-Institutional Bidders shall be payable at the time of submission of the Bid-cum-Application Form to the members of the Syndicate. ##	Amount applicable to Retail Individual Bidders shall be payable at the time of submission of the Bid-cum-Application Form to the members of the Syndicate.##

\# *The QIB Portion includes the Anchor Investor Portion in accordance with the ICDR Regulations. In addition, at least one third of the Anchor Investor Portion shall be reserved for the Indian Mutual Funds. For further details, see section "Issue Procedure" beginning on page 230 of Draft Red Herring Prospectus.*

\## *In case of ASBA Bidders, the SCSBs shall be authorized to block such funds in the bank account of the ASBA Bidders that are specified in the ASBA Bid-cum-Application Forms.*

(1) Subject to valid Bids being received at or above the Issue Price. This being an Issue for less than 25% of the post-Issue capital, the Issue is being made through a 100% Book Building Process, wherein at least 60% of the Issue shall be Allotted on a proportionate basis to Qualified Institutional Buyers ("QIBs"), of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only and the remaining shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. In additional, in accordance with Rule 19(2)(b) of the SCRR , a minimum of two million securities are being offered to the public and the size of the Issue shall aggregate at least Rs. 1,000 million. If at least 60% of the Issue cannot be Allotted to QIBs, then the entire application money will be refunded/released forthwith. Further, not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 30% 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. The QIB Portion includes the Anchor Investor Portion of up to 30% of the QIB Portion.

Under-subscription, if any, in the Non-Institutional and Retail categories, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of the Company and the Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange. See the section "Issue Procedure" beginning on page 230 of this Draft Red Herring Prospectus.

(2) 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 the names are in the same sequence in which they appear in the Bid-cum-Application Form.

** In case of ASBA Bidders, the relevant SCSB shall be authorized to block the Bid amount in the ASBA Account as specified in the ASBA Form

Withdrawal of the Issue

The Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right not to proceed with the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment. If the Company and the Selling Shareholders withdraw from the Issue, the Company shall issue a public notice that shall include reasons for such withdrawal, within two days of the closure of the Issue. The notice of withdrawal shall be issued in the same newspapers where the pre-Issue advertisements have appeared and the Company shall also promptly inform the Stock Exchanges. The BRLMs, through the Registrar to the Issue, shall notify the SCSBs to unblock the bank accounts of the ASBA Bidders within one day from the day of receipt of such notification. If the 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 SEBI. Notwithstanding the foregoing, the Issue is also subject to obtaining (i) the final listing and trading approvals of the Stock Exchanges, which the Company shall apply for after Allotment and (ii) the final RoC approval of the Prospectus after it is filed with the RoC.

Letters of Allotment or Refund Orders

The Company shall credit each beneficiary account with its depository participant within two working days from the date of the Allotment to all successful Allotees including ASBA Bidders. Applicants that are residents of the 68 cities notified by SEBI through its notification (Ref. No. SEBI/CFD/DILDIP/29/2008/01/02) dated February 1, 2008 will receive refunds through ECS only (subject to availability of all information for crediting the refund through ECS) except where the applicant is eligible to receive refunds through Direct Credit, NEFT or RTGS. In the case of other applicants, the Company shall ensure the 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 15 days of the Bid/Issue Closing Date.

Interest in Case of Delay in Dispatch of Allotment Letters/Refund Orders in case of Public Issues.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the ICDR Regulations, the Company undertakes that:

- Allotment shall be made only in dematerialised form within 15 days from the Bid/Issue Closing Date;
- Dispatch of refund orders, except for Bidders who can receive refunds through Direct Credit, NEFT, RTGS or NECS, shall be done within 15 days from the Bid/Issue Closing Date;

- Instructions to the relevant SCSB to unblock the funds in the relevant ASBA Account to the extent of the Bid Amount specified in the ASBA cum Application Forms for withdrawn, rejected or unsuccessful or partially successful ASBAs, within 15 days of the Bid Closing Date; and

- The Company shall pay interest at 15% per annum, if Allotment is not made, refund orders are not dispatched to the applicants 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 15 day time period prescribed above.

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 through any of the modes as described in the DRHP. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

Bid/Issue Program

BID/ISSUE OPENS ON	**[•]**
BID/ISSUE CLOSES ON	**[•]**

The Company and the Selling Shareholders may consider participation by Anchor Investors for up to 30% of the QIB Portion in accordance with the ICDR Regulations on the Anchor Investor Bid/Issue Date. For details, see the section "Issue Procedure – Anchor Investor Portion" beginning on page 230 of this Draft Red Herring Prospectus.

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 centres mentioned on the Bid cum Application Form **except that on the Bid/Issue Closing Date, Bids (excluding the ASBA Bidders) shall be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time)** and uploaded until (i) 4.00 p.m. in case of Bids by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 and (ii) 5.00 p.m. in case of Bids by Retail Individual Bidders where the Bid Amount is up to Rs. 100,000, which may be entered up to such time as deemed fit by the Stock Exchanges after taking into account the total number of applications received up to the closure of timings and reported by the BRLMs to the Stock Exchanges within half an hour of such closure. Due to limitation of the time available for uploading the Bids on the 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, some Bids may not get uploaded on the last date. Such Bids that cannot be uploaded will not be considered for allocation under the Issue. If such Bids are not uploaded, the Issuer, the Selling Shareholders, BRLMs and Syndicate members will not be responsible. Bids will be accepted only on Business Days. Bids by ASBA Bidders shall be uploaded by the SCSB in the electronic system to be provided by the NSE and the BSE.

In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid-cum-Application form for a particular Bidder, the details as per the physical application form of that Bidder will be taken as the final data for the purpose of Allotment. In case of discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical or electronic Bid-cum-Application Form, for a particular ASBA Bidder, the Registrar to the Issue shall request rectified data from the SCSB.

On the Bid/Issue Closing Date, extension of time will be granted by the Stock Exchanges only for uploading the Bids submitted by Retail Individual Bidders after taking into account the total number of Bids received until the closure of timings for acceptance of Bid-cum-Application Forms as stated herein and reported by the BRLMs to the Stock Exchange(s) within half an hour of such closure.

The Company and the Selling Shareholders, in consultation with the BRLMs reserve the right to revise the Price Band during the Bidding Period in accordance with the ICDR Regulations. The cap should not be more than 120% of the Floor Price and the Floor Price shall not be less than the face value of Equity Shares. Subject to compliance, with the immediately preceding sentence, the Floor Price can move up or down to the extent of 20% of the Floor

Price as disclosed at least two working days prior to the Bid/Issue Opening Date and the Cap Price will be revised accordingly.

In case of revision in the Price Band, the Bidding Period shall be extended for three additional Business Days after such revision, subject to the Bidding Period not exceeding ten Business Days. Any revision in the Price Band, and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the websites of the BRLMs and the terminals of the other members of the Syndicate.

ISSUE PROCEDURE

Book Building Procedure

This being an Issue for less than 25% of the post-Issue capital, the Issue is being made through a 100% Book Building Process, wherein at least 60% of the Issue shall be Allotted on a proportionate basis to Qualified Institutional Buyers ("QIBs"), of which 5% shall be available for allocation on a proportionate basis to Mutual Funds only and the remaining shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds, subject to valid Bids being received at or above the Issue Price. In addition, in accordance with Rule 19(2)(b) of the SCRR , a minimum of two million securities are being offered to the public and the size of the Issue shall aggregate at least Rs. 1,000 million. If at least 60% of the Issue cannot be Allotted to QIBs, then the entire application money will be refunded/released forthwith. Further, not less than 10% of the Issue shall be available for allocation on a proportionate basis to Non Institutional Bidders and not less than 30% 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 except the QIB Portion, would be allowed to be met with spill-over from any other category or combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange. The company may allocate upto 30% of the QIB Portion to Anchor Investors at the Anchor Investor Issue Price. Allocation to Anchor Investors shall be on a discretionary basis and not on a proportionate basis.

Any Bidder (other than QIBs) may participate in this Issue through the ASBA process by providing the details of their respective bank accounts in which the corresponding Bid amounts will be blocked by SCSBs. For details refer to section "Issue Procedure" beginning on page 230 of this Draft Red Herring Prospectus.

Bidders are required to submit their Bids through the Syndicate. Further, QIB Bids can be submitted only through the BRLMs. In case of QIB Bidders, the Company and the Selling Shareholders, in consultation with the BRLMs may reject Bids at the time of acceptance of the Bid-cum-Application Form provided that the reasons for such rejection shall be disclosed to such Bidder in writing. Provided that, our Company and Selling Shareholders in consultation with the BRLMs, reserve the right to reject any Bid procured from Anchor Investors without assigning any reason thereof. In the cases of Non-Institutional Bidders and Retail Individual Bidders, the Company and the Selling Shareholders will have a right to reject the Bids only on technical grounds.

Investors should note that Allotment of Equity Shares to all successful Bidders will only be in the dematerialized form. It is mandatory for Bidders to furnish details of their depositories accounts in the Bid-cum-Application Forms, without which the Bids shall be rejected for being incomplete. After Allotment, shareholders may apply to have dematerialised securities re-materialized. The number of Equity Shares Bid for shall not be higher than the maximum number permissible in relation to the relevant Bidder under applicable laws and regulations or as specified in this Draft Red Herring Prospectus.

Bid-cum-Application Form

Bidders shall only use the specified Bid-cum-Application Form bearing the stamp of a member of the Syndicate for the purpose of making a Bid in terms of RHP. Before being issued to the Bidders, the Bid-cum-Application Form shall be serially numbered The Bid-cum-Application Form shall contain information about the Bidder, the price and the number of Equity Shares that the Bidder wishes to Bid. The Bidders 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 completing and submitting the Bid-cum-Application Form to a member of the Syndicate, the Bidder is deemed to have authorized the Company and the Selling Shareholders 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 the RoC after such filing, without prior or subsequent notice of such changes to the Bidder.

The prescribed color of the Bid-cum-Application Form for various categories is as follows:

Category	Color of Bid-cum-Application Form
Resident Indians and Eligible NRIs applying on a non-repatriation basis excluding Anchor Investors	[•]
Eligible NRIs applying on a repatriation basis, FIIs or Foreign Venture Capital Funds, registered Multilateral and Bilateral Development Financial Institutions applying on a repatriation basis excluding Anchor Investors	[•]
ASBA Bidders	[•]
Anchor Bidders*	[•]

* The Bid-cum-Application Form will be available with the BRLMs office.

In accordance with the ICDR Regulations, ASBA Bidders can participate by way of the ASBA process. 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 ASBA Bidders. Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the ASBA Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the ASBA Bid-cum-Application Form to the SCSB, the ASBA Bidder is deemed to have authorized the Company and the Selling Shareholders to make the necessary changes in the Red Herring Prospectus and the ASBA Bid-cum-Application Form as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder**.**

In accordance with the ICDR Regulations, only QIBs can participate in the Anchor Investor Portion.

In respect of Anchor Investors and ASBA Bidders, the issue procedure set out below should be read with, and is qualified by, the sections "Issue Procedure –Anchor Investor Portion" and "Issue Procedure –Issue Procedure for ASBA Bidders", respectively, beginning on page 230 of this Draft Red Herring Prospectus.

Who can Bid?

1. Persons eligible to invest under all applicable laws, rules, regulations and guidelines.

2. Indian nationals resident in India who are not minors in single or joint names (not more than three).

3. 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.

4. Eligible NRIs on a repatriation basis or a non-repatriation basis subject to compliance with applicable laws. NRIs, other than Eligible NRIs, are not permitted to participate in this Issue.

5. FIIs and sub-accounts registered with SEBI (other than a sub-account which is a foreign corporate or foreign individual).

6. State Industrial Development Corporations.

7. Insurance companies registered with the Insurance Regulatory and Development Authority, India.

8. Provident Funds with a minimum corpus of Rs.250 million and who are authorized under their constitution to invest in equity shares.

9. Pension funds with a minimum corpus of Rs.250 million and who are authorized under their constitution to invest in equity shares.

10. 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.

11. Companies, corporate bodies and societies registered under applicable laws in India and authorized to invest in equity shares.

12. Venture Capital Funds registered with the SEBI.

13. Foreign Venture Capital Investors registered with the SEBI.

14. Mutual Funds registered with the SEBI.

15. Indian financial institutions, scheduled commercial banks (excluding foreign banks), regional rural banks, co-operative banks (subject to the RBI regulations and the ICDR Regulations and other regulations, as applicable).

16. Multilateral and bilateral development financial institutions.

17. 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.

18. Scientific and/or industrial research organizations in India authorized to invest in equity shares.

19. Sub-accounts of FIIs registered with SEBI, which are foreign corporate or foreign individuals, only under the Non Institutional Bidders Category.

20. Insurance funds set up and managed by the army, navy, or air force of the Union of India.

As per existing regulations, OCBs cannot Bid in the Issue.

Participation by associates of BRLMs and Syndicate Members

The BRLMs and Syndicate Members shall not be entitled to subscribe to this Issue in any manner except towards fulfilling their underwriting obligations. However, associates and affiliates of the BRLMs and Syndicate Members 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. Such bidding and subscription may be on their own account or on behalf of their clients.

The BRLMs and the Syndicate Members and or person related to them shall not be allowed to subscribe the Anchor Investor Portion.

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 the Red Herring Prospectus.

Bids by Mutual Funds

Under the SEBI Regulations, one-third of the Anchor Investor Portion will be available for allocation to domestic Mutual Funds only on a discretionary basis and 5% of the QIB Portion, i.e. [●] Equity Shares have been specifically reserved for allocation to Mutual Funds on a proportionate basis. 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 a 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 the SEBI and such Bids in respect of more than one scheme of the

In accordance with 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 equity shares or equity related instruments of any company provided that the limit of 10% shall not be applicable for investments in index funds or sector or industry-specific funds. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up capital carrying voting rights.

The Bids made by asset management companies or custodians of Mutual Funds shall clearly indicate the name of the concerned scheme for which application is being made.

In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the Mutual Fund and such Bids in respect of more than one scheme of the Mutual Fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made.

Bids by Eligible NRIs

Bid-cum-Application Forms (blue in colour) have been made available for Eligible NRIs at the Registered Office of the Company and with members of the Syndicate.

NRI applicants should note that only such applications as are accompanied by payment in free foreign exchange shall be considered for Allotment under the Eligible NRI Category. The Eligible NRIs who intend to make payment through the Non-Resident Ordinary (NRO) account shall use the application form meant for Resident Indians (white form) and shall not use the forms meant for any reserved category.

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 the post-Issue paid up capital of the Company (i.e., 10% of [•] Equity Shares). 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 the total paid up capital of the Company or 5% of the total paid-up capital of the Company, in case such sub-account is a foreign corporate or an individual. FII investment upto 49% in the Company has been approved by our Board vide resolution dated January 10, 2010 and by our shareholders vide special resolution dated March 18, 2010.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 15A(1) of the Securities Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended, an FII or its sub-account may issue, deal or hold, 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 favor 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 its 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.

Associates and affiliates of the Underwriters, including the BRLMs, that are FIIs or its sub account may issue offshore derivative instruments against Equity Shares notified for allocation or Allotted to them in the Issue.

Bids by the 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 Venture Capital Fund should not exceed 25% of the corpus of the Venture Capital Fund.

Pursuant to the ICDR Regulations, the shareholding of SEBI-registered Venture Capital Funds and Foreign Venture Capital Investors held in a company prior to making an initial public offering would be exempt from lock-in requirements only if the shares have been held by them for at least one year prior to the time of filing the draft prospectus with SEBI.

Bids by HUFs

Hindu Undivided Families or HUFs can bid 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.

The above information is given for the benefit of the Bidders. The Company, its Directors and officers, the Selling Shareholders and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated hereinabove. The Company, the Selling Shareholders and the BRLMs 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 this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations in respect of such matters 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 thereof, so as to ensure that the Bid Amount payable by the Bidder does not exceed Rs.100,000. In case of revision of Bids, the Retail Individual Bidders have to ensure that the Bid Amount does not exceed Rs.100,000. Where the Bid Amount is over Rs.100,000 due to revision of the Bid or revision of the Price Band or on exercise of the option to bid at Cut-off Price, the Bid would be considered for allocation under the Non-Institutional Portion. The Cut-off Price option is given only to Retail Individual Bidders indicating their agreement to the Bid and to purchase the Equity Shares at the 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 in multiples of [●] such that the Bid Amount exceeds Rs.100,000. 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 under applicable laws. Under the existing ICDR Regulations, a QIB Bidder cannot withdraw its Bid after the Bid/Issue Closing Date.

   In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs.100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs.100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Non-Institutional Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIB Bidders are not allowed to Bid at the Cut-off Price.

   Payments made upon any revision of Bids shall be adjusted against the payment made at the time of the original Bid or the previously revised Bid.

(c) **For Bidders in the Anchor Investor Portion:** The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount is Rs. 100 million and in multiples of [●] Equity Shares thereafter. A Bid cannot be submitted for more than 30% of the QIB Portion. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids. Anchor Investors cannot withdraw their bids after the Anchor Investor Bid Date.

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.

Refund amounts following a permitted withdrawal of a Bid shall be paid in the manner described under paragraph "Payment of Refund" below.

Information for the Bidder:

1. The Company and the Selling Shareholders will file the Red Herring Prospectus with the RoC at least three days before the Bid/Issue Opening Date.

2. The members of the Syndicate 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.

3. Any investor (who is eligible to invest in the Equity Shares) who would like to obtain the Red Herring Prospectus along with the Bid-cum-Application Form can obtain the same from the Registered Office of the Company or from any of the members of the Syndicate.

4. Eligible investors who are interested in subscribing for the Equity Shares should approach any of the BRLMs or Syndicate Members or their authorized agent(s) to register their Bids.

5. The Bids should be submitted on the prescribed Bid-cum-Application Form only. Bid-cum-Application Forms should bear the stamp of the member of the Syndicate. Bid-cum-Application Forms which do not bear the stamp of a member of the Syndicate will be rejected.

6. The Members of the Syndicate shall accept Bids from the Bidder during the Bid/Issue Period in accordance with the terms of the Syndicate Agreement. Provided that the BRLMs shall accept the Bids from the Anchor Investors only on the Anchor Investor Bid date.

7. Our Company, the Selling Shareholders and the BRLM shall declare the Bid/Issue Opening Date and Bid/Issue Closing Date at the time of filing of the Red Herring Prospectus with the RoC and the same shall also be published in two newspapers (one in English and one in Hindi, which is also the regional newspaper).

Method and Process of Bidding

1. The Company, Selling Shareholders and the BRLMs shall declare the Bid/Issue Opening Date and the Bid/Issue Closing Date in the Red Herring Prospectus to be filed with the RoC and also publish the same in two widely circulated national newspapers one each in English and Hindi which is also the regional newspaper . This advertisement, subject to the provisions of Section 66 of the Companies Act, shall be in the format prescribed in Schedule XIII of the ICDR Regulations. The Price Band and the minimum Bid lot size for the Issue will be decided by the Company and the Selling Shareholders, in consultation with the BRLMs, and advertised in two widely circulated national newspapers one each in English and Hindi which is also the regional newspaper, at least two working days prior to the Bid/Issue Opening Date. The BRLMs and Syndicate Members shall accept Bids from the Bidders during the Bidding Period in accordance with the terms of the Syndicate Agreement.

2. The BRLM shall accept Bids from the Anchor Investors on the Anchor Investor Bid Date, i.e. one day prior to the Bid/Issue Opening Date. Bids by Anchor Investors under the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids. Investors, except Anchor Investors who are interested in subscribing to the Equity Shares should approach any of the members of the Syndicate or their authorised agents to register their Bids, during the Bidding Period. The Syndicate Members shall accept Bids from the all the other Bidders and shall have the right to vet the Bids, during the BiddingPeriod in accordance with the terms of the Syndicate Agreement and Red Herring Prospectus.

3. The Bidding Period shall be for a minimum of three working days and shall not exceed 10 working days, including the days for which the Issue is kept open in case of a revision in the Price Band. Where the Price Band is revised, the revised Price Band and Bid/Issue Period will be published in two widely circulated national newspapers one each in English and Hindi which is also the regional newspaper and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate. The Bidding Period may be

extended, if required, by an additional three working days, subject to the total Bidding Period not exceeding ten working days.

4. During the Bidding Period, eligible investors (except Anchor Investors) who are interested in subscribing for the Equity Shares should approach the members of the Syndicate or their authorized agents to register their Bid.

5. Each Bid-cum-Application Form will give the Bidder the choice to Bid for up to three optional prices (for details refer to the paragraph "Bids at Different Price Levels") within the Price Band and specify the demand (i.e., the number of Equity Shares Bid for) in each option. The price and demand options submitted by the Bidder in the Bid-cum-Application Form will be treated as optional demands from the Bidder and will not be cumulated. After determination of the Issue Price, the maximum number of Equity Shares Bid for by a Bidder at or above the Issue Price will be considered for allocation and the rest of the Bid(s), irrespective of the Bid price, will become automatically invalid.

6. The Bidder cannot Bid on another Bid-cum-Application Form after Bid(s) on one Bid-cum-Application Form have been submitted to any member of the Syndicate. Submission of a second Bid-cum-Application Form to either the same or to another member of the Syndicate will be treated as multiple bidding and is liable to be rejected either before entering the Bid into the electronic bidding system, or at any point in time before the Allotment of Equity Shares in the Issue. However, the Bidder can revise the Bid through the Revision Form, the procedure for which is detailed under the paragraph "Build up of the Book and Revision of Bids" on page 239 of this Draft Red Herring Prospectus.

7. Except in relation to the Bids received from the Anchor Investors, the members of the Syndicate will enter each Bid option into the electronic bidding system as a separate Bid and generate a Transaction Registration Slip ("TRS") for each price and demand option and give the same to the Bidder. Therefore, a Bidder can receive up to three TRSs for each Bid-cum-Application Form.

8. During the Bidding Period, Bidders may approach the members of the Syndicate to submit their Bids. Every member of the Syndicate shall accept Bids from all clients/investors who place orders through them and shall have the right to vet the Bids.

9 Along with the Bid-cum-Application Form, all Bidders will make payment in the manner described under the paragraph "Terms of Payment and Payment into the Escrow Account".

Bids at Different Price Levels

1. The Price Band and the minimum Bid lot will be decided by the Company and the Selling Shareholders, in consultation with the BRLMs, at least two days prior to the opening of the Issue and shall be published in two widely circulated national newspapers one each in English and Hindi which is also the regional newspaper. The Bidders can Bid at any price within the Price Band in multiples of Re.1 (Rupee One).

2. The Company and the Selling Shareholders, in consultation with the BRLMs, reserves the right to revise the Price Band during the Bidding Period in accordance with the ICDR Regulations. The cap on the Price Band 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. 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.

3. In case of a revision of the Price Band, the Bidding Period shall be extended, if required, for three additional working days, subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding Period, if applicable, will be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two widely circulated national newspapers one each in English and Hindi which is also the regional newspaper, and also by indicating the change on the website of the BRLMs and at the terminals of the members of the Syndicate.

4. The Company and the Selling Shareholders, in consultation with the BRLMs, can finalize the Issue Price and the Anchor Investor Price within the Price Band without the prior approval of, or intimation to, the Bidders and the Anchor Investors respectively.

5. The Bidder can Bid at any price within the Price Band. The Bidder has to Bid for the desired number of Equity Shares at a specific price.

   Retail Individual Bidders applying for a maximum Bid in any of the bidding options not exceeding up to Rs.100,000, may Bid at the Cut-off Price. However, bidding at the Cut-off Price is prohibited for QIB Bidders or Non-Institutional Bidders and such Bids from QIB or Non-Institutional Bidders shall be rejected.

6. Retail Individual Bidders who Bid at the Cut-off Price agree that they shall purchase the Equity Shares at any price within the Price Band. Retail Individual Bidders bidding at the Cut-off Price shall deposit the Bid Amount based on the cap of the Price Band in the Escrow Account. In the event that the Bid Amount is higher than the amount payable by the Retail Individual Bidders who Bid at the Cut-off Price, the Retail Individual Bidders shall receive the refund of the excess amounts from the Refund Account in the manner described under the paragraph "Payment of Refund".

7. In case of an upward revision in the Price Band announced as above, Retail Individual Bidders who had Bid at the Cut-off Price could either (i) revise their Bid or (ii) make additional payment based on the higher cap of the revised Price Band (such that the total amount i.e., the original Bid Amount plus additional payment does not exceed Rs.100,000 if the Bidder wants to continue to Bid at the 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.100,000, the Bid will be considered for allocation under the Non-Institutional Portion in terms of the Red Herring Prospectus. If, however, the Bidder does not either revise the Bid or make additional payment and the Issue Price is higher than the cap of the Price Band before revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional payment would be required from the Bidder and the Bidder is deemed to have approved such revised Bid at the Cut-off Price.

8. In case of a downward revision in the Price Band, announced as above, Retail Individual Bidders who have Bid at the Cut-off Price could either revise their Bid or the excess amount paid at the time of bidding would be refunded from the Escrow Account(s).

9. The Company and the Selling Shareholders in consultaion with the BRLMs shall decide the minimum number of Equity Shares for each Bid to ensure that the minimum application value is within the range of Rs. 5,000 to Rs. 7,000. 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. 5000 to Rs. 7000.

Escrow Mechanism (*not applicable to ASBA Investors***)**

The Company, the Selling Shareholders and the members of the Syndicate shall open Escrow Accounts with one or more Escrow Collection Banks in whose favor the Bidders make out the cheque or demand draft in respect of his or her Bid and/or revision of the Bid. Cheques or demand drafts received for the full Bid Amount from Bidders in a certain category would be deposited in the Escrow Accounts. The Escrow Collection Banks will act in terms of the Red Herring Prospectus, the Prospectus and the Escrow Agreement. The monies in the Escrow Accounts shall be maintained by the Escrow Collection Banks for and on behalf of the Bidders. The Escrow Collection Banks shall not exercise any lien whatsoever over the monies deposited therein and shall hold the monies therein in trust for the Bidders. On the Designated Date, the Escrow Collection Banks shall transfer the monies from the Escrow Accounts to the Public Issue Account and the Refund Account as per the terms of the Escrow Agreement, the Red Herring Prospectus and the Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between us, the Selling Shareholders, the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Terms of Payment and Payment into the Escrow Account

Each Bidder, other than Anchor Investors, shall pay the applicable amount, and shall, with the submission of the Bid-cum-Application Form, draw a cheque or demand draft in favor of the Escrow Account of the Escrow Collection Bank(s) (see "Payment Instructions" beginning on page 248 of this Draft Red Herring Prospectus), and submit such cheque or demand draft to the member of the Syndicate to whom the Bid is being submitted. The Anchor Investor may also provide the applicable amount by way of an electronic transfer of funds through the RTGS mechanism. Each QIB shall provide their QIB amount only to a BRLM. Bid-cum-Application Forms accompanied by cash/Stockinvest/money order/postal order shall not be accepted. The amount based on the Bid Amount has to be paid at the time of submission of the Bid-cum-Application Form. The amount paid shall be entered and printed on the TRS.

The members of the Syndicate shall deposit the cheque or demand draft with the Escrow Collection Bank(s), which will hold the monies for the benefit of the Bidders until the Designated Date. On the Designated Date, the Escrow Collection Bank(s) shall transfer the funds from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account. The balance amount after transfer to the Public Issue Account of the Company shall be transferred to the Refund Account on the Designated Date. No later than 15 days from the Bid/Issue Closing Date, the Escrow Collection Bank(s) shall also refund all amounts payable to unsuccessful Bidders and also the excess amount paid on bidding, if any, after adjustment for Allotment, to the Bidders.

Each category of Bidders, i.e., QIB Bidders, Non-Institutional Bidders and Retail Individual Bidders would be required to pay an amount, in accordance with the provisions of ICDR Regulations, at the time of submission of the Bid-cum-Application Form. If the payment is not made favoring the Escrow Account within the time and in the manner stipulated above, the Bid of the Bidder is liable to be rejected.

Where the Bidder has been allocated a lesser number of Equity Shares than he or she had Bid for, the excess amount paid on Bidding, if any, after adjustment for Allotment, will be refunded to such Bidder within 15 days from the Bid/Issue Closing Date, failing which the Company shall pay interest according to the provisions of the Companies Act for any delay beyond the periods as mentioned above.

Electronic Registration of Bids

1. The Syndicate Members will register the Bids received (other than from Anchor Investors) using the on-line facilities of the BSE and the NSE. There will be at least one on-line connectivity facility in each city where a stock exchange is located in India and where Bids are being accepted.

2. The NSE and the BSE 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 and their authorized agents during the Bidding Period. The members of the Syndicate can also set up facilities for off-line electronic registration of Bids subject to the condition that they will subsequently upload the off-line data file into the on-line facilities for book building on a regular basis. The ICDR Regulations require that the Bidding terminals shall contain an online graphical display of demand and Bid prices updated at periodic intervals, not exceeding 30 minutes. On the Bid/Issue Closing Date, the members of the Syndicate shall upload the Bids until such time as may be permitted by the Stock Exchanges. Bidders are cautioned that a high inflow of Bids typically experienced on the last day of bidding may lead to some Bids received on the last day not being uploaded due to lack of sufficient uploading time and such Bid that could not be uploaded may not be considered for allocation.

3. The aggregate demand and price for Bids registered on electronic facilities of the NSE and the BSE will be uploaded on a regular basis, consolidated and displayed on-line at all bidding centers as well as on the NSE's website at www.nseindia.com and on the BSE's website at www.bseindia.com. A graphical representation of consolidated demand and price will be made available at the bidding centers by the end of each day during the Bidding Period.

4. At the time of registering each Bid, the members of the Syndicate shall enter the following details of the investor in the on-line system:

- Name of the First/Sole 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 Depositary 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—Individual, Corporate, QIBs, Eligible NRI, FVCI, FII or Mutual Fund, etc.;

- Numbers of Equity Shares bid for;

- Bid price;

- Bid Amount

- Bid-cum-Application Form number;

- Amount paid in accordance with the ICDR Regulations upon submission of Bid-cum-Application Form; and

- Depository participant identification number and client identification number of the demat account of the Bidder.

5. A system-generated TRS will be given to the Bidder as proof of the registration of each of the bidding options. It is the Bidder's responsibility to obtain the TRS from the members of the Syndicate. The registration of the Bid by the member of the Syndicate does not guarantee that the Equity Shares shall be allocated either by the members of the Syndicate or the Company.

6. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

7. In case of QIB Bidders, members of the Syndicate also have the right to accept the Bid or reject the Bid. However, such rejection should be made at the time of receiving the Bid and only after assigning a reason for such rejection in writing. In case of Non-Institutional Bidders and Retail Individual Bidders, Bids would not be rejected except on the technical grounds listed in this Draft Red Herring Prospectus.

8. The permission given by the NSE and the BSE 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 the Company or the BRLMs are cleared or approved by the NSE and the BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, the Promoters, the management or any scheme or project of the Company.

9. It is also to be distinctly understood that the approval given by the NSE and the BSE should not in any way be deemed or construed that this Draft Red Herring Prospectus has been cleared or approved by the NSE or the BSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the NSE and the BSE.

10. Details of Bids in the Anchor Investor Portion will not be registered on the online facilities of the Stock Exchanges.

11. Only Bids that are uploaded on the online IPO system of the NSE and BSE shall be considered for allocation/ Allotment. In case of discrepancy of data between the BSE or the NSE and the Syndicate Members, the decision of the BRLM based on the physical records of Bid Application Forms shall be final and binding on all concerned.

Build Up of the Book and Revision of Bids

1. The Bidding process shall be only through an electronically linked transparent bidding facility provided by the Stock Exchanges. Bids registered by various Bidders except Anchor Investors through the members of the Syndicate shall be electronically transmitted to the NSE or BSE mainframe on a regular basis. Pursuant to Item 12(g) of Part A of Schedule XI, the ICDR Regulations require that the bidding terminals shall contain an online graphical display of demand and Bid prices updated at periodic intervals not exceeding 30 minutes.

2. The book gets built up at various price levels. This information will be available from the BRLMs on a regular basis.

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. The Bidder must complete the details of all the options in the 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 complete all the details of the other two options that are not being changed in the Revision Form. Incomplete or inaccurate Revision Forms will not be accepted by the members of the Syndicate.

5. The Bidder can make this revision any number of times during the Bidding Period. However, for any revision(s) in the Bid, the Bidders will have to use the services of the same member of the Syndicate through whom the original Bid was placed.

6. Bidders are advised to retain copies of the blank Revision Form and the revised Bid must be made only on such Revision Form or copies thereof.

7. 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 this Draft Red Herring Prospectus. In the case of QIB Bidders, the members of the Syndicate shall collect the payment in the form of cheque or demand draft or the electronic transfer of funds through RTGS for the incremental amount in the QIB Amount, if any, to be paid on account of the upward revision of the Bid at the time of one or more revisions by the QIB Bidders.

8. When a Bidder revises a Bid, the Bidder shall surrender the earlier TRS and get a revised TRS from the members of the Syndicate. **It is the responsibility of the Bidder to request and obtain the revised TRS, which will act as proof of revision of the original Bid.**

9. Only Bids that are uploaded on the online IPO system of the NSE and the BSE shall be considered for allocation/Allotment. In the event of a discrepancy of data between the Bids registered on the online IPO system and the physical Bid-cum-Application Form, the decision of the Company and the Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange, based on the physical records of Bid-cum-Application Forms, shall be final and binding on all concerned.

10. QIBs shall not be allowed to withdraw their Bids after closure of the Issue.

Price Discovery and Allocation

1. After the Bid/Issue Closing Date, the BRLMs shall analyze the demand generated at various price levels and discuss pricing strategy with the Company and the Selling Shareholders.

2. The Company and the Selling Shareholders, in consultation with the BRLMs, shall finalize the Issue Price and the number of Equity Shares to be allocated in each investor category.

3. Allocation to Anchor Investors shall be at the discretion of the Company and the Selling Shareholders in consultation with the BRLM, subject to compliance with ICDR Regulations. In the event of under-subscription in the Anchor Investor Portion, the balance Equity Shares shall be added to the QIB Portion.

4. The Allotment to QIBs will be at least 60% of the Issue, on a proportionate basis and the availability for allocation to Non-Institutional and Retail Individual Bidders will be not less than 10% and 30% of the Issue, respectively, on a proportionate basis, in a manner specified in the ICDR Regulations and this Draft Red Herring Prospectus, by the Company and the Selling Shareholders in consultation with the BRLMs and the Designated Stock Exchange, subject to valid Bids being received at or above the Issue Price. If at least 60% of the Issue cannot be Allotted to QIBs then the entire application money will be refunded.

5. In case of over-subscription in all categories, at least 60% of the Issue shall be available for allocation on a proportionate basis to QIBs, 5% of the QIB portion (excluding the Anchor Investor Portion) shall be available for allocation to Mutual Funds. Mutual Funds participating in the 5% share in the QIB Portion (excluding the Anchor Investor Portion) will also be eligible for allocation in the remaining QIB Portion. However, if the aggregate demand by Mutual Funds is less than 5% of the QIB Portion (excluding the Anchor Investor Portion), the balance Equity Shares from the portion specifically available for allocation to Mutual Funds in the QIB Portion will first be added to the QIB Portion and be allocated proportionately to the QIBs in proportion to their Bids. In the event that the aggregate demand in the QIB Portion has been met, under-subscription, if any, will be met with spill-over from any other category or combination of categories at the discretion of the Company and the Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange. If at least 60% of the Issue is not allocated to QIBs, the entire subscription monies shall be refunded.

   Under-subscription, if any, in the Retail and Non-Institutional categories, would be allowed to be met with spill-over from any other category or combination of categories at the sole discretion of the Company and the Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange.

6. The BRLMs, in consultation with the Company and the Selling Shareholders shall notify the members of the Syndicate of the Issue Price and allocations to their respective Bidders, where the full Bid Amount has not been collected from the Bidders.

7. Allotment to Eligible NRIs, FIIs (or their permitted sub-accounts, other than a sub-account which is a foreign corporate or foreign individual) registered with the SEBI or Mutual Funds or FVCls registered with the SEBI will be subject to applicable laws, rules, regulations, guidelines and approvals.

8. The Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right to cancel the Issue at any time after the Bid/Issue Opening Date but before the Board meeting for Allotment without assigning any reasons whatsoever.

9. In terms of the ICDR Regulations, QIBs shall not be allowed to withdraw their Bid after the Bid/Issue Closing Date. Further Anchor Investors shall not be allowed to withdraw their Bid after the Anchor Investor Bidding date.

10. The Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right to reject any Bid procured from QIB Bidders, by any or all members of the Syndicate. Rejection of Bids made by QIBs, if any, will be made at the time of submission of Bids provided that the reasons for rejecting the same shall be provided to such Bidder in writing.

11. If the Issue Price is higher than the Anchor Investor Issue Price, the additional amount shall be paid by the Anchor Investors. However, if the Issue Price is lower than the Anchor Investor Issue Price, the difference shall not be repayable to the Anchor Investors.

12. The Allotment details shall be put on the website of the Registrar to the Issue.

Signing of Underwriting Agreement and RoC Filing

(a) The Company, the Selling Shareholders, the BRLMs and the Syndicate Members may enter into an Underwriting Agreement on finalization of the Issue Price.

(b) After signing the Underwriting Agreement, the Company will update and file the Red Herring Prospectus with RoC, which then will be termed "Prospectus". The Prospectus will have details of the Issue Price, Issue Size, underwriting arrangements and will be complete in all material respects.

(C) The Company will file a copy of the Red Herring Prospectus and the 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 the provisions of Section 66 of the Companies Act, 1956 the Company shall, after registering the Red Herring Prospectus with the RoC, make a pre-issue advertisement in one English national newspaper with wide circulation, one Hindi national newspaper (which is also the regional newspaper) with wide circulation.

Advertisement regarding Issue Price and Prospectus

A statutory advertisement will be issued by the Company in one English national newspaper with wide circulation, one Hindi national newspaper with wide circulation (which is also the regional newspaper) after the filing of the Prospectus with the RoC. This advertisement in addition to the information that has to be set forth in the statutory advertisement shall indicate the Issue Price. Any material updates between the date of the Red Herring Prospectus and the Prospectus shall be included in such statutory advertisement.

Issuance of Confirmation of Allocation Note ("CAN")

(a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the BRLMs or the Registrar to the Issue shall send to the members of the Syndicate a list of their Bidders who have been allocated Equity Shares in the Issue. The approval of the basis of allocation by the Designated Stock Exchange for QIB Bidders may be done simultaneously with or before the approval of the basis of allocation for the Retail Individual Bidders and Non-Institutional Bidders. However, the investor should note that the Company shall ensure that the instructions by the Company for demat credit of the Equity Shares to all investors in the Issue shall be given on the same date of Allotment. For Anchor Investors, see — "***Notice to Anchor Investors: Allotment/Reconciliation and Revised CANs"***.

(b) The BRLMs or the members of the Syndicate will then send a CAN to their Bidders who have been allocated Equity Shares in the Issue. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the Bidder.

(c) Bidders who have been allocated Equity Shares and who have already paid into the Escrow Account at the time of bidding shall directly receive the CAN from the Registrar to the Issue subject, however, to realization of their cheque or demand draft paid into the Escrow Account.

(d) The issuance of a CAN is subject to "***Notice to Anchor Investors: Allotment Reconciliation and Revised CANs***" and ***"Notice to QIBs: Allotment Reconciliation and Revised CANs***" as set forth below.

Notice to Anchor Investors: Allotment Reconciliation and revised CANs

A physical book will be prepared by the Registrar to the Issue. Based on the physical book and at the discretion of the Company and the Selling Shareholders in consultation with the BRLMs, select Anchor Investors may be sent a CAN, within two working days of the Anchor Investor Bid Closing Date, indicating the number of Equity Shares that may be allocated to them. The provisional CAN shall constitute the valid, binding and irrevocable contract (subject only to the issue of a revised CAN) for the Anchor Investor to pay the entire Anchor Investor Issue Price for all the Equity Shares allocated to such Anchor Investor. In the event the Issue Price is fixed higher that the Anchor Investor Issue Price, a revised CAN may be sent to Anchor Investors, price of the Equity Shares in such revised CAN may be different from that specified in the earlier CAN. Anchor Investors should note that they may be required to pay additional amounts, if any specified in the revised CAN, for any increased price of Equity Shares. Any revised CAN, if issued, will supersede in entirety the earlier CAN.

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. This shall be followed by a physical book prepared by the Registrar on the basis of Bid-cum-Application Forms received. Based on the electronic book or the physical book, as the case may be, QIBs will 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 physical book prepared by the Registrar. Subject to the ICDR 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, 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. Any revised CAN, if issued, will supersede in its entirety the earlier CAN.

Designated Date and Allotment of Equity Shares

(a) Allotment of the Equity Shares to the successful Bidders shall be within 15 days from the Bid/Issue Closing Date. The Company will ensure that the Allotment of Equity Shares is done within two working days of the date of Allotment. After the funds are transferred from the Escrow Accounts to the Public Issue Account and the Refund Account on the Designated Date, the Company will ensure the credit to the successful Bidder(s) depository account.

(b) As per the ICDR Regulations, Allotment of the Equity Shares will be only in dematerialized form to the Allottees.

(c) Allottees will have the option to re-materialize the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

Investors are advised to instruct their Depository Participant to accept the Equity Shares that may be allocated to them pursuant to this Issue.

GENERAL INSTRUCTIONS

DOs:

(a) Check if you are eligible to apply having regard to applicable laws, rules, regulations, guidelines and approvals and the terms of the Red Herring Prospectus;

(b) Ensure that you Bid within the Price Band;

(c) Read all the instructions carefully and complete the Resident Bid cum Application Form (white in colour) or Non-Resident Bid cum Application Form (blue in colour), or the Anchor Investor Bid cum Application Form (white in colour) as the case may be;

(d) Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be Allotted in dematerialized form;

(e) Ensure that the Bids are submitted at the bidding centers only on forms bearing the stamp of a member of the Syndicate;

(f) Ensure that you have collected a TRS for all your Bid options;

(g) Submit Revised Bids to the same member of the Syndicate through whom the original Bid was placed and obtain a revised TRS;
(h) Except for Bids on behalf of the Central or State Government officials and the officials appointed by the courts, who are exempt from specifying their PAN for transacting in the securities market, should ensure that the PAN allotted under the I.T. Act, irrespective of the amount of the Bid is mentioned. Applications in which PAN is not mentioned will be rejected. (See the section "Issue Procedure—Permanent Account Number" beginning on page 230 of this Draft Red Herring Prospectus);

(i) 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. Where the Bid-cum-Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Bid-cum-Application Form; and

(j) Ensure that the Demographic Details are updated, true and correct in all respects.

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, postal order, money order or by Stockinvest;

(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 the Cut-off Price (in case of a bid by a QIB Bidder or a Non-Institutional Bidder whose maximum Bid exceeds Rs.100,000);

(g) Do not complete 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 this Draft Red Herring Prospectus;

(h) Do not bid at Bid Amount exceeding Rs.100,000 for in case of a Bid by a Retail Individual Bidder; and

(i) 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 members of the Syndicate or Registered Office of the Company.

Bids and Revisions of Bids

Bids and revisions of Bids must be:

1. Made only on the prescribed Bid-cum-Application Form or Revision Form, as applicable (white for Resident Indians and eligible NRIs applying on a non-repatriation basis, blue colour for NRIs, FVCIs and FIIs applying on a repatriation basis and white for ASBA Bidders and white for Anchor Investors).

2. Made in a single name or in joint names (not more than three, and in the same order as their Depository Participant

details).

3. Completed in full, in BLOCK LETTERS in English and in accordance with the instructions contained herein, on the Bid-cum-Application Form or in the Revision Form. Incomplete Bid-cum-Application Forms or Revision Forms are liable to be rejected.

4. Bids from the Retail Individual Bidders must be for a minimum of [•] Equity Shares and in multiples thereof subject to a maximum Bid Amount of Rs.100,000. In case the Bid Amount is over Rs. 100,000 due to revision of the Bid or revision of the Price Band or on exercise of Cut-off option, the Bid would be considered for allocation under the Non-Institutional Bidders portion. The Cut-off option is an option given only to the Retail Individual Bidders indicating their agreement to Bid and purchase at the final Issue Price as determined at the end of the Book Building Process.

5. For Non-Institutional Bidders and QIB Bidders, Bids must be for a minimum of such number of Equity Shares in multiples of [•] such that the Bid Amount exceeds Rs.100,000. Bids cannot be made for more than the Issue Size. Anchor Investors must ensure that Bids must make a minimum Bid of such number of Equity Shares that the Bid Amount is at least Rs. 100 million. Bidders are advised to ensure that a single Bid from them does not exceed the investment limits or maximum number of shares that can be held by them under the applicable laws and regulations. Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid Date and QIBs cannot withdraw their Bid after the Bid/Issue Closing Date.

6. Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

7. For Anchor Investors, Bids must be for a minimum of such number of Equity Shares that the Bid Amount exceeds or equals to Rs. 100 million and in multiples of [●] Equity Shares thereafter.

8. Bids by Non Residents, NRIs, FIIs and Venture Capital Funds registered with SEBI on a repatriation basis shall be in the names of individuals, or in the names of FIIs but not in the names of minors, OCBs, firms or partnerships, foreign nationals (excluding NRIs) or their nominees.

9. In case of revision in Bids, the Non-Institutional Bidders, who are individuals, have to ensure that the Bid Amount is greater than Rs. 100,000 for being considered for allocation in the Non-Institutional Portion. In case the Bid Amount reduces to Rs. 100,000 or less due to a revision in Bids or revision of the Price Band, Bids by Non-Institutional Bidders who are eligible for allocation in the Retail Portion would be considered for allocation under the Retail Portion. Non-Institutional Bidders and QIBs are not allowed to Bid at Cut off Price.

Bids by Anchor Investors

The Company may consider participation by Anchor Investors in the Issue for up to 30% of the QIB Portion in accordance with the ICDR Regulations Bidding in the Anchor Investor Portion shall open and close on the Anchor Investor Bid/Issue Date, i.e., be one day prior to the Bid/Issue Opening Date. The QIB Portion shall be reduced in proportion to the allocation under the Anchor Investor Portion. In accordance with the ICDR Regulations, the key terms for participation in the Anchor Investor Portion are as follows:

1. Anchor Investors shall be QIBs as defined under the ICDR Regulations.

2. Anchor Investors Bid cum Application Forms have been made available for Anchor Investor Portion at our Registered Office and Syndicate Members.

3. The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount is at least Rs.100 million. A Bid cannot be submitted for more than 30% of the QIB Portion. In case of a Mutual Fund registered with SEBI, separate Bids by individual schemes of Mutual Funds will be aggregated to determine the minimum application size of Rs.100 million.

4. One-third of the Anchor Investor Portion shall be reserved for allocation to domestic mutual funds.

5. The Bidding for Anchor Investors shall open one day before the Bid/Issue Opening Date and shall be completed on the same day.

6. The Company and the Selling Shareholders, in consultation with the BRLMs, shall finalize allocation to the Anchor Investors on a discretionary basis, subject to allocation to a minimum of two (2) investors for allocation up to Rs.2,500 million and five (5) investors for allocation of more than Rs.2,500 million.

7. Allocation to the Anchor Investors shall be completed on the Anchor Investor Bid/Issue Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the BRLMs before the Bid/Issue Opening Date.

8. If the Issue Price is greater than the price at which Equity Shares have been allocated to Anchor Investors, the additional amount, being the difference between the Issue Price and the price at which Equity Shares were allocated to the Anchor Investors, shall be paid by the Anchor Investors. If the Issue Price is lower than the price at which Equity Shares are allocated to Anchor Investors, the Allotment to Anchor Investors shall be at the higher price, i.e., the price at which Equity Shares were allocated under the Anchor Investor Portion.

9. The Equity Shares Allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment in the Issue.

10. None of the BRLMs or any person related to the BRLMs, the Promoters, the Selling Shareholders or the Promoter Group shall participate in the Anchor Investor Portion.

11. Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.

12. The payment instruments for payment into the Escrow Account should be drawn in favour of:

    - In case of Resident Anchor Investors: "[●]"
    - In case of Non-Resident Anchor Investors: "[●]"

Anchor Investors are advised that the above information should be read together with the contents of this section "Issue Procedure" beginning on page 230 of this Draft Red Herring Prospectus.

Bidder's Depository Account and Bank Account Details

Bidders should note that on the basis of the name of the Bidders, Depository Participant's name, Depository Participant-Identification number and beneficiary account number provided by them in the Bid-cum-Application Form, the Registrar to the Issue will obtain from the Depository, demographic details of the Bidders such as their address, bank account details for printing on refund orders or giving credit through ECS or Direct Credit, and occupation (hereinafter referred to as "Demographic Details"). These Demographic Details would be used for giving refunds 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 credit of refunds to Bidders at the Bidders' sole risk and neither the BRLMs, the Selling Shareholders nor the Company shall have any responsibility or undertake any liability for the same. Hence, Bidders should carefully fill in their Depository Account details on the Bid-cum-Application Form.

IT IS MANDATORY FOR ALL THE BIDDERS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED 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 ON THE BID-CUM-APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IF 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 SUCH JOINT NAMES ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR ON THE BID-CUM-APPLICATION FORM.

These Demographic Details will be used for all correspondence with the Bidders including mailing of the refund orders/ECS credit for refunds/direct credit of refund/CANs/allocation advice/NEFT or RTGS for refunds and printing of Company particulars on the refund order. The Demographic Details given by Bidders in the Bid-cum-Application Form will not be used for any other purposes by the Registrar to the Issue.

By signing the Bid-cum-Application Form, the Bidder will 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.

Refund orders/allocation advice/CAN would be mailed to the address of the Bidder as per the Demographic Details received from the Depositories. Bidders may note that delivery of refund orders/allocation advice/CANs may get delayed if such refund orders or documents 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 Bidder's sole risk and neither the Escrow Collection Bank(s) nor the BRLMs nor the Company or the Selling Shareholders shall be liable to compensate the Bidder for any losses caused to the Bidder due to any such delay or pay any interest for such delay. **In case of refunds through electronic modes as detailed in this Draft Red Herring Prospectus, Bidders may note that refunds may get delayed if bank particulars obtained from the Depository Participant are incorrect.**

Where no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidder's (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity, then such Bids are liable to be rejected.

See also "Bids under Power of Attorney" given below.

Bids by Non-Residents, Eligible NRIs, FIIs and Foreign Venture Capital Funds registered with SEBI on a repatriation basis.

Bids and revisions to Bids must be made:

1. On the Bid-cum-Application Form or the Revision Form, as applicable (blue form), and completed in full in BLOCK LETTERS in ENGLISH in accordance with the instructions contained therein.

2. In the names of individuals, or in the names of FIIs or Foreign Venture Capital Funds registered with the 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.

3. In a single name or joint names (not more than three and in the same order as their Depository Participant details). For further details, please refer to the ―Issue Procedure - Maximum and Minimum Bid size on page 234.

4 .Bids by Eligible NRIs for a Bid Amount of up to Rs.100,000 would be considered under the Retail Portion for the purposes of allocation and Bids by NRIs for a Bid Amount of more than Rs.100,000 would be considered under the Non-Institutional Portion for the purposes of allocation.

5. 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 U.S. 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. The Company will not be responsible for any loss incurred by the Bidder on account of conversion of foreign currency.

Our Company has received all relevant approvals for the Issue of Equity Shares to eligible NRIs, FIIs, FVCI registered with SEBI and multilateral and bilateral development financial institutions and other eligible NRIs.

It is to be clearly understood that there is no reservation for Non-Residents, Eligible NRIs and FIIs, and all such Bidders will be treated on the same basis as 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

In the case of Bids made pursuant to a power of attorney or by limited companies, corporate bodies or 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 submitted along with the Bid-cum-Application Form. Failing this, the Company and the Selling Shareholders in consultation with the BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In the 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 and the Selling Shareholders in consultation with the BRLMs reserves the right to accept or reject any Bid, in whole or in part, in either case, without assigning any reason therefor.

In the case of Bids made by insurance companies registered with the Insurance Regulatory and Development Authority, a certified copy of certificate of registration issued by the Insurance Regulatory and Development Authority must be lodged along with the Bid-cum-Application Form. Failing this, the Company and the Selling Shareholders in consultation with the BRLMs reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In the case of Bids made by provident funds, subject to applicable law, with a minimum corpus of Rs.250 million and pension funds with a minimum corpus of Rs.250 million, a certified copy of a 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, the Company and the Selling Shareholders in consultation with the BRLMs reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

In the case of Bids made by Mutual Funds, venture capital funds registered with the SEBI and FVCIs registered with the SEBI, a certified copy of their SEBI registration certificate must be submitted with the Bid-cum-Application Form. Failing this, the Company and the Selling Shareholders in consultation with the BRLMs reserves the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason therefor.

The Company and the Selling Shareholders in consultation with the BRLMs, in its absolute discretion, reserves 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 the Company and the BRLMs may deem fit.

PAYMENT INSTRUCTIONS

The Company and Selling Shareholders shall open Escrow Accounts with the Escrow Collection Banks for the collection of the Bid Amount payable upon submission of the Bid-cum-Application Form and for amounts payable pursuant to allocation in the Issue.

The Escrow Collection Banks will act in terms of the Red Herring Prospectus and the Escrow Agreement. The Escrow Collection Bank(s), for and on behalf of the Bidders, shall maintain the monies in the Escrow Account. 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 funds equivalent to the size of the Issue from the Escrow Account, as per the terms of the Escrow Agreement, into the Public Issue Account and Refund Account as per the terms of the Escrow Agreement. The balance amount after transfer to the Public Issue Account shall be held for the benefit of the Bidders who are entitled to refunds. Payments of refund to the Bidders shall also be made from the Refund Account are per the terms of the Escrow Agreement and the Red Herring Prospectus.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholders, members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Payment into Escrow Accounts

Each Bidder shall draw a cheque or demand draft for the amount payable on the Bid and/or on allocation as per the following terms:

1. The Bidders shall, with the submission of the Bid-cum-Application Form, draw a payment instrument for the Bid Amount in favor of the Escrow Account and submit the same to the members of the Syndicate.

2. In the event of Issue Price being higher than the price at which allocation is made to Anchor Investors, the Anchor Investors shall be required to pay such additional amount to the extent of shortfall between the price at which allocation is made to them and the Issue Price. If the Issue Price is lower than the price at which allocation is made to Anchor Investors, the amount in excess of the Issue Price paid by Anchor Investors shall not be refunded to them.

3. The payment instruments for payment into the Escrow Account should be drawn in favor of:

   (a) In the case of Resident QIB Bidders: “[●]”

   (b) In the case of Non-Resident QIB Bidders: “[●]”

   (c) In the case of Resident Retail and Non-Institutional Bidders: “[●]”

   (d) In the case of Non-Resident Retail and Non-Institutional Bidders: “[●]”

   (e) In case of Resident Anchor Investors: “[●]”

   (f) In case of Non- Resident Anchor Investors: “[●]”

4. In the case of Bids by Eligible 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 NRE Accounts or FCNR Accounts, 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 the Non-Resident Bidder bidding on a repatriation basis. Payment by draft should be accompanied by a bank certificate confirming that the draft has been issued by debiting a NRE Account or a FCNR Account.

5. In the case of Bids by Eligible NRIs applying on a non-repatriation basis, the payments must be made by 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 NRE Accounts or 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 an 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 Account or a FCNR Account or an NRO Account.

6. In case of Bids by FIIs and FVCIs registered with the SEBI the payment should be made out of funds held in a special rupee account along with documentary evidence in support of the remittance. Payment by draft should be accompanied by a bank certificate confirming that the draft has been issued by debiting a special rupee account.

7. 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 Account.

8. The monies deposited in the Escrow Accounts will be held for the benefit of the Bidders until the Designated Date.

9. On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts into the Public Issue Account as per the terms of the Escrow Agreement and the surplus amount shall be transferred to the Refund Account.

10. No later than 15 days from the Bid/Issue Closing Date, the Registrar shall refund all amounts payable to unsuccessful Bidders and the excess amount paid on Bidding, if any, after adjusting for allocation to the Bidders.

11. **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.**

12. In case clear funds are not available in the Escrow Accounts as per final certificates from the Escrow Collection Banks, such Bids are liable to be rejected.

13. 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.

The Bidders should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Selling Shareholders, members of the Syndicate, the Escrow Collection Bank(s) and the Registrar to the Issue to facilitate collections from the Bidders.

Payment Instructions for Anchor Investors

1. Anchor Investors shall draw a payment instrument with the submission of the Bid cum Application Form by drawing a cheque or demand draft for the Bid Amount in favour of the Escrow Account of the Escrow Collection Bank(s) and submit the same to the member of the Syndicate to whom the Bid cum Application Form is being submitted. Bid cum Application Forms accompanied by cash shall not be accepted.

2. The Company and the Selling Shareholders, in consultation with the BRLM, in their absolute discretion, shall decide the list of Anchor Investors to whom the provisional CAN or CAN shall be sent, pursuant to which the details of the Equity Shares allocated to them and the details of the amounts payable for Allotment of such Equity Shares in their respective names shall be notified to such QIBs.

3. The payment instruments for payment into the Escrow Account should be drawn in favour of:

   In case of Resident Anchor Investors: "Escrow Account – [•]"
   In case of Non-Resident Anchor Investor: "Escrow Account – [•]"

Payment by Stockinvest

Under the terms of the RBI Circular No. DBOD No. FSC BC 42/24.47.00/2003-04 dated November 5, 2003, the option to use the stockinvest 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 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.

Separate receipts shall not be issued for the money payable on the submission of Bid-cum-Application Forms or Revision Forms. 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 the case of joint Bids, all refund payments will be made in favor of the Bidder whose name appears first in the Bid-cum-Application Form or Revision Form. All communications will be addressed to the first Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple Bids

A Bidder should submit only one Bid (and not more than one) for the total number of Equity Shares required. Two or more Bids will be deemed to be multiple Bids if the sole or first Bidder is one and the same. In case of a Mutual Fund, a separate Bid can be made in respect of each scheme of the mutual fund registered with SEBI and such Bids in respect of more than one scheme of the mutual fund will not be treated as multiple Bids provided that the Bids clearly indicate the scheme concerned for which the Bid has been made. Anchor Investors can Bid under the Anchor Investor Portion and also in the QIB Portion and such Bids shall not be treated as multiple Bids.

In this regard, the procedures to be followed by the Registrar to the Issue to detect multiple applications are given below:

1. All applications with the same name, age, status and first line address will be accumulated and taken into a separate process file which would 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 Registrar will obtain, from the depositories, details of the applicant‘s address based on the DP ID and Beneficiary Account Number provided in the Bid-cum-Application Form and create an address master.

4. 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.

5. The applications will be scanned for similar DP ID and client identity numbers. In cases where applications bear the same numbers, these will be treated as multiple applications.

6. After the aforesaid procedures, a print-out of the multiple master will be taken out and the applications physically verified to tally signatures and also the father’s/husband’s names. On completion of this, the applications will be identified as multiple applications.

The Company and the Selling Shareholders, in consultation with the BRLMs, reserves the right to reject, in their absolute discretion, all or any multiple Bids in any or all categories.

Permanent Account Number (“PAN”)

Irrespective of the amount of the Bid, the Bidder or in the case of a Bid in joint names, each of the Bidders should mention his/her PAN allotted under the I.T. Act. Bid-cum-Application forms without the quoting of the PAN will be considered incomplete and are liable to be rejected. **It is to be specifically noted that Bidders should not submit the GIR Number instead of the PAN as the Bid is liable to be rejected on this ground.**

Unique Identification Number ("UIN")

The requirement of UIN has been discontinued and irrespective of the amount of transaction, PAN is the sole identification number for all participants in the securities market.

RIGHT TO REJECT BIDS

In case of QIB Bidders, the Company and the Selling Shareholders, in consultation with the BRLMs, may reject Bids if such rejection is made at the time of acceptance of the Bid-cum-Application Form provided that the reason for rejecting the Bid shall be provided to such Bidders in writing. Provided further that, our Company in consultation with the BRLMs, reserves the right to reject any Bid received from Anchor Investors without assigning any reasons therefore. In case of Non-Institutional Bidders and Retail Individual Bidders, the Company will have a right to reject Bids based on technical grounds only. Consequent refunds shall be made as described in this Draft Red Herring Prospectus and will be sent to the Bidder's address at the Bidder's risk.

Grounds for Technical Rejections

Bidders are advised to note that Bids are liable to be rejected on, *inter alia*, the following technical grounds:

1. Amount paid does not tally with the amount payable for the highest value of Equity Shares Bid for;

2. Bank account details (for refund) are not given;

3. Age of first Bidder is not given;

4. 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;

5. Bids are submitted by persons not competent to contract under the Indian Contract Act, 1872 including minors and insane persons(except through their natural/legal guardian);

6. PAN is not stated or GIR number given instead of PAN in the Bid-cum-Application Form (except for Bidders exempted from mentioning PAN in terms of SEBI Circular bearing no. MRD/DoP/Cir-20/2008 dated June 30, 2008);

7. The Bid is for lower number of Equity Shares than specified for that category of investors;

8. Bids are submitted at a price less than the lower end of the Price Band;

9. Bids are submitted at a price more than the higher end of the Price Band;

10. Bids are submitted at Cut-off Price by Non-Institutional Bidders and QIB Bidders;

11. Bids are submitted for a number of Equity Shares, which are not in multiples of [●];

12. Bidder's category is not ticked;

13. Multiple Bids as described in the RHP;

14. In the case of a Bid under power of attorney or by limited companies, corporates, trusts etc., relevant documents are not submitted;

15. Bids are accompanied by Stockinvest/money order/postal order/cash;

16. Signature of sole and/or joint Bidders is missing;

17. Bid-cum-Application Form does not have the stamp of the BRLMs or the Syndicate Members;

18. Bid-cum-Application Form does not have the Bidder's depository account details, or details are incomplete;

19. Bid-cum-Application Form is not delivered by the Bidder within the time prescribed as per the Bid-cum-Application Form and the Red Herring Prospectus and as per the instructions in the Red Herring Prospectus and the Bid-cum-Application Form;

20. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Bidders (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary account number;

21. Bids are submitted for amounts greater than the maximum permissible amounts prescribed by the regulations;

22. Bids by QIBs are not submitted through the BRLMs or Syndicate;

23. Bids where clear funds are not available in the Escrow Accounts as per the final certificate from the Escrow Collection Banks;

24. Bids or revision thereof by QIB Bidders and Non-Institutional Bidders where the Bid Amount is in excess of Rs. 100,000 uploaded after 4.00 P.M. or after 5:00 P.M. in case of Retail Individual Bidders on the Bid/Issue Closing Date;

25. Bids by persons prohibited from buying, selling or dealing in the shares directly or indirectly by SEBI or any other regulatory authority;

26. Bids by any persons outside India if not in compliance with applicable foreign and Indian laws.

27. Bids by OCBs;

28. Bids are submitted by U.S. residents or U.S. persons other than in reliance on Regulation S under the Securities Act;

29. Bids are submitted by persons who are not eligible to acquire Equity Shares of the Company under any applicable law, rule, regulation, guideline or approval, inside India or outside India; and

30. Bids not uploaded on the terminals of the Stock Exchanges.

31. Bids that do not comply with the securities laws of their respective jurisdictions; and

32. Bids by any persons outside India if not in compliance with applicable foreign and Indian laws.

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 fungible statements issued in electronic mode).

In this context, two tripartite agreements have been signed between the Company, the respective Depositories and the Registrar to the Issue:

(a) an agreement dated [•] between NSDL, the Company and the Registrar to the Issue; and

(b) an agreement dated [•] between CDSL, the Company and the 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 on the Bid-cum-Application Form or Revision Form.

3. Allotment 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 Bid 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 Bid 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 recorded with his or her Depository Participant.

7. Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL. All the Stock Exchanges where the Equity Shares are proposed to be listed have electronic connectivity with CDSL and NSDL.

8. The trading of the Equity Shares will be in dematerialized form only for all investors in the demat segment of the respective Stock Exchanges.

9. Non-transferable Allotment advice or refund orders will be directly sent to the Bidders by the Registrar to the Issue.

COMMUNICATIONS

All future communications in connection with Bids made in the Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or first Bidder, Bid-cum-Application Form number, details of Depository Participant, number of Equity Shares applied for, date of Bid-cum-Application Form, name and address of the member of the Syndicate where the Bid was submitted and cheque or draft number and issuing bank thereof.

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

IMPERSONATION

Attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Companies Act, which is reproduced below:

"Any person who:

(a) ***makes in a fictitious name, an application to a company for acquiring or 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".

ALLOTMENT

Basis of Allotment

A. For Retail Individual Bidders

- Bids received from 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 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 valid Bids in this portion are less than or equal to [•] Equity Shares at or above the Issue Price, full Allotment shall be made to Retail Individual Bidders to the extent of their valid Bids.

- If the valid Bids in this portion are greater than [•] Equity Shares at or above the Issue Price, the allocation shall be made on a proportionate basis of not less than [●] Equity Shares and in multiples of one (1) Equity Shares thereafter. For the method of proportionate basis of allocation, refer to "Method of Proportionate Basis of Allotment" below.

B. For Non-Institutional Bidders

- Bids received from Non-Institutional Bidders at or above the Issue Price shall be grouped together to determine the total demand under this 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 valid Bids in this portion are less than or equal to [•] Equity Shares at or above the Issue Price, full Allotment shall be made to Non-Institutional Bidders to the extent of their valid Bids.

- If the valid Bids in this portion are greater than [•] Equity Shares at or above the Issue Price, allocation shall be made on a proportionate basis of not less than [●] Equity Shares and in multiples of [●] Equity Shares thereafter. For the method of proportionate basis of allocation refer to "Method of Proportionate Basis of Allotment" below.

C. For QIB Bidders

- Bids received from QIB Bidders at or above the Issue Price shall be grouped together to determine the total demand under this portion. The allocation to QIB Bidders will be made at the Issue Price.

- The QIB Portion shall be available for allocation to QIB Bidders who have bid in the Issue at a price that is equal to or greater than the Issue Price.

- Allotment shall be undertaken in the following manner:

(a) Allocation to Anchor Investors shall be made in accordance with the ICDR Regulations.

(b) After allocation to Anchor Investors, in the first instance allocation to Mutual Funds for up to 5% of the QIB Portion shall be determined as follows:

   (i) If bids from Mutual Funds exceed 5% of the QIB Portion, allocation to Mutual Funds shall be made on a proportionate basis for up to 5% of the QIB Portion.

   (ii) If the aggregate demand from Mutual Funds is less than 5% of the QIB Portion, then all Mutual Funds shall get full Allotment to the extent of valid bids received above the Issue Price.

   (iii) Equity Shares remaining unsubscribed, if any, not allocated to Mutual Funds shall be available to QIB Bidders as set out in (c) below.

(c) In the second instance allocation to all Bidders shall be determined as follows:

   (i) In the event of an oversubscription in the QIB Portion, all QIB Bidders who have submitted Bids above the Issue Price shall be Allotted Equity Shares on a proportionate basis for up to 95% of the QIB Portion.

   (ii) Mutual Funds who have received allocation as per (b) 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.

   (iii) Under subscription below 5% of the QIB Portion, if any, in the Mutual Fund portion, would be included for allocation to the remaining QIB Bidders on a proportionate basis.

D. For Anchor Investors

- Allocation of Equity Shares to Anchor Investors at the Anchor Investor Issue Price will be at the discretion of the Company and the Selling Shareholders, in consultation with the BRLMs, subject to compliance with the following requirements:
  (i) not more than 30% of the QIB Portion will be allocated to Anchor Investors;
  (ii) one-third of the Anchor Investor Portion shall be available for allocation to domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being done to Anchor Investors;
  (iii) allocation to Anchor Investors shall be on a discretionary basis and subject to a minimum number of two Anchor Investors for allocation up to Rs. 2,500 million and a minimum number of five Anchor Investors for allocation more than Rs. 2,500 million.

- The number of Equity Shares Allotted to Anchor Investors and the Anchor Investor Issue Price, shall be made available in the public domain by the BRLMs before the Bid/Issue Opening Date.

The BRLMs, the Registrar to the Issue and the director or the managing director of the Designated Stock Exchange shall ensure that the basis of Allotment is finalised in a fair and proper manner in accordance with the ICDR Regulations. The drawing of lots (where required) to finalise the basis of Allotment shall be done in the presence of a public representative on the Governing Board of the Designated Stock Exchange.

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 Period. The Bidding Period will commence on [●] and expire on [●]. Following the expiration of the Bidding Period, the Company and the Selling Shareholders, in consultation with the BRLMs, will determine the Issue Price, and 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). The ICDR Regulations require the Company to complete the Allotment to successful Bidders within 15 days of the expiration of the Bidding Period. The Equity Shares will then be credited and Allotted to the investors' demat accounts maintained with the relevant depository participant. Upon approval by the Stock Exchanges, the Equity Shares will be listed and trading will commence.

Method of Proportionate Basis of Allotment

In the event the Issue is oversubscribed, the basis of Allotment shall be finalized by the Company and the Selling Shareholders, in consultation with the BRLMs and the Designated Stock Exchange. The executive director or managing director (or any other senior official nominated by them) of the Designated Stock Exchange along with the BRLMs and the Registrar to the Issue shall be responsible for ensuring that the basis of Allotment is finalized in a fair and proper manner. Allotment to Bidders 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 by them.

(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 oversubscription ratio.

(c) The number of Equity Shares to be Allotted to the successful Bidders will be arrived at on a proportionate basis, which is the total number of Equity Shares applied for by each Bidder in that category multiplied by the inverse of the oversubscription ratio.

(d) If the proportionate Allotment to a Bidder is a number that is more than [●] but is not a multiple of one (which is the market lot), the decimal will 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 will be rounded off to the lower whole number. Allotment to all Bidders in such categories shall be arrived at after such rounding off.

(e) In all Bids where the proportionate Allotment is less than [●] Equity Shares per Bidder, the Allotment shall be made as follows:

Each successful Bidder shall be Allotted a minimum of [●] Equity Shares; and

The successful Bidders out of the total Bidders for a portion shall be determined by the drawing 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 (c) above.

(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 portion, the remaining Equity Shares available for Allotment shall be first adjusted against any other category, where the Equity Shares are not sufficient for proportionate Allotment to the successful Bidders in that category. The balance of Equity Shares, if any, remaining after such adjustment will be added to the category comprising Bidders applying for the minimum number of Equity Shares.

(g) Subject to valid Bids being received, Allotment of Equity Shares to Anchor Investors will be at the discretion of the Company and the Selling Shareholders, in consultation with the BRLMs.

Illustration of Allotment to QIBs (other than Anchor Investors) and Mutual Funds ("MF")

Issue details

S. No.	Particulars	Issue details
1.	Issue size	200 million equity shares
2.	Allocation to QIB (at least 60% of the Issue)	120 million equity shares
3.	Anchor Investor Portion (up to 30% of QIB Portion)	36 million equity shares
4.	Portion available to QIBs other than Anchor Investors [(2) - (3)]	84 million equity shares
5	Of which:	
6.	a. Reservation For Mutual Funds, (5%)	4.20 million equity shares

7.	b. Balance for all QIBs including Mutual Funds	79.80 million equity shares
8.	Number of QIB applicants	10
9.	Number of equity shares applied for	500 million equity shares

Details of QIB Bids

S. No.	Type of QIBs	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: (QIBs other than Mutual Funds), MF1-MF5 (QIBs which are Mutual Funds)*

Details of Allotment to QIBs Applicants

Type of QIB	Shares bid for	Allocation of 4.2 million equity shares to MF proportionately (see note 2 below)	Allocation of balance 79.80 million equity shares to QIBs proportionately (see note 4 below)	Aggregate allocation to Mutual Funds
(I)	**(II)**	**(III)**	**(IV)**	**(V)**
	(Number of equity shares in million)			
A1	50	0	8.05	0
A2	20	0	3.21	0
A3	130	0	20.92	0
A4	50	0	8.05	0
A5	50	0	8.05	0
MF1	40	0.84	6.30	7.14
MF2	40	0.84	6.30	7.14
MF3	80	1.68	12.72	14.30
MF4	20	0.42	3.15	3.57
MF5	20	0.42	3.15	3.57
	500	**4.20**	**79.80**	**35.72**

Notes:

1. The illustration presumes compliance with the requirements specified in this Draft Red Herring Prospectus in the section “Issue Structure” beginning on page 225 of this Draft Red Herring Prospectus.

2. Out of 84.00 million equity shares allocated to QIBs, 4.20 million (i.e., 5%) will be Allotted on a proportionate basis among five Mutual Fund applicants who applied for 200 million equity shares in the QIB Portion.

3. The balance 79.80 million equity shares, i.e., 84.00 – 4.20 (available for Mutual Funds only) will be Allotted on a proportionate basis among 10 QIB Bidders who applied for 500 million equity shares (including 5 Mutual Fund applicants who applied for 200 million Equity Shares).

4. The figures in the fourth column entitled “Allocation of balance 79.80 million equity shares to QIBs proportionately” in the above illustration are arrived at as explained below:

   - For QIBs other than Mutual Funds (A1 to A5) = Number of equity shares Bid for (i.e., in column II of the table above) × 79.80/495.80

- For Mutual Funds (MF1 to MF5) = (No. of equity shares bid for (i.e., in column II of the table above) less equity shares Allotted (i.e., column III of the table above) × 79.80/495.80

The numerator and denominator for arriving at the allocation of 84.00 million equity shares to the 10 QIBs are reduced by 4.20 million shares, which have already been Allotted to Mutual Funds in the manner specified in column III of the table above.

Letters of Allotment or Refund Orders

The Company and the Selling Shareholders (with respect to their respective Equity Shares included in the Offer for Sale) shall credit each Equity Share Allotted to the applicable beneficiary account with its Depository Participant within 15 days of the Bid/Issue Closing Date. Applicants residing at any of the 68 centres notified by SEBI through its notification (Ref. No. SEBI/CFD/DILDIP/29/2008/01/02) dated February 1, 2008 will get refunds through ECS only (subject to availability of all information for crediting the refund through ECS) except where the applicant is otherwise disclosed as eligible to receive refunds through direct credit, NEFT and RTGS. In the case of other applicants, the Company 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, except for Bidders who have opted to receive refunds through the ECS facility or RTGS or NEFT or direct credit. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter (refund advice) through ordinary post informing them about the mode of credit of refund within 15 days of the Bid/Issue Closing Date.

Save and except refunds effected through the electronic mode, i.e., ECS, NEFT, direct credit or RTGS, refunds will be made by cheques, pay orders or demand drafts drawn on a bank appointed by the Company, as a Refund Bank and payable at par at places where Bids are received. Bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centers will be payable by the Bidders.

PAYMENT OF REFUND

Bidders should note that on the basis of the 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 Bidder's bank account details including a nine digit Magnetic Ink Character Recognition ("MICR") code. Hence, Bidders are advised to immediately update their bank account details as appearing on the records of the Depository Participant. Please note that failure to do so could result in delays in credit of refunds to Bidders at the Bidder's sole risk and neither the Company, the Syndicate Members the Escrow Collection Banks and nor the BRLMs shall have any responsibility and undertake any liability for the same.

Mode of making refunds

The payment of refund, if any, would be done through various modes in the following order of preference:

1. ECS—Payment of refund would be done through ECS for applicants having an account at any of the 68 centres notified by SEBI through its notification (Ref. No. SEBI/CFD/DILDIP/29/2008/01/02) dated February 1, 2008. This mode of payment of refunds would be subject to availability of complete bank account details including the nine-digit MICR code as appearing on a cheque leaf from the Depository. The payment of refund through ECS is mandatory for applicants having a bank account at any of the 68 centres, except where the applicant is otherwise disclosed as eligible to receive refunds through direct credit or RTGS.

2. NEFT—Payment of refund may be undertaken through NEFT wherever the branch of the applicants' bank is NEFT enabled and has been assigned the Indian Financial System Code ("IFSC"), which can be linked to a Magnetic Ink Character Recognition ("MICR") available to that particular bank branch. IFSC Code will be obtained from the website of RBI as at a date 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 and hence use of NEFT is subject to operational feasibility, cost and process efficiency and the past experience of the Registrars to the Issue. 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 this section.

3. Direct Credit—Applicants having their bank account with the Refund Banker shall be eligible to receive refunds, if any, through direct credit. Charges, if any, levied by the Refund Bank(s) for the same will be borne by the Company.

4. RTGS—Applicants having a bank account at a bank branch which is RTGS enabled, and whose Bid Amount exceeds Rs.1 million, shall have the option to receive refunds, if any, through RTGS. Such eligible applicants who indicate their preference to receive refunds through RTGS are required to provide the IFSC code in the Bid-cum-Application Form. In the event of failure to provide the IFSC code in the Bid-cum-Application Form, the refund shall be made through the other modes of refund,, if eligibility is disclosed. Charges, if any, levied by the Refund Bank(s) for the same will be borne by the Company. Charges, if any, levied by the applicant's bank receiving the credit will be borne by the applicant.

5. For all the other applicants, including applicants who have not updated their bank particulars along with the nine-digit MICR Code, the refund orders will be dispatched "Under Certificate of Posting" for refund orders of value up to Rs.1,500 and through Speed Post/Registered Post for refund orders of Rs.1,500 and above. 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.

DISPOSAL OF APPLICATIONS AND APPLICATIONS MONEY AND INTEREST IN CASE OF DELAY

The Company, Selling Shareholders shall ensure dispatch of Allotment advice, transfer advice or refund orders and give benefit to the beneficiary account with Depository Participants and submit the documents pertaining to the Allotment to the Stock Exchanges within two working days of the Basis of Allotment of Equity Shares.

In case of applicants who receive refunds through NECS, direct credit or RTGS, the refund instructions shall be given to the clearing system within 15 days from the Bid/Issue Closing Date. A Suitable communication shall be sent to the Bidders receiving refunds through this mode within 15 days of Bid/Issue 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 its best efforts to ensure that all steps for completion of the necessary formalities for Allotment and trading at all the Stock Exchanges where the Equity Shares are proposed to be listed are taken within seven working days of the finalization of the basis of Allotment.

In accordance with the Companies Act, the requirements of the Stock Exchanges and the ICDR Regulations, the Company for itself and on behalf of the Selling Shareholders further undertakes that:

- Allotment of Equity Shares only in dematerialized form shall be made within 15 days of the Bid/Issue Closing Date;

- Dispatch refund orders, or where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured

- The Company shall pay interest at 15% per annum for any delay beyond the 15 day time period as mentioned above, if Allotment is not made or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner, and/or demat credits are not made to investors within the 15 day time period prescribed above, as per ICDR.

Letter of Allotment or Refund Orders

Our Company, on behalf of itself and the Selling Shareholders shall dispatch refund orders, if any, of value up to Rs. 1,500, under Certificate of Posting, and will 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 15 days of the Bid/Issue Closing Date. Applicants residing at sixty

eight centres where clearing houses are managed by RBI will get refunds through NECS subject to adequate details being available in the Demographic Details received from depositories, except where applicant is otherwise disclosed as eligible to get refunds through direct credit and RTGS.
In accordance with the Companies Act, the requirements of the Stock Exchanges and the ICDR Regulations, the Company for itself and on behalf of the Selling Shareholders further undertakes that:

- Allotment of Equity Shares only in dematerialized form shall be made within 15 days of the Bid/Issue Closing Date;

- Dispatch refund orders, or where the refund or portion thereof is made in electronic manner, the refund instructions are given to the clearing system within 15 (fifteen) days of the Bid/Issue Closing Date would be ensured

- The Company shall pay interest at 15% per annum for any delay beyond the 15 day time period as mentioned above, if Allotment is not made or if, in a case where the refund or portion thereof is made in electronic manner, the refund instructions have not been given to the clearing system in the disclosed manner, and/or demat credits are not made to investors within the 15 day time period prescribed above, as per ICDR.

Our Company, on behalf of itself and the Selling Shareholders will provide adequate funds required for dispatch of refund orders or allotment advice to the Registrars to the Issue. Refunds will be made through any of the modes described above and bank charges, if any, for enchasing cheques, pay orders or demand drafts at other centres will be payable by the Bidders.

In case of revision in the Price Band, the Bid/Issue Period will be extended for three additional days after revision of Price Band. Any revision in the Price Band and the revised Bid Period, if applicable, will be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the web site of the BRLMs and at the terminals of the Syndicate.

Undertakings by the Company

The Company undertakes as follows:

- that complaints received in respect of this Issue shall be dealt with expeditiously and satisfactorily. The Company has authorized the Company Secretary and Compliance Officer to redress all complaints, if any, of the investors participating in the Issue;
- that all steps will be taken for the completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within seven working days of finalization of the basis of Allotment;
- that the funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed in this Draft Red Herring Prospectus 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 15 days of the Bid/Issue Closing Date, giving details of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;
- that the refund orders or Allotment advice to the Non-Resident Bidders shall be dispatched within the specified time;
- that the refund instruction shall be given or Allotment advice to the successful Bidders shall be dispatched within specified time;
- that no further issue of Equity Shares shall be made until the Equity Shares offered through the Red Herring Prospectus and the 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 ASBA Bids and to consider them similar to non-ASBA Bids while finalizing the basis of Allotment;
- that the certificates of the Equity Shares/refund orders to the non-resident Indians shall be dispatched within specified time; and
- the Offer for Sale Proceeds shall be transferred to the Selling Shareholders at the time at which release of these funds is permitted under applicable laws and regulations, including after receipt of listing approval.

Undertakings by the Selling Shareholders

The Selling Shareholders undertake that:

- The Equity Shares comprised in the Offer for Sale have been held by the Selling Shareholders for more than one year as at the date of this Draft Red Herring Prospectus.
- The Equity Shares comprised in the Offer for Sale are free and clear of any liens and encumbrances.
- They shall not access the proceeds of the sale of the Equity Shares comprised in the Offer for Sale unless and until listing approval has been granted from the stock exchanges for which permission in this regard has been applied for by the Company, for trading on the stock exchanges of the Equity Shares of the Company.
- Complaints received in respect of each Selling Shareholder's Equity Shares included in the Offer for Sale shall be dealt with by such Selling Shareholder expeditiously and satisfactorily. Each of the Selling Shareholders has authorised the Compliance Officer and Registrar to the Issue to redress complaints, if any, from investors in relation to their respective Equity Shares included in the Offer for Sale.

Utilization of Net Issue proceeds

The Board of Directors certifies that:

- all monies received out of the Issue shall be credited/transferred to a separate bank account other than the bank account referred to in Section 73(3) of the Companies Act;
- details of all monies utilized out of the Issue (other than the Offer for Sale Proceeds) shall be disclosed under an appropriate heading in the balance sheet of the Company indicating the purpose for which such monies have been utilized; and
- details of all unutilized monies out of the Issue (other than the Offer for Sale Proceeds), if any, shall be disclosed under the appropriate head in the balance sheet of the Company indicating the form in which such unutilized monies have been invested.

The Company and the Selling Shareholders shall not have recourse to the Issue proceeds until the final listing and trading approvals from all the Stock Exchanges have been obtained.

ANCHOR INVESTOR PORTION

The Company may consider participation by Anchor Investors in the Issue for up to 30% of the QIB Portion in accordance with the ICDR Regulations Bidding in the Anchor Investor Portion shall open and close on the Anchor Investor Bid/Issue Date, i.e., be one day prior to the Bid/Issue Opening Date. The QIB Portion shall be reduced in proportion to the allocation under the Anchor Investor Portion. In accordance with the ICDR Regulations, the key terms for participation in the Anchor Investor Portion are as follows:

1. Anchor Investors shall be QIBs as defined under the ICDR Regulations.

2. Anchor Investors Bid cum Application Forms have been made available for Anchor Investor Portion at our Registered Office and Syndicate Members.

3. The Bid must be for a minimum of such number of Equity Shares such that the Bid Amount is at least Rs.100 million. A Bid cannot be submitted for more than 30% of the QIB Portion. In case of a Mutual Fund registered with SEBI, separate Bids by individual schemes of Mutual Funds will be aggregated to determine the minimum application size of Rs.100 million.

4. One-third of the Anchor Investor Portion shall be reserved for allocation to domestic mutual funds.

5. The Bidding for Anchor Investors shall open one day before the Bid/Issue Opening Date and shall be completed on the same day.

6. The Company and the Selling Shareholders, in consultation with the BRLMs, shall finalize allocation to the Anchor Investors on a discretionary basis, subject to allocation to a minimum of two (2) investors for allocation up to Rs.2,500 million and five (5) investors for allocation of more than Rs.2,500 million.

7. Allocation to the Anchor Investors shall be completed on the Anchor Investor Bid/Issue Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made, shall be made available in public domain by the BRLMs before the Bid/Issue Opening Date.

8. If the Issue Price is greater than the price at which Equity Shares have been allocated to Anchor Investors, the additional amount, being the difference between the Issue Price and the price at which Equity Shares were allocated to the Anchor Investors, shall be paid by the Anchor Investors. If the Issue Price is lower than the price at which Equity Shares are allocated to Anchor Investors, the Allotment to Anchor Investors shall be at the higher price, i.e., the price at which Equity Shares were allocated under the Anchor Investor Portion.

9. The Equity Shares Allotted in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment in the Issue.

10. None of the BRLMs or any person related to the BRLMs, the Promoters, the Selling Shareholders or the Promoter Group shall participate in the Anchor Investor Portion. The parameters for selection of Anchor Investors shall be clearly identified by the BRLMs and shall be available as part of the records of the BRLMs for inspection by SEBI.

11. Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion shall not be considered as multiple Bids.

12. The payment instruments for payment into the Escrow Account should be drawn in favour of:

    - In case of Resident Anchor Investors: "[●]"
    - In case of Non-Resident Anchor Investors: "[●]"

Anchor Investors are advised that the above information should be read together with the contents of this section "Issue Procedure" beginning on page 230 of this Draft Red Herring Prospectus.

ISSUE PROCEDURE FOR ASBA BIDDERS

This section is for the information of investors proposing to subscribe to the Issue through the ASBA process. The Company, the Selling Shareholders and the BRLMs are not liable for any amendments, modifications or changes in applicable laws or regulations, which may occur after the date of the Red Herring Prospectus. The ASBA Bidders are advised to make their independent investigations and to ensure that the ASBA Bid-cum-Application Form is correctly completed, as described in this section.

The list of banks notified by SEBI to act as SCSBs for the ASBA Process and details on Designated Branches of SCSBs collecting the ASBA Bid-cum-Application Forms are available at http://www.sebi.gov.in.

ASBA Process

An ASBA Bidder shall submit his Bid through an ASBA Bid-cum-Application Form, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Bidder or bank account utilized by the ASBA Bidder ("ASBA Account") is maintained. The SCSB shall block an amount equal to the Bid Amount in the bank account specified in the ASBA Bid-cum-Application Form, physical or electronic, on the basis of an authorization to this effect given by the account holder at the time of submitting the Bid. 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 against the allocated shares to the Public Issue Account, or until withdrawal or failure of the Issue or until withdrawal or rejection of the ASBA Bid, as the case may be. The ASBA data shall thereafter be uploaded by the SCSB in the electronic bidding system of the Stock Exchanges. 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 bank accounts and for transferring the requisite amount to the Public Issue Account. In case of withdrawal or failure of the Issue, the blocked amount shall be unblocked within one day from the receipt of such information from the BRLMs.

ASBA Bid-cum-Application Form

The ASBA Bid-cum-Application Form shall contain all relevant information, including as specified in the relevant regulations, and shall be uniform for all ASBA Bidders. ASBA Bidders shall use the ASBA Bid-cum-Application Form bearing the code of the Syndicate Member and/or the Designated Branch of an SCSB, as the case may be, for the purpose of making a Bid in terms of the Red Herring Prospectus **or else the Bid shall be rejected**. ASBA Bidders are required to submit their Bids, either in physical or electronic mode. In case of application in physical mode, the ASBA Bidder shall submit the ASBA Bid-cum-Application form at the Designated Branch of the SCSB. In case of application in electronic form, the ASBA Bidder shall submit the ASBA Bid-cum-Application Form either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for bidding and blocking funds in the ASBA account held with the SCSB, and accordingly registering such Bids. On submission of the ASBA Bid cum Application Form, the ASBA Bidders are deemed to have authorized (i) the SCSB to do all acts as are necessary to make the Application in the Offer, including uploading his/her Bid, blocking or unblocking of funds in the bank account maintained with the SCSB specified in the ASBA Bid cum Application Form, transfer of funds to the Public Issue Account on receipt of instruction from the Registrar to the Issue after finalisation of the basis of Allotment; and (ii) the Registrar to the Issue to issue instructions to the SCSB to remove the block on the funds in the bank account specified in the ASBA Bid cum Application Form, upon finalisation of the basis of Allotment.

Upon the allocation of Equity Shares, dispatch of the CAN, and filing of the Prospectus with the RoC, the ASBA Bid-cum-Application Form shall be considered as the Application Form. Upon completing and submitting the ASBA Bid-cum-Application Form to the Designated Branch of the SCSB, the ASBA Bidder is deemed to have authorized the Company to make the necessary changes in the Red Herring Prospectus and the ASBA Bid-cum-Application Forms as would be required for filing the Prospectus with the RoC and as would be required by RoC after such filing, without prior or subsequent notice of such changes to the ASBA Bidder. The prescribed colour of the ASBA Bid-cum-Application Form shall be white.

Who can Bid?

In accordance with the ICDR Regulations, an ASBA Bidder (other than a QIB) can submit their applications through the ASBA process to Bid for the Equity Shares.

Maximum and Minimum Bid Size for ASBA Bidders

The ASBA Bid must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter. ASBA Bidders who are Resident Individual Bidders who have Bid for Equity Shares for an amount less than or equal to Rs. 100,000 in any of the Bidding options in the Issue, will be categorized as Retail Individual Bidders. ASBA Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount over Rs. 100,000 will be categorized as Non-Institutional Bidders.

Information for the ASBA Bidders:

1. The BRLMs shall ensure that adequate arrangements are made to circulate copies of the Red Herring Prospectus and the ASBA Bid-cum-Application Form to the SCSBs and the SCSBs will then make such copies available to investors applying under the ASBA process. Additionally, the BRLMs shall ensure that the SCSBs are provided with soft copies of the abridged prospectus and the ASBA Bid-cum-Application Form. The SCSBs shall make such documents available on their websites.

2. ASBA Bidders, under the ASBA process, who wish to obtain the Red Herring Prospectus and/or the ASBA Bid-cum-Application Form can obtain such documents from the Designated Branches of the SCSBs or the BRLMs. ASBA Bidders can also obtain a copy of the abridged prospectus and/or the ASBA Bid-cum-Application Form in electronic form from the websites of the SCSBs.

3. The Bids should be submitted on the prescribed ASBA Bid-cum-Application Form if applied for in physical mode. SCSBs may provide the electronic mode of bidding either through an internet enabled bidding and banking facility or such other secured, electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors.

4. The ASBA Bid-cum-Application Forms should bear the code of the Syndicate Member and/or Designated Branch of the SCSB **or the Bid will be rejected.**

5. ASBA Bidders shall correctly mention the bank account number in the ASBA Bid-cum-Application Form and ensure that funds equal to the Bid Amount are available in the bank account maintained with the SCSB before submitting the ASBA Bid-cum-Application Form to the applicable Designated Branch. In case the amount available in the bank account specified in the ASBA Bid cum Application Form is insufficient for blocking the amount equivalent to the Bid Amount, the SCSB shall reject the application.

6. If the ASBA Account holder is different from the ASBA Bidder, the ASBA Bid-cum-Application Form should be signed by the account holder as provided in the ASBA Bid-cum-Application Form. No more than five ASBA Bid cum Applications can be submitted per bank account in the Issue

7. ASBA Bidders shall correctly mention their DP ID and Client ID in the ASBA Bid-cum-Application Form. For the purpose of evaluating the validity of Bids, the demographic details of ASBA Bidders shall be derived from the DP ID and Client ID mentioned in the ASBA Bid-cum-Application Form.

Method and Process of Bidding

1. ASBA Bidders are required to submit their Bids either in physical or electronic mode. ASBA Bidders submitting their Bids in physical mode should approach the Designated Branches of the SCSBs. ASBA Bidders submitting their Bids in electronic form should submit their Bids using either the internet enabled bidding and banking facility of the SCSBs or such other electronically enabled mechanism for bidding and blocking funds in the accounts of the respective eligible investors, and accordingly registering such Bids. Every Designated Branch of the SCSBs shall accept Bids from all such investors who hold accounts with them and wish to place Bids through them. Such SCSBs shall have the right to vet the Bids, subject to the terms of the ICDR Regulations and the Red Herring Prospectus.

2. The Designated Branches of the SCSBs shall provide to the ASBA Bidders an acknowledgment specifying the application number as proof of acceptance of the ASBA Bid-cum-Application Form. Such acknowledgment does not in any manner guarantee that the Equity Shares Bid for shall be allocated to the ASBA Bidders.

3. Upon receipt of the ASBA Bid-cum-Application Form, submitted 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 specified in the ASBA Bid-cum-Application Form, prior to uploading such Bids with the Stock Exchanges.

4. 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.

5. 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. The Designated Branch shall thereafter enter the Bid details from the prescribed ASBA Bid-cum-Application Form, if submitted in physical mode, or the Bid information submitted through the electronic mode made available by the SCSBs, as the case may be, into the electronic bidding system of the Stock Exchanges and generate a Transaction Registration Slip ("TRS"). The TRS shall be furnished to the ASBA Bidder on request.

6. An ASBA Bidder cannot Bid, either in physical or electronic mode, on another ASBA Bid-cum-Application Form or a non-ASBA Bid-cum-Application Form after a Bid on one ASBA Bid-cum-Application Form, either in physical or electronic mode, has been submitted to the Designated Branches of SCSBs or uploaded by the

ASBA Bidder, as the case may be. Submission of a second ASBA Bid-cum-Application Form or a non-ASBA Bid-cum-Application Form to either the same or to another Designated Branch of the SCSB will be treated as multiple Bids and will be liable to be rejected either before entering the Bid into the electronic bidding system, or at any point of time prior to the allocation or Allotment of Equity Shares in the Issue.

Bidding

1. The Price Band and the minimum Bid lot size for the Issue will be decided by the Company and the Selling Shareholders, in consultation with the BRLMs, and advertised in two widely circulated national newspapers one each in English and Hindi which is also the regional newspaper, at least two working days prior to the Bid/Issue Opening Date. The ASBA Bidders can submit only one Bid in the ASBA Bid-cum-Application Form.

2. The Company in consultation with the BRLMs and with agreement of the Selling Shareholders, reserves the right to revise the Price Band during the Bidding Period in accordance with the ICDR Regulations. The cap on the Price Band should be less than or equal to 120% of the Floor Price. 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.

3. In case of revision in the Price Band, the Bidding Period shall be extended, if required, for three additional working days subject to a maximum of 10 working days. Any revision in the Price Band and the revised Bidding Period, if applicable, shall be widely disseminated by notification to the BSE and the NSE, by issuing a public notice in two widely circulated national newspapers one each in English and Hindi which is also the regional newspaper and also by indicating the change on the website of the BRLMs and at the terminals of the members of the Syndicate.

4. The Company and the Selling Shareholders, in consultation with the BRLMs, can finalize the Issue Price within the Price Band without the prior approval of, or intimation to, the ASBA Bidders.

5. The ASBA Bidders agree that they shall purchase the Equity Shares at any price within the Price Band. In the event the Bid Amount is higher than the subscription amount payable, the funds in the ASBA Account shall be unblocked to the extent of the difference between the Bid Amount and the subscription amount payable.

In case of an upward revision in the Price Band, announced as above, the Retail Individual Bidders who had Bid at Cut-off Price could either (i) revise their ASBA Bid or (ii) instruct to block additional amount based on the revised Cap Price (such that the total amount i.e., original Bid Amount plus additional payment does not exceed Rs. 100,000 for Retail Individual Bidders, if the Bidder wants to continue to Bid at Cut-off Price), with the Designated Branch of the SCSBs to whom the original ASBA Bid was submitted. In case the total amount (i.e., original Bid Amount plus additional amount blocked) exceeds Rs. 100,000 for Retail Individual Bidders, the Bid will be considered for allocation under the Non-Institutional Portion in terms of this Red Herring Prospectus. If, however, the ASBA Bidder does not either revise the ASBA Bid or instruct to block additional amount and the Issue Price is higher than the Cap Price prior to revision, the number of Equity Shares Bid for shall be adjusted downwards for the purpose of Allotment, such that no additional amount would be required to be blocked from the ASBA Bidder and the ASBA Bidder is deemed to have approved such revised Bid.

Mode of Payment

Upon submission of an ASBA Bid-cum-Application Form with the SCSB, whether in physical or electronic mode, each ASBA Bidder shall be deemed to have agreed to block the entire Bid Amount and authorized the Designated Branch of the SCSB to block the Bid Amount, in the bank account maintained with the SCSB.

Any Bid Amount paid in cash, by money order or by postal order or by stockinvest, or an ASBA Bid-cum-Application Form accompanied by cash, draft, money order, postal order or any mode of payment other than blocked amounts in the SCSB bank accounts, shall not be accepted.

After verifying that 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 until the Designated Date. On the Designated Date, the SCSBs shall transfer the amounts allocable to the ASBA Bidders from the respective ASBA Accounts, in accordance with the ICDR Regulations, into the Public Issue Account. The balance amount, if any, against any Bid in the ASBA Accounts shall then be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue.

The entire Bid Amount, as specified in the ASBA Bid-cum-Application Form submitted by an ASBA Bidder, will be required to be blocked in the relevant ASBA Account from the time of the submission of the ASBA Bid cum Application Form, whether in physical or electronic mode, until the finalization of the basis of Allotment in the Issue and consequent transfer of the Bid Amount against allocated shares to the Public Issue Account, or until withdrawal or failure of the Issue or until rejection of the ASBA Bid, as the case may be.

Electronic Registration of Bids by SCSBs

Upon receipt of the ASBA Bid-cum-Application Forms, the Designated Branch shall register and upload the Bid on the terminals of the Stock Exchanges. The BRLMs, the Company and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commission in relation to Bids accepted by SCSBs, Bids uploaded by SCSBs, Bids accepted but not uploaded by SCSBs or Bids accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for Bids uploaded by SCSBs, the Bid Amount has been blocked in the relevant ASBA Account.

1. In case of ASBA Bid-cum-Application Forms, whether in physical or electronic mode, the Designated Branch of the SCSBs will register the Bids using the online facilities of the Stock Exchanges. An SCSB shall not upload any ASBA in the electronic bidding system of the Stock Exchanges unless:

   (i) it has received the ASBA Bid-Cum-Application Form in a physical or electronic form; and

   (ii) it has blocked the application money in the ASBA Account specified in the ASBA Bid-cum-Application Form or has systems to ensure that electronic ASBAs are accepted in the system only after blocking of application money in the relevant bank account opened with it.

2. 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 Designated Branches during the Bidding Period. The Designated Branches can also set up facilities for offline electronic registration of Bids subject to the condition that they will subsequently upload the offline data file into the online facilities for book building on a regular basis. On the Bid/Issue Closing Date, the Designated Branches of the SCSBs shall upload the Bids until such time as may be permitted by the Stock Exchanges. ASBA Bidders are advised in the event a large number of Bids are received on the Bid/Issue Closing Date, as has been typically experienced in certain public offerings, this may lead to some Bids not being uploaded due to lack of sufficient time to upload, and such Bids that cannot be uploaded will not be considered for allocation in the Issue.

3. The aggregate demand and price for Bids registered on electronic facilities of the Stock Exchanges will be uploaded at periodic intervals, not exceeding 30 minutes, consolidated and displayed on-line at all bidding centres as well as on the BSE's website at www.bseindia.com and the NSE's website at www.nseindia.com. A graphical representation of consolidated demand and price will be made available at the bidding centres during the Bidding Period.

4. At the time of registering each Bid, the Designated Branches of the SCSBs shall enter the information relating to the investor into the online system, including the following details:

   - Name of the Bidder(s);
   - Application Number;
   - Permanent Account Number;

- Number of Equity Shares Bid for and bid price for all options;

- Details of Bid options, (a) number of Equity Shares for each Bid, (b) Bid rate for each Bid; and

- Depository Participant identification number and Client identification number of the Bidder's beneficiary account.

In case of electronic ASBA, the ASBA Bidder shall himself complete the above-mentioned details, except the application number which shall be system generated. The SCSBs shall thereafter upload all the above-mentioned details in the electronic bidding system provided by the Stock Exchanges.

5. A system generated TRS will be given to the ASBA Bidder upon request as proof of the registration of the Bid. It is the ASBA Bidder's responsibility to obtain the TRS from the Designated Branches of the SCSBs. The registration of the Bid by the Designated Branch of the SCSB does not guarantee that the Equity Shares Bid for shall be allocated to the ASBA Bidders either by the members of the Syndicate or the Company.

6. Such TRS will be non-negotiable and will not, by itself, create any obligation of any kind.

7. 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 the Company or the BRLMs or the Designated Branches of the SCSBs have been cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements; nor does it take any responsibility for the financial or other soundness of the Company, the Promoters, management or any scheme or any scheme or project of the Company.

8. It is also to be distinctly understood that the approval given by the Stock Exchanges should not in any way be deemed or construed that this Draft Red Herring Prospectus has been 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 contents of this Draft Red Herring Prospectus; nor does it warrant that our Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

9. The SCSB may reject the Bids made through the ASBA process if the ASBA Account maintained with the SCSB as specified in the ASBA Bid-cum-Application Form does not have sufficient funds equivalent to the Bid Amount. Subsequent to the acceptance of the Bid by the Designated Branch, the Company will have a right to reject the Bids only on technical grounds.

10. Only Bids that are uploaded on the online Bidding system of the Stock Exchanges shall be considered for allocation/Allotment. In case of discrepancy of data between the BSE or NSE and the Designated Branches of the SCSBs, the decision of the Registrar, in consultation with the BRLMs, our Company, the Selling Shareholders and the Designated Stock Exchange, based on the physical records of the ASBA Bid cum Application Forms shall be final and binding on all concerned.

Build Up of the Book and Revision of Bids

1. Bids registered through the Designated Branches of the SCSBs shall be electronically transmitted to the BSE or the NSE mainframe on a regular basis.

2. The book gets built up at various price levels. This information will be available with the BRLMs, the Stock Exchanges and the Designated Branches of the SCSBs on a regular basis.

3. During the Bid/Issue Period, any ASBA Bidder who has registered his/ her or its interest in the Equity Shares at a particular price level is free to revise his/ her or its Bid within the Price Band using the printed ASBA Revision Form, which is a part of the ASBA Bid cum Application Form. Revisions can be made in both the desired number of Equity Shares and the Bid Amount (including the price per Equity Share) by using the ASBA

Revision Form. Apart from mentioning the revised options in the revision form, the ASBA Bidder must also mention the details of all the options in his/ her or its ASBA Bid cum Application Form or earlier ASBA Revision Form. For example, if an ASBA Bidder has Bid for three options in the ASBA Bid cum Application Form and he is changing only one of the options in the ASBA Revision Form, he must still fill the details of the other two options that are not being revised, in the ASBA Revision Form. The SCSB will not accept incomplete or inaccurate Revision Forms.

4. The ASBA Bidder can make this revision any number of times during the Bid/Issue Period. However, for any revision(s) in the Bid, the ASBA Bidders will have to use the services of the same Designated Branch of the SCSB with whom he/she or it holds the bank account. ASBA Bidders are advised to retain copies of the ASBA Revision Form and the revised Bid must be made only in such ASBA Revision Form or copies thereof.

5. Any revision of the Bid shall be accompanied by an instruction to block the incremental amount on account of the upward revision of the Bid. The excess amount, if any, resulting from downward revision of the Bid would be unblocked by the SCSB.

6. When an ASBA Bidder revises his/her or its Bid, he/she or it shall surrender the earlier TRS and get a revised TRS from the SCSBs. It is the responsibility of the ASBA Bidder to request for and obtain the revised TRS, which will act as proof of his or her having revised the previous Bid.

7. The SCSBs shall provide to the Registrar to the Issue aggregate information relating to the total number of ASBA Bid-cum-Application Forms uploaded and the total number of Equity Shares and total amount blocked against the uploaded ASBA Bid-cum-Application Forms. The Registrar to the Issue shall reconcile the electronic data received from the Stock Exchanges and the information received from the SCSBs and inform the SCSBs of any error or discrepancy. The SCSBs shall be responsible for providing the rectified data within the time specified by the Registrar to the Issue.

8. Only Bids that are uploaded on the online IPO system of the Stock Exchanges shall be considered for allocation and/or Allotment. In case of discrepancy of data between the BSE or NSE and the Designated Branches of the SCSBs, the decision of the Registrar, based on the physical records of the ASBA Bid-cum-Application Forms shall be final and binding.

Price Discovery and Allocation

After the Bid/Issue Closing Date, the Registrar to the Issue shall aggregate the demand generated under the ASBA process and the details provided to it by the SCSBs with the other Bidders that have applied under the non-ASBA process to determine the demand generated at different price levels.

Advertising regarding Issue Proceeds and Prospectus

Our Company, on behalf of itself and the Selling Shareholders will issue a statutory advertisement in a widely circulated English national newspaper and a Hindi national newspaper (which is also the regional newspaper) after the filing of the Prospectus with the RoC. This advertisement, in addition to the information that has to be set out in the statutory advertisement, shall indicate the Issue Price. Any material updates between the date of Red Herring Prospectus and the date of Prospectus will be included in such statutory advertisement.

Issuance of CAN

(a) Upon approval of the basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches of the SCSBs, a list of the ASBA Bidders who have been allocated Equity Shares in the Issue. However, the investor should note that the Company shall ensure that the instructions for credit of the Equity Shares to all investors in this Issue shall be given on the same date of Allotment.

    The ASBA Bidders shall directly receive the CAN from the Registrar. The dispatch of a CAN shall be deemed a valid, binding and irrevocable contract for the ASBA Bidder.

(b) Unblocking of ASBA Account

Once the basis of Allotment is approved by the Designated Stock Exchange, the Registrar to the Issue shall provide the following details to the Controlling Branches of each SCSB, along with instructions to unblock the relevant bank accounts and transfer the requisite money to the Public Issue Account and transfer the requisite money to the Public Issue Account designated for this purpose, within the timelines specified in the ASBA facility: (a) the number of Equity Shares to be Allotted against each valid ASBA Bid, (ii) the amount to be transferred from the relevant bank account to the Public Issue Account, for each valid ASBA Bid, (iii) the date by which funds referred to in sub para (ii) above, shall be transferred to the Public Issue Account, (iv) details of rejected ASBA Bids, if any, along with reasons for rejection and details of withdrawn/unsuccessful ASBA Bids, if any, to enable SCSBs to unblock the respective bank accounts. The SCSBs shall then unblock the relevant bank accounts for, (a) the transfer of the requisite money to the Public Issue Account against each valid ASBA, (b) the withdrawn/rejected/unsuccessful ASBA Bids, (c) the excess amount, if any in the ASBA Account. However, the Bid Amount may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the Controlling Branch of the SCSB regarding finalisation of the Basis of Allotment in the Issue, in the event of withdrawal/failure of the Issue or rejection of the ASBA Bid, as the case may be.

Designated Date and Allotment of Equity Shares

(a) The Company will ensure that the Allotment of Equity Shares is done within 15 days of the Bid/Issue Closing Date.

(b) As per the ICDR Regulations, Allotment of the Equity Shares will be only in dematerialized form to the Allottees.

(c) Successful ASBA Bidders will have the option to re-materialize the Equity Shares so Allotted as per the provisions of the Companies Act and the Depositories Act.

GENERAL INSTRUCTIONS

DOs:

(a) Check if you are eligible to Bid under ASBA process;

(b) Ensure that you use the ASBA Bid-cum-Application Form specified for the purposes of ASBA process;

(c) Read all the instructions carefully and complete the ASBA Bid-cum-Application Form (if the Bid is submitted in physical mode, the prescribed ASBA Bid-cum-Application Form is white in colour);

(d) Ensure that you have mentioned only one Bid option with respect to the number of Equity Shares in the ASBA Bid-cum-Application Form;

(e) Ensure that the details of your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be Allotted in dematerialized form only;

(f) Ensure that your Bid is submitted at a Designated Branch of an SCSB, with a branch of which the ASBA Bidder or a person whose bank account will be utilized by the ASBA Bidder for bidding has a bank account and not to the Escrow Collection Banks or collecting banks (assuming that such collecting banks are not SCSBs), the Company, the Registrar or the BRLMS;

(g) Ensure that the ASBA Bid-cum-Application Form is signed by the account holder in case the applicant is not the account holder;

(h) Ensure that you have mentioned the correct bank account numbers in the ASBA Bid-cum-Application Form;

(i) Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB before submitting the ASBA Bid-cum-Application Form to the respective Designated Branch of the SCSB;

(j) Ensure that you have correctly checked the authorization box in the ASBA Bid-cum-Application Form, or have otherwise provided an authorization to the SCSB via the electronic mode, for the Designated Branch to block funds equivalent to the Bid Amount mentioned in the ASBA Bid-cum-Application Form in your ASBA Account maintained with a branch of the concerned SCSB;

(k) Ensure that you receive an acknowledgement from the Designated Branch of the concerned SCSB for the submission of your ASBA Bid-cum-Application Form;

(l) Ensure that you mention your PAN allotted under the I.T. Act irrespective of the amount of the Bid in the Bid-cum-Application Form. Applications in which PAN is not mentioned are liable to be rejected;

(m) Ensure that the name(s) and PAN(s) given in the ASBA Bid-cum-Application Form is exactly the same as the name(s) and PAN(s) in which the beneficiary account is held with the Depository Participant. In case the ASBA Bid-cum-Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the ASBA Bid-cum-Application Form; and

(n) Ensure that the demographic details are updated, true and correct in all respects.

DON'Ts:

(a) Do not submit an ASBA Bid if you are a QIB.

(b) Do not Bid for lower than the minimum Bid size;

(c) Do not Bid on another ASBA or Non-ASBA Bid-cum-Application Form after you have submitted a Bid to a Designated Branch of an SCSB;

(d) Payment of Bid Amounts in any mode other than blocked amounts in the bank accounts maintained by SCSBs shall not be accepted under the ASBA process;

(e) Do not send your physical ASBA Bid-cum-Application Form by post; instead submit it only to a Designated Branch of an SCSB;

(f) Do not submit more than five ASBA Bid cum Application Forms per bank account for the Issue.

(g) Do not submit the GIR Number instead of the PAN; and

(h) Do not instruct your respective banks to release the funds blocked in the bank account under the ASBA process.

Bids by ASBA Bidders must be:

(a) Made only in the prescribed ASBA Bid-cum-Application Form in physical mode (through a white coloured form) or electronic mode.

(b) Made in a single name or in joint names (not more than three, and in the same order as their Depository Participant details).

(c) Completed in full, in BLOCK LETTERS in ENGLISH and in accordance with the instructions contained herein, or on the ASBA Bid-cum-Application Form.

(d) The Bids must be for a minimum of [●] Equity Shares and in multiples of [●] Equity Shares thereafter subject to a maximum of Bid such that the Bid Amount does not exceed the maximum investment limits prescribed under law.

(e) Thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

ASBA Bidder's depository account and bank details

ASBA Bidders should note that on the basis of name of the ASBA Bidders, PAN, Depository Participant's name, Depository Participant-Identification number and beneficiary account number provided by them in the ASBA Bid-cum-Application Form, the Registrar to the Issue will obtain from the Depository, demographic details of the ASBA Bidders such as their address and occupation ("Demographic Details"). Hence, ASBA Bidders should carefully fill in their Depository Account details in the ASBA Bid-cum-Application Form.

IT IS MANDATORY FOR ALL THE ASBA BIDDERS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED FORM ALL ASBA BIDDERS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER, BENEFICIARY ACCOUNT NUMBER AND PAN IN THE ASBA BID-CUM-APPLICATION FORM. ASBA BIDDERS MUST ENSURE THAT THE NAME GIVEN IN THE ASBA BID-CUM-APPLICATION FORM IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. ADDITIONALLY, THE PAN IN THE ASBA BID-CUM-APPLICATION FORM SHOULD BE EXACTLY THE SAME AS PROVIDED WITH THE DEPOSITORY PARTICIPANT. IF THE ASBA BID-CUM-APPLICATION FORM IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND SUCH JOINT NAMES ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE ASBA BID-CUM-APPLICATION FORM.

Since these Demographic Details will be used for all correspondence with the ASBA Bidders, they are advised to update the Demographic Details as provided to their Depository Participants.

By signing the ASBA Bid-cum-Application Form, the ASBA Bidder will 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.

CAN/allocation advice and letters notifying the unblocking of the bank account of an ASBA Bidder will be mailed to the address of the ASBA Bidder as per the Demographic Details received from the Depositories. ASBA Bidders may note that delivery of CAN/allocation advice or letters notifying the unblocking of the bank account may be delayed if such documents, once sent to the address obtained from the Depositories, are returned undelivered. Please note that any such delay shall be at the sole risk of the ASBA Bidder and none of the Designated Branches of the SCSBs, the members of the Syndicate or the Company and the Selling Shareholders shall be liable to compensate the ASBA Bidder for any losses caused to such ASBA Bidder due to any such delay or pay any interest for such delay.

Where no corresponding record is available with the Depositories that matches three parameters, namely, names of the ASBA Bidder (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's account number, then such Bids are liable to be rejected.

ASBA Bidders are required to ensure that the beneficiary account is activated, as Equity Shares will be Allotted in dematerialized form only.

ASBA Bids under Power of Attorney

In case of Bids made under the ASBA process pursuant to a power of attorney, a certified copy of the power of attorney must be submitted along with the ASBA Bid-cum-Application Form. Failing this, the Company and the Selling Shareholders, in consultation with the BRLMs, reserve the right to reject any such Bid, without assigning any reason therefor.

The Company, in its absolute discretion, reserves the right to relax the above condition of simultaneous lodging of the power of attorney along with the ASBA Bid-cum-Application Form, subject to such terms and conditions that the Company and the BRLMs may deem fit.

Payment mechanism under ASBA

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 application money 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 withdrawal or rejection of the Bid or receipt of instructions from the Registrar to the Issue to unblock the Bid Amount.

In the event of withdrawal or rejection of the Bid or in respect of unsuccessful Bid-cum-Application Forms, the Registrar to the Issue shall give instructions to the Controlling Branch of the SCSB to unblock the application money in the relevant bank account. 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 or failure of the Issue or until rejection of the ASBA Bid, as the case may be.

OTHER INSTRUCTIONS

Withdrawal of ASBA Bids

If an ASBA Bidder wants to withdraw the ASBA Bid-cum-Application Form during the Bidding Period, the ASBA Bidder shall submit the withdrawal request to the SCSB, which shall perform the necessary actions, including deletion of details of the withdrawn ASBA Bid-Cum-Application Form from the electronic bidding system of the Stock Exchanges and unblocking of funds in the relevant bank account.

If an ASBA Bidder wants to withdraw the ASBA Bid-cum-Application Form after the Bid/Issue Closing Date, the ASBA Bidder shall submit the withdrawal request to the Registrar to the Issue before finalization of basis of Allotment. The Registrar to the Issue shall delete the withdrawn Bid from the Bid file. The instruction for and unblocking of funds in the relevant bank account, in such withdrawals, shall be forwarded by the Registrar to the Issue to the SCSB on finalization of the basis of Allotment.

Joint ASBA Bids

Bids under the ASBA process may be made in single or joint names (not more than three). In case of such joint Bids, all communications will be addressed to the First Bidder and will be dispatched to his or her address as per the Demographic Details received from the Depository.

Multiple ASBA Bids

An ASBA Bidder should submit only one Bid for the total number of Equity Shares desired. 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 described in the section "Issue Procedure – Multiple Bids" beginning on page 251 of this Draft Red Herring Prospectus.

Mechanism for revision of ASBA bids

During the Bidding Period, an ASBA Bidder who desires to revise his Bid may submit a request with respect to the revised ASBA Bid to the SCSB, which shall take the necessary steps in this respect, including uploading all the revised details of such revised ASBA Bid in the electronic bidding system of the Stock Exchange.

Permanent Account Number

For details, see the section "Issue Procedure – Permanent Account Number ("PAN")" beginning on page 251 of this Draft Red Herring Prospectus.

RIGHT TO REJECT ASBA BIDS

The Designated Branches of the SCSBs shall have the right to reject Bids made under the ASBA process if at the time of blocking the Bid Amount in the ASBA Bidder's bank account, the relevant Designated Branch determines that sufficient funds are not available in such Bidder's bank account maintained with the SCSB. Subsequent to the acceptance of the Bid by the SCSB, the Company will have a right to reject such Bid only on technical grounds.

Further, if any DP ID, Client ID or PAN mentioned in the ASBA Bid-cum-Application Form does not match with the Depository Participant's database, such Bid shall be rejected by the Registrar to the Issue.

Grounds for Technical Rejections under the ASBA Process

In addition to the grounds listed under "Issue Procedure –Grounds for Technical Rejections" beginning on this page 274 of this Draft Red Herring Prospectus, applications under the ASBA process are liable to be rejected on, *inter alia*, the following technical grounds:

1. Application on plain paper or on split form;

2. Amount mentioned in the ASBA Bid-cum-Application Form does not tally with the amount payable for the value of Equity Shares Bid for;

3. Submission of more than five ASBA Bid cum Application Forms per account;

4. Age of first Bidder not given;

5. Bid made by QIBs;

6. Bids by persons not competent to contract under the Indian Contract Act, 1872, including minors and persons of unsound mind;

7. PAN not stated, or GIR number furnished instead of PAN. See ―Issue Procedure - Permanent Account Number or PAN on page 251;

8. Bids for number of Equity Shares, which are not in multiples of [●];

9. Multiple Bids as defined in this Draft Red Herring Prospectus;

10. ASBA Bid cum Application Forms not being signed by the account holder, if the account holder is different from the Bidder;

11. ASBA Bid cum Application Form does not have the Bidder's depository account details;

12. Authorization for blocking funds in the ASBA Bidder's bank account not ticked or provided;

13. ASBA Bids accompanied by stockinvest/ money order/ postal order/ cash;

14. Signature of sole and/or joint Bidders missing in case of ASBA Bid-cum-Application Forms submitted in physical mode;

15. ASBA Bid-cum-Application Form does not have the stamp of the SCSB and/or a member of the Syndicate;

16. ASBA Bid-cum-Application Form is not delivered, either in physical or electronic form, by the ASBA Bidder within the specified time and in accordance with the instructions provided in the ASBA Bid-cum-Application Form and the Red Herring Prospectus;

17. In case no corresponding record is available with the Depositories that matches three parameters namely, names of the Bidders (including the order of names of joint holders), the DP ID and the beneficiary account number; and

18. Inadequate funds in the ASBA Account to block the Bid Amount specified in the ASBA Bid-cum-Application Form at the time of blocking such Bid Amount in the ASBA Account.

Bidders are advised that Bids under the ASBA process that are not uploaded in the electronic book of the Stock Exchanges due to any of the grounds mentioned above will be rejected.

COMMUNICATIONS

All future communication in connection with Bids made under the ASBA process in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or first ASBA Bidder, the ASBA Bid-cum-Application Form number, details of the Depository Participant, the number of Equity Shares applied for, the date of the ASBA Bid-cum-Application Form, the name and address of the Designated Branch of the SCSB where the ASBA Bid-cum-Application Form was submitted, the bank account number in which the amount equivalent to the Bid Amount was blocked and a copy of the acknowledgement slip. The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or willful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held. The Company, the Selling Shareholders, the BRLMs, the Syndicate Members and the Registrar accept no responsibility for errors, omissions, commission or any acts of SCSBs including any defaults in complying with its obligations under applicable ICDR Regulations.

The ASBA Bidders can contact the Compliance Officer, the Designated Branch of the SCSB where the ASBA Bid-cum-Application Form was submitted, or the Registrar to the Issue in case of any pre- or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, unblocking of excess Bid Amount, etc.

Disposal of Investor Grievances

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB, giving full details such as name and address of the applicant, the number of Equity Shares applied for, the Bid Amount blocked on application, bank account number and the Designated Branch or the collection centre of the SCSB where the ASBA Bid-cum-Application Form was submitted by the ASBA Bidder.

Impersonation

For details, see the section "Issue Procedure – Impersonation" beginning on page 254 of this Draft Red Herring Prospectus.

DISPOSAL OF APPLICATIONS AND APPLICATION MONEY AND INTEREST IN CASE OF DELAY IN INSTRUCTIONS TO SCSBs BY THE REGISTRAR TO THE ISSUE

In accordance with the Companies Act, the requirements of the Stock Exchanges and ICDR Regulations, the Company undertakes that:

- Allotment and transfer of Equity Shares only in dematerialized form shall be made within 15 days of the Bid/Issue Closing Date;

- Instructions for unblocking of the funds in the ASBA Bidder's Bank Account shall be made within 15 days from the Bid/Issue Closing Date; and

- If the instructions to SCSBs to unblock funds in the ASBA accounts are not given within eight days after the Company becomes liable to repay all moneys received from the applicants, then the Company and every Director of the Company who is an officer in default shall, on and from such expiry of eight days, be liable to repay the monies, with interest at the rate of 15% per annum on the application monies, as prescribed under Section 73 of the Companies Act.

Basis of Allocation

Bids received from ASBA Bidders will be considered at par with Bids received from non-ASBA Bidders. The basis of allocation to such valid ASBA and non-ASBA Bidders will be that applicable to Retail Individual Bidders and Non- Institutional Bidders. For details, see the section "Issue Procedure – Allotment – Basis of Allotment" beginning on page 255 of this Draft Red Herring Prospectus.

Method of Proportionate basis of allocation in the Issue

ASBA Bidders who are Retail Individual Bidders who have Bid for Equity Shares for an amount less than or equal to Rs. 100,000 in any of the Bidding options in the Issue, along with non-ASBA Bidders, will be categorized as Retail Individual Bidders. ASBA Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount over Rs. 100,000 will be categorized as Non-Institutional Bidders. No preference shall be given to ASBA vis-à-vis non-ASBA Bidders or vice versa.

Undertaking by the Company

In addition to the undertakings described under "Issue Procedure – Undertakings by the Company", with respect to the ASBA Bidders, the Company undertakes that adequate arrangements shall be made to consider ASBA Bidders similar to other Bidders while finalizing the basis of allocation.

Utilization of Net Issue Proceeds

For details, see the section "Utilization of proceeds of the Issue" beginning on page 35 of this Draft Red Herring Prospectus.

Description of Equity Shares

For details of the rights of members regarding voting, dividend, lien on shares and the process for modification of such rights and forfeiture of shares, see "Terms of the Issue – Rights of Equity Shareholders" and "Main Provisions of the Articles of Association" beginning on pages 221 and 277 of this Draft Red Herring Prospectus, respectively.

SECTION VIII: MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

Pursuant to Schedule II of the Companies Act and the SEBI Regulations, the main provisions of the Articles of Association relating to voting rights, dividends, liens, forfeitures, restrictions on transfer and transmissions of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that the each provision herein below is numbered as per the corresponding article number in the Articles of Association and defined terms herein have the meaning given to them in the Articles of Association.

Table A to apply

Article 1 provides that

The regulations for the management of the Company and for observance by the Company and Members shall, subject to amendments hereof by a special resolution as prescribed under the Companies Act, 1956, be such as are contained in the Articles set out below. The regulations of Table A of Schedule I to the Companies Act, 1956 shall, except where contrary to the express terms of these Articles, apply to the Company.

SHARES

Articles 5 (1) and (2) provide that

1. The authorized share capital of the Company shall be such amount and be divided into such shares as may, from time to time, be provided in clause V of Memorandum of Association of the Company.

2. Subject to the other provisions of these Articles of Association, the Company shall have the power to, by means of an ordinary resolution passed by the Company's shareholders in general meeting:

   (a) increase or reduce the authorised share capital for the time being of the Company;

   (b) issue preference shares that are redeemable or convertible to Equity Shares, mandatorily or otherwise;

   (c) consolidate and/or divide all, but not part, of its issued Securities;

   (d) convert all or any of its fully paid-up shares into stock; and re-convert that stock into fully paid-up shares of any denomination;

   cancel shares which, at the date of the passing of the resolution in that behalf, have not been taken or agreed to be taken by any party, and reduce its share capital by the amount of the shares so cancelled.

Further Issue of Shares

Articles 5(3), (4), (5) and (6) provide that

3. 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, it is proposed to increase the subscribed capital of the Company by allotment of further shares either out of the unissued capital or out of the increased share capital then:

   (a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the Equity Shares of the Company, in proportion, as near as circumstances admit, to the capital paid up on those shares at the date.

(b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.

(c) With effect from the Listing, but not prior thereto, the offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and the notice referred to in sub clause (b) hereof shall contain a statement of this right. Provided that the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may, renounce the shares offered to him.

(d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that the declines to accept the shares offered, the Board may dispose off them in such manner and to such person(s) as they may think, in their sole discretion fit.

4. Notwithstanding anything stated in the preceding clause, the further shares aforesaid may be offered to any persons (whether or not those persons include the persons referred to in the preceding clause) in any manner whatsoever.

(a) If a special resolution to that effect is passed by the Company in General Meeting, or

(b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the general meeting (including the casting vote, if any, of the chairman) by the members who, being entitled to do so, vote in person, or, where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied, on an application made by the Board in this behalf that the proposal is most beneficial to the Company.

5. Nothing in the preceding clauses shall be deemed to extend the time within which the offer should be accepted.

6. Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company:

(a) To convert such debentures or loans into shares in the Company; or

(b) To subscribe for shares in the Company (whether such option is conferred in these Articles or otherwise)

Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term:

(i) Either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with Rules, if any, made by that Government in this behalf; and

(ii) In the case of debentures or loans or other than debentures issued to or loans obtained from Government or any institution specified by the Central Government in this behalf, has also been approved by a special resolution passed by the Company in general meeting before the issue of the debentures or raising of the loans.

Reduction of Share Capital

Articles 6 and 7 provide that

6. (1) Subject to the other provisions of these Articles of Association and, further subject to the provisions of Section 100 of the Act, the Company is authorised to reduce its share capital, including any capital redemption reserve account or share premium account, in any way; and in particular, and without prejudice to the generality of the foregoing power and authority, the Company may:-

(a) extinguish or reduce the liability on any of its shares in respect of share capital not paid up;

(b) either with or without extinguishing or reducing liability on any of its shares, cancel paid-up share capital which is lost, or is unrepresented by available assets; or

(c) either with or without extinguishing or reducing liability on any of its shares, pay off any paid-up share capital which is in excess of the wants of the Company;

and the Company may, if and so far as is necessary, alter its Memorandum by reducing the amount of its share capital and of its shares accordingly.

7. Subject to the provisions of Section 100 to 105 (both-inclusive) of the Act and other laws and regulations applicable to the Company upon Listing, the Board may accept from any member the surrender on such terms and conditions as shall be agreed of all or any of his shares.

Shares to be *pari passu*

Articles 8 and 9 provide that

8. The Company shall not issue Equity Shares of different classes and the Total Equity Shares shall at all times rank pari passu with each other and shall not have any differential rights as to voting or dividend or otherwise. Further the issued preference shares of the Company shall at all times rank pari passu with each other and shall not shall not have any differential rights as to voting or dividend or otherwise.

9. The rights conferred upon the holders of the shares of any class issued with preferred or special or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

Issue of shares, debentures or other securities at discount, premium or otherwise

Article 10 provides that

10. Any shares, debentures, or other securities may be issued at a discount, premium or otherwise and with any special privileges, as to redemption, surrender, drawings, allotment of shares, appointment of Directors and otherwise. Debentures and other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued. Provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting by an ordinary resolution.

Issue of shares under the control of the Board

Article 11 provides that

11. Subject to the provisions of these Articles, the issuance of the shares shall be under the control of the Board which may allot or otherwise dispose of the same to such persons on such terms and conditions and at such times, as the Board thinks fit either at par or at a premium and for such consideration as the Board thinks fit.

Payment by instalment

Article 12 provides that

12. If, by the conditions of allotment of any shares, the whole or part of the amount or issue price thereof shall be payable by instalment, every such instalment shall, when due, be paid to the Company by the person who for the time being shall be the member registered in respect of the share or by his executor or administrator.

Joint Holders

Article 13 provides that

13. Where two or more persons are registered as the holders of any shares they shall be deemed to hold the same as joint-tenant with benefit of survivorship, subject to the provisions, following and to the other provisions of these Articles relating to joint- holders :-

   (1) The joint-holders of a share shall be liable severally as well as jointly in respect of all payments which ought to be made in respect of such shares.
   (2) On the death of anyone of such joint-holders the survivor or survivors shall be the only person or persons recognised by the Company as having any title to or interest in such share but the Board may require such evidence of death as it may deem fit.
   (3) Only the persons whose names stand first in the Register as one of the joint- holders of any shares shall be entitled to delivery of the certificate relating to such share and to receipt of dividends, cash bonus and notices, and other communications from the Company.

Company not to recognize Trust

Article 14 provides that

14. Except as required by law, no person shall be recognised by the Company as holding any shares upon any trust and the Company shall not be bound by, or be compelled in any way, to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share or interest in any fractional part of a share or (except only as by these f Articles or as ordered by the court of the competent jurisdiction or by law otherwise 1 provided), any other right in respect of any share except an absolute right to the entirety thereof in the registered holder.

Registration of shares

Artilce 15 provides that

15. Shares may be registered in the name of any person (including a minor through legal guardian) company or other body corporate. Shares shall not be registered in the name of a person of unsound mind save on transmission or in the name of a firm as such.

Shares and Debentures Certificates

Article 16 provides that

16. (1) Every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the shares of each class or denomination registered in their name, or if the Directors so approve (upon paying such fee as the Directors may from time to time determine) to several certificates, each for one or more of such shares and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment, unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application for registration of transfer, transmission, sub-division, consolidation or renewal of any of its shares as the case may be. Every certificate of shares shall be under the seal of the Company and shall specify the number and distinctive numbers of shares in respect of which it is issued and amount paid-up thereon and shall be in such form as the Directors may prescribe or approve, provided that in respect of a share or shares held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of shares to one of several joint holders shall be sufficient delivery to all share holders.

(2) If any certificate be worn out, defaced, mutilated, or torn or if there be no further space on the back thereof for endorsement of transfer, then upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof and if any certificate is lost or destroyed, then, upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate, being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificates under the Article shall be issued without payment of fees if the Directors so decide, or on payment of such fees (not exceeding Rs.2/- for each certificate) as the Directors shall prescribe. Provided that no fee shall be charged for issue of new certificates in replacement of those which are old, defaced or worn out or where there is no further space on the back thereof for endorsement of transfer.

(3) Provided that notwithstanding what is stated above the Directors shall comply with such Rules or Regulation or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.

(4) The provisions of this Article shall mutatis mutandis apply to debentures of the Company.

Calls on Shares

Articles 19 to 21 provide that

19. The Board may, from time to time, with the sanction of the Company in general meeting, subject to the terms on which any shares may have been issued, and subject to the provisions of the Section 91 of the Act, make such calls as the Board thinks fit upon the members in respect of all moneys unpaid on the shares held by them respectively, and not by the conditions of allotment thereof made payable at fixed times, and each member shall pay the amount of every call so made on them to the persons and at the times and place appointed by the Directors. A call may be made payable by instalments, and a call shall be deemed to have been made when the resolution of the Board authorising such call was passed. It is clarified that the option or right to call of shares shall not be given to any person except with the sanction of the Company in general meeting.

18. Not less than 14 days' notice of any call shall be given by the Company specifying the time and place of payment and to whom such call shall be paid; provided that before the time for payment of such call, the Board may by notice in writing to the members revoke the same or extend the time for payment thereof.

19. The amount of each call shall be fixed by the Board at its discretion but no call shall be made payable within less than one month from the date fixed for the payment of the last preceding call.

20. If by the terms of issue of any share or otherwise, the whole or part of the amount or issue price thereof is made payable at any fixed time or by instalments at fixed times, every such amount or issue price or instalment thereof shall be payable as if it were a call duly made by the Directors and of which due notice had been given, and all the provisions herein contained in respect of calls shall apply to such amount, or issue price or instalment accordingly.

21. If the sum payable in respect of any call or instalment be not paid on or before the day appointed for the payment thereof, the holder for the time being of the share in respect of which the call shall have been made or the instalment shall be due, shall pay interest for the same at the rate of 12 percent per annum, from the day appointed for the payment thereof to the time of the actual payment or at such other rate as the Directors may determine but they shall have power to waive and forego the payment of interest wholly or in part.

Calls in advance

Article 22 provides that

22. (1) The Directors may, if they think fit, subject to these Articles, agree to receive from any member willing to advance the same, all or any part of the amount unpaid on their shares beyond the sums actually called up and upon the monies so paid in advance or upon so much thereof as from time to time exceeds the amount of the calls then made upon the shares in respect of which such advances has been made, the Company may pay interest at such rate, as the member paying such sum in advance and the Directors agree upon. Provided that money paid in advance of calls shall not confer a right to participate in profits or dividend. The Directors may at any time repay the amount so advanced.

(2) The members shall not be entitled to any voting rights in respect of the moneys so paid by them until the same would but for such payment , become presently payable.

(3) The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

Money due on shares to be recovered from the member named in the Register of Company

Article 23 provides that

On the trial or hearing of any action or suit brought by the Company against any member and/or their representative to recover any debt or money claimed to be due to the Company , in respect of their shares, it shall be sufficient to prove that the name of the defendant is, or was mentioned, when the claim arose, on the Register of the Company as a holder, or one of the holders of the number of shares in respect of which such claim is made, that the resolution making the call is duly recorded in the minute book and that the amount claimed is not entered as paid in the books of the Company and the proof of the said matters shall be conclusive evidence of the debt, and it shall not be necessary to prove the appointment of the Directors who made any call, nor that a quorum of Directors was present at the meeting at which any call was made or that such meeting was duly convened or constituted, nor any other matter whatsoever.

Notice to shareholders for unpaid calls

Article 24 provides that

(1) If any member fails to pay any call or instalment on or before the day appointed for the payment of the same or any such extension thereof as aforesaid, the Directors, may, at any time thereafter during such time as the call or instalment remains unpaid, serve a notice on such member requiring him to pay the same, together with any interest that may have accrued and all expenses that may have been incurred by the Company by reason of such non-payment.

(2) The notice shall name a day (not being less than 21 days from the date of the notice) and place on and at which such call or instalment and such interest and expenses as aforesaid are to be paid. The notice shall also state that in the event of non- payment at or before the time, and at the place or places appointed, the shares in respect of which such call was made or instalment is payable will be liable to be forfeited.

(3) If the requisitions of any such notice as aforesaid be not complied with, any shares in respect of which such notice has been given may, at any time thereafter before payment of all calls or instalment, interest and expenses are due in respect thereof, be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture. Neither the receipt by the Company of a portion of any money which shall from time to time be due from any member of the Company in respect of his shares, either by way of principal or interest, nor any indulgence granted by the Company in respect of the payment of any such money shall preclude the Company thereafter from proceeding to enforce a forfeiture of such shares as herein provided.

(4) When any shares have been so forfeited, notice of the forfeiture shall be given to the member in whose name it stood immediately prior to the forfeiture, and an entry of the forfeiture with the date thereof, shall forthwith be made in the Register, but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make such entry as aforesaid.

(5) Any share so forfeited shall be deemed to be the property of the Company, and the Directors may sell, real lot or otherwise dispose of the same upon such terms and in such manner as they think fit, either to the original holder thereof or to any other person.

(6) The Directors may, at any time before any share so forfeiture shall have been sold, re-allotted or otherwise disposed of, annul the forfeiture thereof upon such conditions as they think fit.

(7) Any member whose shares have been forfeited shall notwithstanding such forfeiture be liable to pay and shall forthwith pay to the Company all calls, instalments, interest and expenses, owing upon or in respect of such shares at the time of the forfeiture, together with interest thereupon, from the time of the forfeiture until payment at 12 percent per annum or such other rate as the Directors may determine and the Directors may enforce the payment thereof without any deduction or allowance for the value of the shares at the time of forfeiture but shall not be under any obligation to do so.

(8) The forfeiture of a share shall involve the extinction of all interest in and also of all claims and demands against the Company in respect of the share, and all other rights incidental of the share except only such of those rights as by these Articles are expressly saved.

(9) A duly verified declaration in writing that the declaring is a Director of the Company and that certain shares in the Company have been duly forfeited on a date stated in the declaration shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the shares and such declaration and the receipt of the Company for the consideration, if any, given for the shares on the sale or disposition thereof shall constitute a good title to such shares.

Lien on shares

Articles 25 and 26 provide that

25. Issued shares that are fully paid shall be free of all liens and the Company's lien over partly paid shares shall be restricted to moneys called or payable at a fixed time in respect of such shares.

26. The Company shall have a first and paramount lien upon all the shares/ debentures (other than fully paid-up shares/debentures) registered in the name of each holder of such shares or debentures (whether solely or jointly with others) and upon the proceeds of sale thereof for all monies (whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share shall be created except upon the footing and condition that this Article will have full effect. Such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares/debentures. Unless otherwise agreed, the registration of a transfer of shares/debentures shall operate as a waiver of the Company's lien if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.

Shares at the Disposal of the Directors

Articles 27 to 38 provide that

27. Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provisions of section 79 of the Act) at a discount and at such time as they may from time to time think fit and with the sanction of the Company in the general meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid up shares and if so issued, shall be deemed to be fully paid shares. Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.

28. Subject to the provisions of Section 111 of the Act, Section 22A of the Securities Contracts (Regulation) Act, 1956, and other applicable provisions of the Act or any other law for the time being in force, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not. This right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company. However, in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other person or persons indebted to the Company on any account whatsoever, except where the Company has a lien on the shares. transfer of shares / debentures in whatever lot shall not be refused.

29. No transfer of shares shall be registered unless a proper instrument of transfer duly stamped executed by the transferor and transferee and witnessed has been delivered to the Company together with certificate or certificates of the shares, or if no such certificate is in existence, along with the letter of allotment of shares. The instrument of transfer of any shares shall be signed both by the transferor and the transferee and shall contain the name and other particulars of the transferee and the transferor.

30. The transferor shall be deemed to remain a holder of the share until the name of the transferee is registered in the register of members in respect thereof.

31. No fees shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.

32. Neither the Company nor its Directors shall incur any liability for registering or acting upon) a transfer of shares apparently made by sufficient parties, although the same may, by reason of any fraud or other cause not known to the Company or its Directors, be legally inoperative or insufficient to pass the property in the shares proposed or professed to be transferred and although the transfer may, as between the transferor and the transferee, be liable to be set aside, and notwithstanding that the Company may have notice that such instrument of transfer was signed or executed and delivered by the transferor in blank as to the name of the transferee or particulars of the shares transferred, or is otherwise defective in any manner. In every such case the person registered as transferee, their heirs, executors, administrators and assigns alone shall be entitled to be recognised as the holders of such shares and the previous holders shall, so far as the Company is concerned, be deemed to have transferred their whole title thereto.

33. A common form for the transfer of shares shall be used which shall be in writing in the form prescribed under the Companies (Central Government) General Rules and Forms, 1956 or any modification thereof.

34. Every instrument of transfer which shall be registered shall be retained by the Company, and any instrument which the Board may refuse to register shall be returned to the person depositing the same.

35. The executors or administrators or the holder of a succession certificate in respect of shares of a deceased member (not being one of several joint-holders) shall be the only person whom the Company shall recognise as having any title to the shares registered in the name of such member and, in case of the death of anyone or more of the joint holders of any registered shares, the survivors shall be the only persons recognised by the Company as having any title to or interest in such shares, but nothing herein contained shall be taken to release the estate of a deceased joint-holder from any liability on shares held by him jointly with any other person.

36. Before recognising any legal representative or heir or a person otherwise claiming title to the share of the Company may require him to obtain a grant of probate or letters of administration or succession certificate or other legal representation, as the case may be, from a competent Court in India; provided nevertheless that in any case where the Board in its absolute discretion thinks fit it shall be lawful for the Board to dispense with the production of probate or letters of administration or a succession certificate or such other legal, representation upon such terms as to indemnity or otherwise as the Board may in its absolute discretion consider adequate.

37. The Company shall incur no liability or responsibility whatever in consequence of its registering or giving effect to any transfer to shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the register of members) to the prejudice of persons having or claiming any equitable right, title, or interest to or in the said shares, notwithstanding that the Company may have had direct or indirect notice of such equitable right, title or interest or notice prohibiting registration of such transfer and may have entered such notice, or referred thereto, in any book of the Company, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do, though it may have been entered or referred to in some book of the Company.

38. Whenever the Company exercise the power, in keeping with the other provisions of these Articles, of converting its shares into stock the provisions of Clauses 37 to 39 (both inclusive) of Table 'A' in Schedule I to the Act shall apply.

BORROWINGS

Powers to borrow

Article 39 provides that

39. The Board may, from time to time, at its discretion, raise or borrow, from the Directors or from elsewhere and secure the payment of any sum or sums of money for the purposes of the Company.

Methods of borrowing

Article 40 provides that

40. The Board may, raise or secure the repayment of such sum or sums in such manner and upon such terms and conditions in all respects as it thinks fit, and in particular by the issue of bonds, perpetual or redeemable debentures, or any mortgage or other security on the undertaking of the whole or any part of the Company (both present and future) including its uncalled capital for the time being.

Terms of issue of debentures

Article 41 provides that

41. Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and condition as to redemption, surrender, drawing, allotment of Directors and otherwise Debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the general meeting by a special resolution.

GENERAL MEETINGS

Annual general meeting to be in accordance with the Companies Act, 1956 and the notice thereof

Article 43 provides that

43. The Annual General Meeting shall be held in accordance with Section 166 of the Act, and the notices calling the meeting shall specify it as the Annual General Meeting.

Attendance either in person or by proxy

Article 44 provides that

44. Every member of the Company shall be entitled to attend every General Meeting either in person or by proxy, and the Auditor of the Company shall have the right to attend, and to be heard at any General Meeting on any part of the business which concerns him as Auditor.

Director’s and Auditor’s Report to be laid before the annual general meeting

Article 45 provides that

45. At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report and audited statement of accounts, Auditors' Report (if not already 9 incorporated in the audited statement of Account) the proxies lodged and the register of Directors' holdings maintained under Section 307 of the Act. The Auditors' Report shall be d read before the Company in Annual General Meeting and shall be open to inspection by any member of the Company.

Extra-ordinary general meetings

Articles 46 and 47provide that

46. All General Meetings other than Annual General Meeting shall be called Extraordinary General Meetings.

47. The Board may, whenever it thinks fit, call an Extraordinary General Meeting provided however, if any time there are not in India Directors capable of acting who are sufficient in number to form a quorum any Director may call an Extraordinary General Meeting in the same manner as nearly as possible as that in which a meeting may be called by the Board.

Meeting by requisition

Article 48 provides that

48. The Board of Directors of the Company shall on the requisition of such number of members of the Company as is specified in subsection (4) of Section 169 of the Act, forthwith proceed duly to call an Extraordinary General Meeting of the Company, and in respect of any such requisition and of any meeting to be called pursuant thereto, all the other provisions of Section 169 of the Act and of any statutory modification thereof for the time being shall apply.

Notice of meetings

Articles 49 to 54 provide that

49. Notice for any general meeting of the shareholders shall not be less than 21 days.

50. Every notice of a meeting of the Company shall specify the place, the date and hour of the meeting, and shall contain a statement of the business to be transacted thereat. No General Meeting, annual or extra ordinary, shall be competent to enter upon, discuss or transact any business, which has not been specially mentioned in the notice or notices upon which it was convened.

51. (1) In the case of an Annual General Meeting all business to be transacted at the meeting shall be deemed special, with the exception of business relating to :-

(a) The consideration of the Accounts, Balance Sheet and Profit and Loss Account and the reports of the Board of Directors and of the Auditors.

(b) The declaration of dividend.

(c) The appointment of Directors in the place of those retiring

(d) The appointment and the fixing of the remuneration of the Auditors.

(2) In the case of any other meeting all business shall be deemed special.

(3) Where any items of business to be transacted at the meeting are deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out all material facts regarding each such item of business including in particular the nature of the concern or interest, if any, therein of every Director and Manager of the Company. Provided, however, that where any item of special business as aforesaid to be transacted at a meeting of the Company relates to, or affects any other Company the extent of share-holding interest in that other Company of every Director and Manager, if any, of the Company shall also be set out in the explanatory statement.

(4) Where any item of business to be transacted at any General Meeting of the Company consists of according to the approval of the meeting to any document, the time and place where the documents can be inspected shall be specified in the explanatory statement.

52. Notice of every meeting shall be given to every member or person concerned, of the company, to such address supplied by such person for the giving of notices and in any manner authorised by sub-sections (1) to (5) of Section 53 of the Act Provided that where the notice of a meeting is given by advertising the same in newspaper circulating in the neighbourhood of the registered office of the Company under subsection (3) of the Section 53 of the Act, the explanatory statement need not be annexed to the notice as required by Section 173 of the said Act, but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.

53. Notice of every meeting of the Company shall be given to the Auditor or Auditors for the time being of the Company in any manner authorised by Section 53 for giving notice to any member or members of the Company.

54. An accidental omission to give notice of any meeting to or the non receipt of any notice by any member or other person to whom it should be given shall not invalidate the proceedings at the meeting.

Chairman of the meeting

Articles 57 and 58 provide that

57. The Chairman of the Board shall preside over the general meetings of the Company and shall have a casting vote.

58. For so long as the Chairman does not render herself or himself liable to removal from Directorship of the Company, he or she shall not be removable from office as the Chairman. The Chairman of the Board shall be entitled to take the chair at every General Meeting. If there be no such Chairman, or if at any meeting he or she shall not be present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act, the Directors present, shall choose another Director as Chairman and if no Director be present or if all the Directors present decline to take the Chair, then the members present shall, on a show of hands or on a poll if properly demanded, elect one of their number, being a member entitled to vote, to be the Chairman.

Voting at general meetings

Article 59 provides that

59. (1) A resolution in a General Meeting may be voted upon by a show of hands, unless a poll is demanded. If a poll be demanded as aforesaid, it shall be taken forthwith on a question of adjournment or election of a Chairman of the meeting and in any other case in such manner and at

such time, not being later than 48 hours from the time when the demand was made and at such place, as the Chairman of the meeting may direct, and, subject to aforesaid, 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 passed on the date on which the poll was demanded.

(2) The demand for a poll may be withdrawn at any time by the person or persons who made the demand.

(3) Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutinizers, one at least of whom shall 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 to scrutinise the votes given on the poll and report to him thereon. The Chairman shall have power at any time before the result of the poll is declared to remove a scrutinizer from office and to fill vacancies in the office of scrutinizer arising from such removal or any other cause.

(4) On a poll, a member entitled to more than one vote or his proxy or other person entitled to vote for him, as the case may be, need not, if he votes, use all his votes or cast the same in the same way all the votes he uses.

(5) The demand of a poll, except on the questions of the election of the Chairman and of an adjournment, shall not prevent the continuance of a meeting for the transaction of any business other than the question on which a poll has been demanded.

Adjournment of meeting

Article 60 provides that

60. Subject to as otherwise provided in these Articles, the Chairman of a General Meeting may adjourn the same from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. Unless otherwise decided by the Chairman of the meeting being adjourned, it shall not be necessary to give notice to the members of an adjournment for less than thirty days or of the time, date and place appointed for the holding of the adjourned meeting.

Voting in person or by proxy

Article 61 provides that

61. Subject to the provisions of Articles, votes may be given either personally or by an attorney or by proxy or in the case of a body corporate also by a representative duly authorised under Section 187 of the Act and Article 79. Section 186 of the Companies Act 1956 shall apply to this Company.

Voting by show of hands

Article 62 provides that

62. Subject to the other provisions of these Articles on a show of hands every holder of shares entitled to vote and present in person or by proxy shall have one vote and upon a poll' every holder of shares entitled to vote and present in person or by proxy shall, have one vote for every share held by him.

Right of preference shareholders to vote

Article 63 provides that

63. Every holder of a preference share in the capital of the Company shall be entitled to vote at a General Meeting of the Company only in accordance with the limitations and provisions in this regard contained in the Resolution issuing such shares.

Voting by joint holders

Article 64 provides that

64. Where there are joint-holders of any share, any-one of such persons may vote at any meeting either personally or by proxy in respect of such share as if he was solely entitled thereto, and if more than one of such joint-holders be present at any meeting either personally or by proxy then that one of the said persons so present whose name stands prior in order on the Register in respect of such share shall alone be entitled to vote in respect thereof. Several executors or administrators of a deceased member in whose name any share stands shall for the purpose of this Article be deemed joint-holders thereof.

Proxy, the instrument appointing proxy and other provisions thereof

Articles 65 to 70 provide that

65. The instruments appointing a proxy shall be in writing under the hand of the appointer or of his Attorney duly authorised in writing or if such appointer is a corporation under its common seal or the hand of its officer or Attorney duly authorised by it. A person may be appointed a proxy, though he is not a member of the Company and such proxy shall have right to speak at any meeting if permitted by the Chairman thereof.

66. The instruments appointing a proxy and the Power of Attorney or other authority (if any) under which it is signed or a notairally certified copy of the power or authority shall be deposited at the registered office of the Company not less than forty eight hours before the time for holding the meeting at which the person named in the instrument proposes to vote and in default the instrument of proxy shall not be treated as valid.

67. A vote given in accordance with the terms of an instrument appointing a proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the instrument or transfer of the share in respect of which the vote is given, provided no intimation in writing of the death, insanity, revocation or transfer of the share shall have been received at this Registered Office of the Company or by the Chairman of the meeting before the vote is given, provided nevertheless that the Chairman of any meeting shall be entitled to require such evidence as he may in his discretion think fit of the due execution of an instrument of proxy and that the same has not been revoked.

68. Every instrument appointing a proxy, shall, as nearly as circumstances will admit, be in any of the appropriate forms set out in Schedule IX to the Act.

69. Every member entitled to vote at a meeting of the Company according to the provisions of these Articles on any resolution to be moved thereat, shall be entitled during the period beginning twenty-four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, of inspect of proxies lodged at any time during the business hours of the Company provided not less than three days' notice in writing of the intention so to inspect is given to the Company.

70. Subject to Article 62 hereinabove, and notwithstanding Article 68 above, no member shall be entitled to vote on any question either personally or by proxy, or as proxy, for another member, at any General

Meeting or upon a poll or be reckoned in a quorum whilst any call or other sum shall be due and payable presently to the Company in respect of any of the shares of such member, or in respect of any shares on which the Company has or had exercised any right of lien.

DIRECTORS

Minimum and maximum directors and directors to retire by rotation

Articles 71 and 72 provide that

71. The Board shall consist of not less than 3 and not more than 12 Directors.

72. Subject to the Act and other applicable laws and regulations, the Board of Directors in a meeting will determine the number of Directors, if any, who will retire by rotation at each Annual General Meeting and names of the Directors who will so retire.

First directors

Article 73 provides that

73. The persons hereinafter named shall be the first Directors of the Company:

1. Shri. Ishwar Chandra
2. Shri. Prem Chand Gupta
3. Shri. Kailash Chand Gupta
4. Shri. Arun Gupta

Additional Directors

Article 74 provides that

74. The Board shall have power, at any time and from time to time, to appoint any person as a Director as an Additional Director to the Board, but so that the total number of Directors shall not at any time exceed the maximum number fixed by the Company from time to time. Any Directors so appointed shall hold office only until the next Annual General Meeting of the Company and shall be eligible for re-election.

Special or Technical Directors

Articles 75 and 76 provide that

75. Whenever special necessity occurs to have technical or expert advice or whenever the Directors deem otherwise expedient in the interest of the Company, they may co-opt any one or more persons as Special or Technical Directors for such time and on such remuneration subject to Section 314 of the Act, as the Board of Directors may determine, whether such person or persons be shareholders or not. The Special Director or Directors appointed under this Article shall be in addition to the Directors appointed under preceding Articles, and will not be counted for the purpose of computing the maximum number of Directors herein above prescribed and will not be liable to retire by rotation.

76. The above mentioned Special or Technical Directors shall have such powers and privileges and duties as the Board of Directors shall determine and shall hold office as long as the necessity exists or otherwise at the discretion of the Board of Directors.

Alternate Directors

Article 77 provides that

77. The nomination of an alternate Director for any Director, the Board may appoint as an Alternate Director to act for a Director (hereinafter called the 'Original Director') during the latter's absence for a period of not less than three months from the state in which meetings of the Board are ordinarily held and such appointment shall have effect and such appointee, whilst he holds office as an Alternate Director, shall be entitled to notice of meetings of the Board and to attend and vote thereat accordingly. An alternative Director appointed under this Article shall not hold office as such for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office if and when the Original Director returns to the State in which meetings of the Board are ordinarily held. If the term of office of the Original Director is determined before he so returns to the state in which meetings of the Board are ordinarily held, any provisions in the Act or in these Articles for the automatic re-appointment of retiring Directors in default of another appointment shall apply to the Original Director and not to the Alternate Director.

Debenture Director

Article 78 provides that

78. Any trust deed securing and covering the issue of Debentures of the Company may provide; for the appointment of a Director (in these presents referred to as "the Debenture Director"); for and on behalf of the debenture holder for such period as is therein provided not exceeding the period for which the debentures or any of them shall remain outstanding and for the removal from office of such Debenture Director and on a vacancy being caused whether by resignation, death, removal or otherwise for appointment of a Debenture Director in the vacant place. The Debenture Director shall not be liable to retire by rotation or be removed from office except as provided as aforesaid.

Remuneration of Directors

Article 79 provides that

79. The remuneration payable to the Directors of the Company shall be as hereinafter provided :-

(1) The remuneration of each Director for each meeting of the Board or Committee of the Board attended by him shall be such sum (not exceeding As. 250/- per meeting) as may be determined by the Board from time to time. Such reasonable additional remuneration as may be fixed by the Board may be paid to anyone or more of its members for services rendered by him or them in signing share certificates in respect of the Company's capital or any debentures issued by the Company. Subject to the provisions of Section 314 of the Act, the Directors shall be paid such further remuneration, if any, as the Company in General Meeting shall from time to time as determined and such additional remuneration and further remuneration shall be divided amongst the Directors in such proportion and manner as the Board may from time to time determine.

(2) The Board of Directors may allow and pay to any Director who for the time being is resident out of place where the meetings of the Board of any committee of the Board are held and who shall come from any place in India to the place where the Board meetings or of any committee of the Board are held for the purpose of attending the meeting such sum as the Board may consider fair

compensation for the travelling, boarding, lodging and other expenses in addition to his fees for attending meeting as above specified.

(3) Subject to provisions of Section 314 of the Act, if any Director shall be called upon to go or reside out of his usual place of residence on the Company's business or otherwise perform extra services outside the scope of his ordinary duties the Board may arrange to pay to such Director a special remuneration for such services either by way of salary, commission or lump sum of money, as they shall think fit in addition to or in substitution of his remuneration above provided. All the Directors shall be, entitled to be paid or reimbursed or repaid any travelling or other expenses incurred, or to be incurred in connection with the business of the Company.

Board not to act when the minimum number falls below minimum

Article 79 provides that

80. The continuing Directors may act notwithstanding any vacancy in their body, but so that if the number falls below the minimum above fixed, the Directors shall not except for the purpose of filling vacancies or of summoning a General Meeting, act, so long as the number is below the minimum.

Directors not be to disqualified in certain cases

Articles 81 and 82 provide that

81. The Directors (including a Managing Director) shall not be disqualified as such from office as Director under the Company by reason of his or their contracting, with the Company either as vendor, purchaser, lender, agent, broker, lessor or lessee or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company with any Director or with any Company or Partnership, in which any Director shall be a member or otherwise interested be avoided, nor shall any Director contracting or being such member or so interested be liable to account to the Company for any profit realised by such contract or arrangement by reason only of such Director holding that office or of the fiduciary relation thereby established, but it is declared that the nature of his interest shall be disclosed as provided by Section 299 of the Act, and in this respect the provisions of Section 301 of the Act shall be duly observed and complied with.

82. A Director of the Company may be or become a Director of any Company promoted by the Company or in which it may be interested as a vendor, shareholder or otherwise.

Power of Board to fill casual vacancy

Article 83 provides that

83. The Directors shall have power to fill a vacancy in the Board. Any Director so appointed shall hold office only so long as the vacating Director would have held the same if no vacancy had occurred.

Managing Director

Articles 84 to 87 provide that

84. The Board may, from time to time, appoint a Director to be Managing Director of the Company, either for fixed term or without any limitation as to the period for which he or they is or are to hold such office, and

may, from time to time (subject to the provisions of any contract between him or them and the Company) remove or dismiss him or them from office and appoint another or others in his or their place or places.

85. A Managing Director , while he or she continues to hold that office, be subject to retirement by rotation, but (subject to the provisions of any contract between him and the Company) he or she shall be subject to the same provisions as to resignation and removal as the other Directors, and he or she shall ipso facto and immediately case to be Managing Director if he or she cease to hold the office of Director for any cause.

86. The Managing Director shall, in addition to the remuneration payable to him or to them as a Director or Directors of the Company, receive such additional remuneration, subject to the provisions of any contract between the Company and one or more of them and subject to provisions of Section 314 of the Act as may from time to time be fixed by the Board and such remuneration may be fixed by way of fixed salary or commission and/or in any other mode.

87. Subject to the provision of the Section 292 of the Act, the Board may from time to time entrust to and confer upon a Managing Director for the time being such of the powers exercisable under these presents of the Board as it may think fit and may confer such powers for such time and to be exercised for such objects and purposes and upon such terms and conditions, and with such restrictions as it thinks fit, and the Board may confer such powers, either collaterally with, or to the exclusion of and in substitution for all or any of the powers of the Board in that behalf, and may from time to time revoke, withdraw, alter or vary all or any of such powers.

Re-appointment of retiring director

Articles 88 to 90 provide that

88. Any retiring Director shall be eligible for re-election and shall act as a Director throughout the General Meeting at which he retires.

89. If the place of the retiring Director is not so filled up and the General Meeting has not expressly resolved not to fill the vacancy the meeting shall stand adjourned till the same day in the next week at the same time and place, or if that day is a public holiday till the next succeeding day which is not a public holiday at the same time and place.

90. If at the adjourned meeting also, the place of the retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy the retiring Director shall be deemed to have been re-appointed at the adjourned meeting, unless -

(1) at that meeting or at the previous meeting a resolution for the re-appointment of such Director has been put to the meeting and lost

(2) the retiring Director, has by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so reappointed ;

(3) he is not qualified or is disqualified for appointment.

Increase and decrease in the number of directors

Article 91 provides that

91. The Company may, by ordinary resolution, from time to time, increase or reduce the number of Directors.

Frequency of the board meetings and power to call the meeting

Articles 92 and 93 provide that

92. The Directors may meet together as a Board for the despatch of business from time to time, and shall so meet at least once in every three months and at least four such meetings shall be held in every year and they may adjourn and otherwise regulate their meetings and proceedings as they think fit. Provided that the Board shall consist of not less than 2 and not more than 12 Directors.

93. A Director may at any time, or the Secretary upon the request of a Director, shall convene a meeting of the Board of Directors. Notice of every meeting of the Directors shall be given in writing to every Director for the time being in India, and at his usual address in India to every other Director. Provided that at least 7 Business Days' advance notice in writing of every meeting of the Board shall be given to every Director, including alternate Directors. Provided, however, that a meeting of the Board may be convened with shorter notice with the consent in writing of all the Directors. The notice of Board meeting, or for the passing of a resolution by circulation, shall be accompanied by an agenda (or description, in the case of resolution by circulation), setting out in sufficient detail the items to be placed before the meeting and containing all necessary papers and documents required by the Directors for such meeting (or decision, in the case of resolution by circulation). Only items stated on such agenda (or description, as the case may be) shall be discussed and/or resolved on; provided, however, that, in the case of a Board meeting, the Board may discuss any other additional item, but the discussions and resolutions on such item shall be recorded in the minutes of such meeting only with the consent in writing of the absentee Directors as are not present in such meeting.

Quroum

Articles 94 and 96 provide that

94. The quorum for a meeting of Directors shall be one-third of the total number of Directors in office or two Directors, whichever is higher.. In the event that a quorum is not present at a scheduled Board meeting, the meeting shall be adjourned for seven Business Days. The quorum at such adjourned meeting shall be any such Directors as are present and voting.

95. Subject to the foregoing, if a meeting of Board cannot be held for want of quorum, then the meeting shall stand adjourned to such other day, time and place as the Director or Directors present at the meeting may fix.

96. If at any meeting of the Board of Directors the Chairman is not present within fifteen minutes of time appointed for holding the same, the Directors present shall choose one of their members to be the Chairman of such meeting.

Decision of board by simple majority

Article 97 provides that

97. (1) all decisions of the Board shall be taken by simple majority of those Directors voting, each Director having one vote;

(2) in case of an equality of votes, the Chairman will have a second or casting vote.

Chairman of the board

Article 98 provides that

98. The Chairman of the Board of Directors shall be the Chairman of the meetings of Directors.

Powers of the board and delegation

Articles 99 to 101 provide that

99. A meeting of the Board of Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Articles of the Company or the Act for the time being vested in or exercisable by the Board of Directors.

100. The Board of Directors may, subject to the restrictions contained in Section 292 of the Act, from time to time delegate any of their powers to Committees of the Board consisting of such member or members of its body as it thinks fit and it may from time to time revoke and discharge any such Committee of the Board either wholly or in part and either as to person, or purposes. But every Committee of the Board so framed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Board of 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. The meetings and proceedings of any such Committee of the Board (including, without limitation, the procedure for taking decisions and the requirements for constitution of a quorum) if consisting of two or more members, shall, unless different regulations are provided in this regard in the terms under which the Board constitutes such committees, shall be governed by the provisions for regulations the meetings and proceedings of the Board of Directors so far as the same are applicable thereto.

101. All acts done at any meeting of the Board of Directors or of a Committee of the Board or by any person acting as a Director shall notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of any such Directors, Committee or person acting aforesaid or that they or any of them were disqualified or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, be as valid as if every such person had been duly appointed and was qualified to be a Director and had not vacated office or his appointment had not been terminated. Provided always that nothing in this Article shall be deemed to give validity to acts done by such Directors, Committee or person acting as aforesaid after the time it has been shown that there was some defect in any appointment or that they or any of them were disqualified.

Resolution by circulation

Article 102 provides that

102. No resolution shall be deemed to have been duly passed by the Board or by a committee thereof by circulation, unless the resolution has been circulated in draft together with the necessary papers, if any, to all other Directors or members of any Committee, then in India, (not being less in number than the quorum for a meeting of the Board or Committee at their usual address in India and has been approved by majority of the Directors or members of the Committee as are then in India

Resignation by Directors

Article 103 provides that

103. A Director may resign his office any time by notice in writing addressed to the Company or to the Board of Directors, but such resignation shall be deemed to be effective from the time the Board has accepted it in a meeting.

Management and control of the business vested in the Board

Articles 104 and 105 provide that

104. (1) The management and control of the business of the Company shall be vested in the Board of Directors who may exercise all such powers of the Company and do all such acts and things as are not, by the provisions of the Act as applicable to the Company or by the Memorandum or by these Articles, required to be exercised by the Company in General Meeting, subject nevertheless to any regulation of these Articles, to the provisions of the Act as applicable to the Company, being not inconsistent with the aforesaid regulations or provisions, as may be prescribed by the Company in General Meeting but no regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.

(2) Without prejudice to the general powers conferred by these Articles and so as not to in any way to limit or restrict those powers, and without prejudice to the other powers, conferred by these Articles but subject to the restrictions contained in these Articles, the Board of Directors shall have the following powers, that is to say, power :-

(a) To pay and charge to the capital account of the Company any interest lawfully payable under the provisions of Section 208 of the Act.

(b) Subject to Section 292 and 297, to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions as they may think fit, and in any such purchase or other acquisition to accept such title as the Board of Directors may believe or may be advised to be reasonably satisfactory.

(c) At their discretion and subject to the provisions of the Act, as applicable to this Company to pay for any property, rights or privileges acquired by or services rendered to the Company, shares, debentures, mortgages or other securities of the Company, and any such shares may be issued either as fully paid up or partly paid up 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.

(d) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other movable 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 insurance effected in pursuance of this power.

(e) To open account with any bank or bankers or with any Company, firm or individual and to pay money into and draw money from any such account from time to time as the Board of Directors may think fit.

(f) To secure the fulfilment of any contracts, agreements or engagements 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 they may think fit.

(g) To appoint any person or persons (whether incorporated or not) 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 acts and things as may be required in relation to any such trust, and to provide for the remuneration of such trustee or trustees.

(h) To institute, conduct, defend, compound, or abandon any legal proceedings by or against the Company or its officers or otherwise concerning the affairs of the Company, and also to compound and allow time for payment or satisfaction of any debts due or of any claims or demands by or against the Company, and to refer any claims or demands by or against the Company or any differences to arbitration, and observe and perform any awards made thereon.

(i) To act on behalf on the company in all matters relating to bankrupts and insolvents.

(j) To make and give receipts, release and other discharges for moneys payable to the Company and for the claims and demands of the Company.

(k) Subject to the provisions of Section 292 of the Act, to invest and deal with any moneys of the Company not immediately required for the purposes thereof, upon such security (not being shares of this Company), or without security and in such manner as they may think fit, and from time to time to vary or realise such investments. Save as provided in Section 49 of the Act, all investments shall be made and held in the Company's own name.

(l) 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.

(m) To determine from time to time who shall be entitled to sign, on the Company's behalf, bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants releases, contracts and documents and to give the necessary authority for such purpose.

(n) To distribute by way of bonus amongst the staff of the Company share of shares in the profits of the Company and to give to any officer or other person employed by the Company a commission on the profits of any particular business or transaction; and to charge such bonus or commission as part of the working expenses the Company.

(o) To provide for the welfare of Directors or Ex-Directors or employees or ex-employees of the Company, or its predecessors in business and the wives, widows and families or the dependents or connections of such persons by building or contributing to the building of houses, dwellings or quarters, or by grants of money, pensions, allowances, bonuses, profit sharing houses, payments towards insurance or other payments; or by creating and from time to time subscribing or contributing to, aiding or supporting provident and other association, institutions, funds or trusts, or conveniences, or profit sharing schemes and by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendance and other assistance as the Company shall think fit, subject to the provisions of the Companies Act.

(p) To subscribe or contribute or otherwise to assist or to guarantee money to charitable, benevolent, religious, scientific, national or any other institutions, objects or purposes or for any exhibition or for any public, general or useful object.

(q) 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, or to an Insurance Fund, or a Reserve Fund or Sinking Fund or any special fund to meet contingencies or to repay debentures or for special dividends or for equalising dividends or for repairing, improving, extending and maintaining any of the property of the Company and for such other purposes (including the purposes referred to in the preceding clause), as the Board of Directors may, in their absolute discretion think conducive to the interest of the Company, and to invest the several sums so set aside or so much thereof as are 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 expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Board of Directors, in their absolute discretion, think conducive to the interest of the Company notwithstanding that the matters to which the Board Of 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 Board of Directors may think fit, and to employ the assets contributing all or any of the above funds, including the Depreciation Fund, in the business of the Company or in the purchase or repayment of debentures and that without being bound to keep the same separate from the other assets, and without being bound to pay interest on the same, with power, however, to the Board of Directors at their discretion to pay or allow to the credit of such funds interest at such rate as the Board of Directors may think proper .

(r) Without prejudice to the appointment of Managing Director and to the position, right and powers of such Managing Director by virtue of these Articles and by virtue of any agreement entered into between any of them and the Company to appoint and, at their discretion, remove or suspend such managers, secretaries, officers, assistants, supervisors, clerk's, agents and servants for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties, and fix their salaries, emoluments or remuneration and to require security in such instances, and of such amount as they may think fit. And also without prejudice to aforesaid, 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 may s think fit, and the provisions contained in the two next following sub-clauses shall be without prejudice to the general powers conferred by this sub-clause.

(s) To comply with requirements of any local law which in their opinion it shall in the interests of the Company be necessary or expedient to comply with.

(t) 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 or any managers or agents and to , fix their remuneration.

(u) Subject to the provisions of Section 292 of the Act and these Articles from time to time, and at any time to delegate to any such Local Board, or any member or members) thereof or any managers or agents so appointed any of the powers, authorities and to discretions for the time being vested in the Board of Directors, and to authorise the et members for the time being of any such Local Board, or any of them to fill up any) vacancies therein and to act notwithstanding vacancies and any such appointment or by delegation under these Articles may be made on such terms and subject to such le conditions as the Board of Directors may think fit., and the Board of Directors may at any time remove any person so appointed, and may annul or vary any such delegation.

(v) At any time and from time to time by Power of Attorney under the seal of the Company, an to appoint any person or persons to be the Attorney or Attorneys of the Company, for such period and subject to such conditions as the Board of Directors may from time of to time think fit.

(w) Subject to Sections 294 and 297 of the Act, 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 contracts and rescind and vary all such contracts and execute and ital do all such acts, deeds and things in the name and on behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company.

(x) Generally subject to the provisions of the Act and these Articles to delegate all or any or some or more of the powers, authorities and discretions vested in the Board under this Article to any Director, Managing Director, whole-time Director, person, firm, company of. fluctuating body of persons as aforesaid.

(y) From time to time to make, vary and repeal bye-laws for the regulation of the business of the Company, its officers and servants.

(z) To declare interim dividends.

105. Subject to the provisions of the Act and the other provisions of these Articles, the following regulations shall have effect :-

(1) The Board may, from time to time, provide for the management of the affairs of the Company outside India (or in any specified locality in India) in such manner as it shall think fit and the provisions contained in the four next following paragraphs shall be applicable without prejudice to the general powers conferred by this paragraph.

(2) The Board, from time to time, and at any time, may establish any local Directorates or Committees for managing any of the affairs of the Company outside India, or in any specified locality in India and may appoint any persons to be members of such local Directorate or any managers or agents and may fix their remuneration and save as provided in Section 292 of the Act, the Board, from time to time and at any time, may delegate to any person so appointed any of the powers, authorities and discretions for the time being vested in the Board and may authorise the members for the time being of any such Local Directorate or any of them to fill up any vacancies therein and to act notwithstanding vacancies, and any such appointment or delegation may be made on such terms and subject to such conditions as the Board may think fit and the Board may, at any time, remove any person so appointed and may annul or vary any such delegation.

(3) The Board may at any time, and from time to time, by Power of Attorney under seal, appoint any persons to be the attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those which may be delegated by the Board under the Act) and for such period and subject to such conditions as the Board may from time to time, be made in favour of the members or any of the members of any Local Directorate established as aforesaid, or in favour of any company or of the members, directors, nominees or officers of any company or firm,

or in favour of any fluctuating body of persons, whether nominated directly or indirectly by the Board, an~ any such power of Attorney may contain such provisions for the protection of convenience of persons dealing with such attorneys as the Board thinks fit.

(4) Any such delegates or attorneys as aforesaid may be authorised by the Board to sub-delegate all or any of the powers, authorities and discretions for the time being vested in them.

(5) The Company may exercise the powers conferred by Section 50 of the Act with regard to having on Official Seal for use abroad, and such powers shall be vested in the Board and the Company may cause to be kept in any state or country outside India, as may be permitted by the Act, a Foreign Register of members or debenture holders resident in any such state or country and the Board may, from time to time, make such regulations as it may think fit respecting the keeping of any such Foreign Register, such regulation not being inconsistent with the provisions of Sections 157 and 158 of the Act; and the Board may, from time to time, make such provisions as it may think fit relating thereto and may comply with requirements of any local law and shall in any case, comply with the provisions of Sections 157 and 158 of the Act.

DIVIDENDS AND CAPITALISATION

Declaration of dividend in the General Meeting

Article 111 provides that

111. The Company in General Meeting may subject to Section 205 of the Act declare dividends. Dividends shall be paid in proportion to amounts paid-up on each share out of amounts are called upon it.

Dividend not to exceed the amount recommended by the Board

Article 112 provides that

112. No dividend shall exceed the amount recommended by the Directors. However, the Company in General Meeting may declare a smaller dividend than recommended.

Dividend not to carry interes as against the Company

Article 113 provides that

113. No dividend shall carry interest as against the Company.

Interim Dividend

Article 114 provides that

114. The Directors may from time to time pay to the members such interim dividends as in their judgment the position of the Company justifies.

Retention of dividend on which Company has a lien

Article 115 provides that

115. The Directors may retain any dividends on which the Company has a lien and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

No interest or dividend if money is due to the Company

Article 116 provides that

116. No member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever, either alone or jointly with any other person or persons, and the Directors may deduct from the interest or dividend payable to any member all sums of money so due from him to the Company.

Setting of dividend against the call

Article 117 provides that

117. Any General Meeting declaring a dividend may make a call on the members of such amount as the meeting fixes, but so that the call on each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so arranged between the Company and the members, be set off against the call.

Regulations 96 and 97 of Table A to apply as regards capitalization of profits and funds

Article 118 provides that

118. Regulations 96 and 97 of Table A to Schedule I of the Companies Act, 1956 shall apply as regards capitalisation of profits and funds.

Distributiuon of surplus money from realization of any capital assets

Article 119 provides that

119. A General Meeting may resolve that any surplus moneys arising from the realisation of any capital assets of the Company, or any investments representing the same, or any other un-distributed 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.

Joint-holders to give effectual receipts of all dividends

Article 120 provides that

120. Anyone of the several persons who are registered as joint-holders of any share may give effectual receipts for all dividends and payments on account of dividends in respect of such shares.

Dividend to be paid by cheque or warrant and other provisions thereof

Articles 121 to 123 provide that

121. Unless otherwise directed any dividend may by paid by cheque or warrant or sent through the post to the registered address of the member or person entitled, or in the case of joint-holders to the registered address

of that one whose name stands first on the register in respect of the joint-holding or to such person and such address as the members or persons entitled or such joint holders, as the case may be.

122. Several executors or administrators of a deceased member in whose sole name any share stands, shall for the purposes of this clause be deemed to be joint-holders thereof. The Company shall not be liable or responsible for any cheque or warrant lost in transit or for any r dividend lost to the member or person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery thereof by any other means.

123. The payment of every cheque or warrant sent under the provision of these Articles shall, if such cheque or warrant purports to be duly endorsed, be a good discharge to the Company in respect thereof. Provided nevertheless that the Company shall not be responsible for the loss of any cheque dividend warrant or postal money order which shall be sent by post to any member or by his order to any person in respect of any dividend.

Dividend paid but not sent

Article 124 provides that

124(1) Where the Company has declared a dividend but which has not been paid or the dividend warrant in respect thereof has not been posted within 42 days from the date of declaration to any shareholder entitled to the payment of the dividend, the Company shall within 7 days from the date of expiry of the said period of 42 days, open a special account in that behalf in any scheduled bank called "Unpaid Dividend of Commercial Engineers & Body Builders Limited" and transfer to the said account, the total amount of dividend which remains unpaid or in relation to which no dividend warrant has been posted.

(1) Any money transferred to the unpaid dividend account of the Company which remains unpaid or unclaimed for a period of three years from the date of such transfer, shall be transferred by the Company to the general revenue account of the Central Government. A claim to any money so transferred to the general revenue account may be preferred to the Central Government by the shareholders to whom the money is due. There shall be no forfeiture of unclaimed dividends before the claim to such dividend is barred by law.

SECRECY

Secrecy clause

Article 133 provides that

133. Every Director, Managing Director, Manager, Secretary, Trustee for the Company, its members or debenture holders, or other person employed in or about the business of the Company, shall if so required by the Board or by the Managing Director before entering upon his duties, sign a declaration pledging himself to observe a strict secrecy respecting all transactions of the Company with its customers and the state of accounts with individuals and in matters relating thereto and shall by such declarations 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 Board or by any Meeting or by a Court of law, so far as may be necessary in order to comply with the provisions in these Articles contained.

No member or other person (other than a Director) to entere the premises of the Company without permission

Article 134 provides that

134. No member or other person (not being a Director) shall be entitled to enter upon the , premises or property of the Company or to inspect or examine the premises or properties of the Company without the permission of the Board or subject to Article 116 to require discovery or any information respecting a detail of the trading of the Company or any matter which is or may be in the nature of a trade secret, mystery of trade, secret process or of any matter which may relate to the conduct of the business of the Company and which in the opinion of the Board it will be inexpedient in the interest of the Company to communicate.

WINDING UP

Distribution of Assets

Article 135 provides that

135. If the Company shall be wound up and the assets available for distribution among the a members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be, losses shall be borne by the members in proportion to the capital paid up or which ought to have been paid up at the commencement of the winding up on the shares held by them respectively and if in a winding up the assets available for distribution among the members shall be more than sufficient to pay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed e amongst the members in proportion to the capital at the commencement of the winding up e paid up or which ought to have been paid up on the shares held by them respectively. But h this Article is to be without prejudice to the rights of members registered in respect of shares issued upon special terms and conditions.

Distribution in specis or kind

Article 136 provides that

136. If the Company shall be wound up, whether voluntarily or otherwise, the Liquidators may, with the sanction of a special Resolution divide among the contributories, in specie or kind, any part of the assets of the Company may with the like sanction, vest and part of the assets of the Company in Trustees upon such trusts for the benefit of the contributories, or any of them as the Liquidators, with the like sanction, shall think fit.

SECTION IX: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following Contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of this Draft Red Herring Prospectus) which are or may be deemed material have been entered or to be entered into by our Company. These contracts, copies of which have been attached to the copy of this Draft Red Herring Prospectus, delivered to the Registrar of Companies, Maharashtra for registration and also the documents for inspection referred to hereunder, may be inspected at the Registered Office of our Company from 10.00 am to 4.00 pm on working days from the date of the Red Herring Prospectus until the Bid/Issue Closing Date.

Material Contracts to the Issue

1. Engagement Letter dated March 25, 2010 to the BRLMs from our Company and the Selling Shareholders appointing them as the BRLMs.

2. Issue Agreement between our Company, the Selling Shareholders and the BRLMs dated March 26, 2010.

3. Memorandum of Understanding between our Company, the Selling Shareholders and Registrar to the Issue, dated March 29, 2010.

4. Escrow Agreement dated [●], between the Company, the Selling Shareholders, the BRLMs, the Syndicate Members, the Escrow Banks and the Registrar to the Issue.

5. Syndicate Agreement dated [●], between the Company, the Selling Shareholders, the BRLMs and the Syndicate Members.

6. Underwriting Agreement dated [●], between the Company, the Selling Shareholders and the BRLMs.

Material Documents

1. The Company's Memorandum and Articles of Association, as amended.

2. The Company's certification of incorporation.

3. Board resolutions in relation to the Issue.

4. Shareholders' resolutions in relation to the Issue.

5. Authorization from each of the Selling Shareholders for the inclusion of their Equity Shares comprised in the Offer for Sale.

6. Summary Statements of Assets and Liabilities and Summary Statement of Profits and Losses, as Restated and Cash Flows, as Restated, under the professional standards applicable in India as at and for the Years ended FY2005, FY2006, FY2007, FY2008, FY2009 and the nine months period ended December 31, 2009 audited by Deloitte Haskins & Sells and the audit report on the same, dated March 29, 2010.

7. Statement of Tax Benefits from Deloitte Haskins & Sells dated March 15, 2010.

8. Copies of annual reports of the Company for the years last 5 years.

9. Consents of BRLMs, Syndicate Members, Registrar to the Issue, Escrow Collection Bank (s), Escrow Collection Banks, Domestic Legal Counsel to the Issuer, Domestic Legal Counsel to the BRLMs, International Legal Counsel to the BRLMs, Directors of the Company, Company Secretary and Compliance Officer, as referred to, in their respective capacities.

10. Consents of the Selling Shareholders to the Offer for Sale.

11. Initial listing applications, dated [●] and [●] filed with the BSEand the NSE espectively.

12. In-principle listing approval dated [●] and [●] from the BSE and the NSE, respectively.

13. Tripartite Agreement between NSDL, the Company and the Registrar to the Issue dated [●].

14. Tripartite Agreement between CDSL, the Company and the Registrar to the Issue dated [●].

15. Due diligence certificate dated March 29, 2010 from the BRLMs to SEBI.

16. SEBI observation letter No. [●] dated [●].

17. IPO Grading Reports.

18. NYLIM SHA.

19. Le Capitaine Agreement.

20. Cho Thavee Agreement.

21. Joint Project Agreement.

22. Corporate guarantee dated August 22, 2008 by Commercial Automobiles.

23. Lease agreement for Registered Office of the Company dated July 31, 2007.

24. Lease agreement for corporate office of the Company dated June 27, 2007.

25. Lease agreements for Richhai Factory I dated June 10, 1980 and January 16, 1981.

26. The Scheme of De- Merger and mutation order dated May 11, 2008 passed by the Additional Tehsildar, Sub-Tehsil Bija Dandi, Tehsil Niwas, District Mandla, Madhya Pradesh to establish the ownership of the Company in relation to the Mandla Factory.

27. Lease agreement for Indore Factory dated April 1, 2008.

28. Lease agreement for Richhai Factory II dated November 1, 2006.

29. Employment contract of Mr. Ajay Gupta dated February 22, 2010.

30. Employment contract of Dr. Kailash Gupta dated February 22, 2010.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so required in the interest of the Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Companies Act and other relevant statutes.

DECLARATION

This Draft Red Herring Prospectus has been approved by the Board of Directors and the undersigned. All relevant provisions of the Companies Act, 1956, and the regulations or guidelines issued by the Government of India and/or the Securities and Exchange Board of India, 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, the Securities and Exchange Board of India Act, 1992 or the rules, regulations or guidelines issued or made thereunder, as the case may be. We further certify that all statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTORS OF THE COMPANY

Dr. Kailash Gupta

Mr. Ajay Gupta

Mr. Bharat Bakhshi

Mr. Sevanti Lal Popatlal Shah

Mr. Arun Kumar Rao

Mr. Sudhir Kumar Vadehra

SIGNED BY THE CHIEF FINANCIAL OFFICER

Mr. Abhijit Kanvinde

Date: MARCH 29, 2010

Place: JABALPUR

DECLARATION BY THE SELLING SHAREHOLDERS

Each Selling Shareholder certifies that the statements in this Draft Red Herring Prospectus about or in relation to such Selling Shareholder are true and correct. Each Selling Shareholder assumes responsibility only for statements about or in relation to such Selling Shareholder.

SIGNED BY THE SELLING SHAREHOLDERS

For Commercial Automobiles Private Limited

For New York Life Investment Management India Fund (FVCI) II LLC

Couldip Basanta Lala
Director

Date: MARCH 29, 2010

APPENDIX A – IPO GRADING REPORT

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